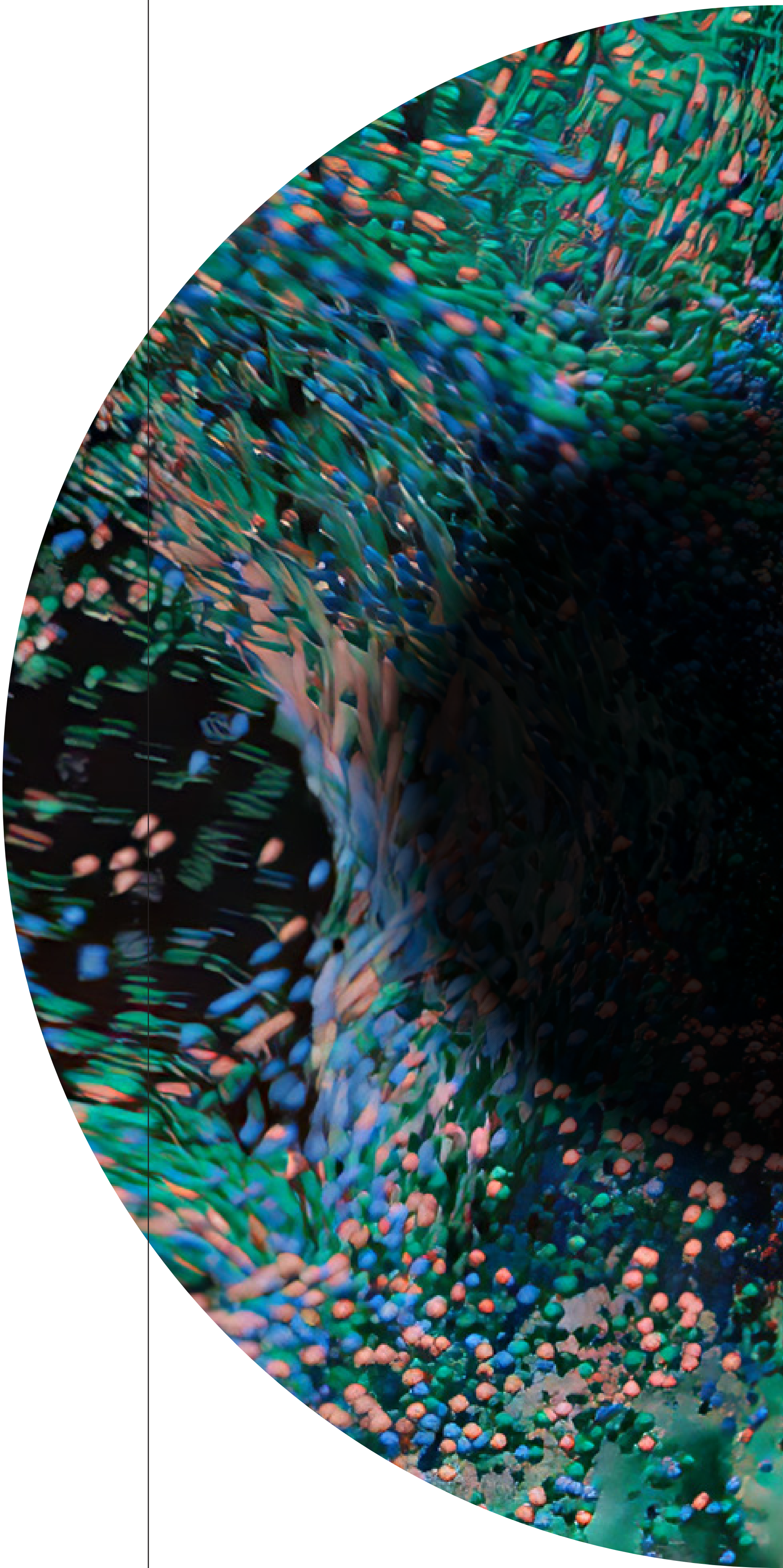
Annual Report and Financial Statements 2023



Focus on:

Our diverse offering

Throughout this report we focus on how we are delivering on the Group's strategy of diversifying revenue in both our trading and investing businesses. This includes delivery of new investing platforms in the UK and Singapore along with additional products for institutional clients within trading.

CMC is a leading global provider of online trading and investing, with a comprehensive retail, professional and institutional offering.

The business was started in 1989 with a simple ethos: to make financial markets truly accessible for investors. This fundamental belief remains at the heart of everything we do at CMC Markets and staying true to that has been pivotal to our success.

See more at www.cmcmarkets.com

Strategic report

Corporate governance

Financial Statements

Shareholder information

Our strategic roadmap

Our vision

To create an environment for your financial needs

Our purpose

To constantly maintain a superior and unrivalled technology experience for our clients

Our strategic pillars

01
Trading platform product diversification
See more on page 24

02
Investment in Business to Business ("B2B") technology capability
See more on page 25

03
Expansion of invest platforms and institutional offering
See more on page 25

Our sustainability pillars

01
Client Positive
See more on page 36

02
Platform Positive
See more on page 38

03
People Positive
See more on page 42

04
Change Positive
See more on page 39

05
Planet Positive
See more on page 45

The things we live by

We stand with our clients, We are human, We take ownership, We are bold, We work as a team, We keep it simple, We focus on impact

At a glance

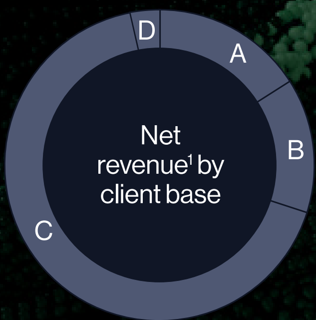
Our client base

Total active clients[4]

277,047

CMC attracts a diverse range of institutional and retail clients across both our trading and investing platforms. In addition, our new and forthcoming investing platforms provide the Group with access to a cohort of clients in new geographies, with the aim of providing clients with opportunities for long-term investment as another avenue to building financial security.

As we expand into new markets, we expect to welcome a new cohort of clients with whom we aim to establish enduring partnerships. Regardless of client type, we uphold our high standards of protection and suitability to ensure every client receives the same level of service excellence.



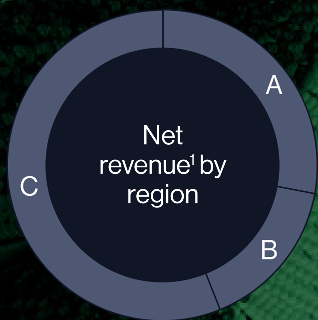
A – Trading B2B[2] – 22%
B – Investing B2B – 9%
C – Trading B2C[3] – 64%
D – Investing B2C – 5%

Our geographical reach

Continents	Countries	Offices
4	12	14

With a presence in 14 offices located in major financial centres around the world, CMC Markets operates on a hub-and-spoke model. The company's headquarters are based in London, while Germany serves as the hub for our European operations, and Sydney acts as the hub to support the Asia Pacific & Canada ("APAC & Canada") region.

CMC will imminently launch a new investment platform in Singapore, has expanded our office in Dubai and we are exploring the possibility of launching additional investing platforms in more jurisdictions in the coming year.

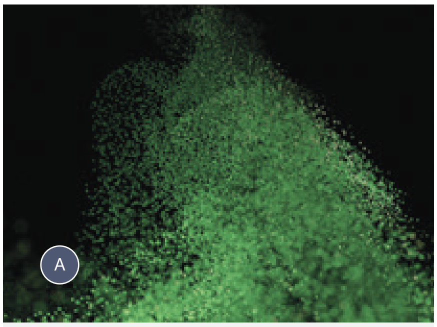


A – UK – 32%
B – Europe – 19%
C – APAC & Canada – 49%

Read more about net revenue on page 62

1 CFD and spread bet gross client income net of rebates, levies and risk management gains or losses and stockbroking revenue net of rebates.
2 Business to business ("B2B") – revenue from institutional clients and partnerships.
3 Business to consumer ("B2C") – revenue from retail and professional clients.
4 Active clients represent those individual clients which have traded with or held CFD or spread bet positions or which traded on the Invest platform on at least one occasion during the financial year.

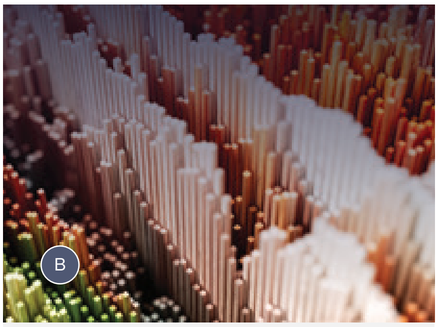
Our product offering



Contracts for difference ("CFDs")

A financial derivative product which allows clients to speculate on price changes in an underlying financial asset, without certain costs and limitations associated with physical ownership.

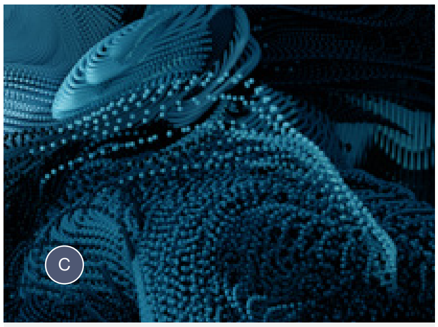
See more at www.cmcmarkets.com



Spread betting

A product available exclusively to residents in the UK and Ireland which is similar in many aspects to our CFD product.

See more at www.cmcmarkets.com

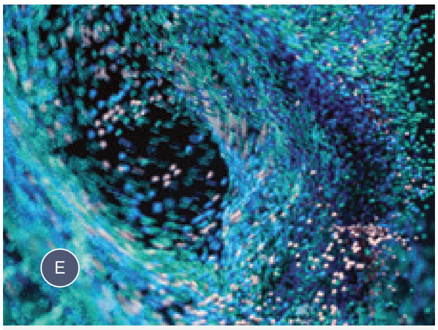


Technology-driven liquidity solution

Under our B2B arm, CMC Connect acts as a non-bank liquidity provider offering access to a wide range of asset classes including Spot FX, the global institutional standard in FX trading, exchange traded funds ("ETFs") and cash equities, which are due to be released during 2024. For larger institutions, we are able to offer bespoke solutions to help facilitate and access multi-asset class liquidity.

Outsourced trading platform technology

We outsource our platform technology to clients also under the CMC Connect brand, where our award-winning CMC trading platform can be fully customised under a white-label partnership or alternatively under a neutrally branded platform for regulated entities looking to introduce clients or trade on their behalf.



Stockbroking

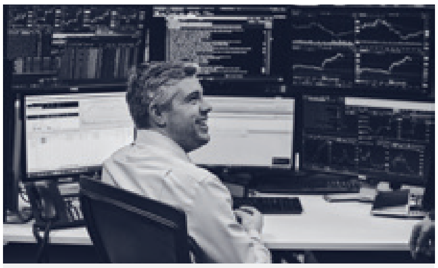
Our Australian stockbroking business offers our clients the opportunity to trade Australian shares and international shares from over 35 listing exchanges in over 16 countries. This has been supported through the launch of a fully functional native mobile application offering a variety of instruments including shares, options, managed funds, warrants and ETFs.

Our UK business currently offers General Investment Accounts ("GIAs") and Stocks and Shares ISAs with access to a range of US and UK stocks, with mutual funds and Self-Invested Pension Plans ("SIPPs") being launched shortly. The Group also plans to launch CMC Invest within Singapore imminently.

Options

The addition of options on CMC's trading platforms will bring added benefits to our clients. New derivative products will provide more flexibility to manage risks and volatility compared to traditional CFD and stock trading. Options and other derivative products have the ability to enhance portfolio diversification and reduce and manage risk compared to many other financial instruments. Lastly, the global options market is significant, and the addition of these products has the potential to be a significant revenue generator for CMC and its stakeholders.

Our business



Trading

We are committed to expanding the range of our products in order to improve functionality for our clients. With over 10,000 products currently available through our trading platforms, we aim to provide the most efficient pricing structure possible. Our pricing system undergoes continuous evolution to ensure sophistication and minimise latency. We use high precision clock time-stamping at multiple points throughout the system to measure latency in microseconds and monitor it in real time. Our internal reporting on best execution enables us to set high standards for execution quality.

We prioritise internal risk management by storing trade and risk data in a high frequency tick database. This enables us to record all stages of the risk management system, ensuring that client order flow is managed efficiently.

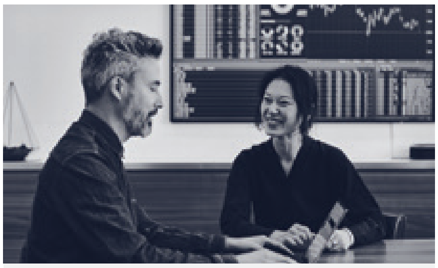
To achieve this, we have large quantitative analytics and data science teams that develop the hardware and software components of our analytics environment. Data science and machine learning models also play a crucial role in our real-time and offline decision-making processes.

Our ultimate goal is to offer our clients market-leading access to liquidity, alongside a best-in-class and resilient platform across all aspects of our offering.

See more on page 12

Products utilised

A B C D



Investing

We see significant growth potential across global investment platforms due to secular shifts in investment trends, and we are expanding our investing businesses to capitalise on these opportunities. Following the success of our Australian stockbroking business, we launched our Invest UK platform in April 2022 to tap into the growing market for self-managed investing. This is complemented with the imminent launch of our Invest Singapore offering. These strategic moves will help us to establish more balanced and diversified income streams for the Group over time.

See more on page 12

Products utilised

E F

Institutional

Our institutional clients are served by both the trading and investing businesses. Through our CMC Connect brand we offer technology-backed solutions to mid-sized and large financial institutions in addition to our retail services. CMC is already a trusted service provider for execution, clearing, and settlement services to several Australian financial service licensees.

Our B2B partnership directive will expand to all our existing and new geographies over the next 12 months. With growth from our investing operations, we are strategically positioning our business to leverage some of the fastest growing trends in trading and investing.

Our continued development work to connect to multiple Electronic Crossing Networks ("ECNs") and the deployment of a competitive FX Spot product now allow for significant growth in this asset class. In 2023 CMC Markets delivered a 95% uptick in B2B volumes versus the prior year.

See more on page 12

Products utilised

A B C D E F

Sustainability

Our Tomorrow: taking a positive position

Our goal at CMC Markets is to align with the global capital markets' movement towards a sustainable future. We aim to achieve this by offering responsible and innovative technological solutions that prioritise the protection, education, and inspiration of both our people and clients to invest for the future.

See more on page 34

Operational highlights

- **Whilst annual trading client numbers are down 9% from 2022, monthly active clients are up 25% compared to pre-pandemic levels.**
- **Retention of trading client income[6] of 77% (2022: 80%).**
- **Continued to enhance the product offering within the CMC Invest UK platform, with future developments on track for release during 2024.**
- **Investment in the institutional business, through enhancements to Spot FX including the launch of Give-Ups, has resulted in a 95% increase in notional volumes.**
- **Operational resilience remains high, with trading platform uptime of 99.97% and investing platform uptime of 99.93%.**
- **Trading revenue per active client up £393 (11%) to £3,968.**
- **B2B represents 31% of net revenue at £83.4 million.**

Read more about net revenue and our financial measures on page 60

Financial highlights

Net operating income[1]
£288.4m

23	£288.4m
22	£281.9m
21	£409.8m

Statutory profit before tax[7]
£52.2m

23	£52.2m
22	£91.5m
21	£223.3m

Trading active clients[2]
58,737

23	58,737
22	64,243
21	76,591

Trading platform uptime
99.97%

23	99.97%
22	99.95%
21	99.95%

Investing active clients[2]
218,310

23	218,310
22	246,120
21	232,053

Trading revenue per active client[3]
£3,968

23	£3,968
22	£3,575
21	£4,560

Trading gross client income[4]
£303.5m

23	£303.5m
22	£288.5m
21	£335.3m

Basic earnings per share[7]
14.7p

23	14.7p
22	24.6p
21	61.3p

Ordinary dividend per share[5]
7.40p

23	7.40p
22	12.38p
21	30.63p

1 Net operating income represents total revenue net of introducing partner commissions and spread betting levies.
2 Active clients represent those individual clients who traded or held positions on the Next Generation platforms or traded on the Invest platforms on at least one occasion during the financial year.
3 Net revenue generated from CFD and spread bet active clients. A reconciliation of revenue alternative performance measures ("APMs") to the Group's primary statements can be found on page 188.
4 Spreads, financing and commissions on CFD and spread bet client trades.
5 Ordinary dividends paid/proposed relating to the financial year.
6 The percentage of CFD and spread bet gross client income retained after rebates and gains or losses from risk management activities.
7 2022 and 2021 figures restated. Refer to note 33 for more information on 2022 restatement.

Investment case

Award-winning platforms

See more on pages 29 to 33

10,000+
financial instruments traded across the CFD platform and over 40,000 instruments within Invest Australia

The demands of our clients continue to evolve. Our purpose is to constantly maintain a superior and unrivalled technology experience for our clients. Continuous investment in our proprietary technology across both our trading and investing platforms allows us to offer a wide suite of products. Our online and mobile platforms are continuously ranked as best-in-class by our clients.

Our diverse product offering

See more on page 4

16%
share of Australian stockbroking market[1]

Launch of the Invest UK business. Accessing a UK D2C market with some £287 billion[2] of AuA

We are investing to diversify by offering new products and functionality across both our trading and investing platforms. CFD and spread bet revenue remains at the core of what we do. This is balanced with a world-class investing business in Australia. Similarly, the launch of CMC Invest UK, the new UK investment platform, underpins our expansion into the high growth opportunities being seen across all of our geographies and meets client demands.

Our geographical reach

See more on page 3

49%
of net revenue generated outside the UK and Europe regions

Our global technology platforms allow access for retail, professional and institutional clients through regulated offices and branches in 12 countries, with a significant presence in the UK, Australia, Germany and Singapore.

Our client focus

See more on page 16

277,047
58,737 trading active clients and 218,310 investing active clients

Our clients are at the heart of what we do, and their input is intrinsic to improving our business processes across product development, marketing and client services as we tailor new developments and target improvements. We employ and train high quality client services staff to ensure best-in-class client service. Platform resilience and user experience are at the core of all developments and upgrades we deploy.

Our Tomorrow

See more on pages 34 to 48

5
core sustainability pillars

In the previous year, we unveiled the Group's sustainability strategy, encompassing five strategic pillars designed to address the material issues identified in our comprehensive materiality assessment. This year, our primary emphasis was on establishing specific goals and objectives related to these material issues. We diligently identified operational and performance targets, along with appropriate metrics, and gained a deeper understanding of our existing data sets within these domains.

1 ASX and Chi-X combined trading statistics – IRESS.
2 Platforum data February 2023.

Chairman's statement

Diversification and growth strategy creating the foundations for a stronger business over the longer term. We are investing for the future

Our continued focus on innovation and agile response to technology development has allowed us to expand our offerings to the benefit of our clients. We have invested heavily in our people and technology in order to fulfil our growth and diversification plans and provide our clients with products and platforms that meet their requirements and expectations.

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.

Our focus of expanding our product offering across our core trading and investing platforms has led to our workforce growing by 26% over the past year. Additionally, attracting the best talent helps to drive innovation and technology development, which is critical in today's fast-paced business environment.

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

Sustainable based 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.

> "Our diversification strategy, whilst creating short-term pressures on resources and returns because of associated costs, will put the Group in a strong position for the longer term. This will be achieved through an increased product range, the full roll-out of the new investment platform and the expansion of our international business."

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.

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

James Richards
Chairman
13 June 2023

Leading the market through technology and diversification

Whilst the Group currently generates the majority of its revenue from retail trading products, our strategy to diversify has accelerated during the year with a range of new product offerings within both our investing and trading businesses. Group revenues are split between our three regions, the UK, Europe and APAC & Canada.

Group

Key market driver

Global interest rate environment

The period saw central banks in the majority of the Group's markets raise interest rates steeply from the historically low levels seen in recent years.

Our response

The environment of rising interest rates, combined with a high inflationary environment, has resulted in changes in client appetite to trade in certain asset classes, most significantly in investing products, where investors have reduced their activity given the uncertain economic outlook.

This change in client behaviour has been offset by significant increases in interest income for the Group, as operational and client cash balances have been optimised to ensure appropriate returns on balances held.

The Group offers clients a diverse range of products across its businesses and is investing significantly to enhance this offering further. This broad offering enables clients to maintain all their financial needs in multiple macroeconomic environments.

Key market driver

Inflation

The period saw a continuation of the highly inflationary environment in the majority of markets that began to emerge towards the end of 2021.

Our response

The inflationary environment has had an impact on the Group's staff expenses, driven by the need to attract and retain key talent in an inflationary environment with unemployment at historically low levels. Non-staff expenses have also been impacted through increases in energy costs along with suppliers passing on the impacts of inflation on their cost base.

Key market driver

Scale

Operating at scale has significant benefits to the Group, with further opportunities for risk management enhancements in the trading business and improved revenue within investing.

Our response

The clients onboarded during the 'meme stock' period in Q4 2021 have seen a slightly higher attrition rate compared to other cohorts. However, client levels remain broadly 25% higher than those seen in the pre-COVID-19 period.

The Group continues to enhance its product offering to both retail and institutional clients and is confident that it can continue to grow its client base whilst benefiting from revenue diversity.

1 Investment Trends September 2022 - Singapore Online Investing Report.

2 https://www.gov.uk/government/statistics/annual-savings-statistics-2022/commentary-for-annual-savings-statistics-june-2022

Investing

Key market driver

Volatility

The year saw periods of elevated volatility within markets, with the majority of major stock indices declining over the period.

Our response

Despite the challenging environment for investing, CMC Invest remains committed to supporting our clients in identifying investment opportunities through our innovative tools and resources. In Australia, we are proud to offer our clients access to our award-winning mobile app, cutting-edge algorithmic trading, and enriched educational content, all designed to help investors make informed decisions in uncertain times.

Key market driver

Market size and share

An independent report in Australia shows a rise in online cash equities transactions completed by 1.51 million individuals in the past 12 months, compared to 1.47 million in May 2022. The addressable market within the UK and Singapore is substantial with more than 300,000[1] online investors in Singapore and 3.5 million[2] Stocks and Shares ISA holders in the UK.

Our response

During the year, ANZ Bank clients successfully transitioned to the CMC Invest brand and our award-winning CMC rate card, leading to a 44% reduction in brokerage rates for former ANZ clients. This boosted our brand awareness and consolidated our position as Australia's second-largest retail broker with 16% of market share. We strategically positioned our offering for the future by implementing a targeted retail pricing strategy that improved our mobile offering, and introduced extended-hours trading on the US market.

We have recently launched our UK, and will imminently launch the Singapore, Invest platforms to capture a portion of the significant addressable client numbers within those markets.

Key market driver

Seasonality

In Australia the traditionally strong August and February earning seasons have been muted due to a renewed focus on costs and prudence in dividend distributions, dampening the appetite for equity investment.

Trading

Key market driver

Regulatory change

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.

Our response

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.

The Group maintains engagement with regulators, to ensure that we are compliant across all jurisdictions we operate within. We consistently strive to ensure our approach is market leading, whilst also allowing the Group to be involved in shaping future regulations within the sector.

The Group continues to be supportive of regulatory change that moves towards a globally consistent regulatory environment.

Key market driver

Volatility

The year saw periods of increased volatility within markets, particularly within commodities, with the majority of major stock indices declining over the period.

Our response

Higher volatility results in increased trading activity from both existing clients trading more frequently and new or previously inactive clients starting to trade. However, short bursts of market activity which result in high velocity movements in the products that we offer are not necessarily beneficial to our clients or the Group. Aside from notifying clients of changing levels of market activity in a timely manner through a flexible marketing strategy, the Group can have little influence on capitalising more or less than competitors during short-term periods of raised market volatility.

The best trading and investing experience

Our business enablers

Technology and product

Technology and product has always been key to the success of CMC Markets and this has won the business recognition as the leader in our industry for innovation and service. Recognising that innovation is key to retaining this reputation, the Group has continued to invest significantly across the business to deliver new products and offerings to our clients, with numerous new products made available to clients during 2023.

See more on pages 29 to 33

"Our Tomorrow: taking a positive position" sustainability strategy

We launched our sustainability strategy in 2022 which has shaped the sustainability activity for the Group within 2023 and beyond. We have continued to drive a sustainable business model through our five core pillars which highlight how we protect, empower, innovate and adapt to be a responsible business that is committed to the needs of people and our planet.

See more on pages 34 to 48

Financial strength

We aim to maintain our secure capital and liquidity structure, ensuring that it is appropriate for the future growth and success of the Group. This includes maintaining long-term levels of capital to withstand the demands of fluctuations in the financial markets and access to a healthy level of surplus liquid resources in line with the size of our business and the growth opportunities.

See more on pages 60 to 66

Risk management

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

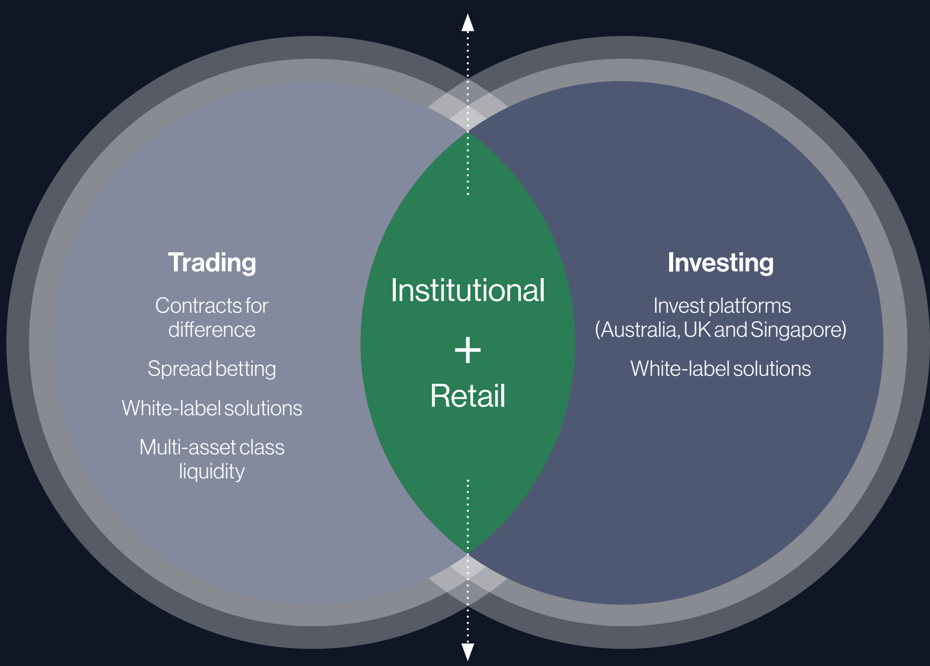
See more on pages 67 to 73

Our client offering

Our clients are at the heart of everything that we do.

Institutional (business to business)

CMC Connect acts as a non-bank liquidity provider offering access to a wide range of asset classes.



Retail (business to consumer)

CMC Markets provides clients access to a wide range of products across both trading and investing.

Our technology platforms

Our superior platforms and technology, combined with our risk management, deliver a best-in-class experience for our clients and partners.

Risk management

Our trade and risk systems generate real-time pricing, automate trade execution and optimise our risk management process through better aggregation of client flows. They also bring scale and stability to our platforms, especially during volatile market conditions. This enhances the client trading experience and lessens the risk of price quotation outages.

See more on pages 67 to 73

Who our clients are:

- Sophisticated
- High value
- Experienced

What we offer them:

- Cutting-edge technology
- Competitive pricing
- Excellent client services
- Diverse product suite

How we make money

Trading

Gross client income
£303.5m

Spreads
Revenue earned through maintaining a transactional spread (the difference between the buy and sell price) on CFD and spread bet products.

Commissions
These are charged on both CFD equity trades and institutional DMA trades. Clients are either charged a minimum commission or a percentage based on the value of the trade.

Financing
Positions held by clients overnight may be subject to financing costs, which can be positive or negative depending on the direction of their holding and the applicable financing rate.

Rebates and levies
£(20.4m)
Volume-based rebates paid to professional, high value retail and institutional clients and introducing brokers on selected asset classes.

Risk management gains/(losses)
£(50.0m)
Revenue or losses from management of client positions that the Group inherits. This consists of gains or losses which accrue to the Group through client positions and, secondly, the gains or losses which accrue to the Group through the hedge positions entered into by the Group, including hedge transaction costs.

Retained client income
77%
The percentage of gross client income retained after rebates and gains or losses from risk management activities.

Investing

£37.9m
Net revenue in Australia predominantly earned through brokerage charged for the execution of exchange traded products, options, warrants, ETFs, managed funds, interest rate securities and bonds. Further, we earn fees including FX revenue on international shares, and equity capital markets ("ECM") income.

Read more about our investing strategy in our CEO's overview on pages 20 to 23

Interest income – trading and investing

£13.9m
Interest income from the Group's own cash and client deposits.

Other income

£3.5m
Primarily income from charges on dormant accounts and market data costs passed on to B2B clients.

How we add value

Shareholders

Dividend per share
7.40 pence
down 4.98 pence from 2022

Earnings per share
14.7 pence
down 9.9 pence from 2022

People

71%
employee engagement[1]
(2022: 66%)

21%
permanent employees with us for over five years

Clients

66%
gross client income generated from trading clients of tenure greater than two years

14
awards for service platform and technology

1 CultureAmp internal survey. Percentage of employees with full engagement.

Relationships with stakeholders

At CMC we understand our responsibilities towards all of our stakeholders. We take these responsibilities seriously and continuously interact with all partners with the aim of providing responsible and sustainable solutions for all. More information on our engagement with stakeholders and the outcomes over the financial year under review is included on pages 16 to 19.

The Directors are mindful of their duty under Section 172 of the Companies Act 2006 (Section 172) to act in a way which they consider, in good faith, is most likely to promote the success of the Company and its members as a whole and, in doing so, consider the matters set out in Section 172 at each meeting. This includes, amongst other things, having regard to wider stakeholder interests when making decisions and considering the interests of the various stakeholders.

Our stakeholders

Key decisions

The key matters, and their impact on stakeholder interests, considered by the Board and/or management during the year are set out below:

Managed separation	With the launch of CMC Invest in the UK, alongside a growing B2B platform business, the Board undertook a strategic review to evaluate the merits of a managed separation of the trading and investing businesses of the Group. The review was consistent with the Board's continuous evaluation of strategic opportunities to maximise shareholder value. After due consideration it was concluded that, given the strong commercial and operational synergies between the trading and investing businesses, stakeholders' interests would be best served by ensuring that both businesses continue to operate within the current Group structure.
Application for a licence in Singapore	The Board agreed to apply for, and was pleased to be granted, a licence by the regulatory authorities in Singapore to operate its Invest platform within the country. The Board continues to look at other regions in which to expand as part of the Group's growth strategy.
Three-year growth plan and strategic priorities	The Group's three-year growth plan, highlighted in the last Annual Report, was discussed with senior management during the year and integrated into the people and technology plans. Potential issues relating to ensuring the business was appropriately resourced to complete the numerous projects arising from the plan were considered and actions taken, including the opening of a Manchester office and the expansion in Singapore. Despite difficult recruitment markets, we have grown headcount in key areas during the year and restructured some key support areas to ensure that we can manage our growth strategy. Recruitment markets continue to cause us challenges in sourcing the right people and this is kept under continuous review. The impact of the current inflationary pressures is also regularly discussed by the Board.
Dividend	In response to a regular theme of shareholder enquiry, the Board reviewed whether the current dividend policy was appropriate and how it interacted with the share buyback programme that had been introduced. It was agreed that no changes would be made at present.
Sustainability strategy and targets	The Board recognises the importance of ensuring the sustainable growth of the Group. Following recommendations from the Sustainability Committee, which was set up in April 2022 by the business and is chaired by the Group Head of Sustainability, the Board has set targets on how we intend to monitor and measure sustainability metrics which will support our objectives. More information is included in the sustainability section on pages 34 to 48.
Volatility in exchange and interest rates	The Board considered the impact on the Group and its clients of interest rate rises and exchange rate volatility. It was concluded that in order to deliver an improved outcome for customers, provide better value and build a competitive advantage, CMC will pay interest on positive cash positions across its UK CFD and spread betting trading platforms for eligible professional and Alpha customers from 1 March 2023.
Whistleblowing	A decision was taken to appoint an external provider to manage the Group's confidential whistleblowing helpline to ensure ongoing independence and better facilitate confidentiality. More information can be found on page 79.
Consumer Duty	To reflect the changing needs of the Board in relation to the oversight and governance of risk and the Group's Consumer Duty obligations, the Board was delighted to appoint a new Chair of the Group Risk Committee, Clare Francis, who will also be our Consumer Duty Champion. The Board continues to monitor progress of the work being done by the business to comply with its obligations.

Please also refer to the Group's strategy and business model which is described throughout our Strategic report, how we manage risk (pages 67 to 73), our sustainability section (pages 34 to 48) and our corporate governance report (pages 75 and 79 to 86) for further information.

Stakeholder engagement

Clients

Why we engage

Going above and beyond to care for and protect our clients is a core responsibility. Our continual engagement ensures that the Group remains aware of, and therefore develops products that solve, protect and satisfy, our clients' needs.

How we engage

CMC actively engages with clients across a range of channels, including our client service, sales and product teams, client events and our trading publication, Opto. Our digital transformation programme has also resulted in further emphasis on user experience research with clients, which directly inputs into improvements that can be made to our product and proposition. Marketing is carried out in a responsible way, making sure trading and investment product opportunities are continually evolving, and a new wave of self-directed investors opens new market segments for CMC.

Board oversight

The Board receives regular updates from management on client satisfaction and feedback metrics. Any issues are discussed with the Executives with a view to seeking to improve customer outcomes. The Board has appointed Clare Francis as the Group's Consumer Duty Champion.

Outcomes

As previously reported, the launch of CMC Invest UK provided a great opportunity for the Group to offer greener and more socially orientated investing products. It also allowed us to consider and discuss with the Board the target audience, customer experience and expectations, platform availability and transparency and ease of use. This goes alongside continual engagement with our trading clients with the aim of improving the user experience for all of our clients.

During the year, our engagement with certain clients allowed us to make adaptations to the benefit of all of our clients. This evidences the versatility of our platform in being able to respond to different client profiles and adapt accordingly.

People

Why we engage

Our employees define our culture and values. Fostering an engaged workforce is central to our strategy, enabling us to deliver the exceptional service that keeps us at the forefront of our markets. Providing a rewarding and safe working environment for our employees is a vital outcome we strive to achieve. Every employee needs to be given the tools to excel within a dynamic environment.

Nurturing a diverse and responsible workforce will allow us to achieve our business objectives with the expected levels of integrity and focus we expect.

How we engage

Our future success depends on nurturing and enhancing an environment that reflects our diverse client base and where employees can reach their full potential. Our employee engagement is driven through numerous channels. This includes team meetings or one on ones, and formally through the designated Non-Executive Director with responsibility for workforce engagement. We hold a twice-yearly global survey with follow-up focus groups to better understand the results and monthly "town hall" style forums to enable purposeful engagement between management and employees.

The business has adopted some key employee engagement practices that enhance connections across the Group, with diversity, equity and inclusion being at the forefront of our practices. These are championed by our Sustainability and HR teams and are described within the Sustainability section on pages 42 and 43.

Board oversight

The Nomination Committee ("NomCo") receives regular updates from the Global Head of HR on various HR metrics and employee issues and the outcome of employee surveys. The designated Non-Executive Director for workforce engagement holds regular sessions with employees and reports back to the NomCo with the feedback from these. More information on the key focus of the engagement via this route is included on page 86.

During the current reporting period the Group Risk Committee has considered the impact of current difficult recruitment markets on the resourcing of the business during a period of concentrated growth.

Outcomes

The formal senior management communication calendar that was developed in the last reporting period to promote diversity, wellbeing and inclusion in the workplace has continued. Further HR initiatives are described in the Sustainability section on pages 42 and 43.

2023 saw an improvement versus the very difficult recruitment markets of 2022, where there were challenges because of competition for good candidates and significant increases in salary expectations. CMC was able to capitalise on the workforce reductions experienced by other technology focused corporates, which helped drive additions to staff numbers. The internal recruitment team established in 2022 also helps us overcome the issues seen. Nevertheless, CMC still recognises that buoyant recruitment markets and increasing staff costs will continue to be a challenge for us as we move through 2024.

Regulators

Why we engage
Engagement with regulators is key to ensuring that we are fully compliant across all jurisdictions within which we operate. We are taking steps to ensure our approach is market leading, whilst also allowing the Group to participate in shaping future regulations within the sector when approached by the regulators.

How we engage
We engage in open and active dialogue with regulators, seeking opportunities to share the wealth of data we have available to help inform them in their decision making. We ensure our actions are at the minimum consistent with regulatory expectations. Our commitment to upholding high standards of regulatory compliance and aligning our interests with clients involves consistent dialogue with regulators across all jurisdictions. We believe we have forged strong partnerships with our regulators to responsibly benefit the operating environment for all.

Board oversight
The Board and/or the relevant Board Committee receives regular updates from management on the Group's compliance with its regulatory obligations and certain communications with the regulators in each region in which we operate.

Outcomes
During the year, we have responded to a number of regulatory consultations and guidance, and changed our operations where appropriate in response, such as:

- UK: FCA guidance on consumer protection, anti-money laundering controls and CFDs;
- Spain: CNMV consultation on further CFD intervention measures;
- Australia: ASIC consultations in relation to technical and operational resilience, alternative trading venues during a market outage and dispute resolution report; and
- Germany: response to the BaFin request for information on cross-border activities.
- Singapore: following engagement with the Monetary Authority of Singapore, the Group was successful in obtaining a licence to operate in the region.

Suppliers

Why we engage
We expect all our suppliers to demonstrate the same integrity and accountability as we do to our clients. Engagement with suppliers which perform any critical or material outsourced service also ensures that we remain compliant with European Banking Authority ("EBA") requirements. We take a zero tolerance approach to modern slavery and human trafficking, as reflected in our Modern Slavery Statement (available on our website at www.cmcmarketsplc.com/footer/modern-slavery-statement/) and our Group Anti-Slavery Policy, and are committed to acting ethically and with integrity in all our business relationships. A working group of relevant individuals from across the business meets regularly to review controls and procedures and assess their effectiveness.

How we engage
Open and frequent communication is critical in maintaining strong relationships with all our suppliers. All business partners follow a mandatory procurement process to review the external market and complete a robust evaluation of all available options. Once a supplier is appointed, regular direct engagement between the business owner and supplier is maintained through our Supplier Management Programme (which sets out how we interact with our suppliers and vendor management). As part of the Procurement process, all suppliers are categorised, within our OneTrust tool, according to the how critical the service or goods provided are to the Group's ability to service its clients. This categorisation determines the frequency of interaction and level of engagement between CMC relationship owners and the suppliers. We are continually enhancing this framework to ensure we are always abreast of all relevant supplier issues or concerns and over the next year there will be a focus on a roadmap to determine the scope and frequency of our risk assessments and monitoring activities for suppliers.

Board oversight
The Board relies on the Executives to manage the relationship with suppliers on a day-to-day basis. Any significant new relationships will be approved by the Board, which will also receive information on any issues with current material outsourced services suppliers.

Outcomes
Our robust governance process allows the Group to select the best supplier for the business and ultimately our clients. Our considered approach also allows us to treat vendors with respect and prioritise collaboration and value generation to mutually benefit all parties, whilst remaining compliant with all relevant regulations. Regular reporting is produced to ensure that our average time to pay invoices is in line with our standard supplier payment terms of 30 days. This ensures that all suppliers are treated fairly and receive payment for services or goods provided in a timely manner.

Stakeholder engagement continued

Shareholders

Why we engage
Our shareholders' support is paramount to our success and listening to them is a critical part of making sure our business is successful in the long term.

How we engage
Active engagement with current and prospective shareholders continues throughout the year. Our team communicates the Group's strategy and performance as well as understanding the issues that are most important to them. The adoption of technology continues to improve the efficiency of our engagement. We offer regular trading updates, half and full year presentations, the Annual Report and Financial Statements, our Annual General Meeting and a comprehensive Investor Relations section of our website, as well as active virtual media channels. We have a schedule of shareholder meetings and roadshows, giving our stakeholders access to the investor relations and management teams. The Chairs of the Board and its Committees are also available to meet with major shareholders to discuss relevant issues.

Board oversight
Shareholder feedback and details of any major movements in our shareholders are embedded within our regular Board meetings and are integral to our decision-making process.

Outcomes
Many of our shareholders have been with us since our initial public offering in 2016. The regular, open and constructive dialogue with investors promotes confidence in the Group's strategy, resulting in a strong share register built on long-term relationships, whilst also ensuring our continued access to potential additional capital and liquidity.

Our Chairman and Chair of the Remuneration Committee met with shareholders on numerous occasions during the year. We offered meetings with the Chairman and other Non-Executive Directors in order to gather views from our significant shareholders and in May 2023 our Chairman and Senior Independent Director had meetings with those shareholders who had expressed an interest. More information is included on page 85.

In response to shareholder feedback on the Group's capital management, a share buyback programme operated during the year – more information on which can be found on page 120.

Local community/charities

Why we engage
We recognise the importance of supporting our communities through initiatives with our charity partners.

How we engage
We have an ongoing charity programme that promotes the work of the charity partners that we have committed to support. Our charity programme has developed beyond financial support to a fuller engagement programme for our employees as we see a greater appetite for groups to get together and we can do this with purpose. The charity programme is led by our sustainability team and our goal is to align our charity partners with the Our Tomorrow strategy. We promote our charity actions using a charity champions network, a self nominated group of employees from across our regional offices who help with fundraising and volunteering.

Board oversight
The Board promotes the support of local charities in all our global offices. The sustainability strategy set out in the Sustainability section of the Annual Report is approved by the Board.

Outcomes
The Group and its staff have been involved in various charitable initiatives, with more detail included in the Sustainability section on pages 44 and 45.

Our employees have made use of the pound for pound matching scheme offered by the Group and we have seen an increase of use of the volunteer day, an extra day of annual leave for purpose-driven volunteering activity.

Environment

Why we engage

CMC recognises that the Group has a duty to help improve the ecosystem in which we operate and ensure we have a positive impact on the planet and the people within our communities. We launched the Our Tomorrow sustainability strategy in 2022 which encapsulates our commitments and how we have aligned to our core values. Our sustainability strategy can be found on pages 34 to 48.

How we engage

We have undertaken an internal review of the Group's Scope 1, 2 and 3 emissions and how we will seek to reduce our impact on the environment. More information is included in the Sustainability section.

Board oversight

The Board has considered the appropriate sustainability targets during the year under review, which includes ensuring that we can collate baseline emission data in order to fully understand the Group's carbon footprint. This will then allow us to set targets to seek to meet net zero goals and align to the Paris Agreement. The Sustainability section sets out details of our Planet Positive initiatives and data on our greenhouse gas emissions.

Outcomes

We have reported against the Task Force on Climate-Related Financial Disclosures requirements and have adopted a deeper methodology and scenario analysis this year. Our sustainability findings/targets will be published in due course.

We remain committed to having a positive impact on the planet.

Product development

Making the Leap Insight Day

Haven House Gardening Day

Chief Executive Officer's statement

CMC's evolution has reached a pivot point

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 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 the new investment platform in the UK, with Singapore to follow imminently, as well as expanding our 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 strategy is based on leveraging our technology to facilitate growth through B2B expansion. By partnering with our clients directly we are able to offer our clients access to our deep liquidity, products, and technology stacks."

Lord Cruddas
Chief Executive Officer

1 Platforum February 2023.

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 D2C 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.

Focus on:

FX – the story in numbers

Continued development work to connect to multiple Electronic Crossing Networks ("ECNs") and the deployment of a competitive FX product now allow for significant growth in this asset class. In 2023 CMC Markets delivered a 95% uptick in total B2B notional volumes versus the prior year, with FX being a significant contributor.

See more at www.cmcmarkets.com

Chief Executive Officer's statement continued

Institutional offering expansion via CMC Connect- continued

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.

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.

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.

1 2022 figure restated, refer to note 33 for more information.

2 A definition of net available liquidity can be found on page 65.

3 2022 figures restated to include social taxes on annual discretionary bonus within variable remuneration.

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

Q&A: The vision of future trading and investment platforms

Q In one sentence how do you envision the evolution and purpose of trading and investing platforms over the coming years?

A To succeed in the future, trading and investing platforms will need to allow clients to trade the full gambit of instruments, including equities, options, commodities, funds and currencies within one multi-asset environment all through a single point of entry.

Q What changes at CMC are being planned in order to fulfil these needs?

A By developing our own multi-asset platform, we will be able to implement our diversification strategy effectively. Our platform is designed to offer a broad range of financial products that will also over time allow us to fulfil our B2B ambitions.

Q What is your target market for this expansion?

A We will target a global market, considering regional-specific offerings including local stocks and shares and operating via upstream prime brokers. Our client focus is on family office and wealth management sectors including asset managers, hedge funds and private banks. This includes investment banks with underlying private clients as well.

Q What's the strategy around team expansion and marketing to achieve these goals?

A We are building out teams in local markets comprising sales people who speak the native language and are sensitive to cultural requirements, coupled with specific skill sets to rapidly infiltrate the market. Marketing will be focused to carve out a significant budget to deliver specific goals and collaborate with our partners through targeted road shows and research releases.

Q What do you see as CMC's core strengths to delivery?

A Our strength lies in the fact that CMC has been building and owning all its technology for the past 30 years. This, coupled with our enduring prime broking relationships and risk management systems, allows us to adapt and progress at a faster pace compared to our competitors. Moving forward, this technological advantage will enable us to broaden our reach and provide what we envision as the ultimate multi-asset investment platform of the future. Our goal is to bring fintech to the mid markets that we consider to be underserved and facilitate market access for all participants.

Our strategy

Our focus for 2024

Over the past year, we have made significant strides in defining and executing our diversification strategy. Our target to grow net operating income by 30% over the next three years is unchanged. This requires new investment, but the benefits of this will be seen with our expectation of PBT margin expansion from 2025.

Our growth strategy is built on three core pillars.

Firstly, we will focus on delivering ongoing product diversification and development of a multi-asset interface across our core trading business. This allows us to offer our clients a significant increase in asset classes available to trade, broadening their options whilst deepening our engagement with them to capture a larger share of their trading volumes.

Secondly, we continue to invest in our technology to drive expansion via B2B partnerships. Key to this is the development of our new open API eco-system. Expanding our B2B partnerships is central to our strategy, as it enables us to achieve sustainable long-term growth.

Thirdly, we continue to open up new markets via our investing and institutional businesses. Shifting our focus towards helping our clients create wealth over the longer term is core to our strategy. In the same vein, we recognise substantial prospects in our institutional business, where we are steadily expanding volumes as a non-bank liquidity provider and actively creating fresh trading partnerships worldwide.

1 Platforum February 2023.

01

Trading platform product diversification

Opportunity

Our initial priority is to concentrate on providing continual product diversification and developing a multi-asset interface within our core trading business. This will enable us to furnish our clients with access to a broader range of asset classes, thereby strengthening our engagement and capturing a greater proportion of their trading volumes. Whilst CMC has traditionally been reliant on CFDs and spread betting, with a large Invest business in Australia, the imminent addition of cash equities, options and other financial instruments throughout the coming year will make our offering even more relevant to the new cohort of clients we are attracting.

Priorities for 2023/24

- We will continue to invest in our platform that is both responsive and driven by insights, with a focus on facilitating client learning and growth in small steps.
- We will continuously improve the delivery of new services that better equip our clients to manage their performance and take advantage of market opportunities.
- We will expand our product range across our platforms to enhance our support for our clients' investment portfolios and increase our share of their wallet.
  - These include cash equities, index options, cryptocurrencies and a wider range of money market investment products.
- We will continue to focus our marketing spend on premium clients.
- We will drive geographical growth of our trading platforms in unison with our institutional and invest platforms.

Technological evolution in 2023/24

- Investing in proprietary technology is crucial to meeting clients' evolving demands and regulatory requirements. CMC's distinctive approach of owning and developing our technology opens up significant opportunities for future expansion, which is a defining feature of our growth strategy for our traditional trading business.
- As a key element of its broader technology strategy, CMC is transforming the API layer through the use of cloud and the latest "DevOps" practices to facilitate the faster introduction of new products across our trading front ends.
- To improve our clients' overall experience, we are dedicated to maintaining high platform availability and implementing continual improvements to performance.

Progress against 2022/23 objectives

- Monthly client numbers in our trading business have declined from record highs but importantly are still up 25% versus pre-pandemic levels.
- The Group continued to win numerous awards for client service and products throughout the year.

02

Investment in B2B technology capability

Opportunity

To achieve sustainable long-term growth, our strategy involves harnessing our technology to facilitate expansion through B2B partnerships. Direct collaboration with our clients enables us to provide them with access to our extensive liquidity, product and technology stacks. Through the launch of our new Group-wide open API ecosystem, with shared resources and expertise, CMC and our B2B partners can enjoy cost savings and improved operational efficiency.

Priorities for 2023/24

- We will persist in developing new B2B partnerships within Invest Australia, building on the success of our historical ANZ Bank partnership and the extensive network of B2B partnerships we already have.
- We will continue to evolve our existing product offering to cater to larger institutions, resulting in greater revenue returns. Furthermore, we will enhance our ECN connectivity to access a vast electronic market, strengthening our position as the go-to non-bank liquidity provider in the B2B market.
- We will utilise the development of our open API technology to pursue new white-label opportunities across both our trading and investing business lines. This includes work towards a new multi-asset platform capable of delivering bespoke white-label solutions to our clients.
- We will continuously improve the delivery of new services that better equip our clients to manage their performance and take advantage of market opportunities.

Technological evolution in 2023/24

- We aim to enhance our core multi-asset capabilities to provide an unparalleled and diverse trading experience for our expanding target market across all platforms, whether trading or investing, including B2B capabilities on all platforms.
- Additionally, we will continue to invest in our people and technology, with our London and Sydney offices concentrating on developing all new platform features based on our technology offerings.
- We will establish new ways of working across our traditional trading and growing investing and institutional businesses to accelerate product delivery, improve organisational learning, and incrementally increase the value we provide to our clients.

Progress against 2022/23 objectives

- Continued to deliver numerous user experience and technological improvements to our customer onboarding processes across our global retail, institutional and investing businesses.
- Successfully transitioned over 600,000 of ANZ Bank's Share Investing clients to CMC's client base.
- Succeeded in delivering the first give-up trades with FX spot.

03

Expansion of invest platforms and institutional offering

Opportunity

Central to our strategy is a shift towards enabling our clients to generate long-term wealth through our investing platforms. We believe that the self-directed investment platform sector offers substantial growth potential particularly in the UK but also Singapore. In the same vein, we see major prospects in our institutional trading unit, as we persistently augment our volumes as a non-bank liquidity provider and forge fresh trading alliances across the globe.

Priorities for 2023/24

- Invest: We will expand the development of our Invest platforms across Australia, Singapore and the UK. The UK D2C market still poses a significant opportunity, with aggregate AuA standing at c.£290 billion[1] even after weaker capital markets seen over 2022.
- Institutional: We will invest in our institutional offering to upgrade our product suite, thereby establishing CMC Connect as a technical innovator and institutional contender for price and liquidity construction.
- Institutional: We will deliver the regional expansion of our institutional offering via our Dubai office and dedicated sales teams.
- Institutional: We will deliver a physical asset class solution to provide access to new products and functionality, featuring best-in-class technology for a market seeking a wider range of investment products. In addition, we will expand our instrument range to meet all market liquidity requirements, including cash equities, ETFs, and other financial instruments.
- Institutional: We will continue to invest in our technology and overall client experience, with the aim of improved functionality with lower transaction costs and fees.

Technological evolution in 2023/24

- In the institutional space, our objective is to establish CMC Connect as a comprehensive fintech solution and non-bank liquidity provider.
- Deliver ongoing technological enhancements within the institutional and investing businesses to provide B2B capability.
- We will enhance recently added new products, such as FX give-ups, and our ECN connectivity to further cement our position.
- We will also strive to enhance our technology stack to drive brand and product awareness across all channels and distribution outlets across both our investing and institutional platforms.

Progress against 2022/23 objectives

- Institutional revenue targets and expectations were exceeded in 2023.
- Successfully expanded the Singapore office ahead of Invest launch.
- Invest UK delivered significant expansion in its products including Equities, ETFs, ESG screening and flexible ISAs.
- Accelerated growth in the FX market with a marketing strategy to build client groups across increasing geographies.
- Successfully continued advancements as a non-bank liquidity provider in the spot market.

Key performance indicators

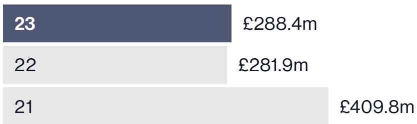
Our Group KPIs monitor the delivery of long-term value through a focus on client quality and operating effectiveness.

Tracking our progress

Group KPIs

Net operating income

£288.4m



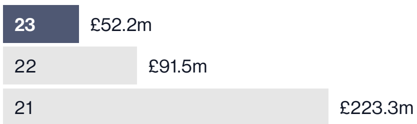
KPI definition
This is a statutory measure, which represents total revenue net of introducing partner commissions and spread betting levies.

Why we measure
Key operating metric.

Link to strategy
1 2 3

Statutory profit before tax[1]

£52.2m



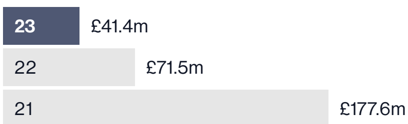
KPI definition
This is a statutory measure, which comprises net operating income less operating expenses and interest expense.

Why we measure
Key operating metric.

Link to strategy
1 2 3

Profit after tax[1]

£41.4m



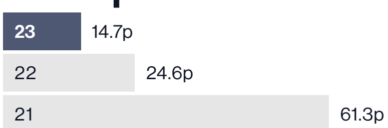
KPI definition
This is a statutory measure, which comprises statutory profit before tax less tax expense.

Why we measure
Largest driver of shareholder equity and Board-approved metric for calculating dividend payable.

Link to strategy
1 2 3

Basic earnings per share

14.7p



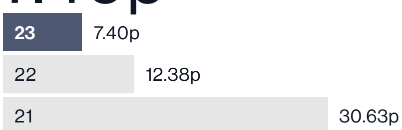
KPI definition
This is a statutory measure, which is calculated as earnings attributed to Ordinary Shareholders divided by weighted average number of shares.

Why we measure
Key shareholder value metric.

Link to strategy
1 2 3

Ordinary dividend per share relating to the financial year

7.40p



KPI definition
Any dividend declared, proposed or paid relating to the financial year.

Why we measure
Key shareholder value metric.

Link to strategy
1 2 3

1 2022 and 2021 figures restated. Further information on the 2022 restatement can be found within note 33.

Key to strategy

1 Trading platform product diversification

2 Investment in B2B technology capability

3 Expansion of invest platforms and institutional offering

See more on pages 24 to 25

Trading business KPIs

Gross client income

£303.5m

23	£303.5m
22	£288.5m
21	£335.3m

KPI definition

Spread, financing and commission fees charged to CFD and spread bet clients. CFD net revenue is the product of gross CFD and spread bet client income, multiplied by client income retained. A reconciliation of gross client income to the Primary Statements is provided on page 188.

Why we measure

Used to measure the total income generated from CFD and spread bet client transaction charges.

Link to strategy

1 2 3

Trading active clients

58,737

23	58,737
22	64,243
21	76,591

KPI definition

Individual clients who have traded or held CFD or spread bet positions with CMC Markets on at least one occasion during the financial year.

Why we measure

Representative of the continuing success of the business in acquiring and retaining clients which trade on a regular basis.

Link to strategy

1 2 3

Revenue per active client

£3,968

23	£3,968
22	£3,575
21	£4,560

KPI definition

Net revenue generated from CFD and spread bet active clients, divided by the number of active clients during the year.

Why we measure

High value clients are central to the Group's strategy and the growth in this figure is indicative of the success in attracting and retaining these clients.

Link to strategy

1 2 3

Client income retained

77%

23	77%
22	80%
21	104%

KPI definition

Percentage of gross client income retained after rebates and gains and losses from risk management.

Why we measure

Used to measure the success of the risk management strategy of converting client spread, financing and commissions charges to trading net revenue.

Link to strategy

1 2 3

Platform uptime

99.97%

23	99.97%
22	99.95%
21	99.95%

KPI definition

The percentage of trading hours that clients are able to trade on the Next Generation CFD platform.

Why we measure

The platform is at the core of our business – if clients are unable to trade, the Group will be unable to earn revenue. Maintaining a very high uptime is key to the continued success of the Group.

Link to strategy

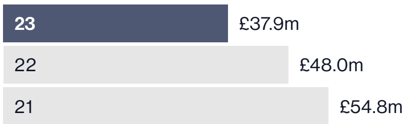
1 2 3

Key performance indicators continued

Investing business KPIs

Net revenue

£37.9m



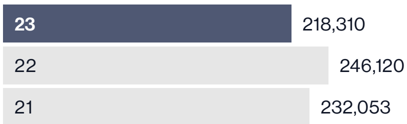
KPI definition
Income received from brokerage and FX spread on client trades, less rebates.

Why we measure
Revenue diversification and high value clients are central to the Group's strategy and the growth in this figure is indicative of the success in growing the invest business and attracting and retaining high value clients.

Link to strategy
2 3

Investing active clients[1]

218,310



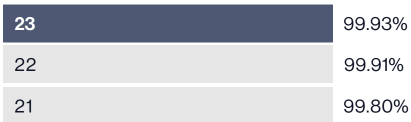
KPI definition
Individual clients who have traded on Invest platforms on at least one occasion during the financial year.

Why we measure
Representative of the continuing success of the business in acquiring and retaining clients which trade on a regular basis.

Link to strategy
2 3

Platform uptime[2]

99.93%



KPI definition
The percentage of trading hours that clients are able to trade on the CMC Invest Australia platform.

Why we measure
The CMC Invest platforms are at the core of our business – if clients are unable to trade, the Group will be unable to earn revenue. Maintaining a very high uptime is key to the continued success of the Group.

Link to strategy
2 3

1 Includes CMC Invest UK active clients of 1,645.
2 Uptime represents CMC Invest Australia only. CMC Invest UK uptime of 99.95% in 2023, a combined statistic will be reported in 2024.

Technology and innovation

Technology strategy accelerates CMC's digital transformation and product delivery

With digital transformation, CMC is driving growth and diversification through technology, and at the heart of this effort is our technology strategy. This strategy serves as the strong foundation for all of our new product development and ensures that our existing technology estate continues to receive the investment it deserves. As a global initiative, CMC's technology strategy underpins the Group's expansion and diversification, making it a crucial component of our overall business strategy.

Reduction in 99th percentile execution time[1]:

Trading

44%

Invest Australia[2]

35%

1 99th percentile execution time of all trades within the period.

2 Invest UK not included given no prior year comparator.

Global alignment delivering high standards

CMC's technology strategy is rooted in a set of robust foundational technology principles that serve as the cornerstone for the expanding technology teams. These principles ensure that all individuals are aligned and moving forward at a rapid pace. Such strong alignment fosters efficiency, encourages reuse, and helps us maintain the highest standards.

Expansion of cloud technology

The use of cloud technology was a key accelerator in the delivery of CMC's Invest UK platform and its ongoing adoption, coupled with the latest cloud engineering practices, is playing a growing part in CMC's product development roadmap across all business areas. CMC's technology principles promote adoption of cloud but recognise the value in on-premise self-managed systems. We call this our hybrid-cloud model.

End-to-end investment

It is imperative that all technological aspects of a financial service business receive ongoing investment. Neglecting to invest in core technology platforms poses a significant risk. Ageing technology platforms are incapable of supporting a fast-paced and expanding business, and this reality has not escaped the attention of CMC's leadership team. Consequently, the technology teams are provided with the necessary investments not only for new initiatives but also to continually update and modernise all areas of our technology platforms.

Talent

People are the most valuable asset underpinning CMC's technology. The most talented technology staff want to work on fast-moving and progressive technology platforms. The continued investment in technology, coupled with adoption of new technology such as AWS cloud services, has allowed CMC to attract and retain some of the most talented IT staff in London and Sydney.

Technology and innovation continued

Close alignment with technological and product development

At CMC, technology is always developed with strong alignment and collaboration with our product teams. Product development provides numerous opportunities to advance our technology platforms, and identifying these strong synergies between product development and technology strategy is a highly effective approach. By working closely with our product teams, we can leverage their expertise to drive innovation and progress in our technology, resulting in a more cohesive and efficient overall approach to business.

Operational excellence supporting leading-edge innovation

The diversification strategy and launch of the CMC Invest UK platform have seen an increase in the breadth and scale of the Group's platforms and infrastructure. Despite this, the strong focus on operational resilience and high standards of performance means that uptime across the platforms remains strong. The trading platform achieved uptime in excess of 99.97%, Invest UK 99.96% and Invest Australia 99.93%. Throughout the period, the focus on performance and consistency of execution has remained critical and the continued investment and improvement are reflected in a further reduction in the 99th percentile execution time for both the trading and Invest Australia platforms, down approximately 44% and 35% respectively compared to last year. With the increasing breadth and diversity of products, clients and geographies, the importance of continued operational excellence is paramount. We continue to invest in our infrastructure, operations and support to meet the growing demands and scale of the global business and all of our clients.

Focus on:

Open Platform API

At the core of CMC's trading platform technology lies its API layer, which plays a critical role in connecting all visible components of CMC's platforms to its underlying core systems, including the trading engine and pricing and risk technology.

As a key element of its broader technology strategy, CMC is transforming this API layer through the use of cloud and the latest "DevOps" practices to facilitate the faster introduction of new products across both institutional and retail segments.

The "Open" aspect of CMC's Open API is of particular significance, as it is designed to be fully accessible not only to CMC's internal use, but also to all of its counterparts, providing them with direct programmatic access to all of CMC's underlying products and services. This openness also extends over time to individual customers, giving them full access to their trading data and empowering them with greater control over their investments.

See more at www.cmcmarkets.com

CONNECT

CMC Connect is the institutional offering from CMC Markets. For over 30 years, we have operated in the financial services industry, offering access to global markets via our award-winning, multi-asset trading technology, through API connectivity or a white-label solution.

Continued growth

The institutional business has continued to have a year of record growth, exceeding agreed targets, which has set the tone for the new financial year.

As markets continue to evolve, we have continued to adapt. We have developed our institutional offering further with the forthcoming inclusion of cash equities, ensuring we provide access to the assets we know market participants need in order to provide an optimal trading environment. Once we have completed development of the multi-asset trading platform during the coming year, CMC Connect will be able to capitalise on the significant available opportunity and deliver revenue growth.

This continued expansion of our technology allows us to approach new client segments and differentiate ourselves further.

Our multi-national and multi-lingual team based in London has been growing steadily and with a more mature Spot FX product and the future inclusion of options, coupled with the imminent rollout of a cash equities product for institutional clients, we are able to infiltrate more European markets and service the APAC & Canada client base with a holistic trade offering.

Geographical expansion

We recently expanded our presence in Dubai to reflect our rapidly growing suite of products servicing the market, whilst recognising that the Middle East, with a specific lens on Dubai, is becoming one of the central financial hubs across the globe. Dubai is a city where many of our peers and competitors are now operating and an area tipped for significant growth in the years ahead.

The investment journey with CMC Invest

CMC Invest UK's mission is to empower every client to achieve their financial wellness. Launched to the general public in September 2022, our strategy is to deliver a client focused proposition that is built upon the technology and capabilities within the CMC Group, delivering an innovative investing solution for our clients. Our complete end-to-end proprietary platform allows us to be nimble and agile when addressing client needs, while also minimising our reliance on third-parties and passing those savings on to our clients.

Early April 2022
Launch to select clients

August 2022
ETFs and Investment Trusts added

September 2022
Open to general public

December 2022
ESG ratings

December 2022
"Plus" tier subscription, including flexible Stocks and Shares ISA and USD currency wallet

February 2023
Paperless, in-app transfer process with up-to-date tracking status

Client-centric technology and innovation

Our focus on technology and innovation is based on the needs of our clients, who are at the heart of our product roadmap prioritisation. Highlights of our client-centric delivery are:

Flexible Stocks and Shares ISA

While Stocks and Shares ISAs are a common offering across the investment industry, flexible Stocks and Shares ISAs are not. We believe that if we can deliver a better investment ISA for our clients with maximum flexibility, our clients will have peace of mind that they will be able to access their funds when they are needed without affecting their annual allowance.

In-app transfer process

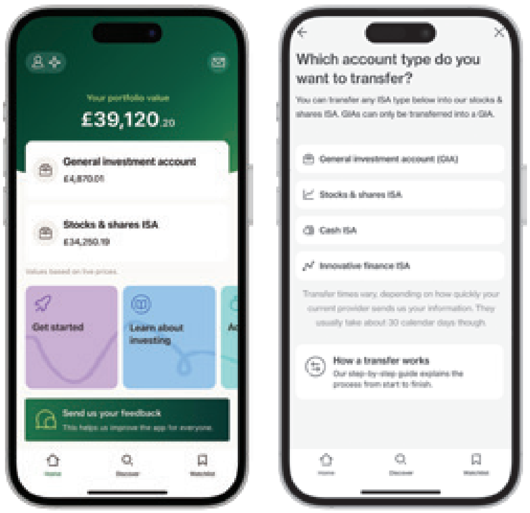
Transferring assets can seem cumbersome with layers of manual and complex processes. Our solution has been to build a fully digital process which can be kicked off in as little as 30 seconds with clear and transparent status of where a customer's transfer stands – all within the app.

Straight through execution

Speed and reliability are no longer interchangeable when trading. Our clients have both. They can view real-time quotes and trade seamlessly – due to our technical control of the value chain over complex operational solutions.

ESG ratings and preferences setting

A continuing focus for clients is socially responsible investing. With our comprehensive ESG tools (powered by Sustainalytics), clients can not only view ESG ratings, scores, and business involvement areas, they are also able to set preferences based on their individual values. When viewing an investment, they will instantly see if the asset matches (or does not match) their ESG values.



Straightforward and transparent subscription plans

Currently, we have two plans available to clients – Core and Plus. Premium is expected to arrive later this year. All plans include zero commission and a competitive 0.50% FX fee (where applicable).

Core features (no charge)

- General Investment Account
- 3,000+ US stocks
- 100 UK large-cap stocks
- Popular ETFs
- ESG ratings and preferences setting
- Analyst ratings with price targets
- Limit orders (coming soon)

Plus features (£10 per month)

- All features in Core
- Flexible Stocks and Shares ISA
- USD currency wallet
- Additional large and mid-cap UK stocks
- 300+ ETFs and Investment Trusts
- Company fundamental analysis
- Mutual funds (coming soon)

Premium features (cost to be confirmed) – coming soon

- All features in Core and Plus
- Self-Invested Personal Pension
- Additional benefits (to be confirmed)

> "Money is personal – how we earn it, spend it, and invest it. CMC Invest is designed for today's investors, who want to invest the way they choose, focusing on their individual goals. It is about providing meaningful value, backed by best-in-class execution."

Albert Soleiman
Head of CMC Invest UK

Our Tomorrow: taking a positive position

"This has been an exciting year for the Group; we have made strong progress in data collection, implementing sustainable practices into the operations of the business whilst developing the overall strategy and mapping out our goals and objectives. Our ambition remains focused on integrating sustainable practices into all aspects and levels of our business to pave the way for a positive future for us and our clients."

Kelly Perry
Global Head of Sustainability

Last year we introduced the Group's Our Tomorrow sustainability strategy and its five core pillars structured to focus delivery on our material environmental, social and governance ("ESG") risks. We have concentrated on obtaining a fuller understanding of our current performance within these areas.

The Our Tomorrow strategy and five strategic pillars serve as our framework for integrating sustainability throughout our global business and outlines our commitment to safeguarding, empowering, innovating, and adapting our responsible business practices in a way that prioritises the wellbeing of our people and planet.

We remain focused on equipping both our clients and employees with the necessary tools to invest in a better future and strive to achieve this by offering cutting-edge technological solutions that protect, educate, and motivate our clients and employees to invest in a way that has positive impacts now and for the future. Our commitment to responsible practices and values ensures that we are aligned with the world-wide shift towards a sustainable future within capital markets.

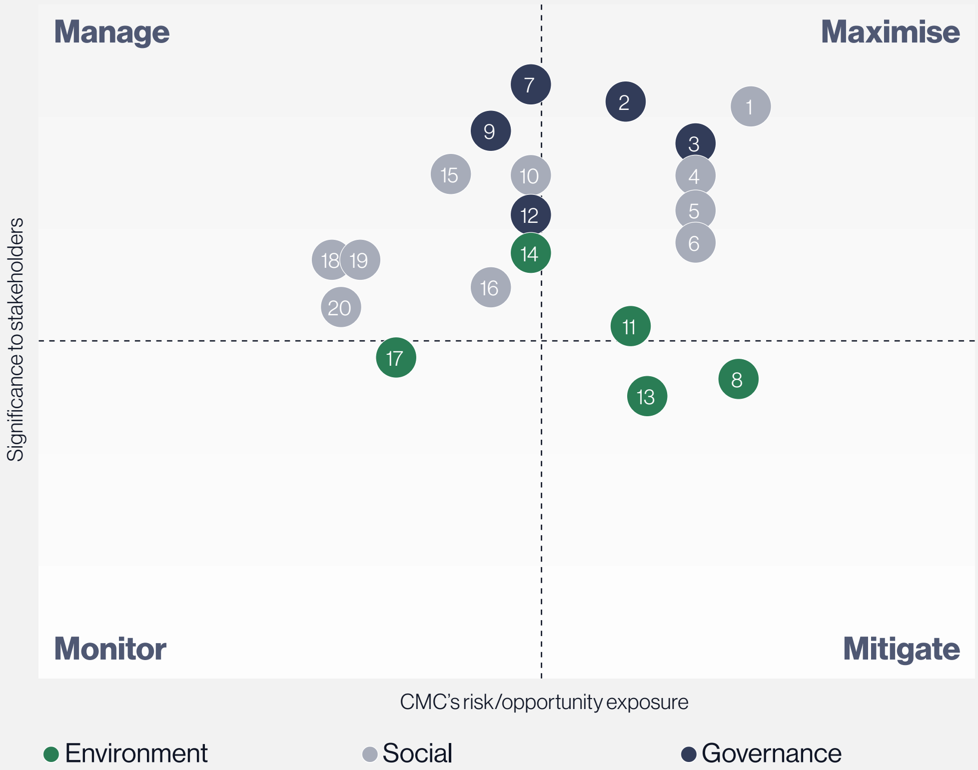
As sustainability increasingly guides the financial markets, our aim is to provide our clients and employees with the tools and expertise needed to invest responsibly and with assurance. We acknowledge and embrace the responsibility placed on the finance industry to contribute to the global sustainability agenda, none more so than in the critical battle against climate change. Moreover, we understand that implementing sustainable practices can yield tangible business advantages, which not only support the Group's long-term viability but also enable us to fulfil our mission of offering our clients an unparalleled technology-driven investing experience, coupled with exceptional access to capital markets.

2023 sustainability highlights

1. Aligned to the frameworks of the **Global Reporting Initiative ("GRI")** and **Sustainability Accounting Standards Board ("SASB")** to build robust performance measures into our strategy.
2. Pledged to support gender balance across the financial industry and became signatories of **HM Treasury's Women in Finance Charter** demonstrating our commitment to building a more balanced and fairer industry.
3. Introduced **Sustainalytics data** into the CMC Invest UK platform, for clients to obtain sustainability data on assets, then went one step further and integrated tools for clients to set preferences and screen assets according to sustainability values.
4. Evolved our HR capabilities by hiring dedicated **diversity, equity and inclusion** and **learning and development specialists** in our London and Sydney offices.
5. Established a **sustainability subcommittee** aligned to the five strategic pillars to provide support to the Sustainability Committee and effectively embed the goals and objectives of the Our Tomorrow strategy into the DNA of our business.
6. Introduced CMC's **ESG Academy,** a targeted learning programme to support the Sustainability Committee and subcommittee in developing their understanding of sustainability topics.
7. Engaged with Normative, experts in carbon accounting, to support us on our pathway to net zero and collected our **first set of Scope 3** emissions data for both 2022 and 2023.
8. Undertook a deeper analysis of our climate-related risks via scenario analysis to enhance our understanding of our climate-related risks and our climate-related disclosures in line with the **Task Force on Climate-related Financial Disclosures ("TCFD").**
9. Nominated and shortlisted for a series of awards, IR Society Awards for **"Best Communications in Sustainability"** and IR Magazine Awards for "**Best ESG Materiality Reporting**", and were given a **"Leading Light"** award from Making the Leap for our efforts in supporting social mobility.

Developing our strategy based on materiality

Last year, we conducted an extensive review of our material ESG risks, opportunities and impacts, with the results of this assessment laying the foundations for our strategic approach. We adopted a multifaceted engagement programme involving key internal and external stakeholders and conducted industry research, the results of which are summarised in the materiality matrix below. This matrix serves as a visual representation of the most significant topics for our business and our stakeholders.



CMC's material risks:

1. Client care and protection
2. Leadership and governance
3. Organisational culture
4. Incorporation of ESG factors into platforms
5. Diversity and inclusion
6. Talent development
7. Business ethics
8. Climate action
9. Professional integrity
10. Responsible marketing
11. Energy transition
12. Executive pay
13. Green finance
14. Carbon emissions
15. Financial capability and inclusion
16. Employee wellbeing
17. Nature and biodiversity
18. Waste management
19. Labour practices and human rights
20. Responsible procurement

The vertical axis represents the significance of the topics to our stakeholders, determined on the basis of interviews and surveys conducted with a representative sample of our employees, clients, financiers, and shareholders. To assign impact, represented on the horizontal axis, we conducted a thorough risk and opportunity assessment for each topic to understand our exposure to potential consequences or benefits.

We then validated the findings from this prioritisation exercise in workshops consisting of members of our senior leadership team. This matrix and the sustainability strategy we have developed will guide our focus over the next few years and we will continue to assess materiality on an ongoing basis.

A year in review: over the last 12 months, we have taken significant actions to embed sustainability into our decision-making processes and into the overall operations of our business. Kelly Perry, Global Head of Sustainability, is at the forefront of our sustainability approach and ensuring engagement with the Board, seeking input, obtaining approvals and providing regular updates on developments. Kelly serves a crucial role in guiding the Board in our pursuit of sustainability practices and crafting and developing the overarching strategy, setting goals and objectives for the Group, ensuring it is aligned with corporate strategy, and overseeing its effective implementation.

We continued to work with our sustainability consultants, Ever Sustainable (part of Design Portfolio), on defining relevant KPIs related to our material risks, being guided by the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") voluntary standards, and meeting the requirements of the Task Force for Climate Related Financial Disclosures ("TCFD") and Streamlined Carbon and Energy Reporting ("SECR").

Setting Our Tomorrow goals and objectives: our strategy development methodology provides a consistent and transparent narrative to all stakeholders. We have set clear goals and objectives to ensure a defined direction for individuals, teams, and the Group. However, we continue to remain agile and innovative and allow for flexibility in adjusting our strategy and related targets if needed, whilst keeping the overall objectives in mind.

Sustainability continued

Using globally recognised frameworks we identified relevant KPIs and established clear goals and objectives related to them. We also continue to have active dialogue with internal and external stakeholders and gather valuable feedback to help guide our strategic direction. Our goals and objectives serve as guiding principles to help align efforts towards a common vision. We have reviewed the industry recommended KPIs and identified areas to focus on, which provided a framework to prioritise and focus our efforts.

As the strategy and implementation continues to evolve, so too does the active collection of data to help us measure our progress and set realistic but ambitious targets, against which we will track and disclose our progress throughout the year. In defining our focus areas, we have also begun to review data and consider stretching targets, which we believe will enable individuals and teams to focus.

Our aim is to motivate individuals and having a coordinated effort ensures we have established common expectations, and foster collaboration towards shared goals. This year we have focused on implementing a structure for measuring progress and success. It is key for us to measure performance so it can be evaluated and we recognise the importance measuring tools have in allowing for effective tracking of achievements and identifying areas for improvement.

The Sustainability Committee and newly formed subcommittee are accountable for the strategic direction and operational implementation respectively and are proactive in taking actions across the five core pillars of the Our Tomorrow strategy.

The collective collaboration of our entire ecosystem is crucial to ensure the enduring success of the "Our Tomorrow" sustainability strategy and to truly create a meaningful impact.

The interplay between the five strategic pillars is pivotal to the future success of our business. To effectively serve our clients and prioritise the wellbeing of our people, we acknowledge the significance of two key mechanisms. Firstly, we recognise our responsibility in shaping a sustainable future by mitigating the impacts of climate change and exploring ways to contribute to a low carbon future. Secondly, we understand that robust governance and strong leadership form the foundation of our sustainability approach. Consequently, we are actively enhancing our oversight and understanding of sustainability at the highest levels of the organisation.

Reporting against our strategy: we are committed to transparency in our reporting and will share updates via reporting and our corporate website, on our performance to provide stakeholders with a comprehensive understanding of our sustainability progress. We evolved our strategy further to include setting goals and objectives against our KPIs, highlighting our performance and to lay out the roadmap for success. This iterative reporting process allows us to track our progress, adapt our approach as needed, and ensure that we are effectively embedding sustainability across our business.

Client Positive

Driving our efforts to being a market leader by protecting our clients and instilling confidence in their investment decisions. Protecting with purpose.

Link to material risks within the materiality matrix: 1 4 10 15

The behaviour of markets is influenced by various factors, and it is important to acknowledge that market conditions are not always favourable. The Group acknowledges the presence of risks and potential financial losses associated with our products and their potential impact on our clients. In addition to fulfilling our regulatory obligations, we are actively pursuing an innovative approach to client protection, aiming to enhance their experience while ensuring that the Group maintains alignment with global regulatory bodies. We continue to monitor our overall commitment to our client base experience.

Goal	Objective	Key performance indicator	FY22/23 performance
Ensure we provide clients with an exceptional service and innovative platforms to meet their investment needs.	Understand our clients' current and future investment needs.	**Client satisfaction:** Qualtrics and Investment Trends % scores.	– Upper quartile Net Promoter Score ("NPS") for UK, Germany, Australia and Singapore.

Progress to date: we are tracking customer advocacy and brand awareness through market research. Qualtrics is a tool we use to measure brand awareness and attribution. Investment Trends produces research we use to understand the dynamics of the market and CMC's performance in areas such as customer satisfaction and advocacy. We also use quantitative measurement via our own platform and third-party data sets such as Google Trends.

Roadmap: we have implemented a tracking service to establish our performance baseline and aim to set a target to reach the top quartile in our industry. We will also include sustainability themes within this data capture tool for measurement.

Supporting our clients through education: as our product range continues to expand and diversify, we acknowledge the evolving client base which presents the Group with exciting new opportunities. The new wave of investors differs from our traditional investor profile, as they may have less financial literacy. However, they possess a keen interest in engaging with our sector. We are fully committed to understanding how to best cater to the needs of these diverse and less experienced investors, with a central focus on education.

To support this commitment, we have established a freely accessible Learning Hub on our website for all investors. This resource aims to assist new clients in navigating the distinctions between spread betting, CFDs, and FX trading, as well as providing insights into key thematic trends in the market. Through this initiative, we aim to empower investors with knowledge and help them make informed decisions.

Goal	Objective	Key performance indicator	FY22/23 performance
Provide clients with the tools to expand their knowledge of CMC's trading and investing products with an additional focus on sustainable investing themes/products.	Develop an industry-leading Learning Hub to support clients which includes sustainable investing themes.	**Client protection and financial literacy:** number and % of active customers using financial literacy and education tools.	– Our existing Learning Hub tracking tools have changed to OneTrust privacy management in line with GDPR compliance. This has changed the way we track our data. We aim to provide fuller performance data in future disclosures.

Progress to date: our freely available Learning Hub has been improved to include learning tools focused on trading strategies, CFDs and technical analysis in the initial build.

Roadmap: our aim is to embed further operational actions and evolutions which will include, but are not limited to: setting out CMC's principles of responsible investing practices guide; developing an interactive suite of sustainability-themed financial literacy resources; and developing education tools to understand risks related to online trading. The future will also see the development of more performance-related metrics and targets as we continue to advance our approach in this area.

Responsible marketing: the Group's Marketing Communications Policy outlines the guidelines and criteria that govern the content used in client communications and financial promotions. It encompasses various aspects, including the nature of the content, the prominence given to specific information, the presentation of data, and the inclusion of necessary disclosures or risk warnings. This policy ensures that our marketing communications maintain high standards of transparency, accuracy, and compliance with applicable regulations. By adhering to these guidelines, we aim to provide clients with clear and reliable information, enabling them to make well-informed decisions regarding our products and services.

Data privacy: our data privacy team aims to mitigate risks and create a global framework for data privacy-compliant business operations. The team helps to train our employees to handle data responsibly and with clear accountability. It safeguards the Group by providing data privacy risk assurance and compliance with relevant data privacy laws globally. Protecting our clients' digital assets and personal information is fundamental to the products we offer. We aim to minimise our susceptibility to data breaches, ensuring our customers trust us to keep their data safe. This safeguarding aligns us to our sustainability objectives. Learn more about the global structure on: https://www.cmcmarkets.com/en-gb/privacy.

Consumer Duty: the FCA's Consumer Duty Regulation has given CMC the chance to analyse and review the retail client journey to determine whether our clients are receiving good outcomes. This involves providing evidence that we are acting in good faith, avoid causing foreseeable harm and enabling clients to pursue their financial objectives. CMC's Consumer Duty programme is anchored across the culture of the organisation.

Goal	Objective	Key performance indicator	FY22/23 performance
Ensure we meet or exceed regulatory requirements to protect our clients.	Aim to be industry leaders in addressing our commitments with the regulators.	**Client protection and regulatory compliance:** the most appropriate metric is currently being determined.	– Preparation for the UK Consumer Duty requirements. We are focusing on the UK market and as we evolve our product line the requirements of Consumer Duty will be rolled out globally.

Progress to date: aligned to consumer duty, business functions have worked collaboratively to assess and enhance areas such as product governance, client onboarding, the assessment of fair value pricing and the identification of vulnerability characteristics in our retail client base. This work aims to build out the required infrastructure to enable CMC to manage retail client outcomes effectively and will be underpinned by data-led monitoring and ongoing review. We have also reviewed the storage of CMC physical records in conjunction with data privacy record management archiving at our data back-up centre.

Roadmap: we identified a need to collate baseline data, implement a tracking system and measure against industry benchmarks to set our performance targets. We aim to be in a position to disclose on data privacy breaches across our investment and trading platform.

Case study: Client Positive

Building trading competency through content and exciting initiatives: our content strategy has focused on educating users, uncovering trading opportunities and providing insights and strategies from our in-house analysts and content team and top experts on Wall Street. Through these partnerships, we offer in-depth analysis of market trends and highlight trading opportunities in volatile environments. We have also been educating our clients through regular updates to our Learning Hub on the Company website, authoring trading guides and using experts to cover topics such as the correlation between different financial instruments. Additionally, we provide educational resources to teach clients new trading methods and strategies. A good example of how we provide educational resources is through hosting a webinar for clients on how to know when markets are overbought versus oversold, thereby aiding clients to better time their market entry and exits.

Platform Positive

Pioneering innovative and sustainable investment products to solve our clients' current and future needs with platforms for good.

Link to material risks within the materiality matrix: 4 5 13

The landscape of investment products continues to evolve and we are actively embracing this change, exploring opportunities in sustainable investment and expanding our range of investment products and platforms to provide our clients with more options to direct their investment capital to assets that prioritise ESG and sustainability.

Integrating sustainability-themed products and services: our primary focus in evaluating these opportunities is to ensure authenticity and credibility. We are committed to offering our clients an investment product suite that enables them to invest responsibly and understand the growing trends towards sustainable investments. By prioritising authenticity and aligning with core sustainability principles, we aim to provide our clients with genuine and meaningful options for making sustainable investment choices. This year we integrated Sustainalytics data into our CMC Invest UK platform. This enables clients to obtain sustainability data on assets they are considering making investments in. We have also integrated tools for clients to set preferences and screen assets according to their own sustainability preferences and values. Read more about our investments in technology and innovation on pages 29 to 33.

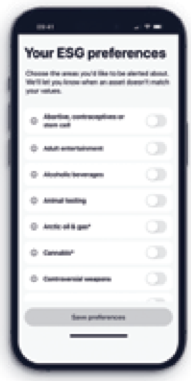
Goal	Objective	Key performance indicator	FY22/23 performance
Provide clients with the opportunity to invest in the net zero transition and integrate ESG factors into platforms designed with greener and more socially orientated solutions for both the trading and investment businesses.	Leverage the growing demand for green finance to develop a unique niche in the market.	**ESG integration:** number of available products that incorporate ESG factors.	– 89% of assets available on the CMC Invest UK platform are powered by Sustainalytics ESG data (3,421 assets covered) as at end of 2023.

Progress to date: we made significant progress this year within the CMC Invest UK platform to integrate Sustainalytics sustainability data into individual assets available on the platform and introduced sustainability screening tools.

Roadmap: our plan is to increase our sustainability-themed products and equities offering through the integration of ESG data across our platforms. We aim to track client engagement with these evolving products and set targets. This exercise will be supported by tracking customer engagement and sustainable investing patterns.

Case study: Platform Positive

Powering CMC Invest with data: to support our sustainability focused investors, CMC Invest UK now offers an increased level of transparency and personalisation when customers are reviewing potential opportunities. Upon viewing an asset in the app and in partnership with Sustainalytics, investors can see its ESG risk score, potential categories of controversy, and business involvement areas. Taking it a step further, investors are even able to set preferences and screen assets according to their individual sustainability values, such as avoiding animal testing, palm oil, or weapons. They can instantly view whether an investment matches or does not match, their principles, enabling them to make more informed decisions.



Investing in innovation and accessibility of our platforms: reviewing our trading and investment platforms through a diversity, equity, and inclusion ("DE&I") lens is essential for us to gain a better understanding of the representation of our client base, and to ensure we are servicing a broad client demographic and understanding their needs, perspectives, and experiences. This helps ensure that our platforms reflect the diversity of our audience and society.

Considering DE&I when evolving our platforms allows us to assess the accessibility of our online platforms for individuals from different backgrounds, abilities, and identities. For example, studies show that 1 in 12 (8%) males and 1 in 200 (<1%) women are affected by colour vision deficiency ("CVD") or colour blindness and the majority of those affected are red/green (trading up/trading down) CVD types. By identifying these patterns and addressing the barriers that may hinder certain groups from fully engaging with our content and services, we can ensure we adapt our platforms to be more accessible to broader, more diversified groups.

Goal	Objective	Key performance indicator	FY22/23 performance
Successfully integrate sustainability factors into the client experience and ensure platforms are enhanced to meet a diversified group of clients.	Develop a unique niche in the market and leverage the opportunity for the growing diversified client base by addressing DE&I gaps.	**R&D investment in innovation (products and platforms, e.g. accessibility):** the most appropriate metric is in the process of being determined.	– Researched the Web Accessibility W3C Principles as a measuring tool. – Investment into platform accessibility research with experts in the field.

Progress to date: we identified frameworks and operational build requirements to better enable accessibility across our platforms and we invested in our headcount by hiring two specialists to support our platform focused DE&I agenda. We invested in web accessibility research with expert advisers in connection with National Inclusion Week, providing colleagues with an opportunity to develop a deeper understanding of the importance of innovating technology towards accessibility.

Roadmap: this year we will measure against the Web Accessibility Initiative W3C Principles with a view to setting product development targets and increasing our overall accessibility performance to reach a broader demographic. We will then implement tools to track and measure our progress to support our transparency and disclosure in this area.

Change Positive

Leading by example and demonstrating integrity, forward thinking and accountability at every step.

Link to material risks within the materiality matrix: 2 3 5 6 9 12 19

We uphold the highest standards when conducting our business and strive to be industry leaders through our commitment to business ethics and professional integrity. This commitment is reflected in our robust governance processes concerning our material sustainability risks, encompassing both risks and opportunities. Through the establishment of the Sustainability Committee and recent subcommittee, the constituents provide strong governance processes and accountability, and the business is able to demonstrate our commitment to addressing sustainability risks and integrating responsible practices into our business operations and decision making.

Accountability and oversight of the Our Tomorrow strategy: last year we formed a dedicated Sustainability Committee, which consists of Board members and senior business leaders from various regions and fosters a cross-functional and holistic approach to sustainability governance. Leading the Committee is our Global Head of Sustainability, who ensures effective co-ordination and alignment of sustainability efforts across our organisation. We took this one step further this year, by initiating a self-nominated sustainability subcommittee who expressed an interest in being advocates of change and joining the business on the sustainability journey.

Sustainability Committee

Purpose
- Provide strong governance of the sustainability strategy across the Group
- Effectively manage the risks in our operating environment
- Recognise and capture the opportunities presented
- Integration of Our Tomorrow into our global operations and decision making
- Cross-functional transparency and collaboration
- Alignment with the regulatory requirements
- Orient the Group's triple bottom line: People, Planet, Profit

Responsibilities
- Approve strategic sustainability plans
- Provide updates/obtain feedback from the Board
- Approve sustainability practices
- Bring together internal networks to deliver against sustainability goals
- Define, deliver and measure KPIs
- Accountability of the Our Tomorrow strategy and performance
- Provide strategic direction to the subcommittee

Structure
- Board representation
- Committee members are cross-functional/cross-geography senior leaders
- Regular meetings throughout the year, to drive Our Tomorrow strategy
- Subcommittee formed to help deliver sustainability goals
- A permanent structure within CMC Markets

Sustainability subcommittee
- Broader employee collaboration to embed sustainable practices into our DNA
- Proactive approach to sustainability matters
- Constituents are cross-functional/cross-geography to drive implementation
- Provide updates on developments to Sustainability Committee
- Track and measure developments

Sustainability continued

Change Positive continued

Goal	Objective	Key performance indicator	FY22/23 performance
Lead by example and ensure strong governance of the Our Tomorrow strategy.	Integrate sustainability objectives for leadership roles across the business and ensure there is meaningful link to remuneration.	**Accountability:** % of the Board, Sustainability Committee, Executive Committee and senior management with sustainability objectives embedded into remuneration.	– DE&I objectives were set for all Executive Directors. Performance against these objectives and the reward allocated for achievement are summarised on pages 111 and 112 of the Directors Remuneration Report.

Progress to date: all Executive Directors were set a DE&I performance objective for 2023 and we saw an increase in senior female representation in our London office.

Roadmap: we will be expanding Executive Director's objectives beyond DE&I to include the broader objectives of the Our Tomorrow strategy and a proportion of their remuneration will be measured against progress; this will be conducted by the Remuneration Committee. The sustainability objectives will also be cascaded to include members of the Sustainability Committee and senior management team. European offices will be introducing sustainability principles into their organisational handbook. The Group will enhance its global Sustainability policy to incorporate the broader sustainability strategic approach and ensure our employees have access and commit to the policy and our guiding principles.

Board diversity: we recognise that having a diversified Board with different backgrounds, perspectives and experiences leads to more robust discussions, improved decision-making processes, and a wider range of innovative ideas and solutions. This leads to a more inclusive and balanced approach to governance.

A Board with a diversified make-up is better equipped to identify and mitigate potential risks. Diverse perspectives can uncover blind spots, challenge assumptions, and consider a broader range of scenarios, leading to more effective risk management strategies. We are committed to enhancing stakeholder trust and confidence in our business and know that when the Board reflects the diversity of the society it operates in, stakeholders are more likely to perceive the Group as fair, inclusive, and responsive to their needs.

In many jurisdictions, promoting board diversity is encouraged or even mandated by regulations and governance codes. Having a diverse board helps organisations meet these requirements and maintain a positive corporate reputation. Board diversity is an essential element of social responsibility. It demonstrates a commitment to fairness, equality, and inclusivity, contributing to a more equitable society and promoting positive social change.

Goal	Objective	Key performance indicator	FY22/23 performance
Drive diversity at Board level and leverage the benefits of diversity of thought.	Increase Board diversity to ensure representation from a gender and ethnicity perspective to align with FCA current and future requirements.	**Board diversity:** gender and ethnicity representation at Board level.	– Female representation on the Board increased from 25% to 33%. – Our Non-Executive female representation is now 60%.

Progress to date: we continue to ensure diversity is a consideration as we source new talent for the Board and we drive fair recruitment processes for any available roles on the Board.

Roadmap: we note the targets set out by the Listing Rules and we acknowledge that we do not comply with these targets at present, as disclosed in the Nomination Committee report on page 97. However, we will continue to ensure that full and proper consideration is given to gender and ethnic diversity as part of the process for making appointments to the Board and keep our position in relation to appropriate targets under review. This year we will also focus on the requirements outlined by the Women in Finance Charter to support gender growth into senior roles and track the diversity of Executive Director succession candidates through our succession planning processes.

Upskilling at the top: CMC's Board of Directors plays a critical role in setting the overall direction and strategy of the organisation, overseeing management, and ensuring the Group operates in the best interests of its stakeholders. To effectively carry out these responsibilities, Board members need to possess the knowledge, skills, and expertise necessary to make informed decisions and provide effective guidance. Learning and development programmes can provide Board members with the opportunity to enhance their skills and knowledge in areas such as leadership, corporate governance, risk management, finance, and strategy and this year we focused on providing tools for the Board, Executive Directors, Sustainability Committee and senior management to gain a greater understanding of sustainability topics.

Goal	Objective	Key performance indicator	FY22/23 performance
Increase knowledge and insights on a broad range of topics and trends related to the Our Tomorrow strategy, to enhance connection to the sustainability agenda and effectiveness as leaders and align with expectations of our industry stakeholders.	Engage the senior level with the facets of the Our Tomorrow sustainability strategy, increasing awareness and understanding of sustainability principles, concepts, and best practices.	**Board, Executive Committee, Sustainability Committee and senior management learning and education**: number of learning hours and topics covered.	– Introduced sustainability education to the Sustainability Committee and subcommittee in November 2022. – 10 sustainability topics covered, 108 learning hours made available, average of 6 hours per person and a 12-month completion window.

Case study: Change Positive

Sustainability subcommittee and advocates of change: in forming the sustainability subcommittee, we operated an application process, for employees to demonstrate their appetite to be engaged with CMC's Our Tomorrow sustainability direction. We received applications from 6% of our global workforce. The Sustainability Committee reviewed all applications and identified key individuals to be our sustainability "trailblazers", who were then assigned to the five strategic pillars of the sustainability strategy. Together the Sustainability Committee and newly formed subcommittee make up 8% of our employees and these individuals will be accountable for delivering against the goals and objectives of the Our Tomorrow strategy.

Progress to date: this year we rolled out the ESG Academy, which made sustainability specific educational tools available to members of the Sustainability Committee and subcommittee including a selection of the Executive Committee and senior managers. The topics covered related to climate risk, ESG data and ratings, factors and reporting; additional topics included sustainable and responsible investing and ethics, culture and conduct.

Roadmap: this year we will focus on embedding a training schedule which includes modules relating to sustainable themes. This will be rolled out to our Executive Directors, Sustainability Committee members and senior management and we will aim to track participation and evidence progress to set performance targets. We will also be providing training on sustainability matters to our Non-Executive Directors as part of their annual training plan.

Goal	Objective	Key performance indicator	FY22/23 performance
Meet the expanding requirements of TCFD.	Aligning our business to the climate risk reporting requirements of TCFD.	**Understand climate risks and how to mitigate those risks:** set metrics and targets by end of 2024 and publish.	– Compliant with 9 of 11 of the recommendations of TCFD's 2021 guidance in accordance with Listing Rule 9.8.6.

Progress to date: we made significant progress in understanding and assessing our climate risk, through the updates of our climate risk register and scenario analysis. Find out more about our TCFD alignment and deeper analysis on pages 50 to 59.

Roadmap: this year we will be setting metrics and targets related to climate risk, as we are not ready to disclose on them without a deeper understanding of the nature of these risks and their potential impacts to our business. Our aim is to address these final two of the 11 TCFD recommendations relating to metrics and targets and update on our progress in our next disclosure.

Equal opportunities: we unequivocally reject any form of unlawful or unfair discrimination. When seeking talent, our commitment is to recruit the best individuals from a wide range of applicants. We believe that all candidates deserve to be respected and valued for the contributions they bring to the Group. We are fully committed to considering employment applications from individuals with disabilities and providing ongoing employment to current employees who may become disabled during their tenure, whenever feasible. For those with disabilities seeking to join CMC Markets or existing employees who experience disabilities, whether temporary or permanent, we strive to adapt the work environment and offer flexible work arrangements, training, and graduated back-to-work plans in collaboration with occupational health.

Human rights: we uphold ethical business practices and are committed to promoting and protecting recognised human rights principles. The Group's stance against slavery and human trafficking can be found in our dedicated statement, which is available on our website (www.cmcmarkets.com/group). We actively monitor employee remuneration to ensure compliance with living wage requirements or their local equivalents.

A newly formed steering committee has been brought together to measure, monitor and enhance our approach to modern slavery. The committee meets quarterly and consists of key stakeholders from legal, financial crime, sustainability, human resources, and compliance teams and is responsible for reviewing the current effectiveness of our measures and enhancing our internal practices to mitigate our risk and exposure to modern slavery practices.

Anti-bribery and anti-corruption: the Group maintains a zero-tolerance approach towards bribery and inducements. We have implemented a comprehensive anti-bribery and corruption policy that applies to all our global staff. This policy is overseen by the Heads of Compliance in the UK and Europe and is diligently enforced by our financial crime team and compliance officers across our offices worldwide. In addition to this policy, we provide clear guidelines to our staff regarding other important areas such as politically exposed persons ("PEPs"), gifts, entertainment, and expenses.

To ensure transparency and accountability, we have a Whistleblowing policy that allows any member of our staff to anonymously raise concerns related to bribery or corruption. We take these concerns seriously and investigate them promptly and thoroughly. Our commitment to maintaining the highest ethical standards is unwavering, and we actively promote a culture of integrity, honesty, and compliance throughout the Group.

People Positive

Cultivating culture and fostering an inclusive and innovative workplace where everyone thrives.

Link to material risks within the materiality matrix: 3 5 6 16

The invaluable contribution of our people has been at the heart of CMC Markets' success. We recognise that our future accomplishments hinge on cultivating and enriching an environment where our employees can fully realise their potential. This involves prioritising areas such as workforce diversity, talent development, gender and equal pay of our workforce, and taking decisive steps to create a workplace where everyone can flourish, irrespective of their beliefs and identities.

The Group made significant progress across a number of core people metrics this year. In a challenging post-COVID-19 employment market, CMC successfully grew its headcount by 26% to support its growth and transformation strategies. We delivered 68% of hires through our internal talent team or employee referral, significantly reducing cost whilst improving the quality of the candidates we hired. Voluntary turnover decreased to 20% from 24% and employee engagement improved from 66% in 2022 to 72% in 2023. Our focus on employee development and ensuring our reward structures are market aligned, saw over 200 employees benefiting from an internal promotion or developmental role change. We continue to evolve our HR model with dedicated resource to support learning and development, DE&I and reward.

Workforce diversity, equity and inclusion ("DE&I"): we value diversity across the Group and this year we will focus on gender, ethnicity and disability. Our diverse workforce brings together individuals with different backgrounds, experiences, and perspectives. This diversity of thought and ideas fosters innovation and creativity within the Company and diverse teams are more likely to generate a wider range of ideas, challenge conventional thinking, and offer unique solutions to problems. Teams composed of individuals with diverse backgrounds and perspectives approach problem solving and decision-making from various angles. This diversity helps to identify blind spots, consider alternative viewpoints, and arrive at more well-rounded solutions and the different perspectives can lead to better critical thinking and more effective problem-solving strategies.

We have seen a shift in the competitive job market towards prospective employees prioritising DE&I when considering potential employers. The Group values and promotes diversity and we are attracting a wide pool of talented candidates. A diverse and inclusive workplace is essential for retaining our top talent, as employees are more likely to stay in an environment where they feel respected, supported, and included.

Goal	Objective	Key performance indicator	FY22/23 performance
Foster an inclusive culture and workplace for all colleagues.	Adopt a proactive DE&I strategy that provides employees with the tools to reach their potential.	**Workforce diversity: gender, ethnicity and disability:** % of employee diversity according to gender, ethnicity and disability at different levels of the organisation including Executive Committee, senior management and entire workforce of the organisation.	– Overall global gender balance at CMC has remained stable at 29% female and 71% male. We saw a 3% increase of female representation in the UK which was offset by a decrease in APAC & Canada. – Females in senior management roles improved from 11% (October 2022) to 20% (March 2023) using the FTSE Women Leaders Framework. – Direct reports to Executive Directors: 6% self-identified as being from a diverse ethnic background.

Progress to date: this year we made great strides in DE&I when we became signatories of the Women in Finance Charter ("WiFC") and launched a comprehensive programme to engage our workforce in developments in DE&I, these initiatives included the launch of a new intranet portal, education and learning through guest speakers and panel discussions and providing DE&I focused learning tools for National Inclusion Week and International Women's Day. We also recruited DE&I specialists in London and Sydney, who work closely with the business at all levels to ensure we achieve our diversity goals both regionally and globally. We implemented a structured calendar to recognise and celebrate key moments throughout the year and evolved our Employee Resource Group programme. This included our Women@CMC network, which this year launched a mentoring programme for women in the UK and provided networking and professional development tools on topics such as: managing limiting self-beliefs, financial wellbeing, and career planning. To improve the depth of our DE&I data we launched our "Count me in" campaign and improved onboarding processes to maximise data capture upon joining our business.

Roadmap: we value all aspects of diversity and this year our focus areas will be gender, disability, and ethnicity. Our gender commitments are outlined by the Women in Finance Charter. Our ethnicity focus will see us measure against the Investing in Ethnicity ("IIE") Maturity Matrix and develop an alignment strategy. Our disability focus will see us measure against the Business Disability Forum ("BDF") Disability Smart Assessment and develop an alignment strategy. We will deliver training to all employees to increase understanding of DE&I-related topics and build our reporting capability for DE&I-related metrics. We will also plan to report against the Workplace Gender Equality Agency ("WGEA") in Australia and align with the requirements.

Case study: People Positive

HM Treasury's Women in Finance Charter("WiFC"): this year we are proud to become signatories of WiFC and committed to work together within the sector to build a more balanced and fair industry. We support the Government's aspirations to see gender balance at all levels, within the finance sector and concur that a balanced workforce is great for business, its customers, profitability, workplace culture and more increasingly for investors.

Our ambition is to align with the requirements of the WiFC and support the progression of women into senior roles with a focus on the executive pipeline and mid-tier level. As defined by the Charter we will set gender-related targets and implement a strategy for achieving these targets. We commit to being transparent on our progress and to deliver against these targets.

Publicly reporting our developments will drive change today and in the future and hold the organisation accountable for meeting the requirements of the Charter.

Our engagement score

71%

an improvement of 5% on our 2022 survey

Talent development: in the last four years our spending on learning and development has increased by 230% and we are committed to employees' professional growth and advancement and giving employees opportunities to learn new skills, acquire knowledge, and develop their talents. We have seen the benefits of this including reduced employee turnover. Continuous learning and development enable our employees to stay updated on industry trends, best practices, and emerging technologies, allowing them to contribute more effectively to the organisation's goals. Ultimately, this leads to improved performance and increased productivity.

Over recent years we have we developed a multi-channel approach to learning and development with an emphasis on technology-based delivery platforms and open access product and have gone one step further this year by consolidating the delivery platform into Workday, our HR portal, so we have a single source of learning and development data. We have also supported internal mobility and career progression and seen employees benefit from an internal promotion or career move within CMC in 2023. We also expanded our junior talent schemes to include graduates in technology development, technology production, legal and quant teams.

Goal	Objective	Key performance indicator	FY22/23 performance
Continually upskill our workforce, close knowledge gaps and ensure employees possess the necessary skills for our business to compete in the future and reduce reliance on third-party advisers.	Adopt a targeted approach to training and development of our talent to demonstrate commitment to the workforce and increase retention.	**Talent development:** Investment in education and training: average hours of training per person.	– We invested 1% of global payroll into learning and development.

Progress to date: we introduced career planning workshops and taster programmes in our APAC offices focused on the junior talent in our customer services function. Our Women@CMC ERG group rolled out a mentor programme for its members which is now being evolved to provide a Group-wide programme. We enhanced our technical provision with the introduction of industry recognised online resources such as Puralsight.

Roadmap: we will hire learning and development specialists in our main offices in London and Sydney to support enhancements to our junior talent and leadership programmes to complement our management course. To underpin our graduate programme we will launch a paid internship programme and we will engage with our charity partner, Making the Leap, to ensure we attract a diverse range of candidates and utilise the Social Mobility Index to benchmark our current position. We will support employee career progression within our career framework. Specialist educational development areas will include sustainability, conduct and consumer duty.

Sustainability continued

People Positive continued

Community engagement and impact: our commitment to sustainability extends beyond our business operations and into the communities where we operate. Due to improvements in CMC's global charity programme, we have seen significant increase in fundraising and engagement with our carefully selected charity partners. These enhancements have helped to shape a strong purpose led culture across the Group and we are proud of employees commitment to charitable actions this year to support various communities including, but not limited to, driving social mobility and economic empowerment.

26%

increase in volunteer days

Our European offices initiated their inaugural charity programme this year, with charity partners that closely align with our sustainability goals. We identified a team of "Charity Champions" to support the delivery of the programme, led by our Head of Europe. We selected six charity partners across three countries in much needed areas of reforestation, gender employment support and career guidance for disadvantaged individuals. Our valuable partnerships have engaged employees in various volunteering activities including tree planting, mentoring, career guidance and fundraising.

Our UK offices continue to support economic empowerment and are in the third year of a three-year partnership with three charity partners focused on social mobility from school age to young adults making their first steps into the professional world. As well as continuing to support our employees' choice charity, a local hospice that supports individuals and their families through challenging times, we continue to support our partners through donations and fundraising initiatives. This year we were delighted to see a significant increase in employees offering their time to volunteer with our charity partners through initiatives such as gardening days, painting and decorating, business planning and career guidance.

Our APAC & Canada offices have a dedicated team of "Charity Champions" that develop and implement a yearly plan of initiatives which include many volunteering opportunities such as providing food service for women who have experienced domestic abuse and supporting their independence and economic empowerment. Our partners also provide support with numeracy through education and learning of young children.

Case study: People Positive

Economic empowerment: our commitment to sustainability extends beyond our business operations and into the communities where we operate and empowering individuals to have financial stability. This year our Singapore office commenced a partnership with Sophia, Asia's first and only female focused financial education platform to promote financial literacy amongst young Singaporean women whose goal is to make financial education accessible to all women and close the financial literacy and investment gap. As part of the collaboration we sponsored an education series including topics on making budgets, managing debt, mindful spending, and the benefits of starting to invest early.

Goal	Objective	Key performance indicator	FY22/23 performance
Actively champion and support regional charities, aligned to the Our Tomorrow strategy across our global activity, delivering a fair and strategic approach to philanthropy and increase engagement with charity partners.	Set an annual pledge against profits to adopt a fair commitment to charities and increase workforce engagement with charity partners.	**Community engagement:** % of annual profits paid to charitable organisations, aligned to the Our Tomorrow strategy.	– 26% increased usage of volunteer days in APAC & Canada in 2023 compared to 2022. – 1,167% increased usage of volunteer days in UK in 2023 compared to 2022.

Progress to date: this year we delivered a fuller programme of volunteering and fundraising opportunities. We launched a new charity programme across Europe and began aligning our partnerships with the goals of the Our Tomorrow sustainability strategy. We also launched our "Charity Chronicle" newsletter and intranet site as a way of enhancing our engagement with our workforce with the purpose led activity.

Roadmap: our focus will be on delivering a more robust structure to our community engagement programme, through resourcing and ensuring governance and oversight aligns our charities and activity to the Our Tomorrow goals. We will set a pledge demonstrating our financial commitment each year and we will focus on increasing employee engagement with charity partners.

Planet Positive

Understanding and mitigating our climate impacts and exploring opportunities to support the transition to a greener economy.

Link to material risks within the materiality matrix: 8 11 14 18

We recognise that we have work to do to understand the full scale of our impacts on the environment and have committed to taking a leading role in the fintech space to mitigate our environmental footprint, from finding ways to enhance our energy efficiency and reduce our carbon impacts, to embracing more holistic ways of thinking about technology and electronic waste. As we continue to expand and grow our business, we are reviewing our office spaces and specifying the need for green credentials and utilising data provided by BREEAM ratings, or local equivalents on the buildings we are considering, to inform our decision making.

This year we have been focused on developing a more comprehensive climate strategy and full greenhouse gas emissions inventory. As a fintech business we recognise that our overall carbon footprint may not be as impactful as other sectors, however we remain committed to setting out our plan to mitigate climate change and reduce our environmental impacts. We have set goals and objectives relating to absolute emissions, emissions intensity, and energy consumption but also beyond, to identify how we might implement initiatives, and make strategic decisions to mitigate greenhouse gas emissions, promote sustainable practices, and adapt to the effects of climate change.

As the first step in this journey has been to understand the Group's current overall carbon footprint, we initiated a data collection project which expanded beyond previous years Scope 1 and 2 emissions data to also include our Scope 3 emissions data. The Group believes we should focus beyond our own Company's direct operations and encompass our entire supply chain. In addition to this, we are stepping up our commitment to the planet: our aim is to set net zero targets aligned to international frameworks that limit global warming to a 1.5°C target for our own operations and well below 2°C for everything in our value chain.

In the future this will involve working with suppliers, contractors, and partners to encourage sustainable practices, reduce emissions, and promote responsible sourcing. We know that collaboration and transparency throughout the value chain is crucial to effectively manage our environmental impacts and reduce the carbon footprint associated with the products and services we provide.

This year we engaged Normative which has a team of climate experts to support our climate strategy and a carbon accounting engine which helps us to calculate, report, and reduce our carbon emissions. Normative uses the Greenhouse Gas ("GHG") Protocol and a database of emissions factors to bring scientific accuracy to emissions accounting. The GHG Protocol represents a comprehensive global standardised framework to measure and manage GHG emissions from private and public sector operations, value chains, and mitigation actions and is compatible with our net zero journey.

Our calculation methodology: GHG emissions are calculated in alignment with records used to produce the consolidated Financial Statements for the relevant accounting period. CMC's GHG footprint follows the operational control approach and if we operate and control an area, the associated emissions will fall into Scope 1 or 2 and all other emissions fall into Scope 3. This year we have increased our reporting to cover Scope 3 emissions, using a hybrid method of spend or activity data depending on the category and data availability.

We have made changes to our Scope categorisation, as we align with the GHG Protocol and calculate our Scope 3 emissions for the first time. Our gas consumption has been recategorised from Scope 1 to Scope 2 due to the fact that we do not have operational control over the boilers in our multi-tenanted buildings. We do not have a direct contract with the gas supplier in our London office and energy is paid through service fees to the landlord.

Sustainability continued

Planet Positive continued

Another key recategorisation relates to our external datacentres which have moved from Scope 2 to Scope 3 upstream leased assets as it was established to be a leased co-location data centre space. We confirm that the emissions are still included within Scope 3 data. Lastly the renewable energy percentage has increased, as the London office has a 100% renewable contract, reducing our market-based Scope 2 emissions.

Our approach for any errors, updates, or restatements involves applying a threshold of 5%. In the event of an error or update identified in the prior period or baseline, we will restate our GHG emissions if the error exceeds this threshold. Furthermore, we recognise the significance of acquisitions, disposals, and changes within the Group from both a size and operations perspective. The figures below include emissions data from all global offices where data is available and, in some cases, estimates are used to calculate usage where actual consumption figures are not available.

95%

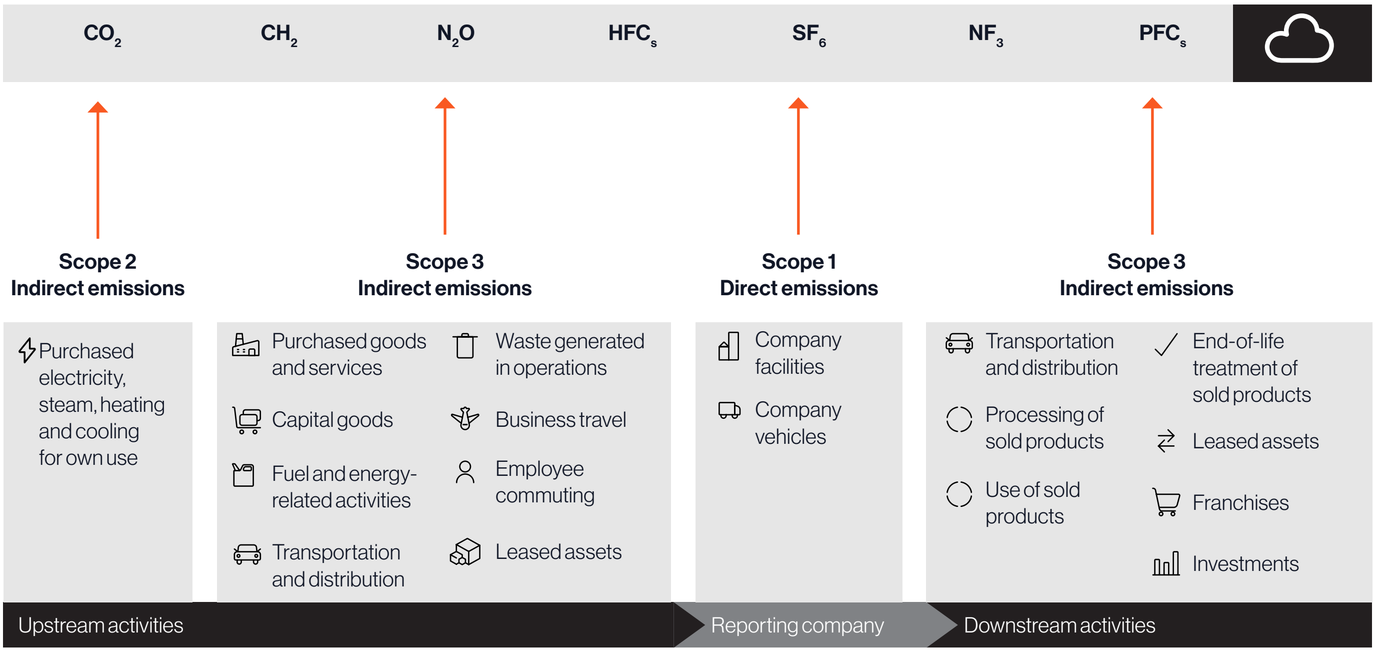
energy from renewable sources

Absolute emissions and emissions intensity: we have reviewed both absolute emissions intensity (e.g., reducing emissions by a percentage) and intensity based (e.g. reducing emissions per unit of output). We have also focused on reviewing energy efficiency and our use of renewable energy to prioritise energy efficiency measures that reduce our energy consumption and associated emissions. This includes reviewing ways to implement energy-saving technologies, upgrading infrastructure, identifying way to optimise processes, and promoting energy conservation among employees. Additionally, we are building on our current purchasing from renewable energy sources to transition away from fossil fuels and further reduce our carbon footprint.

Scope 2: to determine the carbon impacts for electricity we used emissions factors from the Association of Issuing Bodies ("AIB"). Cooling is regional/district-specific and is otherwise covered by electricity databases. Gas consumption is included in Scope 2 and our external data centres are included in Scope 3, in 2023. 2022 and base year 2015 figures have been restated to reflect the recategorisations.

Scope 3: we used emission factors from the Department for Business, Energy and Industrial Strategy's ("BEIS"), now Department for Business and Trade ("DBT"), for fuel and energy related activities, business travel and waste generated in our operations, coupled with Exiobase, which is an Environmentally-extended input-output analysis ("EEIO") model, for capital goods, purchase goods and services, and upstream transportation and distribution. External data centres are included in Scope 3 in 2023. 2022 figures have been restated to reflect this recategorisation.

Defining the three scopes of corporate emissions according to the GHG Protocol



Source: Normative Emissions Calculation Methodology Version 1.1 - Jan 2023: The three scopes of corporate emissions according to the GHG Protocol.

Goal	Objective	Key performance indicators	FY22/23 performance
Develop a climate strategy that aligns to the Paris Agreement and join the pathway to support the global sustainability agenda.	Measure our Scope 3 emissions and set a net zero science-based target.	**Emissions:** total (absolute) global greenhouse gas emissions including direct (Scope 1), energy indirect (Scope 2) and other indirect (Scope 3) emissions.	– Scope 2 increase from 258.4 tCO_2e, in 2022 to 281.2 tCO_2e in 2023 due to higher non-renewables in the grid as a result of disruptions to global energy supplies in 2023. – Scope 3 increase from 9,858.3 tCO_2e in 2022 to 12,219.7 tCO_2e in 2023 primarily due to an increase in Group operating expenses in 2023.
		Emissions intensity: emissions intensity ratio (total global emissions / net operating income in tCO_2e/£m).	– Emission intensity ratio increased to 43.3 tCO_2e/£m in 2023 from 35.9 tCO_2e/£m in 2022.

Progress to date: we engaged Normative, a carbon accounting and climate expert advisory team, to help develop our strategy, collected 2022 Scope 3 emissions and performed a review of Scope 1 and 2 emissions data. We are including climate and sustainability factors in key projects and procurement activity, such as the selection and onboarding of our new global travel provider and the selection of our new data centre partner where 100% renewable energy and strong sustainability strategy were a key part of the decision process. As part of the renovation of our office space in London, sustainability factors are being taken into consideration from demolition to redecoration, lighting, sustainably sourced materials and recycling/upcycling.

Roadmap: we have ambitious targets for this year and aim to align and sign up to Tech Zero. We also aim to include sustainability principles in our tender, supplier onboarding and due diligence process. We aim to set a net zero target following a full review of our emissions data for 2023.

Goal	Objective	Key performance indicator	FY22/23 performance
Move towards renewable energy sources to power our operations.	Drive down our Scope 1 and 2 emissions to align with net zero ambitions.	**Emissions consumption:** % of electricity consumption from renewable sources.	– Energy from renewable sources moves from 91% in 2022 to 95% in 2023.

Progress to date: we performed a review of our global office energy use and collated data for 2023.

Roadmap: our focus will be on collating all energy supply data from across our global offices (where available). We will set a pledge that ensures we drive down energy sources from fossil fuels. Following a review of our full renewable energy source data, we aim to set a renewable energy target.

Reporting and disclosure: we will continue to provide transparent reporting and disclosure of our environmental performance and progress towards our climate goals. This involves measuring and monitoring of key performance indicators, tracking emissions, and reporting on our climate initiatives. We will continue to align with the voluntary reporting frameworks of SASB and GRI and utilise the carbon accounting tools of the GHG Protocol and report against the Task Force on Climate-related Financial Disclosures ("TCFD") to communicate our climate actions to stakeholders.

Case study: Planet Positive

Launching our climate strategy: as part of the lead up to World Earth Day, we hosted a panel discussion moderated by the Group CFO and Global Head of Sustainability alongside the COO of Normative, the Group's carbon accounting experts, and Ever Sustainable's senior sustainability consultant. Both Normative and Ever Sustainable have been engaged by the Group to support our carbon data collection and climate strategy. The purpose of the panel was to raise awareness of the Group's commitment to the planet and inform employees of the Group's progress and continued steps to reduce its carbon footprint. We recognise the importance of taking our employees on the carbon reduction journey as everyone needs to play their part in a sustainable future.

Sustainability continued

Greenhouse gas emissions by scope

	Unit	Year ended 31 March 2023	Year ended 31 March 2022[1]	Year ended 31 March 2015 (base year)[1]
Scope 1: direct greenhouse emissions that occur from sources that are controlled or owned by an organisation	tCO_2e kWh	**—** **—**	— —	— —
Scope 2: indirect market-based emissions from utility companies, such as electricity, heat, cooling and suppliers of steam[2]	tCO_2e kWh	**281.2** **4,051,055.5**	258.4 3,884,452.6	3,560.4 5,940,440.0
Scope 3 indirect value chain greenhouse gas emissions except scope 2 categories, upstream and downstream	tCO_2e	**12,219.7**	9,858.3	—
Total global emissions: sum of emissions of various gases	tCO_2e kWh	**12,500.9** **4,051,055.5**	10,116.7 3,884,452.6	3,560.4 5,940,440.0
Net operating income	£m	**288.4**	281.9	143.6
Headcount	number	**1,087.0**	917.0	473.0
Intensity ratio (total global emissions/net operating income)	tCO_2e/£m	**43.3**	35.9	24.8
Intensity ratio (total global emissions/employee)	tCO_2e/HC	**11.5**	11.0	7.5
Renewable % for electricity		**95%**	91%	—

1 2022 and base year emission data has been restated to reflect the reclassification of gas consumption, moved from Scope 1 to Scope 2 and external datacentres, moved from Scope 2 to Scope 3. Scope 3 data for 2022 has been calculated retrospectively. Please refer to calculation methodology on pages 45 to 46 for more information on the re-classifications.

2 To align with GHG Protocol we have included district cooling data in 2023 and we recalculated our gas consumption for our London office using a m2 basis.

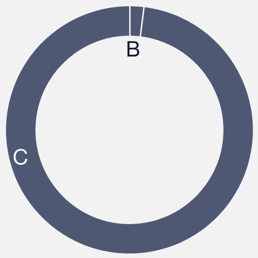
Global energy consumption by location in kWh

	Year ended 31 March 23	Year ended 31 March 23 (%)	Year ended 31 March 22	Year ended 31 March 22 (%)
UK	**3,406,794.0**	**86%**	3,440,751.5	89%
Rest of the World	**644,261.5**	**14%**	443,701.0	11%
Total	**4,051,055.5**	**100%**	3,884,452.5	100%

Global energy emissions by location in tCO_2e

	Year ended 31 March 23	Year ended 31 March 23 (%)	Year ended 31 March 22	Year ended 31 March 22 (%)
UK	**4,901.6**	**64%**	4,400.0	43%
Rest of the World	**7,599.3**	**36%**	5,716.7	57%
Total	**12,500.9**	**100%**	10,116.7	100%

Global energy emissions (tCo_2e) by scope



A – Scope 1 / 0%
B – Scope 2 / 2%
C – Scope 3 / 98%

Group non-financial information statement

Set out below is the information required by Sections 414CA and 414CB of the Companies Act 2006 (the "Act") necessary for an understanding of the Group's development, performance and position in relation to the matters set out in the table below.

Reporting requirement	Group policies and statements	Commentary, outcomes and KPIs
Environmental matters	– Health and Safety Policy – Travel and Entertainment Policy	Sustainability section pages 34 to 48
Employees	– Equal Opportunity Policy – Anti-Harassment and Bullying Policy – Physical Security Policy – UK Sabbatical Policy – Diversity and Inclusion Statement and Policy – Board Diversity Policy – Flexible Working Policy	Sustainability section pages 34 to 48 Nomination Committee section pages 94 to 97
Social matters	– Equal Opportunity Policy – UK Sabbatical Policy – Diversity and Inclusion Statement and Policy – Board Diversity Policy	Sustainability section pages 34 to 48 Nomination Committee section pages 94 to 97
Human rights	– Equal Opportunity Policy – Anti-Harassment and Bullying – Physical Security Policy – UK Sabbatical Policy – Diversity and Inclusion Statement and Policy – Board Diversity Policy – Flexible Working Policy	Sustainability section pages 34 to 48 Nomination Committee section pages 94 to 97
Anti-corruption and anti-bribery matters	– Group Anti-Bribery and Corruption Policy – Group AML Policy – Group Financial Sanctions Policy – Group Politically Exposed Persons Policy – Group Anti-Slavery Policy – Modern Slavery Statement	Stakeholder engagement section pages 16 to 19
Principal risks		Risk management section pages 67 to 73
Business model		Our business model section pages 12 to 13
Non-financial key performance indicators		Key performance indicators section pages 26 to 28

Task Force on Climate-Related Financial Disclosures (“TCFD”)

CMC acknowledges the systemic challenges posed by the climate crisis to business and society. We also know that we have a role to play in mitigating our own impacts on the climate whilst ensuring the resilience of our business. CMC reported against the recommendations of the TCFD for the first time in our 2022 Annual Report and Financial Statements. This year, we continue to enhance our approach to understanding and managing climate-related risks and opportunities in line with the TCFD’s 2021 implementation guidance. In accordance with Listing Rule 9.8.6 R, the climate-related financial disclosures are consistent with 9 out of 11 of the TCFD recommended disclosures. Where we are not yet compliant (recommendations 9 and 11 relating to metrics and targets), we explain our position and forward-looking plan in the relevant sections below. We will continue to refine our approach to build resilience against the potential physical and transition risks of climate change whilst also identifying ways to reduce the Group’s impacts on the planet.

Governance

The Board oversees the Group’s Our Tomorrow sustainability strategy, which encompasses oversight of the risks and opportunities of the climate crisis. The Board receives updates on the Our Tomorrow strategy at least three times each year and approves relevant KPIs and targets, including those related to climate change. In 2023 the Board considered sustainability matters at four meetings, receiving updates on the Group’s progress to implement its sustainability strategy and the establishment of the Sustainability Committee and its subcommittee and to discuss or approve the KPIs against which progress of the strategy will be measured and reported against.

This year we appointed a Chief Risk Officer (“CRO”) who brings experience in implementing environmental,social and governance (“ESG”) capabilities. The CRO is a member of the Sustainability Committee and will provide oversight on climate changes risks to which the firm is exposed.

The Board relays its thinking on climate-related risks and opportunities and is informed about CMC’s performance against climate-related initiatives and targets via the Sustainability Committee. The Sustainability Committee reports up to the Board at least three times annually in accordance with its terms of reference. The Sustainability Committee includes two Board members, the Chief Financial Officer and Head of Asia Pacific & Canada, who represent the Board’s position on climate-related topics and in turn act as advocates for the priorities of the Committee at the Board level.

The Sustainability Committee is chaired by CMC’s Global Head of Sustainability, whose mandate includes the assessment and management of CMC Markets’ sustainability risks and opportunities, including the impacts of climate change. Committee membership is comprised of a cross-functional team of senior management, including the above-mentioned Board members. The Sustainability Committee provides the forum through which the Global Head of Sustainability keeps senior management abreast of climate-related initiatives and progress. For more details about the responsibilities of the Sustainability Committee, see page 51.

A subcommittee specifically dedicated to the Planet Positive pillar of the Our Tomorrow strategy is charged with helping the Committee embed the goals and objectives of the Our Tomorrow strategy into the operations of the business. In addition, a TCFD working group including representatives from across different departments is convened to participate in climate risk assessment exercises including climate scenario analysis.

The Board and relevant Committees consider climate-related issues when considering its decisions and guiding major plans of action that could affect the climate impact aspirations of the Planet Positive pillar of the Our Tomorrow sustainability strategy. It also considers the risk and opportunities that climate change impacts have on its operations.

CMC's governance of climate risks and opportunities

The Board

Provides oversight of the Group's Our Tomorrow sustainability strategy, which encompasses monitoring KPIs and targets for climate-related risks and opportunities and approving the contents of this TCFD Statement.

Group Audit Committee

The Committee ensures an independent review of reporting on climate change risks within this TCFD Statement as part of its consideration of the Annual Report and Financial Statements.

Group Risk Committee

The Committee receives reports from the Executives on the principal risks to the business and reviews the TCFD Statement in order to make a recommendation on its approval to the Board.

Nomination Committee

The Committee considers the balance of skills on the Board and ensures that any gaps are identified and considered when new Board members are appointed and when any training needs for existing Non-Executive Directors are discussed. This will include consideration of the knowledge required by the Board in relation to sustainability matters.

Remuneration Committee

The Committee considers the performance of the Executive Directors against performance metrics which are linked to remuneration packages. This includes sustainability KPIs in performance targets.

Sustainability Committee

The Committee ensures robust governance of the Our Tomorrow strategy and provides transparency to the Board on sustainability considerations and developments, including, but not limited to, alignment with regulatory requirements, managing and identifying the risk and opportunities in our operating environment and providing strategic direction to the subcommittees, and oversees the implementation of sustainability initiatives and the climate strategy, including climate mitigation and resilience.

Planet Positive subcommittee

The Committee is responsible for the delivery of the Planet Positive KPIs including climate-related goals and objectives as well as tracking the data needed for reporting.

TCFD working group

The TCFD working group is convened to support climate risk assessment and to develop a decision-useful disclosure.

TCFD continued

Risk management

A key focus of the Group's climate change agenda this year was to improve our approach to identifying, assessing and managing climate-related risks that could impact our business. In addition to reviewing our identification and assessment methodologies, we conducted more rigorous climate scenario analysis to test the Group's strategic resilience over the short, medium and long term. The Group also deepened alignment with existing risk management approaches within the business with the hiring of a CRO who will support the business in continuing to improve the integration of climate-related risks into the Group's overarching risk management procedures. On pages 54 to 57 in our summarised risk register, we provide further detail on how we manage each identified risk.

Risk identification and assessment

Building on last year's work to identify climate risks, in 2023 the Group conducted a review of our register of identified climate risks and the Group's approach to climate risk assessment. With the support of external consultants from Ever Sustainable, this exercise included:

- research to enhance existing intelligence on industry and geographical considerations;
- mapping climate risks to our identified principal risks to better understand the interplay with our core business risks; and
- conducting internal interviews with stakeholders from departments across the business.

Additionally, we defined clear time horizons to assess climate-related risks and identified potential metrics to support the monitoring of risks in accordance with the TCFD's guidance on cross-sector metrics. We undertook this exercise in order to:

- enhance our understanding of the climate risks facing our business;
- determine whether any changes to the materiality of identified risks had occurred;
- uncover whether new climate-related risks had been identified;
- devise stronger monitoring capabilities for the identified risks;
- review and enhance our approach to integrating climate-related risks into the Group's enterprise risk management systems; and
- enhance our understanding of the key risks to be assessed in climate scenario analysis.

The risk review led to several changes to our climate risk assessment methodology. We streamlined the overarching risk identification taxonomy used to assess CMC's climate-related risks from four categories (physical, transition, liability and transboundary) to two (physical and transition), which achieves greater consistency with the climate disclosure standards adopted by our industry. We also elected to consolidate our twelve identified risks to nine risks, which further supports alignment to recognised climate risks impacting our industry and improves consistency with CMC's internal risk language. We disclose these risks and their potential impacts on pages 54 to 57.

Risk assessment and prioritisation

A more granular risk prioritisation methodology was applied to improve our assessment of climate-related risks. The risk assessment criteria align closely to the Group's risk evaluation matrices in order to enhance integration with the Group's overarching risk management systems and the judgements and estimates applied in our Financial Statements. The likelihood assessment reflects the probability of the risk crystallising over the assessed time period, taking into account industry and geographical considerations. The impact assessment reflects the potential financial losses incurred if the risk were to be realised.

We acknowledge the novelty of climate-related risks, which makes it challenging to define precise financial impacts for the business and will continue to iterate its assessment criteria as greater understanding of financial implications at the entity level become known. At present, we have adopted the threshold defined for a critical financial impact as greater than £5 million, which aligns approximately to Group risk appetite as at year end.

At this time, the Group has deemed that the potential impacts of climate-related risks do not surpass this threshold and are not expected to over the next three years, the period over which we provide a viability statement. We have therefore determined that no action currently need be taken to adjust our Financial Statements and regard these disclosures to be consistent with the information contained herein. Additionally, we have determined that climate change will remain categorised as an emerging risk rather than a principal risk due to the result of the current assessment which concluded that critical thresholds are not expected to breach. We will continue to monitor this designation closely as we enhance the Enterprise Risk Management Framework ("ERM"). See page 67 for more details on emerging risks.

Risk assessment criteria

			Impact				
			Minor	Important	Significant	Major	Critical
			£0 to £50k	£50k to £250k	£250k to £2m	£2m to £5m	>£5m
Likelihood	Highly possible	>80%					
	Possible	40-80%					
	Unlikely	20-40%					
	Remote	10-20%					
	Very remote	<10%					

Very high High Medium Low Very low

Strategy

The Group identified and assessed climate risks and opportunities to understand their potential impact on different areas of our business and the Group's strategy over the short, medium and long term. These time horizons align with our business and financial planning timelines, including our viability assessment period as noted above, as well as the timelines defined by others in our industry. These time horizons are defined as short term (2023-25), medium term (2026-2035) and long term (2036+).

Different areas of the business including HR, facilities, technology, procurement, finance and operations are all considered as part of the risk assessment process. Our assessment of the potential consequences to different business units is captured through our mapping of each climate risk to the Group's principal risks. Over the short, medium and long term, the Group's technology department represents the portion of the business with the greatest exposure to both physical and transition risk. The Group's HR and facilities departments are limited in their exposure in the short term, although in the medium to long term, physical risk exposure is likely to increase.

Additionally, the Group monitors variations in the potential climate risks across the geographic locations of the Group's operations and markets, including the UK, Europe, and APAC & Canada. The Group has determined that its exposure to physical risk is most critical in the Asia Pacific & Canada region over the medium and long term. We will continue to monitor our exposure carefully and consider more granular assessment of our business units and geographical exposure as appropriate. The results of our assessment of the potential impact and likelihood of our identified climate risks across three climate scenarios is disclosed in the tables on pages 58 and 59.

TCFD continued

Strategy continued

Summary of CMC's climate risk register

Physical risks – Floods and storms

Risk/opportunity description: the risk of floods, storms, and other extreme weather events causing damage to premises/other physical assets and/or wider infrastructure on which we are reliant, and disrupting operations.

Mapping to principal risks	Potential financial impacts
– Business continuity and disaster recovery risk – Information technology and infrastructure risk – Procurement and outsourcing risk	– **Revenue losses** linked to outages or loss of technical services that affect client relationships and trust in CMC's platforms and products. – **Increased costs** through damage repair, asset replacement or data service provision if providers are forced to invest more in adaptation and resilience measures.

CMC's response: we will continue to monitor the exposure of its assets and geographies to extreme weather events. As new facilities and data service providers are introduced to the business, climate considerations will be increasingly embedded into decision-making processes.

Physical risks – Heatwaves

Risk/opportunity description: the risk of extreme heat disrupting operations through damage to premises/other physical assets and/or wider infrastructure on which we are reliant, or affecting the physical safety and security of our people.

Mapping to principal risks	Potential financial impacts
– Business continuity and disaster recovery risk – Information technology and infrastructure risk – People risk – Procurement and outsourcing risk	– **Revenue losses** linked to outages or loss of technical services that affect client relationships and trust in our platforms and products. – **Increased costs** for energy (including outsourced services) to keep key equipment and premises cool and employee absences or productivity losses.

CMC's response: the Group will continue to monitor the exposure of its assets and geographies to heat stress. In particular, we will look to embed consideration of the exposure of our digital infrastructure and location of data centres as we make procurement decisions in the medium to long term.

Transition risks – Technology (energy)

Risk/opportunity description: the risk of rising energy prices and unstable energy supplies increasing our costs and disrupting our services.

Mapping to principal risks	Potential financial impacts
– Information technology and infrastructure risk – Procurement and outsourcing risk	– **Revenue losses** linked to disruption to energy supply could result in the loss of technical services affecting client relationships and trust in CMC's platforms and products. – **Increased costs** for running business operations and outsourced data services.

CMC's response: the business continuity team held an incident response exercise to prepare for a real-life major incident, in response to the energy crisis. These learnings will inform our ongoing approach to preparing for potential energy insecurity.

Transition risks – Regulatory and compliance

Risk/opportunity description: the risk that climate-related policy may affect business expansion, current product or service offerings and business operations.

Mapping to principal risks	Potential financial impacts
– Preparedness for regulatory change – Regulatory and compliance risk – Tax and financial reporting	**Increased costs** and/or **reduced revenues** through: – additional resources to meet new regulatory requirements or disclosures; – fines in the event of non-compliance; – restrictions to product offerings; and – taxes to fund national climate policies.

CMC's response: we continue to monitor the evolving regulatory environment closely.

Transition risks – Reputational

Risk/opportunity description: the risk that stakeholders perceive that our response to climate change is insufficient or inaccurate, leading to reputational damage.

Mapping to principal risks	Potential financial impacts
– Reputational risk – People risk – Procurement and outsourcing risk	– **Decreasing revenues** as customers leave for more climate-friendly competitors. – **Increased costs** and/or **reduced access to capital** through damaged relationships with investors and banks. – **Increased costs** through heightened employee recruitment and retention challenges.

CMC's response: through the Our Tomorrow sustainability strategy, we are increasing our engagement with key stakeholders to better understand their priorities and ensure we are addressing any concerns.

Transition risks – Market

Risk/opportunity description: the risk that product/service offerings don't align with evolving customer preferences or that climate-related factors negatively affect the value of assets on our platform, impacting revenues and profits.

Mapping to principal risks	Potential financial impacts
– Strategic/business model risk	– **Reduced revenues** and **profitability** linked to declining customer demand for products and services. – **Increased costs** of R&D into products or services that support the low carbon transition

CMC's response: ongoing diversification of our product offering and client base helps to de-risk our exposure. The Group is investing in the integration of ESG considerations into its products and platforms to ensure our offering is aligned with the trajectory of consumer demand.

TCFD continued

Strategy continued

Summary of CMC's climate risk register continued

Transition risks – Litigation

Risk/opportunity description: the risk that a perceived failure on behalf of the Group to consider, mitigate or adapt to the risks associated with climate change results in litigation.

Mapping to principal risks	Potential financial impacts
– Legal risks – Reputational risk	– **Increased costs** through legal fees and settlements to cover the costs of litigation. – **Reduced revenues** as reputation and brand equity are damaged.

CMC's response: we monitor our regulatory requirements closely to ensure our exposure to litigation remains minimal.

Transition risks – Investment

Risk/opportunity description: the risk that our business becomes less attractive to investors as a result of our approach to managing climate risks or that climate risks affect the value of our investments.

Mapping to principal risks	Potential financial impacts
– Market risk	– **Reduced capital inflows** as a result of impacts on investment attractiveness. – **Reduced investment returns** as climate factors impact the value of investments.

CMC's response

The Global Head of Sustainability has developed a holistic strategy for addressing sustainability topics including climate change to better address the concerns of investors and to bolster our risk management systems to account for climate risk.

Transition risks – Cost of capital

Risk/opportunity description: the risk of rising costs to the business as a result of increasing borrowing rates and/or insurance premia due to climate-related factors.

Mapping to principal risks	Potential financial impacts
– Insurance risk	– **Increased cost of borrowing** affecting investment in the business and its development. – **Rising cost of insurance premiums** and/or **losses** resulting from unpaid insurance claims will increase the running costs of operations.

CMC's response: we are a low debt business and regularly engage with banking counterparties to understand their expectations and forward-looking plans.

Opportunities – Climate-related products and services

Risk/opportunity description: the opportunity to provide financial products that help our client base to invest in the energy transition and climate-friendly investments.

Mapping to principal risks	Potential financial impacts
– Reputational risk – Strategic/business model risk	– **Increased revenue** from new clients that are attracted to the platform due to its ESG capabilities.

CMC's response: we have introduced ESG filters within our investment platforms that allow clients to access climate-friendly investments.

Opportunities – Enhanced stakeholder relationships	
Risk/opportunity description: through proactive action on climate-related issues, we can enjoy reputational benefits with its employees, customers and investors as leaders on climate action in the financial services sector.	
Mapping to principal risks – Reputational risk – Strategic/business model risk	**Potential financial impacts** – **Enhanced access to capital** through positive investor relationships. – **Increased revenue** through improved productivity and innovation through engagement with employees. – **Increased revenue** from new clients attracted to the platform for its positive climate reputation.
CMC's response: we are taking proactive action to improve our climate-related credentials and we proactively engage with employees, investors and other stakeholders.	

Evaluating resilience with climate scenario analysis

To enhance the Group's understanding of our exposure to identified climate risks and to assess our strategic resilience, we conducted a climate scenario analysis exercise facilitated by external consultants for three distinct scenarios. The parameters used to define the scenarios are summarised in the table.

Parameter	Selection	Rationale
Scenario source	Network for Greening the Financial System ("NGFS") Climate Scenarios for central banks and supervisors (Phase III) 2022	– The NGFS has the most comprehensive coverage of risks and opportunities for the financial sector. – Brings together the complex dynamics of the energy, economy and climate systems – including a strong focus on policy and technology variables – and so has strong alignment with CMC's driving forces. – Phase III scenarios were published in late 2022 and take account of latest trends, data and developments.
Base scenarios	1.5ºC – Net Zero 2050 Scenario ("NZ") – transition risk	– The NZ Scenario is the most ambitious scenario and closely aligned with the Paris Agreement.
	1.6ºC – Delayed Transition Scenario ("DTS") – transition risk	– DTS provides a middle-ground to test higher transition and physical risks than NZ.
	3ºC+ – Current Policies ("CP") – physical risk	– CP is the least ambitious scenario, assuming warming in line with current policy measures, giving a sense of what "business as usual" would mean for CMC.
Timeframe	**Short term:** 2023–2025 **Medium term:** 2026–2035 **Long term:** 2036–2050	– The world needs to halve emissions by 2030 in order to reach net zero by 2050 and therefore limit the global rise in temperature by 1.5ºC above pre-industrial levels by 2100.
Geographies	Global with basic focus on Australasia and Europe/UK as benchmark markets	– As this was the first time the Group has conducted a rigorous scenario analysis exercise, the focus has been kept broad to identify significant areas of risk and inform whether more tailored geographical focus is necessary moving forward.

TCFD continued

To craft the scenarios, narratives were constructed based on assumptions of how overarching dimensions would develop policy, technology, energy, industry macroeconomic, social and environment. These dimensions were mapped to our climate risk register to help focus the content of the scenarios to risks with higher ongoing risk ratings; however, the focus of this exercise was kept broad to encompass the full register of risks. In doing so, we aimed to further enhance our understanding of the identified risks. Using the revised climate risk assessment criteria and as part of the climate scenario exercise, we assessed each of our identified climate risks across the short, medium and long term for each of the assessed scenarios, as shown in the tables below.

Net zero 2050

Key characteristics

- Temperature: below 2°C
- GDP: -3% by 2030 and -4% by 2050
- Risk level: Physical risks are relatively low, but transition risks are higher
- Policy implementation level: immediate and stringent but orderly with low regional variation

Strategic impact

Considering higher carbon prices, clients in the APAC & Canada region may reduce trading on our investment platform as the economy adjusts given the region's emphasis on heavy industry. High inflation may also lead to increased staff overheads, and high interest rates may initially reduce trading activities if cash is preferred as a more stable alternative to markets initially. Initial periods of high volatility and market instability would likely have a positive impact on the Group's trading business.

Risk category	Risk	Short	Medium	Long
Physical risk	Floods and storms			
	Heatwaves			
Transitional risk	Technology risk (energy)			
	Regulatory and compliance risk			
	Reputation risk			
	Market risk			
	Litigation risk			
	Investment risk			
	Cost of capital risk			

Delayed transition

Key characteristics

- Temperature: below 2°C
- GDP: -2% by 2030 and -6% by 2050
- Risk level: higher Physical and transition risks over the medium and long term
- Policy implementation level: delayed until 2030, then sudden, with high regional variation

Strategic impact

We would expect to increase our need for liquidity in the medium term for its institutional businesses in anticipation of customers sitting on cash to ride out a period of market volatility and uncertainty. Our trading business would likely benefit from increased volatility in the marketplace.

Risk category	Risk	Short	Medium	Long
Physical risk	Floods and storms			
	Heatwaves			
Transitional risk	Technology risk (energy)			
	Regulatory and compliance risk			
	Reputation risk			
	Market risk			
	Litigation risk			
	Investment risk			
	Cost of capital risk			

Current policies

Key characteristics

- Temperature: +3°C
- GDP: -3% by 2030 and -8% by 2050 (up to -20% by 2100)
- Risk level: substantial physical risks over the medium and long term
- Policy implementation level: low; assumes that only currently implemented policies are preserved

Strategic impact

Short-term impact is likely to be limited. As physical climate stress increases in the medium and longer term, the Group's technology infrastructure could be increasingly exposed to heat-related stress in particular. The Australian market would likely be exposed as dampening GDP prospects decreased the appeal of the Group's investing platform.

Risk category	Risk	Short	Medium	Long
Physical risk	Floods and storms			
	Heatwaves			
Transitional risk	Technology risk (energy)			
	Regulatory and compliance risk			
	Reputation risk			
	Market risk			
	Litigation risk			
	Investment risk			
	Cost of capital risk			

A workshop was held comprised of the TCFD working group, a cross-functional group of individuals representing senior team members. Each scenario was presented and interrogated to assess the potential impacts on the Group's strategic resilience. Based on the resulting risk heat map, additional exercises were devised for each of the three scenarios and tailored to the time periods where our climate risk exposure was greatest for each scenario.

The Group's trading business is unlikely to be negatively impacted and may in fact benefit from periods of volatility across the different scenarios. The investing platform may experience more duress if sluggish markets and real economy growth translate into less disposable income among our client base in geographies that are hit harder by physical and transition risks. APAC & Canada has been identified as the region most likely to be impacted, according to our desktop assessment of core geographies and future scenario analysis exercises will be tailored to this region to explore how these challenges may unfold. Diversification of geographical exposure and client base was identified as the fundamental mitigating action that can be taken to increase climate resilience, a strategy already in place. Overall, we believe our strategy remains resilient in all three scenarios, with impacts likely to be negligible.

Metrics and targets

We have made progress to improve our data capabilities when it comes to climate change and its impact on the environment. This year, we began to define our Scope 3 emissions as we strive towards setting net zero goals and will be reviewing our options to align with Science Based Targets Initiative ("SBTi") in 2024. Our first step to setting ambitious goals has been to obtain a better understanding of the Group's carbon profile. Information on our Scope 1, 2 and 3 data definition, our carbon accounting methodology and current carbon profile can be found on pages 45 to 48.

While we have made significant progress this year in understanding and assessing our climate risks through the updates to our climate risk register and scenario analysis, we are not yet ready to disclose metrics and targets related to these risks. We are quickly progressing our understanding of the nature of these risks and their potential impacts to our business through the TCFD working group; however, this process is ongoing and essential in identifying meaningful metrics, putting processes in place to collect data and setting targets against these. We have established this as a key operational goal for this year to progress the monitoring and management of our climate-related risks and will update on our progress in our next disclosure.

Financial review

Accelerating investment to grow and diversify the business

The Group accelerated investment in its core strategic initiatives to drive diversification in 2023 and beyond. Significant upgrades to existing trading and investing platforms have been delivered, including expanding the product offering within CMC Invest UK. We remain on track for delivery of further product and functionality upgrades throughout 2024.

"The Group continues to have a strong liquidity and capital position. This has allowed the Group to be flexible in investing in new and existing initiatives throughout the year."

Euan Marshall
Chief Financial Officer

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 buy back 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

	2023 £m	2022 £m	Change £m	Change %
Net operating income	**288.4**	281.9	6.5	2%
Operating expenses[1]	**(233.9)**	(188.3)	(45.6)	(24%)
Operating profit[1]	**54.5**	93.6	(39.1)	(42%)
Finance costs[1]	**(2.3)**	(2.1)	(0.2)	(7%)
Profit before tax[1]	**52.2**	91.5	(39.3)	(43%)
Profit before tax margin[1,2]	**18.1%**	32.5%	(14.4%)	—
Profit after tax[1]	**41.4**	71.5	(30.1)	(42%)
	2023 Pence	2022 Pence	Variance Pence	Variance %
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] 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.
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.

Financial review continued

Net operating income overview

	2023 £m	2022 £m	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 revenue

	2023 £m			2022 £m			% change		
	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 revenue £m	Client income[1] £m	Active clients	RPC £	Net revenue £m	Client income[1] £m	Active clients	RPC £	Net revenue £m	Client income[1] £m	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 and spread bet client trades.

Trading

UK & 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 & Ireland

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[2] increased by £45.8 million (24%) to £236.2 million.

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

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.

	2023 £m	2022 £m
Gross staff costs excluding variable remuneration[1]	92.9	72.4
Performance-related pay[1]	14.5	13.7
Share-based payments (note 31)	2.2	2.4
Total employee costs	**109.6**	88.5
Contract staff costs	3.1	3.9
Net capitalisation	(11.1)	(7.5)
Net staff costs	**101.6**	84.9

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.

Financial review continued

Expenses continued

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 recruitment fees 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

	2023 £m	2022 £m
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 receivable/(payable)	**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.

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 to the Financial Statements.

	2023 £m	2022 £m
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.

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 29 of the 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).

	2023 £m	2022 £m
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

Financial review continued

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.

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) 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 this report (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

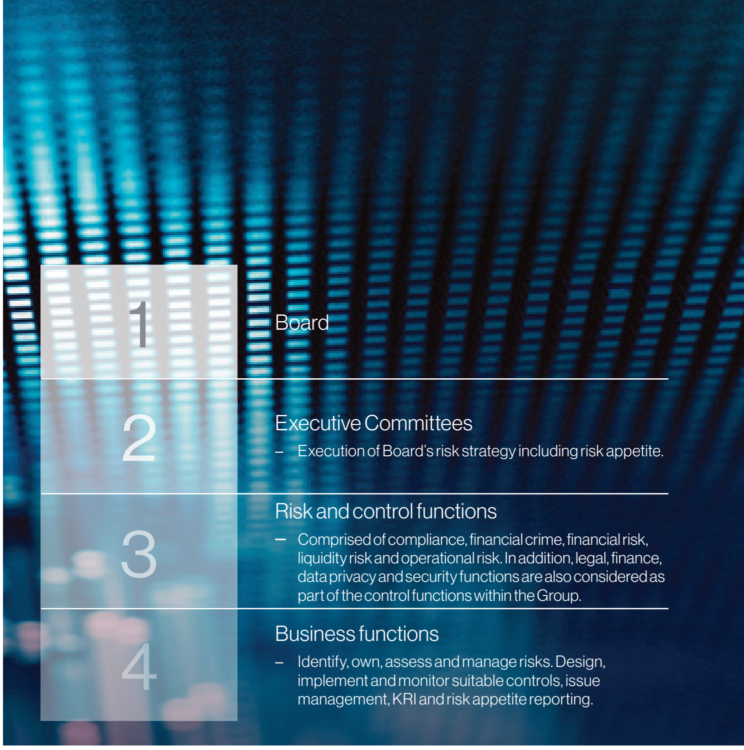
The Group satisfies its ongoing working capital requirements through its available liquid assets. The Group's liquid assets exclude any funds held in segregated client money accounts. In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors 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.

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

Euan Marshall
Chief Financial Officer
13 June 2023

Risk management



Our Risk Management Framework enables a consistent approach to the identification, mitigation and management of risks, which is essential to achieve our strategic objectives.

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 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 is 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.

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.

Principal risks

The Board has considered the following principal risks in arriving at its viability statement.

Business and strategic risks

Acquisitions and disposals risk

Description	Management and mitigation
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

Description	Management and mitigation
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

Description	Management and mitigation
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, the 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

Description	Management and mitigation
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.

Financial risks

Credit and counterparty risks

Description	Management and mitigation
The risk of losses arising from a counterparty failing to meet its obligations as they fall due.	– 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 risks

Description	Management and mitigation
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

Description	Management and mitigation
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 risks continued

Financial risks continued

Liquidity risk

Description	Management and mitigation
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.

Market risk

Description	Management and mitigation
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.

Operational risks

Business change risk

Description	Management and mitigation
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.

Business continuity and disaster recovery risk

Description	Management and mitigation
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.

Operational risks continued

Financial crime risk

Description

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, anti-bribery and corruption, market abuse, fraud or sanctions evasion.

Management and mitigation

- 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

Description

The risk of unauthorised access to or external disclosure of client or Company information, including those caused by cyber attacks.

Management and mitigation

- 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.

Information technology and infrastructure risk

Description

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.

Management and mitigation

- 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.

Principal risks continued

Operational risks continued

Legal (commercial/litigation) risks

Description

The risk that disputes lead to litigation proceedings.

Management and mitigation

– 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

Description

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.

Management and mitigation

– 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

Description

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.

Management and mitigation

– 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.

People risk

Description

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.

Management and mitigation

– 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.

Operational risks continued

Regulatory and compliance risk

Description	Management and mitigation
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

Description	Management and mitigation
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.

Our governance reviews and Board changes have enhanced our governance framework

The Board continues to recognise that an effective governance framework is fundamental in ensuring the Group's ability to deliver long-term value for our shareholders and stakeholders.

Dear shareholder,

On behalf of the Board, I am pleased to present the Group's Governance report for the year ended 31 March 2023. The Board continues to recognise that effective governance is key to the successful delivery of the Group's strategy and long-term sustainable success, and ensuring value for our shareholders and stakeholders.

As previously reported, in conjunction with Independent Audit Limited we undertook a governance review in 2022 – the work started last year to improve our governance processes has continued through the year. We have made changes to our Board, the number of meetings held, types of matters being discussed and have reviewed the content of the papers being presented to the Board.

We instructed an external review of our ERM framework and the governance processes in place to monitor risk. Although this process highlighted that our framework is comparable to our peers it also provided some recommendations to be considered as part of our ongoing aim of improving our practices and processes. We have made a good start over the latter part of the year to move forward with our improvements, which will really start to accelerate following the appointment of Tracy Costello as our Chief Risk Officer in February 2023. She will, in conjunction with our new Group Risk Committee Chair, help drive forward the recommendations from the external enterprise risk framework review. We have also continued our ongoing programme of internal controls improvements, both in relation to areas previously identified and to ensure we are well placed to be able to comply with new requirements. These are discussed in more detail in the report of the Group Audit Committee.

UK Corporate Governance Code

As a company listed on the Main Market of the London Stock Exchange, CMC Markets plc is subject to the principles and Provisions of the UK Corporate Governance Code 2018 (the "Code") published by the Financial Reporting Council ("FRC") and available at www.frc.org.uk.

For the financial year ended 31 March 2023, the Board considers that the Company complied with the principles and Provisions of the Code throughout the period, with the exception of:

– Provision 11, which requires that at least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent. Whilst the Board's composition did not meet this requirement for the full year, this has been corrected by the year end. As advised in last year's Annual Report, in the prior year with the Group considering its diversification strategy and the shape of the business, the Board held off appointing further Non-Executive Directors whilst these issues were clarified internally and progress in the diversification was evident.

The Governance report and individual Committee reports on pages 79 to 118 sets out the ways in which the Company has applied the principles and complied with the Provisions of the Code and describes the activities of the Board and its Committees and the matters they have considered during the financial year.

Leadership

It is critical that the Board has the right composition, so it can provide balanced leadership for the Group and the independent discharge of its duties to shareholders. This relies on the Board having the right balance of skills, experience and objectivity, as well as a good working knowledge of the Group's business.

During the year we welcomed Susanne Chishti to the Board as a Non-Executive Director (effective as of 1 June 2022). Susanne has brought a wealth of technology and fund experience to the Board's composition.

Clare Francis joined the Board as a Non-Executive Director with effect from 19 December 2022 and she brings extensive knowledge of risk management frameworks and financial services.

These appointments have added to the diversity of the Board in terms of experience and viewpoints and both new Directors are already having a beneficial effect on the governance of the Group. Their appointments also means that 60% of the Non-Executive Directors are female.

Board biographies can be found on pages 76 to 78. More details on Board changes, our assessment of the balance of leadership skills and experience, and our talent and succession planning processes, can be found in the Nomination Committee report on pages 94 to 97.

The balance of skills, experience and independence of the Board and individual Directors is subject to ongoing review by the Nomination Committee.

ESG and sustainability

The Board has spent time, with support from the Sustainability Committee, over the past year reviewing its ESG policies and practices and how it can improve and set KPIs and targets to ensure that the Group is sustainable over the longer term and consider how its operations impact its stakeholders. More information is included in the Sustainability section on pages 34 to 48.

Stakeholder engagement

Our stakeholders are essential to the success of the Group and the Board recognises the importance of engagement with them. The Section 172 statement, our summary of engagement with stakeholders on pages 14 to 19 and the statements on pages 85 and 86 of the Governance report provide more details in relation to how the Group has managed this in the year under review.

As Chairman, I am responsible for the effective communication between shareholders and the Company and for ensuring the Board understands the views of major shareholders and I will also always make myself available to meet any of our shareholders who wish to discuss matters regarding the Company. To that end I have, with the Senior Independent Director, met with a number of shareholders of the course of the last 12 months. The principal communication with private shareholders is through our full year and interim results announcements, ad hoc updates, the Annual Report and our Annual General Meeting ("AGM"). We are holding our AGM on Thursday 27 July 2023 and hope that our shareholders will attend. My fellow Directors and I will be available to answer any questions that shareholders may have about the Company.

Priorities for the year ahead

The Group is continuing to grow and it will be important to ensure that the governance practices and processes in place are aligned to the changing requirements of the Group. We have made changes to our senior leadership team and Board which will support this and we will continue to review and develop what we do and what information we receive from management in order to allow us to discharge our duties appropriately.

James Richards

James Richards
Chairman
13 June 2023

Board of Directors

James Richards
Independent Chairman

Appointment
1 April 2015

Committee membership
G R N

Skills and experience
James joined the Group as a Non-Executive Director in April 2015 and was appointed as Chairman with effect from 1 January 2018 and Chair of the Nomination Committee from 31 January 2018.

He has previously held positions as Chair of the Remuneration Committee, interim Chair of the Group Risk Committee and been a member of the Nomination Committee and Group Audit Committee. James was admitted to the roll of solicitors in England and Wales in 1984 and in the Republic of Ireland in 2012. James was a partner at Dillon Eustace, a law firm specialising in financial services in Ireland (2012 to 2016). Prior to this he was a finance partner at Travers Smith LLP for 14 years. Having occupied various senior positions within leading law firms, James has extensive experience in derivatives, debt capital markets and structured finance and his leadership skills are key to the long-term sustainability of the Group.

Current external appointments
None

Lord Peter Cruddas
Chief Executive Officer

Appointment
3 June 2004

Committee membership
E

Skills and experience
Peter founded the Group and became its Chief Executive Officer in 1989. Peter held this role until October 2007, and again between July 2009 and June 2010. Between 2003 and March 2013, he also served as the Group's Executive Chairman. In March 2013, he once again became the Group's Chief Executive Officer and is responsible for running the Group on a day-to-day basis. Prior to founding the Group, Peter was chief dealer and global group treasury adviser at S.C.F. Equity Services, where he was responsible for all the activities of a dealing room whose principal activities were trading in futures and options in currencies, precious metals, commodities and spot forwards on foreign exchange and bullion. His continued entrepreneurial leadership is important to the long-term growth and sustainability of the Group.

Current external appointments
- The Peter Cruddas Foundation – director
- Finada Limited – director
- UK House of Lords – member

Paul Wainscott
Senior Independent Director

Appointment
19 October 2017

Committee membership
A G R N

Skills and experience
Paul joined the Group as an independent Non-Executive Director in October 2017 and acts as the Group's Senior Independent Director. Paul served as finance director at the Peel Group for 27 years until March 2018. During his time at the Peel Group, Paul gained wide experience at board level and in several different business sectors, including real estate, transport, media and utilities. Paul's financial experience, gained via a variety of sectors, is key to his contributions and to the long-term sustainability of the Group.

Current external appointments
None

Committee membership

A Group Audit Committee	M Executive Risk Committee	E Executive Committee
R Remuneration Committee	N Nomination Committee	Chairman
G Group Risk Committee		

Sarah Ing
Independent Non-Executive Director

Appointment
14 September 2017

Committee membership
A G R N

Skills and experience

Sarah joined the Group as a Non-Executive Director in September 2017. She has over 30 years' experience in accountancy, investment banking and fund management, including time with HSBC and UBS. She is a chartered accountant and was a top-rated equity research analyst covering the general financials sector. Sarah also founded and ran a hedge fund investment management business.

Sarah's investment and financial knowledge and the experience she brings from her other plc appointments add value to the ongoing sustainability of the Group.

Current external appointments

- Marex Group plc – non-executive director, chair of the audit and compliance committee and member of the remuneration and risk committees
- XPS Pensions Group plc – non-executive director, chair of the sustainability and audit & risk committees and member of the remuneration and nomination committees
- Gresham House plc – non-executive director, chair of the audit committee and member of the nomination, remuneration and sustainability committees

Clare Francis
Independent Non-Executive Director

Appointment
19 December 2022

Committee membership
A G R N

Other responsibilities:
Consumer Duty Champion

Skills and experience

Clare joined the Group as a Non-Executive Director in December 2022. Having started her career at NatWest, she has over 25 years' experience operating at board level in large companies in the UK and overseas and has spent over 25 years in banking and markets. She has experience in driving emerging markets across Asia, Africa and Americas. She is an honorary fellow of the Association of Corporate Treasurers and has sat on the boards of AFME and BAB.

Clare was most recently the global banking head of Europe, chief executive of Standard Chartered Bank UK and global head of investors and insurance at Standard Chartered Bank. Clare has also held roles as head of global corporates/international and global head of financial market sales at Lloyd's Banking Group and was head of European financial market advisory at HSBC. She has recently been appointed as a senior adviser to Provenance Blockchain which will provide insight into fintech and the disruption of financial services. Clare's extensive global experience and her input into the ongoing improvements to the Group's risk and internal controls management is key to the long-term sustainability of the Group.

Current external appointments

- Department of International Trade TAG – board member
- Infrastructure Exports: UK – board member

Susanne Chishti
Independent Non-Executive Director

Appointment
1 June 2022

Committee membership
A G R N

Other responsibilities:
Non-Executive Director for workforce engagement.

Skills and experience

Susanne joined the Group as a Non-Executive Director in June 2022. She started her career working for a financial technology ("fintech") company in Silicon Valley. She has 25 years' experience in fintech, banking, investment management and consulting, including time with Deutsche Bank, Lloyd's Banking Group, Morgan Stanley Investment Management and Accenture.

Susanne is the co-author of seven fintech books published by Wiley. She is often invited to share her fintech thought leadership at international fintech conferences and as a judge at fintech competitions. Her extensive knowledge of the fintech sector and experience of advising on leadership and engagement matters are invaluable to the long-term sustainability of the Group.

Current external appointments

- FINTECH Circle – chief executive officer
- Crown Agents Bank Limited – non-executive director
- Cab tech Hold Co Limited – non-executive director

Board of Directors continued

Euan Marshall
Chief Financial Officer

Appointment
1 November 2019

Committee membership
E M

Skills and experience
Euan joined the Group in November 2011 and he has held a variety of roles across the finance function, including Group Head of Finance. He was appointed as Chief Financial Officer in November 2019, where he is responsible for the management of all finance functions globally and investor relations. Euan has been a member of the Chartered Institute of Management Accountants since 2005 and has over 20 years' experience working in financial services and business consulting including at Barclays, HSBC and Deloitte. Euan holds a BSc in Economics from the University of Nottingham.

Euan's knowledge of the Group's operations globally and his understanding of the regulatory environment it operates in are key to ensuring the long-term sustainability of the Group.

Current external appointments
None

Matthew Lewis
Head of Asia Pacific & Canada

Appointment
1 November 2019

Committee membership
E M

Skills and experience
Matthew joined the Group in September 2005 and has held a variety of roles including Senior Dealer, Head of Eastern Equities, Head of Sales Trading ANZ, Head of Trading Eastern Region and Director of Asia. In his current role as the Head of Asia Pacific & Canada, he is responsible for implementing the Group's business strategies across the APAC & Canada region for both the retail and wholesale CFD and foreign exchange business. He is also responsible for the Group's Invest Australia business. Prior to joining the Group, Matthew worked for Commonwealth Securities, Australia's largest provider of financial services, dealing in equities, before moving into derivatives as an options trader and warrants representative. Matthew has over 20 years' experience in financial services and holds a Bachelor of Economics from the University of Sydney.

Matthew's understanding of the APAC business and its growth and development is important to the long-term sustainability of the Group.

Current external appointments
None

David Fineberg
Deputy Chief Executive Officer

Appointment
1 January 2014

Committee membership
E M

Skills and experience
David joined the Group in November 1997 working on the trading desk and developing the Group's multi-asset CFD and spread bet dealing desk. As a Senior Dealer he was responsible for managing the UK and US equity books. Between April 2007 and September 2012, he was the Group's Western Head of Trading, covering all asset classes for the western region. In September 2012 David was appointed to the role of Group Head of Trading and in January 2014 was appointed as the Group Director of Trading with overall responsibility for the trading and pricing strategies and activities across the Group.

In June 2017 his role further expanded when he became Group Commercial Director and then in April 2019 he was promoted to the position of Deputy Chief Executive Officer.

David's in-depth knowledge of the business and the opportunities for growth and evolving strategy are important to the long-term sustainability of the Group.

Current external appointments
None

Committee membership

A Group Audit Committee	M Executive Risk Committee	E Executive Committee
R Remuneration Committee	N Nomination Committee	Chairman
G Group Risk Committee		

Corporate governance

The Board

The role of the Board

The Board provides entrepreneurial leadership and strategic oversight in relation to the long-term, sustainable success of the Company.

The Board, taking account of relevant stakeholder interests, is responsible for the establishment of the Group's purpose, values and strategy and has oversight of implementation within necessary financial, human resources and cultural frameworks.

The Board has ultimate responsibility to prepare the Annual Report and Financial Statements and to ensure that appropriate internal controls and risk management systems are in place in order to assess, manage and mitigate risk.

The Board delegates the in-depth review and monitoring of internal controls and risk management to the Group Audit Committee and Group Risk Committee respectively.

The terms of reference of these Board Committees (and the Remuneration and Nomination Committees) are available on the CMC Markets plc Group website (https://www.cmcmarketsplc.com/investors/corporate-governance/committees/).

Board leadership and purpose

The Board provides entrepreneurial leadership and oversight of the delivery of strategic objectives and the long-term, sustainable success of the Company, taking into account stakeholder priorities and employee engagement feedback.

The Board considers any diversification of the Company's product offerings to ensure a robust range of products designed to be successful within a changing regulatory environment and appeal to changing stakeholder requirements, with the objective of preserving long-term value.

Stakeholder and employee-related matters form part of the Board's decision making processes, facilitated by the investment in employee engagement surveys, the work of the Designated Non-Executive Director for workforce engagement, ongoing shareholder dialogue and market feedback.

Our Section 172 statement on pages 14 and 15 and the separate reports of the various Board Committees provide more detail on how the Board and its Committees have discharged their duties during the year. The Sustainability section on pages 34 to 48 sets out the work being done by the Group in relation to sustainability matters and the Strategic report on pages 2 to 73 provides more detail on some of the activities to continue the diversification of the business and implement strategy and cultural initiatives. The Board's leadership recognises the importance of a working culture which promotes inclusion and acceptance of differing approaches to facilitating the successful delivery of strategic projects and initiatives. We have a future focused culture with a goal to constantly maintain a superior and unrivalled technology experience for our clients which is aligned to our purpose, values and strategy. To support this it is important that our staff are engaged with this goal and have the knowledge to ensure they are motivated to provide a good client experience. Our Section 172 statement, engagement with stakeholder engagement section and Sustainability section provide information on some of the initiatives undertaken throughout the year to engage with employees and embed our cultural values throughout the organisation.

The Group has an established process in relation to the reporting and processing of employee-related issues. Within a structure ultimately overseen by the Board, any employee can raise a matter of concern at any time through day-to-day management reports or whistleblower channels as appropriate. The Board receives a whistleblowing report annually which will highlight matters raised and any updates to the whistleblowing procedures and Group policy. During the year the whistleblowing process was enhanced by the appointment of a vendor, Safecall, to allow any concerns to be raised via an independent channel.

The Board recognises the importance of understanding employee engagement and the prevailing Group culture to enable alignment with delivery on strategy in a way that ensures a commitment to the Group's values.

Board composition

The Directors who held office during the financial year, and their attendance at scheduled meetings, is shown below.

Name	Position	Board meetings	Group Audit Committee	Group Risk Committee	Nomination Committee	Remuneration Committee
Number of meetings		6	6	6	5	7
James Richards	Chairman	6(6)	—	6(6)	5(5)	7(7)
Susanne Chishti[1]	Independent Non-Executive Director	5(5)	5(5)	5(5)	3(3)	5(5)
Clare Francis[2]	Independent Non-Executive Director	2(2)	2(2)	2(2)	1(1)	3(3)
Sarah Ing	Independent Non-Executive Director	6(6)	6(6)	6(6)	5(5)	7(7)
Clare Salmon[3]	Independent Non-Executive Director	2(2)	1(2)	2(2)	2(2)	2(2)
Paul Wainscott[4]	Senior Independent Director	6(6)	6(6)	4(6)	4(5)	7(7)
Lord Cruddas	Chief Executive Officer	6(6)	—	—	—	—
David Fineberg	Deputy Chief Executive Officer	6(6)	—	—	—	—
Matthew Lewis	Head of Asia Pacific & Canada	6(6)	—	—	—	—
Euan Marshall	Chief Financial Officer	6(6)	—	—	—	—

The figures in brackets denote the number of meetings the Director was eligible to attend.

1 Susanne Chishti was appointed with effect from 1 June 2022.

2 Clare Francis was appointed with effect from 19 December 2022.

3 Clare Salmon retired with effect from 28 July 2022.

4 Paul Wainscott was unable to attend meetings due to prior commitments when meetings were convened or moved at short notice.

The Board continued

Board composition continued

The Board also met on various occasions on an ad hoc basis throughout the year to discuss matters such as potential investments, final and interim results, dividends and the appointment of a new NED. Attendance at these ad hoc meetings is not included in the table on page 79.

Activities of the Board

The Board has a comprehensive meeting planner that ensures all matters for Board consideration are presented and reviewed in a timely manner.

Key areas of focus during this financial year were:

- consideration and approval of the Annual Report and Financial Statements, half year results and interim dividend approvals;
- issuance of shares to the Employee Benefit Trust;
- approval of Group property management issues and Group Board appointments;
- employee engagement survey results review;
- ongoing review of CMC Markets plc governance arrangements;
- consideration of intra-group outsourcing and service arrangements;
- the development and launch of new products and expansion into new regions;
- risk management and risk appetite;
- the review and approval of ICARA and other regulatory documents;
- oversight of CASS reporting and compliance;
- ongoing oversight of the transition to Enhanced Firm status under the SMCR at relevant UK regulated Group entities;
- stakeholder engagement;
- approval of Board policies, e.g. whistleblowing;
- consideration of sustainability strategy, targets and KPIs;
- assessment of the impact on the Group of the FCA's consumer duty regulations;
- evaluation of a potential managed separation of the trading and investing businesses; and
- insurance renewal arrangements and approvals.

Some of the key decisions made by the Board impacting stakeholders during the year are described in the Section 172 statement on pages 14 and 15.

Board balance

Provision 11 of the Code recommends that at least half of the Board, excluding the Chairman, be independent Non-Executive Directors. As shown in the table below, the Company was not compliant with this Provision during part of the year under review but took steps to rectify this position and is currently compliant.

		Position		
Period	Compliance status	ED[1]	NED[2]	Impacting event
1 April 2022 – 31 May 2022	Non-compliant	4	3	Non-compliant while additional NED search undertaken
1 June 2022 – 28 July 2022	Compliant	4	4	Susanne Chishti appointed on 1 June 2022
29 July 2022 – 18 December 2022	Non-compliant	4	3	Clare Salmon retired on 28 July 2022
19 December 2022 – 31 March 2023	Compliant	4	4	Clare Francis appointed on 19 December 2022

1 Executive Directors.
2 Non-Executive Directors excluding the Chairman.

Board support

The Board operates in accordance with the provisions of the Articles of Association and established processes and approved policies, as appropriate, and has access to relevant resources as required.

Each Director has access to the Company Secretary, who is responsible for advising the Board on governance matters and supporting the efficient functioning of the Board and its Committees. The Company Secretary provides meeting papers to Directors in a timely manner to allow for conducive and effective Board and Board Committee meetings and attends all Board and Committee meetings in order to provide appropriate advice on corporate governance and matters of procedure. The appointment and removal of the Company Secretary is a matter for the Board.

As stated in each of the Board Committees' terms of reference, the Directors may take independent professional advice at the Company's expense.

Matters reserved for the Board

It is recognised that certain matters cannot, or should not, be delegated and the Board has adopted a schedule of matters reserved for Board consideration and approval. The matters reserved for the Board fall into the following areas:

- strategy and management;
- structure and capital;
- financial reporting and controls;
- internal controls and risk management;
- contracts;
- communications;
- Board membership and other appointments;
- remuneration;
- delegation of authority;
- corporate governance matters;
- policies;
- political and charitable donations;
- appointment of principal professional advisers;
- material litigation;
- whistleblowing;
- Modern Slavery Act statement;
- pension schemes; and
- insurance.

The schedule of matters reserved for the Board is available on the CMC Markets plc Group website, https://www.cmcmarketsplc.com/investors/corporate-governance.

Division of responsibilities

The roles of the Chairman and Chief Executive Officer ("CEO") are separate, clearly defined in writing and agreed by the Board.

Chairman

Responsibilities of the Chairman include:

- leadership of the Board, with responsibility for its overall effectiveness in directing the Company, and ensuring open and effective communication between the Executive and Non-Executive Directors;
- ensuring Directors receive accurate, timely and clear information and that Board meetings are effective by setting appropriate and relevant agenda items, creating an atmosphere whereby all Directors are engaged and free to enter healthy and constructive debate;
- ensuring effective communication between major shareholders and the Board;
- overseeing each Director's induction and ongoing training; and
- leadership of the Board effectiveness process through his role as Chair of the Nomination Committee.

CEO

Responsibilities of the CEO include:

- day-to-day management of the Group's business and implementation of the Board-approved strategy;
- acting as Chair of the Executive Committee and leading the senior management team in devising and reviewing Group development for consideration by the Board;
- responsibility for the operations and results of the Group; and
- promoting the Group's values, culture and standards.

Senior Independent Director

Responsibilities of the Senior Independent Director include:

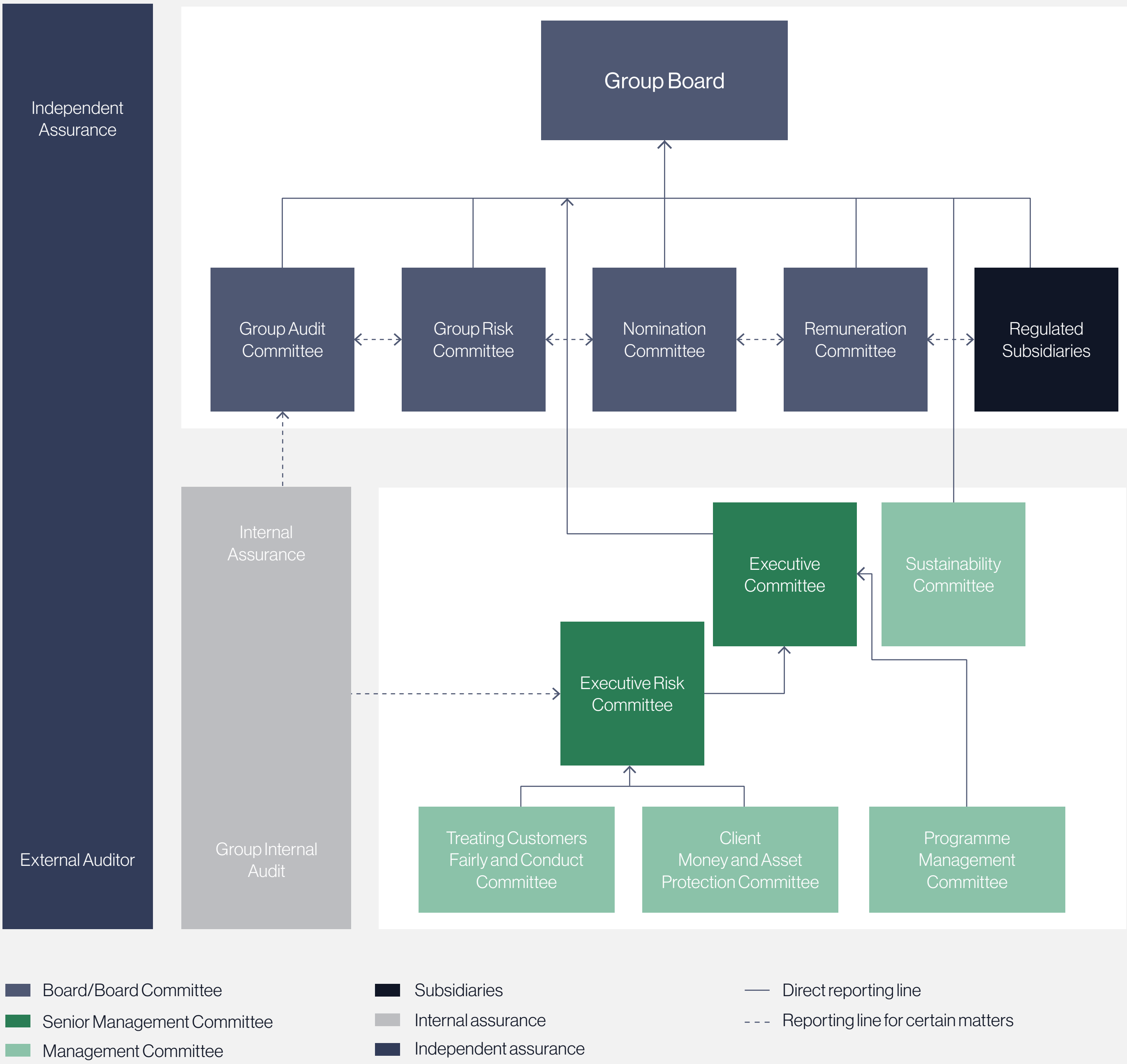
- acting as a sounding board for the Chairman and serving as an intermediary for the other Directors as necessary;
- acting as lead independent Non-Executive Director;
- leading the Non-Executive Directors in the performance evaluation of the Chairman, with input from the Executive Directors; and
- being available to shareholders in the event that the Chairman, Chief Executive Officer or other Executive Directors are unavailable.

Non-Executive Directors

Responsibilities of the Non-Executive Directors include:

- providing strategic guidance and constructively challenging management proposals and providing advice in line with their respective skills and experience;
- helping to develop proposals on strategy;
- reviewing the performance of management and individual Executive Directors against agreed performance objectives;
- having a prime role in appointing and, where necessary, removing Executive Directors; and
- having an integral role in succession planning.

Governance structure as at 31 March 2023



Accountability

Election and re-election of Directors

The 2023 Annual General Meeting ("AGM") will be held at 10.00 am on 27 July 2023 at 133 Houndsditch, London EC3A 7BX.

Directors newly appointed to the Board are required to submit themselves for election by shareholders at the AGM following their appointment. In accordance with the Code, all other current Directors will offer themselves for re-election at the forthcoming AGM.

Following recommendations from the Nomination Committee and review by the Chairman, the Board considers that all Directors continue to be effective, remain committed to their roles and have sufficient time available to perform their duties. Biographies for each Director, which set out the reasons why the Board believes each Director's contribution is, and continues to be, important to the Group's long-term sustainable success, are available on pages 76 to 78.

Chairman's tenure

James Richards was appointed to the Board on 1 April 2015 and will have therefore served on the Board for nine years with effect from 1 April 2024. Out of these nine years, he served for two years and nine months as a Non-Executive Director and will have served six years and three months as Chairman.

Having regard to the Provisions of the UK Corporate Governance Code, the Nomination Committee, led by the Senior Independent Director, met without James present in May 2023 to discuss the Chairman's succession.

In line with a recommendation from our major shareholder and CEO, the Committee considered, and agreed to recommend to the Board, that James' appointment to the Board and as Group Chairman be extended until the close of the AGM in 2025 in order to provide continuity while we navigate through our diversification strategy, increase our product range and expand our institutional business. This proposal was approved by the Board and a resolution in relation to James' re-election will therefore be presented to shareholders for approval at both the 2023 and 2024 AGMs.

The Committee will continue to consider succession plans for the Chairman, James' tenure and his membership of various Committees in line with the Provisions of the Code, with relevant disclosures in relation to the ongoing position made in next year's Annual Report.

Independence of Non-Executive Directors and time commitment

The Board carries out a review of the independence of its Non-Executive Directors on an annual basis and considers each of the Non-Executive Directors, including the Chairman, to be independent in character and judgement. Each Director is aware of the need to allocate sufficient time to the Company in order to fulfil their responsibilities and is notified of all scheduled Board and Board Committee meetings. Non-Executive Directors are expected to obtain the agreement of the Chairman before accepting additional commitments that might affect the time they are able to devote to their role in the Company.

Directors' induction, training and evaluation

On appointment, new Directors receive a comprehensive and formal induction, which is facilitated by the Company Secretary in consultation with the Chairman.

The Nomination Committee ensures that an annual evaluation of the Board, Board Committees and individual Directors is undertaken. More information is provided in the Nomination Committee report on page 99.

The Board regularly updates a skills assessment for the Non-Executive Directors which, together with any observations made as part of the Board evaluation process, is used by the Company to tailor induction meetings and training requirements for each Director. One-to-one meetings are arranged between the Director and the management teams in relevant areas of the business as part of the induction. This allows an incoming Director to familiarise themselves with the management team and their respective roles and responsibilities and to gain a greater understanding and awareness of the firm's business and the industry in which it operates. These meetings also provide an opportunity for new Directors to discuss the business strategy and model, risk management, governance and controls, the requirements of the regulatory framework and the culture of the Group. These meetings and training arrangements form a key part of the learning and development plan.

Non-Executive Directors attend internally and externally facilitated training sessions and have access to online and digital platform-based training and information resources, including on relevant financial services matters with emphasis on responsibilities with regard to regulation and compliance. They also have access to other knowledge resources and education programmes offered by third-party service providers with which the Group has established relevant links. A programme of technical business briefings related to CMC's business is being prepared for 2024.

Board responsibilities in relation to the Annual Report and Financial Statements

The Board has ultimate responsibility for reviewing and approving the Annual Report and Financial Statements and it has considered and endorsed the arrangements enabling it to confirm that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. With the assistance of the Group Audit Committee, the Board ensured that sufficient time and resources were available to encompass the disclosure requirements to which the Group is subject and that the Annual Report and Financial Statements met all relevant disclosure requirements.

The Board believes in the governance principles of being open, transparent and compliant with the Principles of the Code. Following review by the Group Audit Committee, which considered the processes and controls in place for the preparation and verification of the Annual Report and Financial Statements, the Board concluded that the Annual Report and Financial Statements contained the necessary information for shareholders to assess the Company's performance, strategy and overall business model.

Group Audit Committee

The Group Audit Committee has been delegated responsibility for the monitoring and oversight of the external and internal audit and financial internal controls. The Committee's responsibilities, main activities and priorities for the next reporting cycle are set out on pages 87 to 90.

Group Risk Committee

The Group Risk Committee has been delegated responsibility for the monitoring and oversight of risk management, mitigation and recommendation for and approval of the risk appetite to the Board. The Committee's responsibilities, main activities and priorities for the coming year are set out on pages 91 to 93.

Shareholder engagement

The Board recognises the importance of good communication with shareholders. Board members regularly meet with a cross-section of the Company's shareholders to ensure that the Group strategy takes due consideration of shareholder views.

The investor relations and management teams are in regular contact with shareholders through a programme of shareholder meetings and roadshows. During the year there were a number of meetings with significant shareholders and potential investors to ensure the Board was regularly apprised of shareholder sentiment and shareholder correspondence was also shared with the Board as appropriate. Investor relations reports are distributed to the Board and considered at each Board meeting.

In addition to meetings held between our Executive Directors and the Chairman and Chair of the Remuneration Committee on an ad hoc basis during the year, subsequent to the year end we offered major shareholders the opportunity to meet with our Chairman and other Non-Executive Directors. Two shareholders expressed an interest to meet in May 2023, and the feedback from these meetings will be discussed with the wider Board to consider whether there are any matters to be addressed.

The principal communication method with private investors is through our final results, half year report, any ad hoc market announcements and the AGM. At the AGM separate resolutions are proposed for each item of business presented to shareholders for approval, with voting conducted by a poll. All valid proxy appointment forms are recorded and counted and information regarding votes is published on the Company's website. The Notice is posted to shareholders at least 21 days before the date of the AGM.

Should a significant proportion of the votes cast be against any resolution, the Company is required to explain when announcing the results what action it will take to understand why this has been the result. There were no significant votes against any of the resolutions put to shareholders at the 2022 AGM.

In accordance with the Companies Act 2006, members representing at least 5% of the voting rights, or at least 100 members having a right to vote, can requisition the Board to circulate a resolution or statement in relation to the AGM to members.

Our Stakeholder engagement report on pages 16 to 19 sets out some other engagement methods with shareholders and how their views impact Board discussions and decisions.

2022/23 key shareholder events

June 2022
2022 full-year results

July 2022
Q1 2023 trading update and Annual General Meeting 2022

October 2022
H1 2023 pre-close trading update

November 2022
H1 2023 interim results

January 2023
Q3 2023 trading update

March 2023
Pre-close trading update

Stakeholder engagement

The Board recognises its various legal, fiduciary, statutory and governance obligations and duties in relation to stakeholder engagement, including those specified in the Principles and Provisions of the Code and its duty to promote the success of the Company under Section 172 of the Companies Act 2006. The Board receives regular stakeholder engagement updates in the Board papers on stakeholder engagement, including in the Board papers provided to facilitate Board decision making. Please also see the Stakeholder engagement section on pages 16 to 19 for a summary of the Group's stakeholders, the engagement that has taken place during the year and its impact on decision making. The Sustainability section on pages 34 to 48 provides further details of engagement with our key stakeholders regarding responding to stakeholders' needs.

Accountability continued

Employee engagement

Susanne Chishti is our designated Non-Executive Director for workforce engagement with responsibility for engaging with (and overseeing engagement with) the Group's employees to discern the views of the workforce and report back to the Nomination Committee regularly. Susanne also plays an active role in ensuring the views of the workforce are, within the matters reserved for the Board and the Nomination Committee terms of reference, considered as part of Board and Committee discussions and decision making. She brings over 25 years of industry expertise including at board level, with a strong focus on governance.

During the year, the workforce engagement activities focused on by Susanne for the Group included:

- hosting female talent focus group sessions;
- being involved in Women@CMC initiatives;
- hosting a career webinar in the APAC region;
- working with the Group Head of Sustainability to promote sustainability priorities, including diversity, equity and inclusion;
- being a panellist during a diversity and inclusion week;
- providing a new year 2023 video message to all global employees thanking them for their hard work and introducing the bi-annual pulse survey;
- meeting with employees to seek further feedback on responses to the pulse survey;
- visiting the Vienna office to engage with employees in that region;
- meeting with new joiners as part of the "Meet the Exec Team" initiative;
- celebrating the success of employees and key initiatives both in private and in public; and
- setting up an "Ask the NED" channel, an anonymous way of engaging with her on any employee matters.

Initiatives to reflect feedback from the workforce engagement processes include:

- the Group flexible working policy now applies to all employees, not only to parents;
- the career development structure and competency framework provide clearer career paths, transparency around skills required for promotional opportunities and better publication of opportunities to progress;
- more educational support to be provided to employees, with the introduction of training champions and transparency on the training available; and
- a Group-wide mentoring scheme has been introduced across all regions.

The Board believes this engagement mechanism has worked well during the year and that it continues to be an effective way of ensuring direct and independent Board understanding of the views of the workforce.

The Nomination Committee reviews and considers the results of the various employee engagement and pulse surveys undertaken throughout the year and reports to the Board accordingly.

The Board has considered a number of employee-related initiatives during the year as set out in the Sustainability section on pages 42 and 43.

Internal control and risk management systems over financial reporting

The Group has an internal control framework and risk management systems, as set out below, in place to ensure that the financial information produced is accurate, reliable and timely such that it can be used by all stakeholders to monitor performance and aid effective decision making.

- Expertise: The utilisation of appropriately qualified and experienced colleagues, and regular knowledge sharing within the team.
- Forecasting and budgeting: The Group has a detailed forecasting and budgeting process in place that is well embedded across the Group.
- Financial accounting and reporting: The finance team produce Group consolidated accounts on a monthly basis. There are full reconciliation and reporting processes in place to ensure that any issues are identified and resolved in a timely manner. Detailed reconciliations are completed between the trading systems and the general ledger to ensure completeness.
- Management reporting: The Group has a detailed suite of management information ("MI") that is prepared, daily, weekly, monthly and quarterly. This MI was prepared and improved throughout the year to reflect appropriate measurements as the business has changed.
- Tax: The Group has a formal tax strategy, reviewed and approved annually by the Group Audit Committee, in addition to monthly tax compliance monitoring, quarterly attestations with items raised within the Group's Tax Risk Committee.
- Segregation of duties: Appropriate segregation of duties to ensure that no individual controls the end-to-end process;
- IT environment: The Group is heavily reliant on its IT systems and has procedures and controls to ensure that they are operational and accessible at all times. There have been no IT issues in the year that could impact the financial reporting of the Group.

Information on the Group's risk management systems and how the Board oversees risk management is detailed in the risk management section on pages 67 to 73.

James Richards

James Richards
Chairman
13 June 2023

Group Audit Committee report

Paul Wainscott
Senior Independent Director and
Chair of the Group Audit Committee

Members and attendance

Paul Wainscott Committee Chair	●●●●●●
Susanne Chishti Independent Non-Executive Director	●●●●●
Clare Francis Independent Non-Executive Director	●●
Sarah Ing Independent Non-Executive Director	●●●●●●

● Attended meeting
○ Did not attend a meeting held during tenure

Dear shareholder,

As Chair of the Group Audit Committee (the "Committee") I am pleased to present the Group Audit Committee report for the year ended 31 March 2023.

The Committee is the independent Board Committee that assesses and has independent oversight of financial reporting and the effectiveness of internal control systems. This report summarises the activities, key responsibilities and future focus of the Committee.

Principal responsibilities of the Group Audit Committee

The Committee operates within agreed terms of reference, which outline the key responsibilities of the Committee.

The Committee's terms of reference can be found on the Group's website: https://www.cmcmarketsplc.com/investors/ corporate-governance/committees/.

In accordance with the terms of reference the Committee is required to evaluate its own performance. In the year under review this was done as part of the wider Board and Committee evaluation, as described on page 96.

Areas of focus in 2022/23

The Committee's main responsibilities, in compliance with the requirements of the Code, were as follows:

- to monitor the integrity of the Financial Statements of the Group;
- to consider any material information presented within the Financial Statements insofar as it relates to audit and to review the final and half year results before making recommendations to the Board on their contents and whether they are fair, balanced and understandable;
- to review and report to the Board on significant financial reporting issues and judgements;
- to assess the adequacy and effectiveness of the Group's internal control systems and identify, assess, manage and monitor financial reporting risks and report to the Board on any key findings;
- to review on an annual basis the procedures for detecting fraud and financial crime;
- to review the tax strategy of the Group;
- to review and approve the internal audit charter and annual internal audit plan;
- to review the findings of all internal audit reports, make recommendations as appropriate and monitor resolution plans;
- to review the performance of the internal audit function and consider the structure of the function;
- to review the effectiveness and independence of the Company's external auditor including appointment, reappointment, removal and the remuneration of the external auditor;
- to oversee the transition to the new external auditor and review any findings that arose;
- to review and approve the policy on the provision of non-audit services by the auditor; and
- to review the findings of the external auditor and how any challenges made to management, and responses to such challenges, have been dealt with, including in relation to key judgements.

Group Audit Committee report continued

Composition and advisers

The Committee is chaired by Paul Wainscott with Susanne Chishti (from 1 June 2022), Clare Francis (from 19 December 2022) and Sarah Ing as members. The Committee is considered independent to management and the members are all independent Non-Executive Directors.

The Code requires the inclusion on the Committee of at least one member determined by the Board as having recent and relevant financial experience. The Committee Chair is considered to continue to fulfil this requirement. The Committee as a whole has competence in relation to the trading, investing and institutional business sectors in which the Company operates.

The Committee held six meetings during the financial year. The key activities and discussion points are outlined in the relevant section of this Committee report. Committee attendance is presented on page 79.

The Group Chairman, Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Head of Asia Pacific & Canada, Group Head of Finance, Chief Risk Officer, Company Secretary and Group Head of Financial Crime & UK Money Laundering Reporting Officer attend Committee meetings by invitation. Representatives of Deloitte LLP ("Deloitte"), the external auditor, and Grant Thornton LLP, the internal auditors, attend the Committee meetings by standing invitation. Representatives of PricewaterhouseCoopers LLP ("PwC") also attended a meeting in May 2022 in their capacity as statutory auditor for the year ended 31 March 2022.

Internal audit

The Group's internal audit function is externally facilitated by Grant Thornton LLP. The internal audit function has a reporting line to the Committee and has direct access to the Committee Chair and each Committee member. The Committee reviews all internal audit reports, follows up verification reports on any findings identified by internal audit, and annually approves the internal audit plan and charter.

Representatives of the internal auditors attend each meeting where internal audit reports are presented. The Committee regularly discusses with them progress against the internal audit plan and any open audit actions. This allows the Committee to review the effectiveness of the internal audit function on a continual basis over the course of the year. The Committee has agreed that the internal audit process could be enhanced by the appointment of a dedicated internal resource to manage the relationship with the external third line services provider and this will be taken forward over the course of 2024.

External auditor

The Committee considers the reappointment of the external auditor annually and such consideration includes review of the independence of the external auditor and assessment of the auditor's performance.

As previously reported, the Group conducted a competitive tender process in relation to the provision of audit services in the year ended 31 March 2022. Shareholders approved the appointment of Deloitte as the Group's external auditor at the Annual General Meeting held on 28 July 2022. Fiona Walker is the audit partner at Deloitte.

The Group confirms that it has complied with the provisions of the CMA Order in respect of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The Committee, in line with Financial Reporting Council ("FRC") guidance, continues to review the qualification, expertise, resources, effectiveness and independence of the external auditor.

These matters were considered in detail as part of the audit tender process and have continued to be monitored subsequently. The Committee has received reports throughout the year on the progress of the transition from PwC to Deloitte along with the preparations made by Deloitte to complete the half year review and full audit in relation to the year ended 31 March 2023. As part of the transition, Deloitte challenged management on a number of accounting judgements which were then discussed with the Committee. Following discussion of the final audit report for the year, the level of appropriate challenge, and the interactions with management and the Board, the Committee believes that the audit has been effective for the year under review and has recommended the reappointment of Deloitte as statutory auditor.

The Committee continues to believe that Deloitte are independent by virtue of the level of non-audit fees, procedures in place in relation to the employment of ex-employees of the auditor, the internal processes and policies in place at Deloitte to avoid conflicts and the nature of discussions held between the Committee and Deloitte without representatives of management present.

The Group's audit and other services fees are disclosed in note 8 of the Financial Statements. Other services fees include the controls opinion relating to the Group's processes and controls over client money segregation, compliance with The Capital Requirements (Country-by-Country Reporting) Regulations 2013 and the mandatory regulatory audit of the Group's German subsidiary.

Non-audit services policy

The Group has a number of relationships with independent advisory and assurance firms which provide alternatives to using the external auditor.

During the year ended 31 March 2023, PwC and Deloitte provided non-audit services to the Group. However, all services provided fall under categories explicitly permitted under the FRC 2019 Ethical Standard.

In order to ensure compliance with the Ethical Standard issued by the FRC regarding the requirement for safeguarding independence of the external auditor, the Committee has in place a formal policy governing the engagement of the auditor to provide non-audit services, which was reviewed and reapproved in March 2023. The Committee approves any significant non-audit services and fees and receives details of any other non-audit spend approved by the Chief Financial Officer and/or Committee Chair by way of delegated authority by the Committee.

Priorities for financial year 2024

The Committee will continue to ensure that all relevant accounting practices and disclosures are adhered to and that the work being done to improve controls around these obligations promote a strong culture of disclosure and transparency.

The Committee will oversee the work being done to ensure the Group can comply with the Department for Business, Energy and Industrial Strategy's, now the Department for Business and Trade ("DBT"), recommendations in relation to restoring trust in audit and corporate governance (the "DBT recommendations"). Although the final scope and required reporting period from which compliance is required has yet to be confirmed, it is anticipated that it will be required to be in place from the reporting period starting 1 April 2025. As a result, the Group has commenced a project based on the draft scope to have requirements and monitoring of compliance in place from that date. Initial steps taken during the year to reach compliance within the anticipated timeframe included a financial reporting controls current state assessment conducted by an external adviser.

The enhancement of the Group's internal audit capabilities through the appointment of a dedicated internal resource who will manage the relationship with the external third line services provider will also be a key focus during the financial year.

Main activities during the financial year

Agendas for scheduled Committee meetings are based on a pre-agreed annual meeting planner to ensure that the Committee fulfils its responsibilities in line with its terms of reference and regulatory obligations.

At each scheduled meeting the Committee:

- Receives a report from the Chief Financial Officer on the year to date financial performance of the Group.
- Receives an update on current and planned internal audits and any internal audit issues highlighted in completed audit reports.
- Receives a Group tax update.
- Receives an update on significant accounting judgements.
- In 2022/2023, received an update on the transition of external audit services.

May 2022

- Considered the year-end audit report presented by the external auditor and discussed the audit with the lead audit partner, including relevant significant audit and accounting matters. In line with the Committee terms of reference, the Committee met with the Group auditor without management or the Executive Directors present.
- Reviewed the Annual Report and Financial Statements, including the specific disclosures such as going concern, viability and risk management, fair, balanced and understandable and internal controls reporting, for recommendation to the Board.
- Discussed non-audit fees.
- Discussed with the auditor the accounting treatment of the Group's cryptocurrency balances, impairments of intangible assets and the share buyback.
- Recommended the appointment of Deloitte as Group auditor.
- Discussed the work being undertaken to ensure an orderly transition to the new external auditor.
- Considered the effectiveness of the internal control framework.

July 2022

- Considered the draft Q1 trading update and recommended to the Board for approval.
- Considered revised procedures and checklists in relation to dividend approvals.
- Reviewed the annual report from the Money Laundering Reporting Officer ("MLRO").

September 2022

- Considered and approved the Tax Strategy and Policy.
- Discussed the UK government's initial response to the DBT consultation and the impact on the Group.
- Considered 2022 audit scope changes.

November 2022

- Considered the half-year audit report presented by the external auditor and discussed the report with the lead audit partner, specifically in relation to certain accounting judgements and disclosures and impairment reviews undertaken as part of Deloitte's first audit review of the Group.
- Reviewed the interim results, including consideration of going concern, risk management and internal controls reporting for recommendation to the Board.
- Agreed the management representation letter and audit plan, noting that the audit fee and engagement letter had been approved as part of the audit tender process in the previous reporting period.
- Received an update in relation to non-audit services and fees.
- Considered correspondence from the FCA in relation to anti-money laundering controls and management's response.

January 2023

- Considered the Q3 trading update and recommended to the Board for approval.
- Discussed the current position in relation to the contingent liability relating to UK banking surcharge tax as described in note 35 to the accounts.

March 2023

- Considered an update on the progress of the year-end audit presented by the external auditor.
- Considered accounting treatment adjustments discussed with the external auditor.
- Discussed the control environment with the external auditor.
- Reviewed the non-audit services policy.
- Approved the internal audit plan and internal audit charter.
- Reviewed the terms of reference of the Committee.

Group Audit Committee report continued

Role of the Committee	Responsibilities discharged	Conclusion or action taken
Going concern and long-term viability		
It is required that the Directors make statements in the Annual Report as to the going concern and longer-term viability of the Group.	The Committee reviewed reports from management that assessed the impact of various stress tests and longer-term business risks to determine how the Group would be able to remain viable through periods of liquidity or capital stress.	Following challenge of management on the individual scenarios and impacts thereof, the Committee agreed to recommend the going concern and viability statement to the Board for approval.
Control improvements and remediation		
The Group continued its work to improve its internal controls which was started in 2022 and considered the additional requirements to be imposed on the Group arising from the DBT recommendations.	The Committee requested detailed and regular progress updates from management in relation to the improvement of internal controls arising from issues raised as part of the 2022 external audit, the 2023 interim review and the DBT recommendations.	The Committee requested to be kept informed on the project to improve internal controls and continues to monitor progress.
Share buyback programme		
A share buyback programme was launched in March 2022, for an aggregate purchase price of up to £30 million.	The Committee reviewed with the new auditor the accounting treatment of the buyback programme and its impact on the Group's capital, liquidity and Financial Statements.	The Committee concluded that for the year under review the accounting treatment of the programme, which was in line with the prior period, was appropriate.
Appointment of new external auditor		
The Committee closely monitored the transition of the external audit work from PwC to Deloitte.	The Committee received updates from both PwC and Deloitte on the work being done to transition to the new auditor over the course of the 2022 audit, and from Deloitte subsequently in relation to its work to prepare for the 2023 audit.	The Committee concluded that the transition from PwC to Deloitte had been conducted appropriately and the interim review work done by Deloitte had evidenced their understanding of the Group. It was felt that there has been the appropriate level of challenge in relation to the final audit for 2023.
Review of Interim Results and Annual Report and Financial Statements		
The Committee is responsible for considering the Annual Report and Financial Statements and providing challenge to management and the external auditor on significant accounting judgements and treatments.	The Committee considered disclosures made in the 2023 Annual Report and Financial Statements and discussed significant areas with management and the external auditor.	The two main areas of significant risk considered by the Committee were the capitalisation and impairment assessment of the CMC Invest UK intangible asset and management override of controls. A number of areas of audit focus were also discussed including the accounting of intangibles resulting from the migration of ANZ Bank clients to CMC Invest Australia and the UK Banking Surcharge exemption. There was also material discussion and consequent approval regarding prior period re-statements for the Group and Company which the incoming statutory auditor, Deloitte LLP identified.

Paul Wainscott
Senior Independent Director and
Chair of the Group Audit Committee
13 June 2023

Group Risk Committee report

Clare Francis
Independent Non-Executive Director and Chair of the Group Risk Committee

Members and attendance

Clare Francis Committee Chair	●●
Susanne Chishti Independent Non-Executive Director	●●●●●
Sarah Ing Independent Non-Executive Director	●●●●●●
James Richards Independent Group Chairman	●●●●●●
Paul Wainscott Independent Non-Executive Director	●●●●○○

● Attended meeting
○ Did not attend a meeting held during tenure

Dear shareholder,

Having joined the Board in December 2022, and taken the role of the Chair of the Group Risk Committee (the “Committee”) in January 2023, I am pleased to present the Group Risk Committee report for the year ended 31 March 2023.

The responsibility for the Group’s Risk Management Framework and agreeing the appropriate risk appetite sits with the Board. The Committee assists the Board in its oversight of risk within the Group, with a particular focus on reviewing and advising the Board on changes to the Group’s risk appetite, advising on risk strategy and monitoring the effectiveness of, and improvements being made to, the Group’s Risk Management Framework. The Committee ensures that a robust risk culture continues to be embedded across the business and actively monitors and discusses the latest risk and regulatory developments affecting the Group.

The Group’s approach to risk management and how it evaluates and manages the principal risks and uncertainties the Group faces are set out within the risk management section of the Strategic report as detailed on pages 67 to 73.

The Committee has considered the potential impacts of challenges arising from the external environment on the business, including geopolitical events, increasing inflationary pressures and interest rates and recent volatility in financial markets. It has discussed with management its responses to these challenges and, although ongoing vigilance is important, the Committee is cautiously optimistic about the Group’s abilities to navigate current difficult markets.

Consumer Duty has also been a key focus for the Committee over the year, following the FCA’s publication of its final rules intended to set higher and clearer standards of consumer protection across financial services. The Committee has received regular updates on the Group’s Consumer Duty implementation plan and monitored progress of the project to deliver compliance with obligations.

The Committee has also considered the results of an external review of the Group’s enterprise risk management (“ERM”) framework, monitored changes in the regulatory landscape and reviewed and made recommendations to the Board in respect of the Group’s Internal Capital and Risk Assessment (“ICARA”), Internal Capital and Risk Assessment (Liquidity) (“ICARA(L)”) and Contingency Funding Plan (“CFP”).

On behalf of the Committee, thanks are extended to Clare Salmon, who stepped down as Committee Chair in July 2022, for her hard work and valued contributions, and to James Richards for acting as Interim Committee Chair until January 2023.

Principal responsibilities of the Group Risk Committee

The Committee assists the Board in its oversight of risk within the Group, with particular focus on the Group’s risk appetite, risk profile and the effectiveness of the Group’s Risk Management Framework.

The key responsibilities of the Committee include:

- monitoring the Group’s risk appetite, tolerance and strategy;
- review and recommendation of the Risk Appetite Statement and Risk Management Framework;
- provision of advice and recommendations to the Board to assist in Board decision making in relation to risk appetite and risk management;
- oversight of financial and liquidity risks including the responsibilities of the risk management functions;
- review, challenge and recommendation to the Board with regard to the Group ICARA, ICARA(L) and CFP;
- oversight of, and recommendations to the Board on, current risk exposures and future risk strategy;

Group Risk Committee report continued

Principal responsibilities of the Group Risk Committee continued

- consideration of the Group's principal and emerging risks and related disclosures in the Annual Report and Financial Statements, including the risk and opportunities arising from climate change disclosed in the TCFD statement;
- review of the risks associated with proposed strategic transactions;
- approval of the annual risk plan;
- consideration of the Group's compliance framework;
- review of risk taking by Directors and senior management as it impacts their remuneration incentives; and
- consideration of the Group's compliance with regulations and how management acts on any new obligations.

The Committee's terms of reference can be found on the Group's website (www.cmcmarkets.com/group/committees/).

Composition and attendance

The Committee is chaired by Clare Francis (from the conclusion of the Committee meeting on 19 January 2023) with James Richards, Susanne Chishti (from 1 June 2022), Sarah Ing and Paul Wainscott as members, all of whom are considered independent. Clare Salmon was Committee Chair until 28 July 2022. Thereafter James Richards stepped into the role of Interim Committee Chair until Clare Francis stepped into the role, following a period of handover.

The Committee met six times during the year under review and attendance for the members is shown on page 79.

The Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Head of Asia Pacific & Canada, Chief Risk Officer, and Company Secretary attend Committee meetings by standing invitation. Representatives from other areas of the business attend the Committee meetings by invitation as appropriate to the matter under consideration. The Committee Chair also holds regular individual meetings with the Chief Risk Officer, Heads of Compliance, the Company Secretary and other relevant members of the executive and senior management teams. During the year the Committee Chair also met with Grant Thornton UK LLP, to which third-line internal audit services are outsourced, and the external auditor, Deloitte LLP.

Operation of the Committee

An annual Committee calendar is maintained, which is aligned with the Committee's terms of reference. The Chair of the Committee is supported in preparing meeting agendas by the Company Secretary and Chief Risk Officer.

Following each Committee meeting, the Committee Chair reports to the Board on its proceedings and the matters within its duties and responsibilities, and makes recommendations to the Board and to other Board Committees, as appropriate.

At management level, the Group has established an Executive Risk Committee ("ERC") within the Group's governance framework as part of our continuous improvement of the risk management process. Reporting to the Executive Committee, the purpose of the ERC is to assist the Executive Directors and the Chief Risk Officer in identifying and synthesising the Group's risks. These risks are then presented to the Committee for review by the Chief Risk Officer, as second line of defence, and the Executive Directors, as first line of defence.

Main activities during the financial year

During the year, the Committee's key activities included:

May 2022

- Review and recommendation of Risk Appetite Statement and Risk Management Framework.
- Robust assessment of the Group's principal and emerging risks.
- Annual review of effectiveness of the Group's risk management and internal control systems.
- Review of Annual Report and Accounts risk disclosures.
- Update on annual risk plan.

July 2022

- Update on actions following the Group Governance Review in relation to risk.
- Review of the potential impact and measures taken in respect of the Ukraine conflict.
- Consideration of Consumer Duty implementation programme.
- Review of the Contingency Funding Plan.

September 2022

- Review and recommendation of Group internal capital and risk assessment.
- Review of annual notional position limits summary report.
- Consideration of management's assessment of the impact on the business identified as part of the Consumer Duty implementation programme.

November 2022

- Update on ERM framework review.
- Review and recommendation of principal and risks for the half year.

January 2023

- Received the final ERM framework review report.
- Consideration of Consumer Duty implementation programme.

March 2023

- Update on ERM framework review.
- Pre-year-end discussion of principal and emerging risks.
- Update on Consumer Duty implementation programme.
- Review of proposed Committee annual planner.
- Consideration of lessons learnt from market turmoil in March 2023 and a programme of planned actions for further enhancement of processes.

Group Governance Review

As disclosed in last year's report, following the Group Governance Review undertaken by Independent Audit Limited in 2021, which included a review of the Group's risk management systems, several recommendations were made in respect of the Group's risk oversight, information and governance framework. Work has continued during the year to address the topics raised by the Governance Review, and the Board additionally commissioned an external assessment of the Group's ERM framework. The Committee continues to encourage the enhancement of the Group's risk framework, aligned to the scale and complexity of a Group of our size. The findings of the review were reported to the Committee in January 2023 and whilst it was highlighted that our ERM was comparable to our peers, several recommendations were made which built on the themes arising from the Governance Review.

The main areas of focus include:

– continued evolution of the Group's governance structure;

– further development and embedding of the three lines of defence model and associated processes and reporting frameworks;

– enhancement of risk identification, assessment and reporting techniques with consideration to be given to the implementation of a Group governance, risk and compliance tool to support the creation of a single source for risk data, risk events and issues, risk appetite monitoring and reporting; and

– promotion of risk culture as an underpin to the delivery of the Group strategy.

The Committee has discussed these areas of focus and management's action plan on how it proposes to address them and will be kept abreast of progress.

Risk appetite and exposure

As part of its oversight of current risk exposures and future risk appetite and strategy, the Committee reviews the risks associated with proposed strategic transactions and the effectiveness of risk mitigation and monitoring processes.

Throughout the year the Committee has monitored the Group's top risks and emerging risks. The Committee routinely invites members of the senior management team to present an overview of the risk management practice and receives updates on key issues. In the financial year ended 31 March 2023 the Committee specifically discussed people risk, project delivery risk, cyber risk and regulatory risk. The Committee reviewed proposed changes to the Group risk appetite statement and Risk Management Framework and made recommendations for Board approval of both documents. The Committee recommended the Group's ICARA, ICARA(L) and CFP to the Board for approval.

Risk management and internal controls

The Group continues to invest in risk management systems and internal controls and challenges the business to improve and enhance the Risk Management Framework.

The Committee confirmed at its May 2023 meeting, acting as a Committee of the Board, that it was satisfied that the Group's risk management systems and internal controls were effective. This assessment was based on feedback from the Chief Risk Officer, the external and internal auditor and the external ERM review.

Regulatory compliance

The Committee considers regulatory changes that will have a significant impact on the Group. In the year under review, this included the implementation of the FCA Consumer Duty and the FCA's Contracts for Difference strategy.

Priorities for financial year 2023/24

In the year ahead the Committee will focus on further enhancing the Group's risk management systems and continuing to ensure that a robust risk culture remains in place across the business. The Committee Chair and new Chief Risk Officer will play a pivotal role in enhancing our risk and internal control processes and ensuring that the recommendations of the external report on the Group's ERM framework are taken forward as appropriate. This will include the development of how we look at conduct risk as we continue to work through the implementation of Consumer Duty. The Committee will undertake deep dives on areas of specific risk to inform its deliberations, which are likely to include more detailed consideration of anti-money laundering processes, operational risk resilience and risks related to climate change, data privacy/security, new products and fraud, together with the models used to monitor these.

It is anticipated that the challenging economic environment, geopolitical issues and market volatility will continue in the year ahead. The Committee will remain highly vigilant in monitoring the impact on the Group.

The Committee will continue to take an active role in advising the Board on risk matters and monitoring the risks associated with regulatory change and the impact that any changes could have on the Group.

Clare Francis
Independent Non-Executive Director and Chair of the Group Risk Committee
13 June 2023

Nomination Committee report

James Richards
Chairman and Chair of the Nomination Committee

Members and attendance

James Richards Committee Chair	●●●●●
Susanne Chishti Independent Non-Executive Director	●●●
Clare Francis Independent Non-Executive Director	●
Sarah Ing Independent Non-Executive Director	●●●●●
Paul Wainscott Independent Non-Executive Director	●●●●○

● Attended meeting
○ Did not attend meeting held during tenure

Dear shareholder,

I am pleased to present the Nomination Committee (the "Committee") report which summarises the work of the Committee during the year ended 31 March 2023.

Throughout this period the Committee has continued its review of the composition of the Board and succession planning at both Board and senior management level, with changes made which will support the growth of the business and strengthen our controls and risk processes.

Further information on our activities and our priorities for the next year are provided on the following pages.

Principal responsibilities of the Nomination Committee

The Committee is responsible for keeping under review the composition of the Board and senior management, succession planning, appointments to the Board, the Board evaluation process, and the Group's People Strategy.

Key roles and responsibilities of the Committee include:

- to evaluate and review the structure, size and composition of the Board including the balance of skills, knowledge, experience and diversity of the Board and keep under review the leadership needs of the Company to ensure its continued ability to compete effectively in the marketplace;
- to ensure plans are in place for both an orderly and emergency succession in relation to the Board and senior management and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company and the skills and expertise needed in the future;
- to identify and nominate suitable candidates for appointment to the Board including evaluating the balance of skills, knowledge and diversity on the Board and preparing a description of the role required for a particular appointment;
- to oversee the Board evaluation process and, in analysing the results of the evaluation, identify whether there are any skill gaps or opportunities to strengthen the Board;
- to assess the Board Directors' conflicts of interest;
- to assess and keep under review the independence, time commitment and engagement of each of the Non-Executive Directors; and
- to oversee the Group's People Strategy including talent management, diversity and inclusion and workforce engagement.

The Committee's full terms of reference are available on the Group's website: www.cmcmarkets.com/group/committees.

Composition and attendance

The Committee is chaired by James Richards with Susanne Chishti (from 1 June 2022), Clare Francis (from 19 December 2022), Sarah Ing and Paul Wainscott as members. All of the Committee's members are considered independent Non-Executive Directors, including the Chairman.

The Committee met six times during the year under review and attendance levels for the members is shown on page 79. In addition to the members of the Committee, the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Human Resources attend by invitation when it is considered appropriate.

Board appointments

The Committee leads the process to consider Board appointments and makes recommendations to the Board once appropriate candidates have been found. The Committee will review the process for recruitment, including whether an external search agency will be used, the role specification and capabilities required for the role (taking into account the current balance of skills and experience on the Board) and potential candidates both inside and outside the organisation, ensuring a diverse pool of candidates is considered. The Committee will also manage the structure of the interview process, referencing requirements and engagement with the Board and other Board Committees as appropriate.

During the period, the Committee recommended and the Board approved the appointment of Susanne Chishti with effect from 1 June 2022, which appointment was subsequently approved by shareholders at the 2022 AGM. Susanne also joined the Audit, Nomination, Remuneration and Risk Committees and has been appointed as the Non-Executive Director ("NED") for workforce engagement for the Group. Susanne brings extensive fintech knowledge alongside expertise in technology driven innovation which will be highly beneficial as the Group continues to develop its strategy and enhance its offering to clients.

As a result of Clare Salmon's decision to step down from the Board at the conclusion of the 2022 Annual General Meeting ("AGM"), and consequently as Chair of the Risk Committee, the Committee instigated the process to find a successor. The search focused on seeking someone with risk management and financial services experience. The Inzito Partnership, which has no connection with the Group or individual Directors, was appointed to assist with the search for candidates. Clare Francis was identified as a suitable candidate and following an interview with the Chairman and the Senior Independent Director, she was invited to meet the rest of the Board prior to the Committee considering any recommendation being made to the Board. Following this process, the Committee recommended and the Board approved the appointment of Clare Francis with effect from 19 December 2022. Clare also became Chair of the Group Risk Committee, the Consumer Duty Champion for the Group and a member of the Audit, Nomination and Remuneration Committees. From her senior executive experience in the UK banking industry, Clare brings extensive knowledge of risk management frameworks and financial services to CMC. Shareholders will be asked to approve her appointment at the 2023 AGM.

Shareholders have the opportunity to annually vote on resolutions proposing each Director for re-election (or election if they have joined the Board since the last AGM) at the AGM. Details of the Directors standing for election/re-election at the 2023 AGM are included in the notice of AGM, and information on each Director's contribution to the Group is included in their biography on pages 76 to 78 of this report. The Committee considers whether to recommend Directors for election or re-election and has done so in relation to all Directors standing at the 2023 AGM, including the Chairman who will have served nine years in April 2024 (see page 84 for more information).

Main activities during the financial year

Agendas for scheduled Committee meetings are based on a pre-agreed annual meeting planner to ensure that the Committee fulfils its responsibilities in line with its terms of reference and regulatory obligations.

May 2022

- Consideration of the report on diversity and inclusion.
- Considered Non-Executive Director ("NED") recruitment.
- Considered NED time commitment and independence.
- Determined Directors' eligibility for re-election.

June 2022

- Considered NED recruitment.

September 2022

- Considered the results of the annual employee engagement survey.
- Discussed Group people strategy.
- Received an update on NED recruitment.
- Received an update from the Designated NED for workforce engagement and considered the current engagement programme.
- Reviewed the Group's values statement.

November 2022

- Received an update from the Designated NED for workforce engagement.
- Reviewed the Board diversity policy.
- Discussed NED recruitment.
- Received a Consumer Duty update.

January 2023

- Received an update on Group People Strategy.
- Considered the annual Board and Committee evaluation process.
- Reviewed the Committee terms of reference.

Subsequent to the year end the Committee has also considered a Board training programme and Board and senior management succession planning.

Nomination Committee report continued

Board evaluation

The Committee is responsible for agreeing the annual Board performance evaluation process, reviewing its results and reporting on the conclusions and recommendations to the Board.

In compliance with the Code, an externally facilitated performance evaluation of the Board and its Committees is carried out every three years. An externally facilitated performance evaluation was carried out as part of the Group's Governance Review in 2021 by Independent Audit Limited, an independent external consultant with no other connection with the Company. The next externally facilitated evaluation is due to be carried out in 2024.

The Committee determined that this year's review would be conducted internally and led by the Chairman, supported by the Company Secretary. The format of the process was a questionnaire completed by all Board members seeking narrative answers on a number of specific questions relating to the operation of the Board and its Committees and requesting a written self-evaluation from each Non-Executive Director.

Based on the responses received, the Company Secretary prepared a report which was discussed with the Chairman before being presented to the Committee. The responses received were insightful and provided useful feedback on the operation of the Board and its Committees, the topics that should be a focus for 2024 and how the Board receives information from management. A number of recommendations were made by the Committee for consideration by the Board, which will be taken forward over the remainder of 2023. Notwithstanding these recommendations, it was agreed that the Board and its Committees were operating effectively.

The Committee discussed the performance and time commitment of each Non-Executive Director and agreed that they all continued to make the expected contribution to the Board and its Committees and no concerns were raised in relation to their other commitments.

The Senior Independent Director led the Non-Executive Directors in evaluating the performance of the Chairman at a meeting of the Nomination Committee without James Richards present.The Nomination Committee recommended, and the Board approved, the conclusion that the Chairman continued to provide exemplary leadership to the Board.

People strategy

The Committee has worked closely with the Executives to consider the Group's People Strategy, which is designed to align with the Group's overall strategy, purpose and values and also has due regard to the environmental, social and governance initiatives being undertaken by the Group and matters raised by employees. There was a focus on ensuring that CMC is a place where people want to work, with career progression and a good working environment.

The Committee regularly receives updates from Susanne Chishti regarding her activities as the NED for workforce engagement, and discusses the results and key themes arising from various employee engagement and "pulse" surveys that have taken place throughout the year. The main areas of focus highlighted as a result of employee engagement activities that have taken place across the business are included in the corporate governance section on page 86.

The Committee continues to believe that the engagement methods used to ensure that the Board is aware of the views of the wider workforce is effective but does keep this under review and will seek to adapt it and include additional engagement methods if it feels appropriate.

Succession planning

The Board considers succession planning at least annually, including the tenure of Non-Executive Directors, the developing needs of the business and any skills gaps to be filled in both the short and long term.

The Committee also considers the senior management team succession plan periodically, taking into account the opportunities and challenges facing the Group and the skills, experience and knowledge that will be needed in the future.

Succession planning will be a key focus over the course of the remainder of 2023, with an emphasis on improving diversity in our pipeline.

The Committee met in May 2023 without James Richards in attendance to discuss the succession of the Chairman, who will have served nine years in April 2024. Out of those nine years, he served two years nine months as a Non-Executive Director and will have served six years and three months as Chairman. The Committee recommended to the Board, which in turn has recommended to shareholders, the re-election of James at the 2023 AGM, notwithstanding that his nine year tenure expires ahead of the 2024 AGM. More information on the Company's plans beyond this is included in the Governance section on page 84.

Diversity, equity and inclusion

The Committee recognises the benefits of diversity, equity and inclusion ("DE&I"). The CMC Markets plc Board diversity policy recognises the benefits of having a diverse senior management team and sees increasing diversity at a senior level as an essential element in maintaining an effective Board. Our policy is to ensure that there is broad experience and diversity on the Board. We consider diversity to include age, ethnicity, disability, gender, sexual orientation and socio-economic and geographic backgrounds. Appointments to the Board are made on merit, in the context of complimenting and expanding the skills, knowledge and experience of the Board as a whole.

The Committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of new directors. The Nomination Committee also oversees the conduct of the annual review of Board effectiveness.

In order to maintain an appropriate range and balance of skills, experience and background on the Board, the Nomination Committee considers the benefits of all aspects of diversity including, but not limited to, those described above.

In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates against objective criteria with due regard for the benefits of the herein mentioned attributes and diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Committees and individual Directors, the Nomination Committee considers the balance of skills, experience, independence and knowledge of the CMC Group on the Board, and the diversity representation on the Board.

The Committee regularly discusses Board, senior management and workforce diversity and how the Group's position can be improved. It is important that more is done to attract people into the fintech industry early in their careers in order that our metrics can improve over the longer term which will be of benefit to the Group and its strategy. More information on our DE&I strategy and initiatives is included in the Sustainability section on page 40.

Our disclosures and statement on the diversity of our Board, senior board positions and executive management in compliance with Listing Rule 9.8.6R(9) and Listing Rule 14.3.33R (1) (the "New Rules") are set out on page 97:

The New Rules set the following targets:

- at least 40% of the board are women;
- at least one of the senior board positions (Chair, Chief Executive Officer ("CEO"), Senior Independent Director ("SID") or Chief Financial Officer ("CFO") is a woman); and
- at least one member of the board is from a minority ethnic background (which is defined by reference to the categories recommended by the Office of National Statistics ("ONS") as coming from a non-white ethnic background).

The tables below show the data required to be presented by the New Rules. This data shows that the Group is not currently in compliance with any of the requirements. We recognise the importance of diversity and, whilst ensuring that appointments continued to be based on merit, we gave full and proper consideration to gender and racial diversity as part of the appointments we made to the Board during the current financial year. Following these appointments, 60% of the Non-Executive representation on the Board is female. Our overall Board diversity is negatively impacted by the fact that we have four male Executive Directors. We feel we currently have the right people fulfilling these Executive roles and have to accept the impact on our diversity statistics of having a larger Executive team than some of our peers when making comparisons on our progress. Whilst we do not feel it appropriate to set ourselves goals to comply with these targets at present, as Board composition should be driven by the specific needs of the Group and any skill gaps, we continually review our position on this. The Board is committed to seeking to improve diversity and will continue to have regard to these matters as part of our Board and senior management succession planning and recruitment processes.

As referenced in the Sustainability section, we have committed to setting measurable targets to increase the diversity of the wider workforce which will help create a pipeline to improve senior executive diversity over time. As at 31 March 2023, 347 (29%) of our workforce, excluding contractors, were female.

Diversity data

Diversity data based on sex

	Number of Board members	Percentage of Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	6	66.67	4	28	80.00
Women	3	33.33	—	7	20.00
Not specified/prefer not to say	—	—	—	—	—

Diversity data based on ethnic background

	Number of Board members	Percentage of Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other white (including minority-white groups)	9	100.00	4	14	40.00
Mixed/multiple ethnic groups	—	—	—	1	2.86
Asian/Asian British	—	—	—	1	2.86
Black/African/Caribbean/black British	—	—	—	—	—
Other ethnic group, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	19	54.28

Notes:
1 All data is at 31 March 2023.
2 Executive management is represented by all direct reports of the Executive Directors in non-administrative roles.
3 Data is collected via self-reporting from employees on joining the Group by the completion of a questionnaire asking them to identify against various gender and ethnicity categories.

Priorities for financial year 2023/24

In the year ahead the Committee will focus on senior management succession and diversity, the people strategy, ensuring actions arising from the Board evaluation are appropriately implemented and considering the succession of the Chairman.

James Richards
Chairman and Chair of the Nomination Committee
13 June 2023

Remuneration Committee report

Sarah Ing
Independent Non-Executive Director and
Chair of the Group Remuneration Committee

Members and attendance

Sarah Ing Committee Chair	●●●●●●●
Susanne Chishti Independent Non-Executive Director	●●●●●
Clare Francis Independent Non-Executive Director	●●●
James Richards Independent Non-Executive Director	●●●●●●●
Paul Wainscott Independent Non-Executive Director	●●●●●●●

● Attended meeting
○ Did not attend a meeting held during tenure

Dear shareholder,

As Chair of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 March 2023. This report comprises three sections. First, my annual statement as Chair of the Remuneration Committee; second, the Remuneration Policy which was approved by shareholders at the 2021 Annual General Meeting ("AGM"); and third the Annual report on remuneration which sets out how the 2021 policy was implemented for the year ended 31 March 2023.

Remuneration in relation to the year ended 31 March 2023

Throughout the year, the Committee has given careful consideration to remuneration in the context of the external environment and the Group's performance. The outcomes for the specific reward elements are as follows:

Base salary - No adjustments were made to the base salaries of the Executive Directors during the year.

Combined Incentive Plan ("CIP") Awards - The financial year ended 31 March 2023 was the fourth year of the implementation of the CIP and the plan was assessed against Group financial, strategic and individual performance targets, as approved by the Committee as follows:

- 60% based on financial performance (earnings per share – threshold 15.4 pence, target 20.7 pence and maximum 25.7 pence);
- 30% based on strategic performance (a detailed disclosure of strategic objectives is outlined in the table on pages 111 and 112); and
- 10% based on achievement of personal and mandatory risk objectives (a detailed disclosure of personal objectives is outlined in the table of pages 111 and 112).
- As highlighted, the Group did not meet its EPS targets with a diluted EPS of 14.6 pence against a minimum target of 15.4 pence, resulting in no award of this element of the Plan, i.e. 60% of the maximum award.

To determine the overall outcomes under the CIP, the Committee also reviewed individual Executive Directors' performance against their strategic and personal objectives which were set at the beginning of the year. The Committee assessed each Executive Director against their strategic objectives and determined whether these had been partially met, significantly met, materially met or met. Further details of the Group's strategy are set out on pages 24 to 25.

This resulted in the Committee awarding 36% of potential award to the Chief Executive Officer ("CEO") ; 35% to the Deputy CEO; 36% to the Chief Financial Officer ("CFO") and 36% to the Head of Asia Pacific & Canada. Further details on how the Executive Directors performed against their objectives can be found on pages 111 and 112.

The Committee has considered the formulaic outcome and determined that it was appropriate, in light of the holistic performance of the Company and the experience of shareholders and employees, and that no adjustments needed to be applied.

The 2023 awards comprise a 40% cash award and a 60% share award which was changed to comply with the MIFIDPRU Remuneration code from a 45% cash award and a 55% share award in 2022.

In previous years the CEO has only received the cash element of the Award. In the light of the new prudential framework for UK MiFID investment companies and the MIFIDPRU Remuneration Code, his award will now be split between cash and shares in line with the other Executive Directors, albeit subject to a maximum award of 135% of salary.

Share Awards will be granted, post the release of the Group's results for the year ending 31 March 2023. The share awards will be assessed against a performance underpin after a further three-year period ending 31 March 2026 and, if the underpin is achieved, continue to vest until 2028.

Remuneration in relation to the year ended 31 March 2023 continued

During the year, the Committee assessed the performance underpin for CIP share awards granted in 2020 over the three years ending 31 March 2023. Taking into account an assessment of factors such as the Company's Total Shareholder Return ("TSR") performance, aggregate profit levels and any regulatory breaches over this period, the Committee determined that it was appropriate to allow these shares to vest without any further adjustment.

Remuneration in relation to 2024

The Committee has decided to make salary adjustments for David Fineberg and Matthew Lewis of 4.5% with effect from 1 June 2023. This adjustment is below the average increase for the wider workforce of 5%. The Committee decided not to adjust the salary for Peter Cruddas this year.

Euan Marshall was appointed to the role of CFO in late 2019. At that time his remuneration arrangements were positioned relatively low compared to market levels for comparable roles taking into account the promotion and the developmental nature of his appointment. At that time the Committee committed to continue to review positioning as he gained greater experience in the role. With effect from 1 June 2023, the Committee has decided to apply a one-off adjustment to his base salary level from £250,000 to £300,000 to reflect his significant development in the role and contribution. It is anticipated that future salary increases will generally be no greater than those for the wider workforce. In respect of the coming year, his CIP maximum opportunity will also be aligned to the 300% of base salary that is applicable for the Deputy CEO and Head of Asia Pacific & Canada.

The Committee proposes to continue to use Group financial, strategic and individual performance against targets for the 2024 financial year as the basis on which the combined incentive will be awarded. The performance measures applied to the CIP will be:

- 60% financial performance;
- 30% strategic performance; and
- 10% personal objectives.

In relation to the financial target, the Committee has ensured that a sufficiently stretching range has been set by taking account of a number of internal and external reference points and the impact of regulatory change. The target range is considered commercially sensitive and so will be disclosed in next year's Annual Report. With regard to the strategic and personal objectives, these will be evaluated based on quantitative measurable objectives in the significant majority of cases. Again, these are considered commercially sensitive so detailed disclosure of these quantitative performance measures and associated outcomes will be included in the 2024 Annual Report and Financial Statements.

In order to comply with the MIFIDPRU Remuneration Code, CIP awards will be made 40% in cash and 60% in shares. The remuneration policy operated as intended throughout the period.

Engagement with stakeholders

The Committee takes into consideration the guidelines of investor bodies and shareholder views when determining remuneration and welcomes feedback. We undertook an extensive consultation with our key institutional shareholders and main proxy advisory bodies on the proposed 2021 Remuneration Policy and the comments we received in relation to key elements of the policy such as pension alignment and post-employment shareholder guidelines have helped shape the final policy approved at the 2021 AGM. This year we have not undertaken a formal consultation exercise but continue to welcome constructive engagement with our shareholders. The Remuneration Policy will again be put to shareholders at the AGM in 2024 and the Committee intends to engage with our shareholders in the coming year as part of a review of our arrangements.

Workforce remuneration and engagement

The Committee is responsible for reviewing the Group's wider employee remuneration policies and how reward aligns to the culture of the Group. During the year, the Committee discussed the bonus allocation and salary reviews for the wider workforce, reviewed and agreed the Group's approach to long-term incentives beyond the Executive Directors, reviewed the Group's gender pay gap data and the steps that could be taken to close the existing gap, and discussed the operation of and participation in the Group's all-employee share plan.

During the year, all employees have been given the opportunity to participate in our twice-yearly engagement surveys and provide feedback on all topics, including remuneration. In addition, the Committee has received an update on the initiatives we have undertaken to support and develop employees and managers throughout the year. Susanne Chishti is the designated Non-Executive Director with responsibility to engage and oversee engagement with our employees and more detail on her activities is included in the Nomination Committee report on page 84.

I hope you find this report provides a clear understanding of the Committee's approach to remuneration and that you will be supportive of the resolutions relating to remuneration at the 2023 AGM.

Sarah Ing
Independent Non-Executive Director and Chair of the Remuneration Committee
13 June 2023

Directors' Remuneration Policy

This policy was reviewed in 2021 and approved by shareholders at the AGM held on 29 July 2021. The policy as approved can be viewed on the Company's website at https://www.cmcmarketsplc.com/investors/.

Policy table

The below table summarises the key components of the Remuneration Policy for the Executive Directors.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary To reflect the market value of the role and individual's experience, responsibility and contribution.	The policy is for base salary to be competitive. In making this assessment the Committee has regard for: – the individual's role, responsibilities and experience; – business performance and the external economic environment; – salary levels for similar roles at relevant comparators; and – salary increases across the Group payable in cash. Salaries are reviewed on an annual basis, with any increase normally taking effect from 1 June.	Executive Director salary increases will normally be in line with those awarded to the wider employee population. Increases may be above this level if (i) there is an increase in scale, scope or market comparability of the role and/or (ii) where an Executive Director has been promoted or has had a change in responsibilities. Where increases are awarded in excess of the wider employee population, the Committee will provide an explanation in the relevant year's Remuneration report.	Business performance is considered in any adjustment to base salary.
Pension To provide competitive retirement benefits.	Executive Directors participate in a defined contribution pension scheme or may receive a cash allowance in lieu.	Aligned to the all employee maximum employer contribution level, which is currently 7% in the UK and 9.5% in Australia. This is in alignment with Provision 38 of the UK Corporate Governance Code.	Not applicable.
Share Incentive Plan ("SIP") To encourage broad employee share ownership.	In line with HMRC rules, Executive Directors are entitled to participate in the SIP on the same terms as other employees.	In line with HMRC permitted limits.	Not applicable.
Benefits To provide market competitive benefits.	Benefits include life insurance, permanent health insurance, private medical insurance, dental insurance, health screening/assessment, critical illness insurance, interest-free season ticket loans, gym membership, eye tests, cycle to work, childcare vouchers, dining card, travel insurance and club membership. Where appropriate, other benefits may be offered including, but not limited to, allowances for relocation and other expatriate benefits to perform his or her role.	Benefits may vary by role and individual circumstances and are reviewed periodically to ensure they remain competitive. The maximum value of the benefits is unlikely to exceed 10% of salary.	Not applicable.

Directors' Remuneration Policy continued

Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Combined incentive plan (CIP) To ensure that incentives are fully aligned to the Group's strategy.	The value of an award will be determined based on performance achieved in the previous financial year against defined financial and strategic targets. Performance conditions and targets are reviewed prior to the start of the year to ensure they are appropriate and stretching and reinforce the business strategy. At the end of the year the Committee determines the extent to which these were achieved. The award will be delivered as follows: Cash award: 40% of the award will be settled in cash as soon as practicable following the financial year. Deferred Shares: 60% of the award will be deferred into shares for up to five years following the financial year. This portion of the award will vest subject to the achievement of a three-year performance underpin to ensure the deferred portion of the award is warranted based on sustained success. Subject to the achievement of the performance underpin and continued service, the Deferred Share portion of the award will vest over a period of at least five years. For 2022/23, it is anticipated this will be as follows, although the Committee will continue to monitor both market and regulatory developments in respect of vesting and holding periods and may for future awards adjust the vesting schedule: – 40% after three years;[1] – 30% after four years;[1] and – 30% after five years.[1] The Combined Incentive awards are discretionary. Dividend equivalents may accrue on the Deferred Share portion of the award and be paid on those shares that vest. Awards under the CIP are non-pensionable and are subject to malus and clawback for a seven-year period from grant in the event of a material financial misstatement, gross misconduct, calculation error, failure of risk management, material reputational damage or any other circumstance the Committee considers appropriate. 1 4, 5 and 6 years in total respectively allowing for the one-year performance period to determine the deferred award amount.	Participants in the CIP will include the Executive Directors. Executive Directors (excluding CEO): Awards may be up to 300% of salary delivered as follows: – cash award: 135% salary (120% of salary from 2023); and – Deferred Shares 165% salary (180% from 2023). Current CEO: In respect of the current CEO, Peter Cruddas, awards may be made only up to 135% of salary. From 2023 40% of the award will be made in cash and 60% deferred into shares.	Performance is assessed against Group and individual performance measures as considered appropriate by the Committee. Financial performance will account for at least 60% of an award. For this portion, 25% of the maximum would be payable for performance at Threshold level and 50% for Target performance. It is anticipated that the performance measures applied in 2022/23 will be: – 60% financial: based on achievement of absolute earnings per share targets; – 30% strategic: based on the achievement of measurable objectives against targets relating to strategic business development milestones; and – 10% personal objectives. The Deferred Share portion will vest subject to a performance underpin measured over a period of at least three years starting from the end of the year used to determine the amount of the award. The Committee will review Group performance over the relevant period, taking into account factors such as, a) the Company's TSR performance, b) aggregate profit levels and c) any regulatory breaches during the period or any other such factor that the Committee considers appropriate which may include personal performance of the relevant Executive Director.

Directors' Remuneration Policy continued

Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
2015 Management Equity Plan ("LTIP") To reinforce delivery of sustained long-term success, and align the interests of participants with those of shareholders.	In respect of Executive Directors, LTIP awards may only be granted by the Remuneration Committee to facilitate external recruitment – i.e. to be used as the vehicle for buying out incentive awards forfeited on leaving a previous employer as per the recruitment policy set out below. Awards may consist of performance shares (nil cost options or conditional rights to receive shares) or market value options or a combination of the two. LTIP awards normally vest after three years. The Committee may extend the LTIP time horizon by introducing a holding period of up to two years, or by extending the vesting period, e.g. if regulations require. The number of performance shares and/or options vesting is dependent on the degree to which any performance conditions attached to the LTIP award have been met over the performance period. Dividend equivalents may accrue on performance shares and be paid on those shares which vest. The award levels and performance conditions are reviewed in advance of grant to ensure they are appropriate. Awards under the LTIP are non-pensionable and are subject to malus and clawback provisions for a seven-year period from grant in the event of a material financial misstatement, gross misconduct, calculation error, failure of risk management, or in any other circumstance the Committee considers appropriate.	125% of salary in normal circumstances and up to 200% of salary in exceptional circumstances or an equivalent economic value where an award is a combination of shares and options. Vesting for threshold performance in respect of any performance share awards is up to 25% of maximum.	Awards will generally vest subject to the Company's performance and continued employment. The Committee has flexibility to adjust any performance measures and weightings in advance of each future award cycle to ensure they continue to support delivery of the Company's strategy. Over the term of this policy, performance will be predominantly dependent on financial, and/or share price-related measures. The Committee has flexibility to adjust downwards the formulaic outcome based on its assessment of underlying performance, and results being achieved within the Company's risk appetite, over the performance period.

Notes to the policy table

In addition to the elements of remuneration detailed in the policy table, any historical awards or commitments described in this report which were made prior to, but due to be fulfilled after the approval and implementation of, the Remuneration Policy detailed in this report will be honoured.

Shareholding guidelines

Executive Directors are required to build up a holding of 200% of base annual salary. Executive Directors will be required to build up to this level over a period of five years, starting from the date of our listing in 2016 for the Executive Directors who were in role at the time the 2018 Remuneration Policy was approved and from the date of appointment for any recruits since that time or in future. Executive Directors will be expected to retain at least 50% of shares vesting (net of tax) until the guideline level is achieved. For the purposes of satisfying the shareholding requirement, shares held by a connected person (e.g. a spouse) will be considered to be included.

A post-employment shareholding requirement will apply of 200% of base annual salary (or the actual shareholding at date of exit if lower) for a period of two years after leaving employment.

Dividend equivalents

Dividend equivalents are payable on the Deferred Share portion of the combined incentive.

Clawback and malus provisions

Awards under the CIP and LTIP will be subject to provisions that allow the Committee to withhold, reduce or require the repayment of awards after vesting if there is found to have been: (a) material misstatement of the Company's financial results, (b) gross misconduct on the part of the award holder, or (c) any other material event as the Committee considers appropriate.

Directors' Remuneration Policy continued

Risk considerations

The Remuneration Policy is also designed to promote sound and effective risk management. The Remuneration Committee reviews and approves the Remuneration Policy for all employees, including for Material Risk Takers and senior risk and compliance employees, to help ensure pay arrangements encourage appropriate behaviour and compliance with the Company's risk appetite. For example, all employees receive a salary which reflects their market value, responsibilities and experience. An individual may only receive an annual incentive award if they operate within the risk appetite of the Company and has demonstrated appropriate behaviour. Key senior managers are eligible for consideration of LTIP awards, with any vesting based on performance over at least two years. The Committee has flexibility to adjust the formulaic outcome if the Company's recorded performance is not a genuine reflection of underlying business performance or if results were not achieved within the Company's risk appetite. CIP awards are subject to malus and clawback for all participants in various circumstances, including a failure of risk management. The Chief Financial Officer is closely involved in the remuneration process to ensure that both Remuneration Policy and outcomes reinforce compliance with the Company's risk appetite, including reporting independently to the Committee at least annually on compliance with the risk appetite, on any notable risk events and on the behaviour of the Material Risk Takers.

Incentive plan discretions

The Committee will operate the Company's incentive plans according to their respective rules and the Policy set out above, and in accordance with relevant financial services regulations, the Listing Rules and HMRC rules where relevant.

Following amendments in 2019 the CIP specifically includes relevant clauses to ensure the Remuneration Committee are able to use their discretion to reduce the value of a Cash Award or the number of Shares to a Share Award or the extent to which a Share Award will vest, to avoid an otherwise formulaic outcome.

In line with common market practice, the Committee retains discretion as to the operation and administration of these incentive plans, including:

– who participates;
– the timing of grant and/or payment;
– the size of an award and/or payment (within the plan limits approved by shareholders);
– the manner in which awards are settled;
– the choice of (and adjustment of) performance measures and targets in accordance with the Remuneration Policy set out above and the rules of each plan;
– in exceptional circumstances, amendment of any performance conditions applying to an award, provided the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance targets when set;
– discretion relating to the measurement of performance in the event of a variation of share capital, change of control, special dividend, distribution or any other corporate event which may affect the current or future value of an award;
– determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules; and
– adjustments required in certain circumstances (e.g. rights issues, share buybacks, special dividends, other corporate events, etc.).

Any use of the above discretions would, where relevant, be explained in the Annual report on remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

Performance measurement selection

The Company's incentive plans are designed to incentivise the achievement of demanding financial and business-related objectives, using a balance of measures which could include absolute and relative performance measures, as appropriate, selected to support the Group's key strategic priorities.

The CIP is designed to align the interests of our participants with the longer-term interests of the Company's shareholders by rewarding them for delivering sustained increases in shareholder value, within the Group's risk appetite. CIP performance measures selected reinforce the Group's strategy over the medium to long term, and provide a balance of internal and external perspectives. The Committee has selected EPS as the primary measure as this is a widely accepted measure of bottom-line financial performance and is well aligned with shareholder interests. Performance measures and targets are reviewed by the Committee ahead of each performance period to ensure they are appropriately stretching and achievable over the performance period.

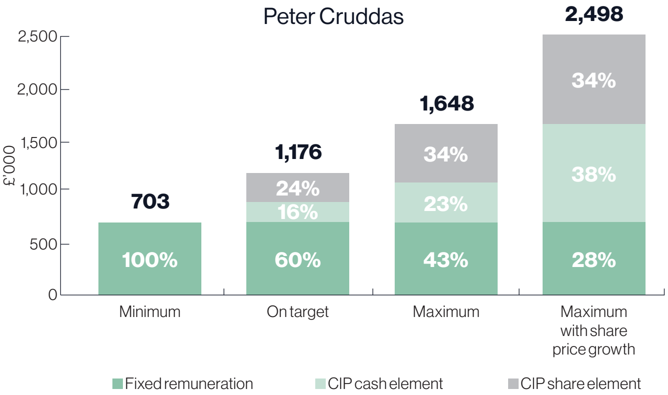
The CIP strengthens the alignment of pay with the measures of performance that are important in creating value for shareholders and also forms a strong retention and motivation mechanism for Executives. The performance measures selected are a combination of financial performance, strategic performance and individual objectives. The achievement of these performance measures will be reviewed by the Committee ahead of any award and the vesting of share awards will be subject to the achievement of a performance underpin over the vesting period.

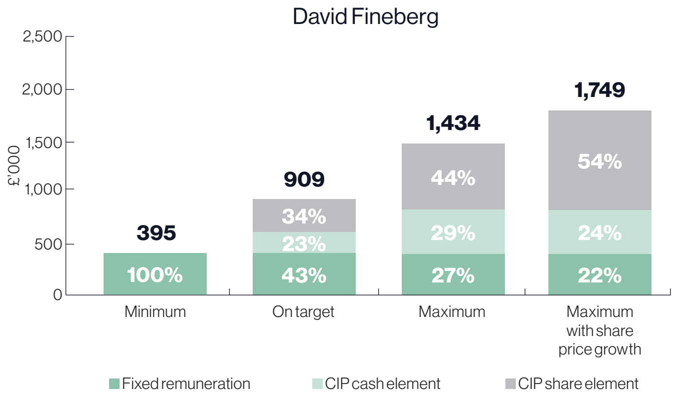
Remuneration Committee report continued

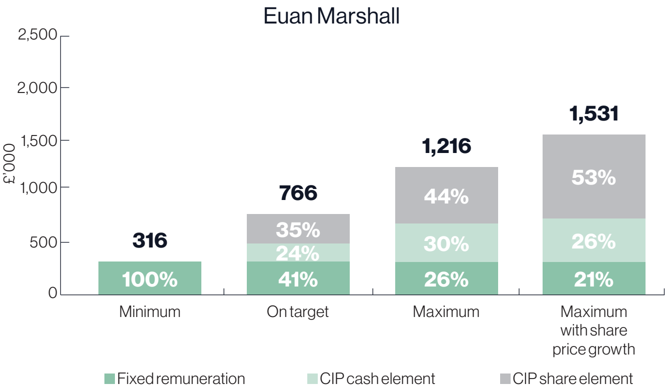
Directors' Remuneration Policy continued

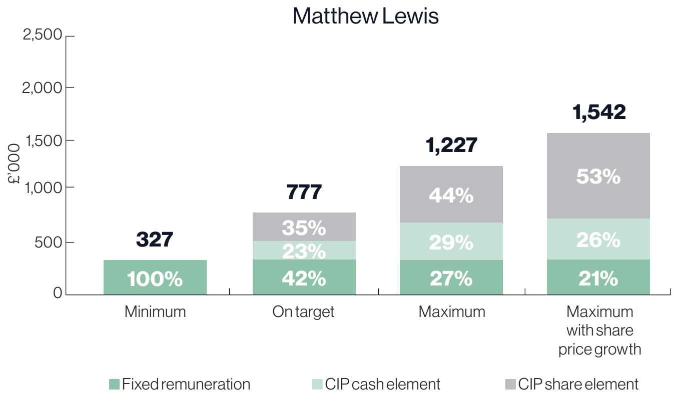
Executive Directors' remuneration scenarios

The charts below provide estimates of the potential future reward opportunity for each of the four Executive Directors, and the implied split between the different elements of remuneration under three different performance scenarios: "Minimum", "On target" and "Maximum".









Assumptions underlying each element of remuneration are provided in the table below.

Component		Minimum	On target	Maximum	Maximum with share price growth
Fixed	Base salary	Latest salary	n/a	n/a	n/a
	Pension	Contribution applies to latest salary	n/a	n/a	n/a
	Other benefits	As presented as a single figure on page 110	n/a	n/a	n/a
Combined incentive		No payment	50% of maximum	100% of maximum	100% of maximum with 50% growth in share price

The column headed "Maximum with share price growth" is the maximum figure but including share price growth of 50% for any part of the CIP paid in shares. Otherwise, the projected value of the deferred element of the combined incentive excludes the impact of share price growth and any potential dividend accrual. Actual remuneration delivered, however, will be influenced by these factors. Deferred awards are subject to continuing employment.

Directors' Remuneration Policy continued

Remuneration Policy for new hires

In the case of hiring or appointing a new Executive Director, the Committee may make use of all the existing components of remuneration.

The salaries of new appointees will be determined by reference to their role and responsibilities, experience and skills, relevant market data, internal relativities and their current salaries. New appointees will be eligible to receive a pension contribution or allowance and benefits and participate in the Company's HMRC approved all-employee Share Incentive Plan, in line with the Remuneration Policy.

New appointees will be entitled to participate in the CIP, as described in the policy table, with the relevant maximum being pro-rated to reflect the period served. The Deferred Share portion of a new appointee's combined incentive award will normally vest on the same terms as other Executive Directors, as described in the policy table. Individual objectives will be tailored to the individual's role.

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that the remuneration arrangements are appropriate and in the interests of the Company and its shareholders. The Committee may consider it appropriate to "buy out" incentive arrangements forfeited by an Executive on leaving a previous employer, and may exercise the discretion available under Listing Rule 9.4.2 if necessary. In doing so, the Committee will ensure that the value of any buyout will as closely as possible mirror the expected value of awards forgone (taking into account progress against any performance conditions attached), and take into consideration the timeframe, performance conditions attached and type of award foregone when constructing a buyout award. Buyout awards will be subject to continued employment over the performance period.

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements.

In the case of hiring or appointing a new Non-Executive Director, the Committee will follow the policy as set out in the table on page 107.

Service contracts

The Executive Directors are employed under contracts of employment with CMC Markets UK plc. The principal terms of the Executive Directors' service contracts are as follows:

Executive Director	Position	Effective date of contract	Notice period from Company	Notice period from Director
Peter Cruddas	Chief Executive Officer	1 February 2016	12 months	12 months
Euan Marshall	Chief Financial Officer	1 November 2019	6 months	6 months
David Fineberg	Deputy Chief Executive Officer	1 February 2016	6 months	6 months
Matthew Lewis	Head of Asia Pacific & Canada	1 November 2019	6 months	6 months

The terms shown in the table above are in line with the Company policy of operating notice periods of up to nine months in the case of Executive Directors, except for the CEO service contract which can have a notice period of up to 12 months. All employees including Executive Directors are subject to a six-month probation period. The contracts have no fixed duration.

Executive Directors' contracts are available to view at the Company's registered office.

Letters of appointment are provided to the Chairman and Non-Executive Directors. Non-Executive Directors have letters of appointment which means that they retire at each AGM and are put up for re-election at the AGM. Non-Executive Directors' letters of appointment are available to view at the Company's registered office.

Non-Executive Directors are all on a three-month notice period, details of the effective date of Non-Executive Directors' letters of appointment are set out below:

Non-Executive Director	Date of initial letter	Date of latest letter	Date of appointment
James Richards	20 October 2014	16 February 2018	1 April 2015
Sarah Ing	7 July 2017	7 July 2017	14 September 2017
Clare Salmon[1]	19 July 2017	19 July 2017	2 October 2017
Paul Wainscott	11 July 2017	11 July 2017	19 October 2017
Susanne Chishti	1 June 2022	1 June 2022	1 June 2022
Clare Francis	14 December 2022	14 December 2022	19 December 2022

1 Clare Salmon resigned as a Non-Executive Director on 28 July 2022.

Directors' Remuneration Policy continued

Exit payment policy

The Company considers termination payments on a case-by-case basis, taking into account relevant contractual terms, the circumstances of the termination and any applicable duty to mitigate. In such an event, the remuneration commitments in respect of Executive Directors' contracts could amount to salary, benefits in kind and pension rights during the notice period, together with payment in lieu of any accrued but untaken holiday leave, if applicable.

The Committee would apply general principles of mitigation to any payment made to a departing Executive Director and would honour previous commitments as appropriate, considering each case on an individual basis.

The table below summarises how the awards under the Combined Incentive Plan and LTIP are typically treated in different leaver scenarios and on a change of control. The Committee retains discretion on determining "good leaver" status, but it typically defines a "good leaver" in circumstances such as retirement with agreement of the Board, ill health, injury or disability, death, statutory redundancy, or part of the business in which the individual is employed or engaged ceases to be a member of the Group. Final treatment is subject to the Committee's discretion.

Event		Timing of vesting/award	Calculation of vesting/payment
CIP	"Good leaver"	On normal vesting date (or earlier at the Committee's discretion).	Unvested awards vest to the extent that any performance conditions have been satisfied and are pro-rated to reflect the proportion of the vesting period served.
	"Bad leaver"	Unvested awards lapse.	Unvested awards lapse on cessation of employment.
	Change of control[1]	On the date of the event.	The Committee will determine the level of vesting taking account of the extent to which performance conditions have been or are likely to be satisfied and, unless the Committee decides otherwise, the proportion of the vesting period served.
LTIP	"Good leaver"	On normal vesting date (or earlier at the Committee's discretion).	Unvested awards vest to the extent that any performance conditions have been satisfied and are pro-rated to reflect the proportion of the vesting period served.
	"Bad leaver"	Unvested awards lapse.	Unvested awards lapse on cessation of employment.
	Change of control[1]	On the date of the event.	The Committee will determine the level of vesting taking account of the extent to which performance conditions have been or are likely to be satisfied and, unless the Committee decides otherwise, the proportion of the vesting period served.

1 In certain circumstances, the Committee may determine that any Deferred Share awards under the annual incentive and both unvested and any deferred awards under the LTIP and CIP will not vest on a change of control and instead be replaced by an equivalent grant of a new award, as determined by the Committee, in the new company.

Upon exit or change of control, SIP awards will be treated in line with the approved plan rules.

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to additional amounts, which would need to be met. In addition, the Committee retains discretion to settle other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and, in which case, the individual is required to seek independent legal advice.

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These will be used sparingly and only entered into where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

Consideration of conditions elsewhere in the Group

In making remuneration decisions, the Committee takes into account the pay and employment conditions of employees across the Group. In particular, the Committee considers the range of base pay increases across the Company as a factor in determining the base salary increases for Executive Directors. The Committee does not consult with employees on the Executive Directors' Remuneration Policy nor does it use any remuneration comparison measurements.

Remuneration Policy for other employees

CMC Markets' approach to annual salary reviews is consistent across the Group. All employees are eligible to participate in the annual incentive award scheme or an equivalent scheme, with targets appropriate to their organisational level and business area. Key senior managers are also eligible for LTIP awards to further support long-term alignment with shareholder interests.

Directors' Remuneration Policy continued

Consideration of shareholder views

The Committee is committed to an ongoing dialogue on Directors' remuneration. It is the Remuneration Committee's intention to consult with major shareholders prior to any major changes to its Remuneration Policy.

Group's Remuneration Policy for Chairman and Non-Executive Directors

The Board determines the Remuneration Policy and level of fees for the Non-Executive Directors, within the limits set out in the Articles of Association. The Remuneration Committee recommends the Remuneration Policy and level of fees for the Chairman of the Board. The Group's policy is:

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Fees To attract suitable individuals with a broad range of experience and skills to oversee shareholders' interests and Company strategy. Fees are set to reflect market value of the role and the individual's time commitment, responsibility, performance and contribution.	**Annual fee for the Chairman** Annual base fee for the Non-Executive Directors. Additional fees are paid to Non-Executive Directors for additional services such as chairing a Board Committee, performing the role of Senior Independent Director, etc. Fees are reviewed from time to time taking into account time commitment, responsibilities, and fees paid by companies of a similar size and complexity. Fee increases are applied in line with the outcome of the review. **Expenses** The Company may reimburse NEDs in cash for reasonable expenses (including any tax due thereon) incurred in carrying out their role.	Fee increases are applied in line with the outcome of the review. Aggregate fees will not exceed the limit approved by shareholders in the Articles of Association which is currently £750,000.	Not applicable.

Minor changes

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without requiring prior shareholder approval for that amendment.

Annual report on remuneration

Principal responsibilities of the Remuneration Committee

The Committee is responsible for determining the Remuneration Policy for the Executive Directors and ensuring that incentive payments are aligned to the Company's purpose, values and strategy in order to promote long-term sustainable success. The Committee is also responsible for setting the remuneration of the Chairman of the Board, members of the Senior Leadership Team, including the Company Secretary, and overseeing the remuneration framework and practices for the wider workforce.

The main role and responsibilities of the Remuneration Committee are:

– to review and agree appropriate Remuneration Policies which comply with all relevant regulations;

– to review and determine the remuneration of the Executive Directors and the senior management team having regard to remuneration of the wider CMC workforce;

– to review and ensure that incentive payments to Executive Directors are linked to the achievement of stretching financial performance and both strategic and individual agreed objectives;

– to ensure that remuneration incentivises and retains key employees including the Executive Directors and senior management;

– to ensure that Executive remuneration is linked to the delivery of the long-term success of the Company;

– have oversight of the operation of remuneration arrangements across the CMC Group through regular review of "management" information including gender related data;

– to review any major changes to employee benefit structures, including new share schemes, and ensure that shareholders are consulted, and the required approval processes followed;

– to review the appropriateness of remuneration against the risk management strategy following advice from the Group Risk Committee; and

– to ensure all relevant regulations relating to Executive Director remuneration are adhered to.

Annual report on remuneration continued

Committee composition, attendance and advisers

The Committee is chaired by Sarah Ing with James Richards, Paul Wainscott, Susanne Chishti (from 1 June 2022), and Clare Francis (from 19 December 2022) as members, all of who are considered independent. Clare Salmon served on the Committee until 28 July 2022.

The Committee held seven scheduled meetings in the financial year, attendance by Committee members is shown on page 79.

During the year, the Committee was advised by independent remuneration consultants Willis Towers Watson ("WTW") on various remuneration matters including providing advice on all elements of remuneration for the Executive Directors, the Remuneration Policy and best-practice and market updates. WTW is a member of the Remuneration Consultants Group ("RCG") and is a signatory to the RCG's Code of Conduct. It was confirmed that none of the Committee members had any connection or conflicts of interest in regard to this appointment. Additional legal advice was sought from Tapestry Compliance Limited in respect of the Group's share-based plans.

The Chief Executive Officer, Deputy CEO, Chief Financial Officer and Head of Asia Pacific & Canada attend Committee meetings by invitation but do not attend to take part in any discussions relating to their own remuneration. The Head of HR attends Committee meetings where appropriate to the matters being considered including both Executive and wider workforce remuneration. No Director or employee is involved in discussions regarding their own pay.

Main activities during the financial year

May 2022
- Overview of corporate salary review and bonus allocation for 2022
- Consideration of CIP and MEP performance conditions
- Senior management performance and consideration of LTIP awards
- Reviewing the draft Directors' Remuneration Report
- Consideration of Executive Director performance and CIP awards
- Indicative vesting of 2020 MEP awards
- Criteria for and identification of material risk takers
- Review of the Committee's terms of reference
- Implications of the IFPR on the CEO's remuneration and, in particular, the split of his CIP awards between cash and shares

July 2022
- Approving the grant and vesting of Incentive schemes
- Approving 2023/24 Executive Director performance objectives

Nov 2022
- Approving senior management performance objectives 2023/24
- Receiving an update on market and governance developments
- Considering diversity and inclusion targets
- Approving 2023/24 CEO performance objectives
- Receiving H1 2023 performance management update
- Approving the re-appointment of remuneration consultants

Jan 2023
- Considering the CEO performance objectives
- Approving the Group remuneration policy
- Consideration of the CIP performance underpin
- Consideration of remuneration matters arising from senior hires and exits
- Receiving a progress update on Diversity & Inclusion progress update

Feb 2023
- Discussing the CIP performance underpin
- Considering LTIP vesting performance conditions and vesting structure
- Discussing indicative performance review ratings for business teams/senior staff
- Approving the Group remuneration policy

March 2023
- Consideration of fair pay analysis and gender pay reporting 2022/23
- Discussion of the proposed bonus pool for 2023 and corporate salary review
- Discussion on Executive Director performance
- Consideration of CIP performance underpin
- Review of Committee's annual calendar

Annual report on remuneration continued

Compliance with the 2018 UK Corporate Governance Code

The Committee considers the Remuneration Policy and current practices to address the requirements contained within Provision 40 of the Code. As noted in the Committee Chair's statement, Susanne Chishti is the designated Non-Executive Director for engaging with the workforce on a variety of topics including remuneration.

Provision	How addressed
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Remuneration Policy is clearly disclosed in this report and the Committee has proactively engaged with key institutional shareholders as part of the renewal process. The Committee receives regular updates on market practice and has received updates on pay within the wider workforce.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Committee aims for our arrangements to be as simple as possible by, for example, operating a single combined incentive arrangement. Our aim is for disclosure in this report to be easy to understand for our stakeholders.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Company's discretionary incentive plans ensure the Committee has discretion to reduce the size of awards and awards are subject to malus and clawback provisions. The Committee has discretion to adjust formulaic outcomes if it does not consider them appropriate (see policy pages 100 to 107).
Predictability – the range of possible reward values to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	Scenario charts for all Executive Directors are included in the Remuneration Policy and show estimates of potential future reward opportunity and the implied split between the different elements of remuneration under three different performance scenarios. The policy includes an explanation of the discretions that can be exercised by the Committee.
Proportionality – the range of possible reward outcomes, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	A significant part of an Executive's reward is linked to performance with a clear line of sight between business performance and the delivery of shareholder value.
Alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Company's strategy. Please see pages 24 to 28 of this report for more information on the Company's strategy and key performance indicators.

The Remuneration Policy operated as intended in the year ending 31 March 2023 and the following section sets out the remuneration arrangements and outcomes for the year ended 31 March 2023, and how the Committee intends the Remuneration Policy to apply during the year ending 31 March 2024.

The following pages have been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and Rules 9.8.6 and 9.8.8 of the Listing Rules. The Directors' remuneration report, excluding the Remuneration Policy, will be put to an advisory shareholder vote at the Annual General Meeting on 27 July 2023.

Remuneration Committee report continued

Annual report on remuneration continued

Single total figure of Executive Director remuneration (audited)

The table below sets out the single total figure of the remuneration received by each Executive Director who served during the years ending 31 March 2022 and 31 March 2023.

Name	Year ended 31 March	Salary £'000	Benefits[1] £'000	Pension[4] £'000	Other[5] £'000	Total fixed remuneration £'000	Annual incentives[2] £'000	Long-term incentives[3] £'000	Total variable remuneration £'000	**Total £'000**
Peter Cruddas[7]	**2023**	**700.0**	**3.0**	**—**	**—**	**703.0**	**137.6**	**—**	**137.6**	**840.6**
	2022	700.0	3.0	—	—	703.0	155.2	—	155.2	**858.2**
David Fineberg	**2023**	**350.0**	**1.7**	**30.8**	**1.8**	**384.3**	**148.2**	**159.2**	**307.4**	**691.7**
	2022	350.0	1.7	24.5	1.8	378.0	165.4	926.5	1,091.9	**1,469.9**
Euan Marshall	**2023**	**250.0**	**1.7**	**13.2**	**1.8**	**266.7**	**72.5**	**31.6**	**104.1**	**370.8**
	2022	250.0	1.7	13.2	1.8	266.7	69.2	—	69.2	**335.9**
Matthew Lewis[6]	**2023**	**288.2**	**0.4**	**13.3**	**—**	**301.9**	**131.4**	**59.1**	**190.5**	**492.4**
	2022	297.0	0.5	12.7	—	310.2	146.8	332.5	479.3	**789.5**

1 Benefits: taxable value of benefits received in the year by Executive Directors comprises private health insurance and club membership for Peter Cruddas and health insurance for David Fineberg, Euan Marshall and life assurance for Matthew Lewis.

2 The total cash element of the CIP award earned in respect of performance during the relevant financial year.

3 The long-term incentive payment in 2023 to David Fineberg , Euan Marshall and Matthew Lewis relates to the vesting of the first tranche of the CIP award granted in 2020. The Remuneration Committee agreed there were no factors prompting the application of the performance underpin therefore the first tranche will vest in full. Dividend equivalents are included in the figures. The value of the award was calculated using the average closing share price in the last three months of 2023 of £2.34. The value attributable to share price growth is -£48,646, -£9,654 and -£18,073 for David Fineberg, Euan Marshall and Matthew Lewis respectively. This was calculated using the grant price of £3.49 and the vesting price (share price as at date of award vest) of £2.34.

The long-term incentive payment in 2022 to David Fineberg and Matthew Lewis relates to the vesting of the November 2018 LTIP Performance Award. The majority of the performance targets were yielding a total vesting of 97.3% of the granted shares. Dividend equivalents are included in the figures. The value attributable to share price growth is £458,093 and £175,456 for David Fineberg and Matthew Lewis respectively. This was calculated using the grant price of £2.05 and the vesting price of £4.66.

4 Pension: during the year ended 31 March 2023, David Fineberg and Euan Marshall were eligible to receive a Company pension contribution of up to 7% of salary in line with the maximum contribution received by employees across the Group. Matthew Lewis received contributions to the Superannuation plan in Australia. Peter Cruddas opted out of the plan and no compensation was provided. None of the Executive Directors have a prospective right to a final salary pension by reference to years of qualifying service.

5 Share Incentive Plan: employees, including the Executive Directors, are entitled to participate in the SIP throughout the year; it allows employees and Directors to receive one matching share for every partnership share purchased under the SIP up to the limits defined by HMRC. In 2023, 719 matching shares were allocated to David Fineberg , and 719 matching shares were allocated to Euan Marshall, calculated on the dates of purchase. In 2022, 568 matching shares were allocated to David Fineberg, and 568 matching shares were allocated to Euan Marshall, calculated based on the dates of purchase. The free and matching shares will be forfeited if, within three years from the date of grant, the individual leaves employment in certain circumstances. Peter Cruddas and Matthew Lewis do not participate in the plan.

6 The decrease in salary for Matthew Lewis reflects prevailing exchange rates.

7 During the year £5,592.23 relating to a personal expense for Peter Cruddas was paid by CMC Markets UK plc due to an administrative error. This amount will be reimbursed.

CIP for the year ended 31 March 2023 (audited)

During the year ended 31 March 2023 the Executive Directors participated in the Combined Incentive Plan with a maximum opportunity of up to 135% of salary for Peter Cruddas, CEO, up to 300% of salary for David Fineberg, Deputy CEO and Matthew Lewis, the Head of Asia Pacific & Canada, and up to 200% of salary for Euan Marshall, the CFO.

In considering the combined incentive Cash Award and Share Award, together comprising the Award, due to the Executive Directors for the year ended 31 March 2023, the Committee reviewed Group earnings per share ("EPS") against targets over the period.

Group financial performance measure

Financial performance measures account for 60% of the total award.

Measure	Threshold	Target	Maximum	Actual
Group earnings per share ("EPS")	15.4 pence	20.7 pence	25.7 pence	14.6 pence

Whilst the Group has had another strong year diluted EPS was 14.6 pence against a threshold target of 15.4 pence, resulting in a 0% award from this element of the Plan.

Annual report on remuneration continued

CIP for the year ended 31 March 2023 (audited) continued

Group strategic and personal performance measures

Strategic performance measures account for 30% of the total award and personal measures account for 10% of the total award.

Chief Executive Officer strategic objectives (30%)	Score	Assessment
In line with the programme approved by the Board drive the delivery of all projects grow and CMC's investing products into new jurisdictions, meeting all relevant KPIs and financial metrics.	100%	The launch of the Invest product in Singapore is due to be delivered on time and within budget. Enhancements to the UK and existing APAC & Canada investing product suites have also been delivered to a high standard.
Provide strategic leadership for the key project initiatives across CMC's platform and product offering including the provision of options and equities to Connect clients, and improved Treasury management capabilities.	90%	Strong progress has been on the majority of the initiatives many of which are now generating enhanced revenues.
Drive CMC's trading business to ensure levels of client retention and overall satisfaction are improved and not impacted by the diversification of the business.	100%	The Remuneration Committee has considered a number of measures including client retention, Net Promoter, CSAT and Trust Pilot scores which confirm this objective has been met.
Continue to evolve and develop the senior leadership team to reflect the increasing complexity and strategic ambition of CMC.	75%	Experienced hires have been made to support the delivery of the options and cash equity products. Risk, compliance and legal have also improved their overall capabilities in line with the planned increase in product complexity.
Jointly sponsor with the wider ED team, the development and delivery of a strategy to improve Diversity & Inclusion and ESG across CMC.	75%	Good progress has been made in the development of the strategies but further work is now needed set tangible targets and a programme of initiatives to meet those targets.
Award for strategic objectives	**26%**	
Personal and mandatory risk objective (10%):		
Lead CMC Markets to deliver its vision and objectives by demonstrating leadership skills fully aligned with CMC values, Ways of Working and conduct code.	100%	Peter has continued to lead by example to deliver to the Company's values, ways of working and code of conduct.
Award for personal objective	**10%**	
Total for strategic and personal objectives (40%)	**36%**	

Deputy CEO strategic objectives (30%)	Score	Assessment
Lead the delivery of significant improvements in the quality of the client offering with the trading, investing and premium proposition.	90%	Strong progress has been made on the majority of the initiatives many of which are now generating enhanced revenues.
Sponsor the establishment of the new office in Manchester.	100%	Office is fully operational with six employees in place to date.
Establish a programme of continuous improvement for the institutional product offering.	100%	David has led a process to establish a comprehensive strategy to significantly expand our institutional offering and the team has delivered record results once again in this financial year.
With the CFO, jointly lead the Transformation programme globally.	75%	Good progress has been made in establishing and prioritising the relevant initiatives for CMC. The resourcing of squads is progressing well along with the aligning processes to a digital approach.
With the wider Executive Director team lead a programme to align CMC to its strategic initiatives and core product pillars.	75%	Key functions have been aligned to each pillar and initiatives given dedicated resource allocation and specific accountability. Good progress has been made in delivering the Enterprise Risk Management Framework.
Ensure CMC's Net Promoter and Client Satisfaction scores are sustained to the following levels: Threshold – maintain current position during 2023; On target – improve current position during 2023.	75%	The Remuneration Committee has considered a number of measures including client retention, Net Promoter score, CSAT and Trust pilot scores which confirm this objective has been significantly met.
Jointly sponsor with the wider ED team, the development and delivery of a strategy to improve Diversity & Inclusion and ESG across CMC.	75%	Good progress has been made in the development of the strategies but further work is now needed to set tangible targets and a programme of initiatives to meet those targets.
Award for strategic objectives	**25%**	
Personal and mandatory risk objective (10%):		
Lead CMC Markets to deliver its vision and objectives by demonstrating leadership skills fully aligned with CMC values, Ways of Working and conduct code.	100%	David has continued to lead by example to deliver to the Company's values, ways of working and code of conduct.
Award for personal objective	**10%**	
Total for strategic and personal objectives (40%)	**35%**	

Annual report on remuneration continued

CIP for the year ended 31 March 2023 (audited) continued

Chief Financial Officer strategic objectives (30%)	Score	Assessment
Lead a programme to improve the performance monitoring of the strategic initiative programme globally.	100%	The programme has delivered a suite of metrics and reports by which strategic initiatives are assessed and progress is monitored.
Deliver enhanced segmental cost reporting to better understand the prospective value generated by each pillar of the business.	100%	Significant improvements have been made to these processes leading to an enhanced understanding of value generation business wide.
With the wider Executive Director team lead a programme to align CMC to its strategic initiatives and core product pillars.	75%	Key functions have been restructured to align to each pillar and initiatives given clearly resource allocation and accountability. Good progress has been made in delivering the Enterprise Risk Management Framework.
Lead the delivery of an enhanced Treasury management function for CMC.	100%	Significant improvements made in client money, reporting and own fund utilisation. Programme of further improvements is progressing.
With the Deputy CEO, jointly lead the Transformation programme globally.	75%	Good progress has been made in establishing and prioritising the relevant initiatives for CMC. The resourcing of squads is progressing well along with the aligning processes to a digital approach.
Jointly sponsor with the wider ED team, the development and delivery of a strategy to improve Diversity & Inclusion and ESG across CMC.	75%	Good progress has been made in the development of the strategies but further work is now needed to set tangible targets and a programme of initiatives to meet those targets.
Award for strategic objectives	**26%**	
Personal and mandatory risk objective (10%):		
Lead CMC Markets to deliver its vision and objectives by demonstrating leadership skills fully aligned with CMC values, Ways of Working and conduct code.	100%	Euan has continued to lead by example to deliver to the Company's values, ways of working and code of conduct.
Award for personal objective	**10%**	
Total for strategic and personal objectives (40%)	**36%**	

Head of Asia Pacific & Canada strategic objectives (30%)	Score	Assessment
Lead the successful transition of the ANZ Share Investing customer base to CMC's platform.	100%	Excellent progress has been made with this key transaction for CMC with Matthew successfully leading the process. The programme is being delivered to time and budget, and meeting all the relevant commercial performance measures.
Lead the successful delivery of the Invest Singapore project.	90%	Invest Singapore is due to be successfully delivered to time and budget and a soft launch process has commenced.
Deliver significant improvements in the quality of the client offering in the APAC & Canada region.	100%	Strong progress has been made on the all initiatives many of which are now generating enhanced revenues. APAC & Canada now taking the lead on the global development and roll out of certain products for example our MT4 product.
Lead the successful delivery of physical cryptocurrencies for Invest Australia.	90%	Delivered to budget and time with a launch date scheduled for Q1.
Jointly sponsor with the wider ED team, the development and delivery of a strategy to improve Diversity & Inclusion and ESG across CMC.	50%	Good progress has been made in the development of the strategies but further work is now needed set tangible targets and a programme of initiatives to meet those targets.
Ensure CMC's Net Promoter Scores sustained to the following levels: Threshold – maintain current position during 2022; On target – improve current position during 2023.	75%	The Remuneration Committee has considered a number of measures including client retention, Net Promoter score, CSAT and Trust pilot scores which confirm this objective has been significantly met.
Award for strategic objectives	**26%**	
Personal and mandatory risk objective (10%):		
Lead CMC Markets to deliver its vision and objectives by demonstrating leadership skills fully aligned with CMC values, Ways of Working and conduct code.	100%	Matthew has continued to lead by example to deliver to the Company's values, ways of working and code of conduct.
Award for personal objective	**10%**	
Total for strategic and personal objectives (40%)	**36%**	

Annual report on remuneration continued

CIP for the year ended 31 March 2023 (audited) continued

Based on the outcomes against the performance targets the Committee recommended the following awards under the Combined Incentive Plan.

Executive Directors, Combined Incentive outcomes

						Cash award		Share award	
	Role	Max award % salary	Overall outcome (% of max opportunity)	Award (as % salary)	Total award (£'000)	(£'000)	% salary	(£'000)	% salary
Peter Cruddas	Chief Executive Officer	135%	36.4%	49%	344.0	137.6	20%	206.4	29%
David Fineberg	Deputy Chief Executive Officer	300%	35.3%	106%	370.5	148.2	48%	222.3	58%
Euan Marshall	Chief Financial Officer	200%	36.3%	73%	181.3	72.5	29%	108.8	44%
Matthew Lewis	Head of Asia Pacific & Canada	300%	36.5%	110%	328.5	131.4	44%	197.1	66%

Vesting of awards under the CIP in the financial year ended 31 March 2023 (audited)

No awards made to any Executive Director under the LTIP which vested in the year.

Share awards granted in year (audited)

The table below provides details of the deferred element of the 2022 CIP.

Director	Face value of award (£'000)	No. of shares awarded
Peter Cruddas	155.2	67,560
David Fineberg	165.3	71,981
Euan Marshall	68.1	30,115
Matthew Lewis	146.8	63,901

Notes:

The awards were granted as conditional shares. The award share price was £2.808, calculated using the three-day average share price prior to the date of grant of the award.

Awards vest at 40%, 30% and 30% after three, four and five years respectively and are subject to a performance underpin assessed at the end of three financial years following the one-year performance period. The performance underpin will consist of a broad review of the performance of the business and will take into account the Company's three-year TSR performance, three-year aggregate profit levels and any regulatory breaches during the period. The Committee has discretion to apply other factors.

Implementation in 2023/24

Salary

The Chief Executive Officer will not receive a pay rise with effect from 1 June 2023. David Fineberg and Matthew Lewis will receive 4.5% increase with effect from 1 June 2023. Euan Marshall will receive a 20% increase with effect from 1 June 2023 the rationale for which is detailed in the Remuneration Committee Chair's letter. The table below summarises these changes:

Name	Role	Previous salary	Adjusted salary	Percentage change
Peter Cruddas	Chief Executive Officer	£700,000	£700,000	—
David Fineberg	Deputy Chief Executive Officer	£350,000	£365,750	4.5%
Euan Marshall	Chief Financial Officer	£250,000	£300,000	20.0%
Matthew Lewis	Head of Asia Pacific & Canada	£300,000	£313,500	4.5%

Remuneration Committee report continued

Annual report on remuneration continued

Implementation in 2023/24 continued

Combined Incentive Plan

The Committee also proposes to continue to use Group financial, strategic and individual performance against targets for the 2023/24 financial year as the basis on which the combined incentive will be awarded. The performance measures applied to the combined incentive will be:

- 60% financial;
- 30% strategic performance; and
- 10% personal objectives.

In relation to the financial target, the Committee has ensured that a sufficiently stretching range has been set by taking account of a number of internal and external reference points and the impact of regulatory change. The target range will be disclosed in next year's Annual Report and Financial Statements. With regard to the strategic and personal objectives, these will be evaluated based on quantitative measurable objectives in the significant majority of cases. The Directors believe that these performance measures are commercially sensitive therefore detailed disclosure of these outcomes will be included in the 2024 Annual Report and Financial Statements. The maximum awards achievable under the CIP for the 2024 will be 300% of salary for the CFO, Deputy CEO and Head of APAC & Canada. For the CEO the maximum award achievable is 135% of salary.

Pension

With the exception of the CEO who does not currently participate in the scheme, the Executive Directors based in the UK can receive a pension contribution of 7% of salary, or cash in lieu of pension (net employer costs). The Head of Asia Pacific & Canada receives Superannuation in Australia.

Share ownership and share interests (audited)

The Committee has adopted guidelines for Executive Directors and other senior Executives to encourage substantial long-term share ownership. Executive Directors are expected to build and hold shares of at least 200% of salary and to retain at least 50% of shares vesting (net of tax) until the guideline is achieved.

The table below shows the interests of the Directors and connected persons in shares and the extent to which CMC Markets' shareholding guidelines are achieved.

	Total share interests at 31 March 2023 Number	**Total share interests 31 March 2023 as a % salary**	Requirement met	Unvested awards not subject to performance conditions[1]	Unvested awards subject to performance conditions[2]
Executive Directors					
Peter Cruddas (including shares held by spouse)	**174,149,738**	**43,736%**	Yes	—	67,560
David Fineberg[1] (including shares held by spouse)	**464,010**	**230%**	Yes	2,798	336,956
Euan Marshall[1] (including shares held by spouse)	**37,197**	**23%**	No	4,458	112,305
Matthew Lewis[1] (including shares held by spouse)	**281,464**	**157%**	No	1,437	221,110

1 David Fineberg and Euan Marshall have interests under the Share Incentive Plan subject to forfeiture for three years. Matthew Lewis has interests in the International Share Incentive Plan.

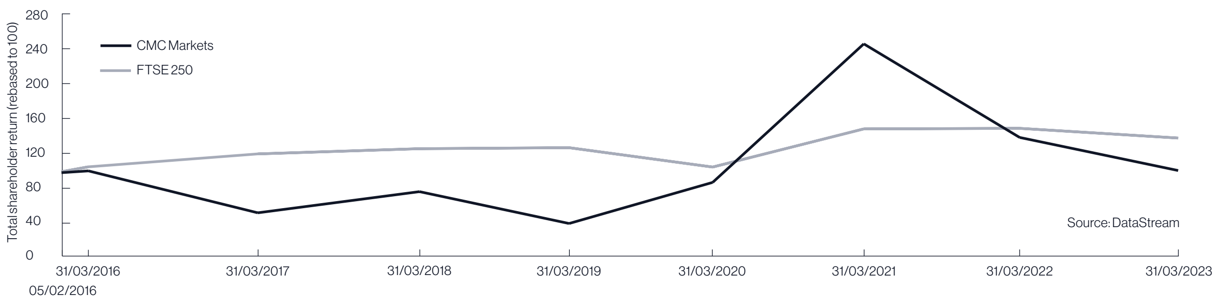
2 Unvested Deferred Share awards under made the CIP are included as unvested awards subject to performance conditions and do not count towards the total share interests.

David Fineberg and Euan Marshall have continued to participate in the Share Incentive Plan, each acquiring 172 matching shares and 172 partnership shares during April and May.

There are no other changes to shareholdings between 31 March 2023 and 30 May 2023.

Total shareholder return ("TSR") performance and CEO single figure

The below chart compares the total shareholder return ("TSR") of the Company against the FTSE 250 Index based on £100 invested at listing (5 February 2016). The FTSE 250 is used as the benchmark as CMC Markets is a constituent of this index.



Annual report on remuneration continued

CEO pay history

Name	Year ended 31 March 2016[1]	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2022	**Year ended 31 March 2023**
CEO single figure of remuneration (£'000)	739.9	412.8	845.8	434.4	1,048.5	1,459.4	858.2	**840.6**
Annual incentive payout (as % of maximum)	100%	0%	83%	0%	100%	91%	37%	**36%**
Long-term incentives (as % of maximum)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**

1 CMC Markets plc listed on the London Stock Exchange on 5 February 2016; however the full-year single figure has been included here for the year ended 31 March 2016.

Percentage change in remuneration

The table below shows the annual percentage change in salary, taxable benefits and annual incentive for each Director with colleagues employed by the Group who are also not Directors of the Group:

	2021			2022			**2023**		
% Change in ED & NED remuneration	Salary/fees	Taxable benefits	Annual incentive	Salary/fees	Taxable benefits	Annual incentive	**Salary/fees**	**Taxable benefits**	**Annual incentive**
Executive Directors									
Peter Cruddas	34%	0%	43%	18%	0%	-60%	**0%**	**0%**	**-11%**
David Fineberg	3%	7%	0%	0%	0%	-61%	**0%**	**-3%**	**-10%**
Euan Marshall	0%	0%	14%	0%	0%	-64%	**0%**	**-3%**	**5%**
Matthew Lewis[3]	24%	0%	18%	7%	0%	-60%	**-3%**	**0%**	**-10%**
Non-Executive Directors									
James Richards	18%	n/a	n/a	11%	4,692%[6]	n/a	**0%**	**72%**	**n/a**
Paul Wainscott	8%	0%	n/a	5%	513%[6]	n/a	**6%**	**448%**	**n/a**
Sarah Ing	8%	n/a	n/a	5%	n/a	n/a	**4%**	**n/a**	**n/a**
Susanne Chishti[4]	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**	**n/a**	**n/a**
Clare Francis[5]	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**	**n/a**	**n/a**
Clare Salmon[1]	8%	n/a	n/a	10%	n/a	n/a	**-66%**	**n/a**	**n/a**
All employees[2]	5%	0%	15%	8%	0%	-5%	**9%**	**0%**	**-9%**

1 Clare Salmon resigned as a Non-Executive Director on 28 July 2023.

2 The employee figure relates to those "same store" employees i.e. those employed on 1 April 2022 and compares their salary then to 31 March 2023. Annual incentive figure is based on the corporate bonus awards and does not reflect stock awarded to employees.

3 The salary decrease for Matthew Lewis is as a result of exchange rate movements.

4 Susanne Chishti was appointed on 1 June 2022.

5 Clare Francis was appointed on 19 December 2022.

6 The increase in taxable benefits reflects the limited travel allowed in 2021 due to the pandemic.

Pay ratio reporting

The Company is required to publish information on the pay ratio of the Group Chief Executive to UK employees. The table below sets out the ratio of the pay and benefits of the median UK employee (P50) and those at the 25th (P25) and 75th (P75) percentile to the remuneration received by the Group Chief Executive Officer. We have used "method A" as we believe it provides the most consistent and comparable outcomes. The ratios reflect all remuneration received by an individual in respect of the relevant years, and includes salary, benefits, pension, and value received from incentive plans. Employee pay and benefits were determined on 31 March 2023 using the same approach as used for the Single Total Figure. Pay ratios have remain unchanged for P50 and P75, with pay increases within the P25 population during 2023 reducing the P25 ratio to 17:1 from 18:1.

		Total remuneration		
Financial year	Methodology	P25 (lower quartile) pay ratio	P50 (median) pay ratio	P75 (upper quartile) pay ratio
2023	A	17:1	11:1	8:1
2022	A	18:1	11:1	8:1
2021	A	33:1	21:1	15:1
2020	A	26:1	17:1	12:1

Annual report on remuneration continued

Pay ratio reporting continued

The change in ratio in 2022 and 2023 compared to 2021 reflects the non-achievement of the financial objective under the CIP scheme. The change from 2022 to 2023 also reflects the reduction in the cash element of the award from 45% to 40%. Comparative employee reward elements are detailed below:

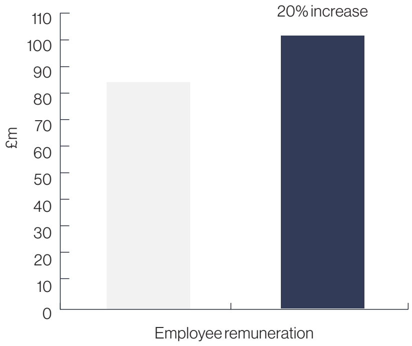
	CEO £'000	P25 (lower quartile) £'000	P50 (median) £'000	P75 (upper quartile) £'000
Total salary	703.0	44.3	70.5	90.5
Total remuneration	840.5	48.6	79.3	108.2

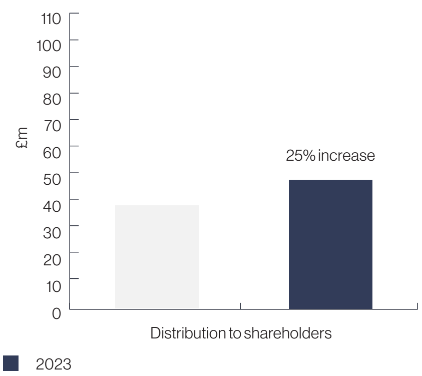
Our principles for pay setting and progression in our wider workforce are the same as for our Executives, with total reward being sufficiently competitive to attract and retain high calibre individuals without over-paying and providing the opportunity for individual development and career progression. The pay ratios reflect how remuneration arrangements differ as accountability increases for more senior roles within the organisation, and in particular the ratios reflect the weighting towards long-term value creation and alignment with shareholder interests for the CEO. Our employees received a presentation on how executive remuneration aligns to that of the wider company in March 2022. This presentation will be given again in July 2023 to reflect our 2023 reward outcomes.

We are satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees. The median reference employee has the opportunity for annual pay increases, annual performance payments and career progression.

Relative importance of spend on pay

The chart below illustrates the Group's actual expenditure on shareholder distributions (including dividends and share buybacks) and total employee pay expenditure for the financial years ended 31 March 2022 and 31 March 2023.





Dilution

The Company's share schemes are funded through a combination of shares purchased in the market and new-issue shares, as appropriate. The Company monitors the number of shares issued under these schemes, compared to the relevant dilution limits set by the Investment Association in respect of all share plans (10% in any rolling ten-year period) and Executive share plans (5% in any rolling ten-year period).

Payments to past Directors and for loss of office (audited)

There were no payments to past Directors and for loss of office during the year.

Non-Executive Director remuneration

The table below sets out the remuneration for the Non-Executive Directors for the year ending 31 March 2023. The fees for the Chairman have not changed this year. The Non-Executive Director fee has increased from £70,000 to £75,000 , the Committee Chair and SID fees increased from £10,000 to £15,000, and the Workforce Engagement Non-Executive Director fee has increased from £7,500 to £10,000 to reflect the increased time commitment in fulfilling these roles for CMC Markets . During the year an additional fee of £10,000 was approved for the new position of Non-Executive Director responsible for Consumer Duty.

Role	£'000
Chairman fee	210.0
Non-Executive Director fee	75.0
Committee Chairman additional fee	15.0
Workforce Engagement Director fee	10.0
Consumer Duty Non-Executive Director Fee	10.0
Senior Independent Director additional fee	15.0

The fees detailed above for 2023 will be unchanged for the year ending 31 March 2024.

Annual report on remuneration continued

External appointments

It is the Board's policy to allow Executive Directors to take up external non-executive positions, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. Peter Cruddas was a Director of The Peter Cruddas Foundation, Finada Limited and Crudd Investments Limited during the year ended 31 March 2023 and received no fees in relation to these appointments. No other Executive Director held any outside appointments.

Single total figure of Non-Executive Director remuneration (audited)

The table below sets out the single total figure of the remuneration received by each Non-Executive Director who served during the year ended 31 March 2023. The fees set out in the table below reflect the actual amounts paid during the year. The Non-Executive Directors do not receive any variable remuneration.

Remuneration comprises an annual fee for acting as a Chairman or Non-Executive Director of the Company. Additional fees are paid to Non-Executive Directors in respect of service as Chair of the Group Audit, Group Risk or Remuneration Committees, Senior Independent Director, Workforce Engagement Non-Executive Director and Consumer Duty Non-Executive Director.

Name	Year ended 31 March	Base fee £'000	Committee fee £'000	SID fee £'000	Stakeholder / Client NED fee £'000	Benefits[1] £'000	Total[2] £'000
James Richards	**2023**	**210.0**	**—**	**—**	**—**	**20.6**	**230.6**
	2022	210.0	—	—	—	12.0	222.0
Paul Wainscott	**2023**	**71.7**	**11.7**	**8.3**	**—**	**8.4**	**100.1**
	2022	70.0	10.0	5.0	—	1.5	86.5
Clare Salmon[3]	**2023**	**25.3**	**3.3**	**—**	**—**	**—**	**28.6**
	2022	73.7	10.0	—	—	—	83.7
Sarah Ing	**2023**	**71.7**	**11.7**	**—**	**—**	**—**	**83.4**
	2022	70.0	10.0	—	—	—	80.0
Susanne Chishti[4]	**2023**	**60.0**	**—**	**—**	**4.6**	**—**	**64.6**
Clare Francis[5]	**2023**	**21.6**	**3.8**	**—**	**2.5**	**0.5**	**28.4**

1 Non-Executive Directors are not entitled to benefits. Benefits (and any tax due thereon) relates to reimbursed travel expenses.

2 Non-Executive Directors are not entitled to receive share-based payments and no award of shares was granted to any NEDs during the period.

3 Clare Salmon resigned as a Non-Executive Director on the 28 July 2022. An error was made in implementing her final date of employment which caused an over payment. The over payment is being recovered so these figures reflect the correct emoluments due.

4 Susanne Chishti was appointed on 1 June 2022.

5 Clare Francis was appointed on 19 December 2022.

Non-Executive Director share ownership and share interests (audited)

The table below shows the interests of the Non-Executive Directors and connected persons in shares.

Name	Ordinary Shares held at 31 March 2022	**Ordinary Shares held at 31 March 2023**
James Richards	—	**—**
Paul Wainscott	—	**—**
Clare Salmon[1]	824	**824**
Sarah Ing	—	**—**
Susanne Chishti	—	**—**
Clare Francis	—	**—**

1 Clare Salmon's shareholding is up to her leaving date of 28 July 2022.

There are no other changes to shareholding between 31 March 2023 and 30 May 2023.

Annual report on remuneration continued

The Remuneration Committee

During the year, the Committee sought internal support from the Executive Directors, who attended Committee meetings by invitation from the Chair. Advice was sought on specific questions raised by the Committee and on matters relating to the performance and remuneration of senior managers. No Director was present for any discussions that related directly to their own remuneration. The Company Secretary, or their deputy, attends each meeting as Secretary to the Committee.

Advisers to the Remuneration Committee

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. Willis Towers Watson ("WTW") have continued to act as advisers to the Committee throughout the year. WTW were appointed in 2017 by the Committee following a review of advisers. WTW are voluntary signatories to the Code of Conduct for Remuneration Consultants, which assures clients of independence and objectivity. Details of the Code can be found at www.remunerationconsultantsgroup.com. During the year, WTW provided independent advice on a range of remuneration matters including current market practice, benchmarking of Executive pay and incentive design. The fees paid to WTW in respect of work carried out, on a time and expenses basis, for the Committee for the year under review totalled £46,500. The Committee is comfortable that the advice it has received has been objective and independent.In addition to advising on Executive Director and senior management remuneration WTW are also the principle providers of market data for the wider employee population in London and Sydney.

Statement of voting at the AGM

The Company AGM was held on 28 July 2022 where the Directors' remuneration report were tabled. The result of the vote on these resolutions is set out below:

	Remuneration Policy (at 2021 AGM when the current policy was approved)		**Remuneration Report (at 2022 AGM)**	
	% of votes (excluding withheld)	Number of votes	**% of votes (excluding withheld)**	**Number of votes**
For	99.65	261,580,649	**97.25**	**249,427,646**
Against	0.35	913,806	**2.75**	**7,043,454**
Total votes cast		262,494,455		**256,471,100**
Withheld[1]		55,779		**8,310**

1 A vote withheld is not a vote in law and so is not counted for the purposes of the calculation of the proportion of votes "for" and "against" a resolution.

This report will be submitted to shareholders for approval at the AGM to be held on 27 July 2023.

Approved by the Board on 13 June 2023 and signed on its behalf by:

Sarah Ing
Independent Non-Executive Director and Chair of the Remuneration Committee
13 June 2023

Directors' report

CMC Markets plc is a public limited company incorporated in England and Wales under the Companies Act 2006 with registered number 05145017.

The Directors present their report, together with the consolidated Financial Statements for the year ended 31 March 2023. For the purpose of the FRC's Disclosure Guidance and Transparency Rule ("DTR") 4.1.8R, the Strategic report is also the Management report for the year ended 31 March 2023.

The corporate governance sections that appear on pages 75 and 79 to 119, together with this report of which they form part, fulfils the requirements of the Corporate governance statement for the purpose of the DTRs.

Directors

With the exception of Clare Francis, all Directors will seek re-election at the 2023 Annual General Meeting ("AGM") on Thursday 27 July 2023. Following recommendation by the Nomination Committee, a Director may be appointed to the Board by the Board of Directors and will then be put forward at the following AGM for election by the shareholders. The Company's Articles of Association, available on the CMC Markets plc Group website, detail the appointment and removal process for Directors. The Board approved the appointment of Clare Francis with effect from 19 December 2022 and Clare will seek election at the 2023 AGM. Clare Salmon retired from the Board on 28 July 2022. The Company has not adopted any special rules regarding the appointment and replacement of Directors other than as provided for under UK company law.

Details of Directors' interests and conflicts

The Directors have a statutory duty to avoid conflicts of interest. The Board has established a procedure to deal with any potential or actual conflicts of interest and to ensure that all such interests are disclosed and, where appropriate, authorised by the Board (with any limits or conditions imposed as applicable) in accordance with the Articles of Association and the Companies Act 2006. Details of all Directors' conflicts of interest are recorded in a register of conflicts which is maintained by the Company Secretary and all approvals are formally minuted. Upon appointment, new Directors are advised of the procedure for managing conflicts, which includes the notification of any actual or potential conflicts or changes to the circumstances of any such conflicts. Any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group. The management of potential conflicts has been operating in accordance with the procedure throughout the year in review and subsequently. Details of the current Directors' interests in the Company's shares and securities can be found in the Directors' remuneration report on pages 114 and 117 and their biographies, including details of other directorships, are disclosed on pages 76 to 78.

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

James Richards	Chairman
Susanne Chishti	Non-Executive Director (appointed 1 June 2022)
Lord Cruddas	Chief Executive Officer
David Fineberg	Deputy Chief Executive Officer
Clare Francis	Non-Executive Director (appointed 19 December 2022)
Sarah Ing	Non-Executive Director
Matthew Lewis	Head of Asia Pacific & Canada
Euan Marshall	Chief Financial Officer
Clare Salmon	Non-Executive Director (retired on 28 July 2022)
Paul Wainscott	Senior Independent Director

Directors' indemnities

As permitted by the Articles of Association, the Company has granted indemnities to each of its Directors and the Company Secretary to the extent permitted by law.

A qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006 was in force throughout the last financial year and remains in place in relation to certain losses and liabilities which the Directors or Company Secretary may incur to third parties in connection with their position in the Company or any associated company. The Company also maintains appropriate insurance to cover Directors' and Officers' liability, which is assessed annually and approved by the Board. No amount was paid under the Directors' and Officers' liability insurance during the year.

Branch offices

CMC Markets plc does not have any overseas branches. Various subsidiaries in the Group have overseas branches, as detailed in pages 186 to 187.

Strategic report

The Companies Act 2006 requires the Group to prepare a Strategic report, which commences at the start of this Annual Report and Financial Statements up to page 2. As permitted by Section 414C(11) of the Companies Act 2006, some matters required to be included in the Directors' report have instead been included in the Strategic report. These disclosures are incorporated by reference in the Directors' report. The Strategic report includes information on the Group's operations and business model, going concern and viability, review of the business throughout the year, anticipated future developments, key performance indicators, principal risks and uncertainties, information on stakeholder and employee engagement and the Board's statement in accordance with Section 172 of the Companies Act 2006. The use of financial instruments is included in the report and further covered under note 29 to the consolidated Financial Statements.

The Group's vision is to be a global provider of online retail financial services and to maintain its status as a pioneer of platform technology. Its strategic objective is to provide long-term value to shareholders by ensuring superior returns. This long-term success is generated through the consistent and sustainable delivery of growth in revenue and improvement to operating margins through operational excellence including product innovation, geographical diversification, technology and services. The strategic objectives to achieve this are also set out in the Strategic report on pages 2 to 73.

Dividends

On 12 June 2023 , the Board recommended a final dividend of 3.90 pence per Ordinary Share in respect of the full financial year ended 31 March 2023, subject to shareholder approval at the 2023 AGM. If approved, the dividend will be paid on 11 August 2023 to shareholders on the register of members at the close of business on 14 July 2023. The shares will go ex-dividend on 13 July 2023. An interim dividend of 3.50 pence per Ordinary Share was paid on 5 January 2023 , bringing the total dividend for the year ended 31 March 2023 to 7.40 pence per Ordinary Share.

Further information on dividends is shown in note 11 of the Financial Statements and is incorporated into this report by reference.

Directors’ report continued

Share capital

The Company’s share capital comprises Ordinary Shares of 25 pence each and Deferred Shares of 25 pence each. At 31 March 2023, there were 279,815,463 Ordinary Shares (99.12% of the overall share capital) and 2,478,086 Deferred Shares (0.88% of the overall share capital) in issue.

Further information about share capital can be found in note 25 of the Financial Statements.

Ordinary Shares

The holders of Ordinary Shares are entitled to one vote per share at meetings of the Company. All Ordinary Shares in issue in the Company rank equally and carry the same voting rights and the same rights to receive dividends and other distributions declared or paid by the Company. Throughout the year, the Ordinary Shares were publicly listed on the London Stock Exchange and it remains so as at the date of this report. There are no specific restrictions on the size of a shareholding nor on the transfer of shares which are both governed by the Articles of Association and prevailing law. The Directors are not aware of any agreements between holders of the Company’s shares that may result in restrictions on the transfer of shares or on voting rights. No person has special rights of control over the Company’s share capital and all issued shares are fully paid.

Shares held by the Employee Benefit Trust rank pari passu with the Ordinary Shares and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in this trust rest with the trustees, who may take account of any recommendation from the Company. Voting rights are not exercisable by the employees on whose behalf the shares are held in trust.

Deferred Shares

The holders of Deferred Shares do not have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The Deferred Shares have no rights to dividends and, on a return of assets in a winding-up, entitle the holder only to the repayment of the amounts paid upon such shares. The Deferred Shares may be purchased at nominal value at the option of the Company by notice in writing served on the holder of the Deferred Shares. No application has been made or is currently intended to be made for the Deferred Shares to be admitted to the Official List or to trade on the London Stock Exchange or any other investment exchange.

Share capital and Directors’ powers

The powers of the Directors, including in relation to the issue or buyback of the Company’s shares, are set out in the Companies Act 2006 and the Company’s constitution. The Directors were granted authority to issue and allot Ordinary Shares and to buy back Ordinary Shares at the 2022 AGM.

Shareholders will be asked to renew these authorities in line with the latest institutional shareholder guidelines at the 2023 AGM.

On 2 March 2022 the Company announced its intention to launch a share buyback programme (the “Buyback Programme”) as part of its approach to shareholder returns. In light of the Company’s robust capital position and having considered the ongoing investment in the business, the Board decided to return excess capital to shareholders via the repurchase of Ordinary Shares up to an aggregate purchase price of £30 million, subject to continuing regulatory approval. Regulatory approval was obtained from the FCA and the buyback programme launched on 15 March 2022. During the year ended 31 March 2023, the Company purchased and cancelled 10,478,456 of its issued fully paid Ordinary Shares with a nominal value of £0.25 at an average price paid of £2.60 (and £27,236,000 in aggregate). The share buyback programme concluded on 17 October 2022 and as a result there have been no purchases following year end.

Controlling Shareholder Disclosure

The Company entered into a Relationship Agreement with Lord Peter and Fiona Cruddas (the “Controlling Shareholders”) on 26 January 2016, the terms of which came into force on listing the Company to trade on the Main Market of the London Stock Exchange. The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Controlling Shareholders and their associates, that transactions and relationships with the Controlling Shareholders and their associates are at arm’s length and on normal commercial terms (subject to the rules on related party transactions in the Listing Rules) and to ensure the Controlling Shareholders do not take any action that would prevent the Company from complying with, or circumvent, the Listing Rules. The Relationship Agreement will stay in effect until the earlier of: (i) the Controlling Shareholders ceasing to own in aggregate an interest in at least 10% or more of the Ordinary Shares in the Company (or an interest which carries 10% or more of the aggregate voting rights in the Company from time to time); or (ii) the Ordinary Shares ceasing to be listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange’s Main Market for listed securities. The Company has complied with the independence provisions included in the Relationship Agreement and, so far as the Company is aware, such provisions have been complied with during the period under review by the controlling shareholders and their associates.

Significant contracts and change of control

The Company has a large number of contractual arrangements which it believes are essential to the business of the Company. These can be split into three main categories, which are a committed bank facility, prime broker arrangements, and market data and technology contracts. The committed bank facility includes provisions which may, on a change of control, require any outstanding borrowings to be repaid or result in termination of the facilities.

The Group’s share and incentive plans include usual provisions relating to change of control. There are no agreements providing for compensation for the Directors or employees on a change of control.

Statutory information contained elsewhere in the report

Information required to be part of this Directors' report can be found elsewhere in the Annual Report as indicated below. These sections are deemed to be incorporated by reference into the Directors' report:

Information	Location in Annual Report
Section 172 statement and stakeholder engagement (including clients and suppliers)	Pages 14 to 19
Employees (employment of disabled persons and employee engagement)	Pages 42 to 45
Employee share schemes	Note 31, pages 174 to 176
Financial risk management, objectives and policies	Note 30, pages 167 to 174
Future developments	Page 23
Internal controls over financial reporting	Page 86
Directors' interests in shares of the Company	Pages 114 and 117
Related party transactions	Note 34, page 181
Greenhouse gas emissions, energy consumption and energy efficiency action	Page 48
TCFD disclosures	Pages 50 to 59

Disclosure table pursuant to Listing Rule LR 9.8.4C

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by Group.	None.
9.8.4(2)	Unaudited financial information (LR 9.2.18R).	None.
9.8.4(4)	Long-term incentive scheme information involving Board Directors (LR 9.4.3R).	Details can be found on pages 110 to 114 of the Directors' remuneration report.
9.8.4(5)	Waiver of emoluments by a Director.	None.
9.8.4(6)	Waiver of future emoluments by a Director.	None.
9.8.4(7)	Non-pre-emptive issues of equity for cash.	None.
9.8.4(8)	Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings.	None.
9.8.4(9)	Listed company is a subsidiary of another company.	Not applicable.
9.8.4(10)	Contracts of significance involving a Director or a Controlling Shareholder.	None, except for Lord Cruddas' service contract.
9.8.4(11)	Contracts for the provision of services by a Controlling Shareholder.	None, except for Lord Cruddas' service contract.
9.8.4(12)	Shareholder waiver of dividends.	The trustees of the CMC Markets plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(13)	Shareholder waiver of future dividends.	The trustees of the CMC Markets plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(14)	Agreement with Controlling Shareholder.	See Controlling Shareholder Disclosure on page 120 of the Directors' report.

Substantial shareholdings

Information provided to the Company by substantial shareholders pursuant to the DTRs is published via a Regulatory Information Service and on the Company's website. The table below sets out details of the shareholdings of Lord Peter Andrew Cruddas and Mrs Fiona Cruddas, and further provides details of the interests in the voting rights of the Company's Ordinary issued share capital as at 31 March 2023, notified to the Company under DTR 5. Holdings may have changed since being notified to the Company as notification of any change is not required until the next applicable threshold is crossed.

Shareholder As at 31 March 2023	Number of voting rights	% of voting rights
Lord Peter Andrew Cruddas	165,155,374	59.02
Aberforth Partners LLP	14,446,286	5.00
Schroders Plc	14,167,409	4.90
Mrs Fiona Cruddas	8,994,364	3.21

Between the year end and 6 June 2023 (being the latest practicable date) there have been no changes notified to us in respect of these holdings.

The shareholdings of CMC Markets plc Directors are listed within the Directors' remuneration report on pages 114 and 117.

Directors' report continued

Articles of Association

Any amendments to the Company's Articles of Association may only be made by passing a special resolution at a general meeting of the shareholders of the Company.

Research and development

The Group continues to invest in the development of the trading and investing platforms in addition to maintaining existing infrastructure, with considerable effort applied by the technical and software development teams. In addition, the Group has capitalised development costs relating to new product and functionality development. During the year development expenditure amounting to £11.3 million has been capitalised (2022: £8.5 million).

Directors' statement as to disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they each are aware, there is no relevant audit information (being information needed by the external auditor in connection with preparing their audit report) of which the Company's external auditor is unaware, and each Director has taken all the steps that he or she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to Section 418 of the Companies Act 2006.

Independent auditor

In accordance with Section 489 and Section 492 of the Companies Act 2006, resolutions to reappoint Deloitte LLP as the Company's auditor and authorise the Group Audit Committee to determine the auditor's remuneration will be put to the 2023 AGM.

Political donations

No political donations were made by the Company during the year.

Annual General Meeting

The 2023 AGM is to be held at 10.00 am. on Thursday 27 July 2023 at 133 Houndsditch, London EC3A 7BX.

Due to the Controlling Shareholder disclosure on page 120, the independent shareholders' voting results on the re-election of independent Non-Executive Directors (excluding the Chairman) will be disclosed when the voting results are published. Should the required percentage of the independent shareholders' vote to approve re-election not be achieved, then a further vote will be held at a subsequent general meeting within the prescribed time period.

Events after the reporting period

Details of events occurring subsequent to the year end are made in note 37.

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group and the parent company Financial Statements in accordance with UK-adopted international accounting standards.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the Financial Statements and the Directors' remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 76 to 78, confirm that, to the best of their knowledge:

- the Group and parent company Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and parent company, and of the profit of the Group; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

The Annual Report and Financial Statements were approved by the Board on 13 June 2023.

By order of the Board

Deborah Fish
Company Secretary
13 June 2023

CMC Markets plc
Registered number: 05145017

Financial statements

Financial statements

Shareholder information

Independent auditor's report
To the members of CMC Markets plc

Report on the audit of the Financial Statements

1. Opinion

In our opinion the Financial Statements of CMC Markets plc (the "parent company") and its subsidiaries (the "Group"):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company Financial Statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the parent company Statement of Financial Position;
- the Consolidated and parent company Statements of Changes in Equity;
- the Consolidated and parent company Cash Flow Statements;
- the statement of significant accounting policies; and
- the related notes 1 to 37.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company Financial Statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's ("FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 8 to the Financial Statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters identified in the current year are: – the carrying value of intangible assets under development relating to CMC Invest; and – presentation of positions with hedging counterparties.
Materiality	The materiality that we used for the Group Financial Statements was £2.6 million, determined on the basis of profit before tax from continuing operations ("PBT"). When planning the Group audit, we considered the risk of errors that may exist which, when aggregated, could exceed £2.6 million. In order to reduce the risk of unidentified errors that could aggregate to this amount, we used a lower materiality, known as performance materiality, of £1.82 million to identify the individual balances, classes of transaction and disclosures that were subject to audit. We asked the teams carrying out audit procedures over in-scope entities to perform their audit procedures to an assigned materiality which reflects the magnitude of operations subject to audit.
Scoping	This is the first-year audit for Deloitte, having been appointed auditor of the Group and parent company for the year ended 31 March 2023. Our audit scoping is performed on the basis of financial significance and consideration of qualitative factors. Throughout our transition and in order to gain a detailed understanding of the Group and parent company, we performed a number of procedures, including but not limited to: understanding the business and its operating environment; performing walkthroughs of key business process cycles; and carrying out reviews of the audit files of the predecessor auditor. We have identified three financially-significant entities across the Group, which were subject to full-scope audit procedures and six entities which are subject to audit procedures on specified account balances. Our Group audit achieved a coverage of 99% of Group Total Assets, 99% of Group Revenue, and 98% of Group PBT across management's business segments.
Significant changes in our approach	Key audit matters: 'Cryptocurrency assets (Group)' and 'Investment in subsidiaries (parent company)' were considered key audit matters by the predecessor auditor however we did not consider them to represent key audit matters for the current year audit. This is due to enhancements in the control environment relating to cryptocurrency assets, and sufficient recoverable assets available in the underlying subsidiaries of the parent company. We have identified a new key audit matter for this year over the presentation of positions with hedging counterparties. The right to offset positions requires compliance with International Accounting Standard 32: ("IAS 32"), including the interpretation of supporting contractual documentation. The financial year 2022 comparative amounts were restated to present, on a gross basis, positions which were previously offset.

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of management's evaluative process to arrive at their conclusion to prepare the Financial Statements on a going concern basis;
- with the involvement of our regulatory specialists, challenging the liquidity and capital stress testing assumptions used by management, including consideration of management actions and whether applied stresses were reasonable in the context of the Group's and parent company's operating environment;
- assessing emerging operational and market risks facing the Group and parent company, including the impact of ongoing volatility in global financial markets;
- assessing the key assumptions supporting the Group's and parent company's latest budget forecasts;
- assessing the historical accuracy of forecasts prepared by management; and
- assessing the appropriateness of going concern disclosures made in the notes to the Financial Statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Carrying value of intangible assets under development relating to CMC Invest

Key audit matter description	The Group has capitalised a total of £12.1 million of intangible assets relating to the UK CMC Invest trading platform - a multi-year development programme to build a full-service, non-leveraged, wealth management business in the UK ("CMC Invest") (see note 12). The platform was officially launched across the UK on 30 September 2022, and offered a limited number of products and features with a pipeline of new products and features to be added over the coming months. Capitalisation of expenditure on internally-generated intangible assets is subjective and involves judgement on the part of management in respect of whether such expenditure qualifies for recognition in accordance with International Accounting Standard 38: Intangible Assets ("IAS 38"). Capitalised expenditure comprises the time spent on the development of the intangible asset, by both internal staff and external contractors. Furthermore, a high degree of management judgement is required to assess capitalised expenditures for impairment. This is due to challenges in developing accurate forecasts to support value-in-use ("ViU") assessments where the business is at a nascent stage. Given the subjective nature of the key assumptions underpinning these forecasts and their unobservability with reference to available market data, we have deemed this to be a key audit matter. Discount rates, useful economic life, cost per trading customer acquisition, customer retention rates, average portfolio sizes and B2B revenues represent significant sources of estimation uncertainty, as disclosed in note 1 on page 141. This matter is also discussed in the Group Audit Committee report on pages 87 to 90.
How the scope of our audit responded to the key audit matter	We obtained a detailed understanding of the relevant controls established by the Group over the capitalisation of expenses relating to CMC Invest, as well as the associated financial reporting processes. Our audit procedures in respect of capitalisation and impairment included the following: – an evaluation of whether costs were eligible for capitalisation, in accordance with IAS 38; – an assessment of the appropriateness of the basis of measurement model supporting the ViU assessment; – an evaluation of management's valuation methodologies with reference to standard valuation practices; – the development of independent estimates for the key inputs to the value-in-use calculation, which were compared against the inputs used by management; – involving our corporate finance specialist to apply specialist knowledge and audit procedures tailored for inherent valuation risk as described above; – obtaining an understanding of the methodology applied in management's assessment of whether objective evidence of an impairment loss exists; and – an evaluation of the appropriateness of disclosures made in relation to CMC Invest.
Key observations	We found the carrying value of the intangible asset to have been based on reasonable, supportable assumptions, noting that appropriate disclosures are provided in the Financial Statements.

Report on the audit of the Financial Statements continued

5. Key audit matters continued

5.2 Presentation of positions with hedging counterparties

Key audit matter description	As disclosed in note 30, the Group economically hedges its derivative exposure arising from open client positions by entering into trades with several hedging counterparties ("Brokers"). The Group's position versus each Broker consists of collateral and open trade equity ("unrealised gains or losses across multiple contracts"), typically across multiple currencies. These hedge trades are collateralised in accordance with underlying contractual documentation, consisting of International Swaps and Derivatives Association ("ISDA") agreements and their respective Credit Support Annexes ("CSAs") which govern the relationship between CMC and each respective Broker. Per IAS 32: Financial Instruments – Presentation ("IAS 32"), paragraph 42, "a financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position when, and only when, an entity: (a) currently has a legally enforceable right to set off the recognised amounts; and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously." The evaluation of whether the IAS 32 offsetting criteria as set out above have been met requires management to interpret and apply the specific terms of the underlying contractual documentation, as well as have an understanding of the operational realities in respect of settlement and the posting or receiving of collateral payments. This evaluation will result in either gross or net presentation of these positions, which has a material impact to the balance sheet. Although management's intent is to realise these positions on a net basis, they determined that the offsetting criterion outlined in (a), above and in respect of positions with certain brokers, had not been met. The accounting treatment applied in previous years was, therefore, not in accordance with IAS 32. As a result, management have restated the financial year 2022 comparative amounts where previously-offset positions were required to be presented on a gross basis with the impact of this restatement set out in note 33. This matter is also discussed in the Group Audit Committee report on pages 87 to 90.
How the scope of our audit responded to the key audit matter	We have performed the following procedures to evaluate whether the IAS 32 offsetting criteria as set out above have been met, and whether offsetting is permissible: – assessed the contractual documentation underpinning the Group's relationship with each Broker, in place in the current and prior years, to determine whether the Group has a legally-enforceable right to offset the underlying positions, and cash flows across multiple currencies; – held discussions with management and, for each Broker relationship, evaluated the operational processes in place to determine management's intent in respect of gross or net settlement; and – alongside our technical accounting specialists, held discussions with the Group's in-house legal counsel to challenge management's interpretation of the terms of the underlying contractual documentation. We also evaluated the appropriateness of disclosures in relation to the restatement of prior year comparative figures.
Key observations	We found that the positions with hedging counterparties are presented appropriately, including the associated disclosures with respect to the restatement of the prior year comparative figures. We have communicated a control deficiency to the Group Audit Committee around the need to further enhance the process where the underlying contractual realities are assessed in accordance with IFRS.

6. Our application of materiality

Materiality

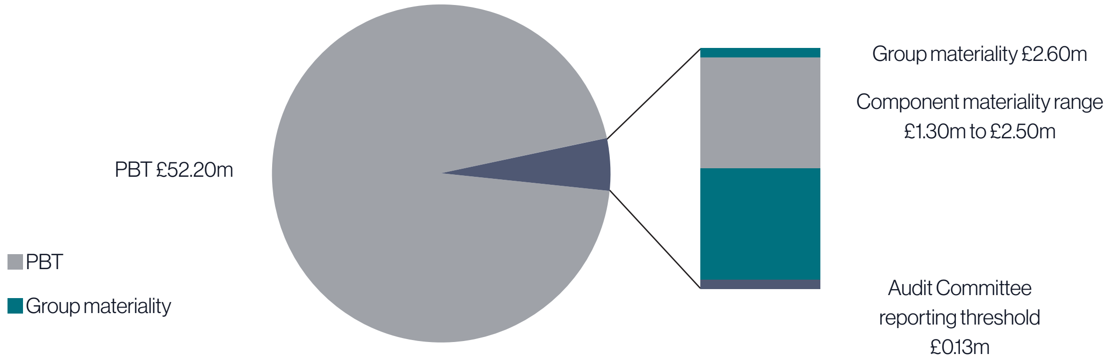
We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent company Financial Statements
Materiality	£2.6 million (2022 predecessor auditor: £4.6 million)	£1.68 million (2022 predecessor auditor: £1.7 million)
Basis and rationale for determining materiality	5% of PBT. This is consistent with the benchmark and threshold applied in the prior year by the predecessor auditor.	We have used 1% of Net Assets as the materiality benchmark as the parent company of the Group primarily holds investments in underlying subsidiaries. This is consistent with the benchmark and threshold used in the prior year by the predecessor auditor.
Rationale for the benchmark applied	PBT is an appropriate basis for materiality as the Group is profit-orientated. This measure is considered significant to the users of the Financial Statements as earnings are used to predict future share price and the Group's ability to make dividend distributions.	Net Assets is an appropriate basis for materiality as CMC Markets plc is a holding company for the Group, therefore this measure would be significant to the users of the Financial Statements.

6. Our application of materiality continued

Materiality continued



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole.

	Group Financial Statements	Parent company Financial Statements
Performance materiality (% of materiality)	70% (2022 predecessor auditor 75%) of Group materiality	70% (2022 predecessor auditor 75%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – the fact that this is the first year of external audit being undertaken by Deloitte; – the quality of the control environment and whether we were able to rely on controls; – control observations identified by internal audit and the predecessor auditor; and – the nature, volume and size of misstatements identified in the prior year audit.	

6.3 Error reporting threshold

We agreed with the Group Audit Committee ("GAC") that we would report to it all audit differences in excess of £130,000 (2022 predecessor auditor: £227,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the GAC on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of Group entities

The scope of our Group audit was determined by obtaining an understanding of the Group and its environment, including Group-wide controls, our review of the audit files of the predecessor auditor, and our assessment of the risks of material misstatement at the level of the Group Financial Statements. The Group comprises several entities globally, and has operations in over 10 countries. As such, a portion of our audit planning effort was dedicated to ensuring that the scope of work performed is appropriate in order to address the identified risks of material misstatement.

The factors that we considered when assessing the scope of the CMC Markets plc audit, and the level of work to be performed at the entities that are in scope for Group reporting purposes, include the following:

- the nature of the Group and the parent company, how entities are organised, and the significant extent of centralisation of the control environment and the processing of transactions across the Group;
- the financial significance of an entity to the Group's PBT, Revenue and Total Assets, including consideration of the financial significance of specific account balances or transactions;
- the effectiveness of the control environment and monitoring activities, including entity-level controls; and
- findings, observations and audit differences that we noted through review of the predecessor audit files.

7. An overview of the scope of our audit continued

7.1 Identification and scoping of Group entities continued

As a result, we identified three financially-significant entities (2022 predecessor auditor: four entities) which are subject to full scope audit procedures. Our audit procedures in respect of these entities were performed to a materiality in the range of £1.3m - £2.5m.

In addition, audit procedures on specified account account balances were performed across six entities which were not considered to be financially significant (2022 predecessor auditor: 2 entities).

The remaining entities are not individually significant to the Group, and include a number of small, low risk entities and balances. On aggregate, these represent 2% of Group PBT, 1% of Group Revenue and 1% of Group Total Assets. For these entities, we performed analytical reviews and undertook additional risk assessment procedures. We also tested management's Group-wide controls across these entities. We concluded that through these additional procedures, we have reduced the audit risk of the detection of a material misstatement to a sufficiently low level.

Audit procedures were performed for entities subject to full-scope audit and audit of specified account balances by audit teams based in both the UK (Group audit team) and Australia.

The audit of the Group consolidation is performed by the Group audit team. In addition, the Group audit team performed audit procedures over the Group's global trading Revenues (CFD), and the corresponding Trade Receivables.

7.2 Our consideration of the control environment

Our audit approach was to place reliance on management's relevant controls where we found the controls to be designed and operating effectively. Our controls testing procedures comprised an assessment of the design and implementation, and the testing of a sample of control iterations across the year to determine the operating effectiveness, of each relevant control. These procedures consisted of a combination of enquiry, observation, inspection and re-performance.

In some situations, we were not able to take a controls reliance approach due to identified deficiencies in internal control, where insufficient mitigating or alternative controls could instead be relied upon. In such situations, we adopted a non-controls reliant (i.e. fully substantive,) approach. All control deficiencies which we considered to be significant were communicated to the GAC. Please refer to the Group Audit Committee report on pages 87 to 90. All other deficiencies were communicated to management. For all deficiencies identified, we considered the impact on our audit plan and the need to adjust our audit approach accordingly.

The nature of the Group's information technology ("IT") environment is complex, and we scoped various the Group's IT infrastructure according to their relevance to the entity's financial reporting process.

We planned to rely on the General IT controls ("GITCs") associated with these systems, where these GITC were appropriately designed, implemented, and operating effectively. To test the operating effectiveness of GITCs we worked alongside our IT specialists to perform testing on access security, change management, data centre operations and network operations. In some instances, we identified GITCs did not operate effectively across the full year, requiring additional substantive procedures to be performed in order to mitigate the risk, allowing us to maintain a controls-reliant approach in the impacted areas.

7.3 Our consideration of climate-related risks

In planning our audit, we have considered the impact of climate change on the Group's operations and subsequent impact on its Financial Statements. The Group sets out its assessment of the potential impact on pages 50 to 59 of the Strategic Report of the Annual Report.

We have held discussions with the Group to understand their:

- process for identifying affected operations, including governance and controls over this process, and the subsequent effect on the Group's financial reporting; and
- long-term strategy to respond to climate change risks as they evolve, including the impact on the Group's forecasts.

Our audit work involved:

- obtaining an understanding of management's analysis, used to inform the Group's climate risk assessment; and
- assessing the sufficiency and extent of disclosures in the Annual Report and the consistency between the Financial Statements and the remainder of the Annual Report.

Or audit procedures require us to read and consider these disclosures, and to evaluate whether they are materially inconsistent with the Financial Statements or knowledge obtained in the performance of our audit. We did not identify any such material inconsistencies as a result of these procedures.

7.4 Working with other auditors

The Group audit team are responsible for the scope and direction of the audit process and provide direct oversight, review, and coordination of our global audit teams. We interacted regularly with each team during each stage of the audit and reviewed key working papers. We maintained continuous and open dialogue with our global teams in addition to holding formal meetings so that we were fully aware of their progress and results of their procedures.

The Group audit team conducted in-person visits, in addition to remote communication, to exercise engagement and oversight with the Australian audit team. These meetings included discussing the audit approach including risk assessments and any issues arising from the audit team's work, meeting with local management, and reviewing key audit working papers on higher and significant-risk areas to drive a consistent and high quality audit. In addition, a global planning meeting was held virtually in September 2022, led by the Group audit team, partners and staff from full scope entity audit teams, as well audit teams responsible for testing in support of local, statutory audits globally.

8. Other information

The other information comprises the information included in the Annual Report other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration and bonus levels;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the Board on 31 May 2023;
- results of our enquiries of management, internal audit, Directors, and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulation.
- the matters discussed among the audit engagement team, including financially-significant entity audit teams, and relevant internal specialists, including tax, valuations, and IT specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud. These discussions also involved fraud specialists with whom the engagement team discussed fraud schemes that had arisen in similar sectors and industries.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Carrying value of intangible assets under development relating to CMC Invest.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

11.1 Identifying and assessing potential risks related to irregularities continued

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, as well as those laws and regulations prevailing in each country in which we identified a full-scope entity.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's obligations under respective regulatory regimes, transaction reporting, capital and liquidity requirements.

11.2 Audit response to risks identified

As a result of performing the above, we identified the carrying value of intangible assets under development relating to CMC Invest as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities and regulatory bodies; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and global audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the Provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 66;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 66;
- the Directors' statement on fair, balanced and understandable set out on page 84;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 67;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 86; and
- the section describing the work of the Audit Committee set out on pages 87 to 90.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the members on 28 July 2022 to audit the Financial Statements for the year ending 31 March 2023 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 year.

15.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rule ("DTR") 4.1.14R, these Financial Statements will form part of the European Single Electronic Format ("ESEF") prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Fiona Walker, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
13 June 2023

Consolidated income statement
For the year ended 31 March 2023

GROUP	Note	Year ended 31 March 2023 £'000	Year ended 31 March 2022 (Restated) £'000
Revenue		**311,210**	325,809
Interest income		**13,927**	834
Total revenue	4	**325,137**	326,643
Introducing partner commissions and betting levies		**(36,714)**	(44,693)
Net operating income	3	**288,423**	281,950
Operating expenses	5	**(233,945)**	(188,291)
Operating profit		**54,478**	93,659
Finance costs	7	**(2,315)**	(2,164)
Profit before taxation	8	**52,163**	91,495
Taxation	9	**(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	10	**14.7p**	24.6p
Diluted earnings per share	10	**14.6p**	24.5p

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The Company had no other comprehensive income.

Consolidated statement of comprehensive income
For the year ended 31 March 2023

GROUP	Note	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 (Restated) £'000
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	27	**(86)**	(1,089)
Gains recycled from equity to the income statement	27	**237**	—
Currency translation differences	27	**(1,760)**	1,761
Changes in the fair value of debt instruments at fair value through other comprehensive income, net of tax	27	**(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

GROUP	Note	31 March 2023 £'000	31 March 2022 (Restated) £'000
ASSETS			
Non-current assets			
Intangible assets	12	**35,342**	30,328
Property, plant and equipment	13	**22,771**	23,170
Deferred tax assets	14	**4,768**	6,022
Financial investments	19	**34**	13,448
Trade and other receivables	16	**2,666**	1,797
Total non-current assets		**65,581**	74,765
Current assets			
Trade and other receivables	16	**130,616**	148,208
Derivative financial instruments	17	**14,231**	8,788
Current tax recoverable		**9,066**	1,649
Other assets	18	**1,984**	13,443
Financial investments	19	**30,572**	14,497
Amounts due from brokers		**188,154**	208,882
Cash and cash equivalents	20	**146,218**	176,578
Total current assets		**520,841**	572,045
Total assets		**586,422**	646,810
LIABILITIES			
Current liabilities			
Trade and other payables	21	**182,284**	212,626
Amounts due to brokers		**8,927**	12,394
Derivative financial instruments	17	**2,033**	3,679
Share buyback liability		**—**	27,264
Borrowings	22	**—**	194
Lease liabilities	23	**5,590**	4,949
Current tax payable		**431**	1,729
Provisions	24	**815**	369
Total current liabilities		**200,080**	263,204
Non-current liabilities			
Lease liabilities	23	**6,228**	9,302
Deferred tax liabilities	14	**4,012**	3,309
Provisions	24	**2,087**	2,117
Total non-current liabilities		**12,327**	14,728
Total liabilities		**212,407**	277,932
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	**70,573**	73,193
Share premium	25	**46,236**	46,236
Capital redemption reserve	25	**2,901**	281
Own shares held in trust	26	**(1,509)**	(1,094)
Other reserves	27	**(50,535)**	(75,980)
Retained earnings		**306,349**	326,242
Total equity		**374,015**	368,878
Total equity and liabilities		**586,422**	646,810

The Financial Statements on pages 133 to 182 were approved by the Board of Directors on 13 June 2023 and signed on its behalf by:

Lord Cruddas
Chief Executive Officer

Euan Marshall
Chief Financial Officer

Parent company statement of financial position

At 31 March 2023

Company registration number: 05145017

COMPANY	Note	31 March 2023 £'000	31 March 2022 (Restated) £'000
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	15	**167,090**	167,722
Total non-current assets		**167,090**	167,722
Current assets			
Trade and other receivables	16	**1,932**	1,020
Cash and cash equivalents	20	**586**	28,446
Total current assets		**2,518**	29,466
Total assets		**169,608**	197,188
LIABILITIES			
Current liabilities			
Trade and other payables	21	**122**	176
Share buyback liability		**—**	27,264
Total current liabilities		**122**	27,440
Total liabilities		**122**	27,440
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	**70,573**	73,193
Share premium	25	**46,236**	46,236
Capital redemption reserve	25	**2,901**	281
Share buyback reserve	27	**—**	(27,264)
Own shares held in trust	26	**(1,509)**	(1,094)
Retained earnings at 1 April		**78,396**	49,156
Profit for the year attributable to the owners		**33,763**	102,841
Other changes in retained earnings		**(60,874)**	(73,601)
Retained earnings at 31 March		**51,285**	78,396
Total equity		**169,486**	169,748
Total equity and liabilities		**169,608**	197,188

The Financial Statements on pages 133 to 182 were approved by the Board of Directors on 13 June 2023 and signed on its behalf by:

Lord Cruddas
Chief Executive Officer

Euan Marshall
Chief Financial Officer

Consolidated and parent company statements of changes in equity

For the year ended 31 March 2023

GROUP	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held in trust £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 31 March 2021 (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	26	—	—	—	(1,006)	—	—	(1,006)
Utilisation of own shares held in trust	26	—	—	—	294	—	—	294
Share buyback	25	(281)	—	281	—	(27,264)	(2,975)	(30,239)
Share-based payments		—	—	—	—	—	59	59
Tax on share-based payments		—	—	—	—	—	553	553
Dividends	11	—	—	—	—	—	(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	26	**—**	**—**	**—**	**(1,106)**	**—**	**—**	**(1,106)**
Utilisation of own shares held in trust	26	**—**	**—**	**—**	**691**	**—**	**—**	**691**
Share buyback	25	**(2,620)**	**—**	**2,620**	**—**	**27,264**	**(27,264)**	**—**
Share-based payments		**—**	**—**	**—**	**—**	**—**	**972**	**972**
Dividends	11	**—**	**—**	**—**	**—**	**—**	**(35,040)**	**(35,040)**
At 31 March 2023		**70,573**	**46,236**	**2,901**	**(1,509)**	**(50,535)**	**306,349**	**374,015**

Total equity attributable to owners of the Company

For the year ended 31 March 2023

COMPANY	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share buyback reserve £'000	Own shares held in trust £'000	Retained earnings £'000	Total equity £'000
At 31 March 2021 (Reported)		73,299	46,236	—	—	—	49,153	168,688
Correction of errors		—	—	—	—	(382)	3	(379)
At 1 April 2021 (Restated)		73,299	46,236	—	—	(382)	49,156	168,309
Profit and total comprehensive income for the year		—	—	—	—	—	102,841	102,841
New shares issued		175	—	—	—	—	—	175
Acquisition of own shares held in trust	26	—	—	—	—	(1,006)	—	(1,006)
Utilisation of own shares held in trust	26					294	—	294
Share-based payments		—	—	—	—	—	1,978	1,978
Share buyback	25	(281)	—	281	(27,264)	—	(2,975)	(30,239)
Dividends	11	—	—	—	—	—	(72,604)	(72,604)
At 31 March 2022 (Restated)		**73,193**	**46,236**	**281**	**(27,264)**	**(1,094)**	**78,396**	**169,748**
Profit and total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**33,763**	**33,763**
Acquisition of own shares held in trust	26	**—**	**—**	**—**	**—**	**(1,106)**	**—**	**(1,106)**
Utilisation of own shares held in trust	26	**—**	**—**	**—**	**—**	**691**	**—**	**691**
Share-based payments		**—**	**—**	**—**	**—**	**—**	**1,430**	**1,430**
Share buyback	25	**(2,620)**	**—**	**2,620**	**27,264**	**—**	**(27,264)**	**—**
Dividends	11	**—**	**—**	**—**	**—**	**—**	**(35,040)**	**(35,040)**
At 31 March 2023		**70,573**	**46,236**	**2,901**	**—**	**(1,509)**	**51,285**	**169,486**

Consolidated and parent company statements of cash flows
For the year ended 31 March 2023

		GROUP		COMPANY	
	Note	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 (Restated) £'000	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 (Restated) £'000
Cash flows from operating activities					
Cash generated from operations	28	**76,584**	171,128	**607**	13,921
Interest income		**13,950**	1,742	**—**	—
Finance costs		**(2,315)**	(2,138)	**(318)**	(475)
Tax paid		**(17,060)**	(14,651)	**—**	—
Net cash generated from operating activities		**71,159**	156,081	**289**	13,446
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)	**—**	—
Amounts contributed by subsidiaries in relation to share based payments		**—**	—	**1,001**	1,030
Dividends received		**—**	—	**34,260**	103,617
Net cash (used in)/generated from investing activities		**(31,159)**	(17,637)	**35,261**	104,647
Cash flows from financing activities					
Repayment of borrowings		**(1,194)**	(10,945)	**—**	(13,549)
Proceeds from borrowings		**1,000**	10,000	**—**	—
Principal elements of lease payments		**(5,454)**	(4,808)	**—**	—
Acquisition of own shares		**(1,106)**	(831)	**(1,106)**	(831)
Payments for share buyback		**(27,264)**	(2,975)	**(27,264)**	(2,975)
Dividends paid		**(35,040)**	(72,604)	**(35,040)**	(72,604)
Net cash used in financing activities		**(69,058)**	(82,163)	**(63,410)**	(89,959)
Net (decrease)/increase in cash and cash equivalents		**(29,058)**	56,281	**(27,860)**	28,134
Cash and cash equivalents at the beginning of the year	20	**176,578**	118,921	**28,446**	312
Effect of foreign exchange rate changes		**(1.302)**	1,376	**—**	—
Cash and cash equivalents at the end of the year	20	**146,218**	176,578	**586**	28,446

Please refer to note 33 for more information on the restatement for the year ended 31 March 2022.

Notes to the consolidated and parent company financial statements

For the year ended 31 March 2023

1. General information and basis of preparation

Corporate information

CMC Markets plc (the "Company") is a public company limited by shares incorporated in the United Kingdom and domiciled in England and Wales under the Companies Act 2006. The nature of the operations and principal activities of CMC Markets plc and its subsidiaries (collectively the "Group") are set out in note 3.

Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's Financial Statements are presented in Sterling (GBP), which is the Company's functional and the Group's presentation currency. Foreign operations are included in accordance with the policies set out in note 2.

Going concern

The Directors have prepared the Financial Statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements.

The Group has considerable financial resources, a broad range of products and a geographically diversified business. Consequently, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook.

Accordingly, the Directors have reasonable expectation that the Group has adequate resources for that period and believe it is appropriate to adopt the going concern basis in preparing the Financial Statements. Further details are set out in the Viability statement on page 66.

Basis of accounting

The Financial Statements of the Group and the Company have been prepared in accordance with 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.

The Financial Statements of the Group and the Company 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 Company and Group's principal accounting policies adopted in the preparation of these Financial Statements are set out in note 2 below. These policies have been consistently applied to all years presented, with the exception of the adoption of the new and revised standards as set out below. The Financial Statements presented are at and for the years ended 31 March 2023 and 31 March 2022. Financial annual years are referred to as 2023 and 2022 in the Financial Statements.

Application of new and revised accounting standards

The following standards and interpretations applied for the first time in the current financial year, but do not have a significant impact on the Financial Statements of the Company and the Group:

Reference to the conceptual framework – Amendments to IFRS 3

Annual improvements to IFRS Standards 2018-2020

New accounting standards in issue but not yet effective

At the date of authorisation of the Financial Statements, the following new standards and interpretations relevant to the Company and the Group were in issue but not yet effective and have not been applied to the Financial Statements:

IFRS 17 "Insurance Contracts"

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Definition of Accounting Estimate – Amendments to IAS 8

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the Financial Statements of the Company and the Group in future periods.

Basis of consolidation

The Financial Statements incorporate the financial information of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

CMC Markets plc became the ultimate holding company of the Group under a Group reorganisation in 2006. The pooling of interests method of accounting was applied to the Group reorganisation as it fell outside the scope of IFRS 3 "Business Combinations". The Directors adopted the pooling of interests as they believed it best reflected the true nature of the Group. All other business combinations have been accounted for by the acquisition method of accounting.

Under the acquisition method of accounting, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Acquisition-related costs are expensed as incurred.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those adopted by the Group.

All inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1. General information and basis of preparation continued

Significant accounting judgements and estimates

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 (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 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.

2. Summary of significant accounting policies

Total revenue

Revenue

Revenue comprises the fair value of the consideration received from the provision of online financial services in the ordinary course of the Group's activities, net of client rebates. Revenue is shown net of value added tax after eliminating sales within the Group.

The Group generates revenue principally from commissions, spreads and financing income associated with stockbroking and acting as a spread bet and contract for difference market maker to its clients, and the transactions undertaken to hedge the resulting risks.

Trading – Contracts for difference ("CFD") and spread bet

Revenue from CFD and spread bet represents:

– fees paid by clients for commission and funding charges in respect of the opening, holding and closing of financial spread bets and contracts for difference, together with the spread and fair value gains and losses for the Group arising on client trading activity; less

– fees paid by the Group in commissions and funding charges arising in respect of hedging the risk associated with the client trading activity and the Group's currency exposures, together with the spread and fair value gains and losses incurred by the Group arising on hedging activity.

Spread, fair value gains and losses, commission and funding charges are accounted for in accordance with IFRS 9 "Financial Instruments" and IFRS 13 "Fair Value Measurement". Commission income is earned and recognised when the trade is placed, and funding charges when an open position is held by a customer at 5:00pm New York time. Open client and hedging positions are fair valued on a daily basis and the unrealised gains and losses arising on this valuation are recognised in revenue, alongside realised gains and losses on positions that have closed.

Investing – Stockbroking revenue from contracts with customers

Revenue from the provision of financial information and stockbroking services to third parties represents fee and commission income. These are are accounted for in accordance with IFRS 15 "Revenue from Contracts with Customers". The Group recognises this revenue when the amount for the service can be determined and the performance obligation has been satisfied, this leads to the revenue being recognised on the date of the Group providing the service to the client.

Other revenue from contracts with customers

Other revenue from the provision of financial information, dormancy fees and balance conversions are accounted for in accordance with IFRS 15 "Revenue from Contracts with Customers".

Interest income

Total revenue also includes interest earned on the Group's own funds, Money market funds, clients' funds and net broker trading deposits net of interest paid to clients on their free cash balance. Interest income is accrued based on the effective interest rate method, by reference to the principal outstanding/free cash held and at the interest rate applicable. In addition, the Group earns interest income on UK government securities held as financial investments, calculated using the effective interest method.

2. Summary of significant accounting policies continued

Total revenue continued

Interest income continued

Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. This is presented within other interest income.

Introducing partner commissions and betting levies

Commissions payable to introducing partners and spread betting levies are charged to the income statement when the associated revenue is recognised and are disclosed as a deduction from total revenue in deriving net operating income. Betting levy is payable on net gains generated from clients on spread betting and the Countdowns products.

Segmental reporting

The Group's segmental information is disclosed in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the CMC Markets plc Board. Operating segments that do not meet the quantitative thresholds required by IFRS 8 are aggregated. The segments are subject to annual review and the comparatives restated to reflect any reclassifications within the segmental reporting.

Share-based payment

The Group issues equity settled and cash settled share-based payments to certain employees.

Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at date of grant. The fair value determined at the grant date of the equity settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the retained earnings.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Cash settled share-based payments are measured at expected value at vesting date at least once per year, along with the likelihood of meeting non-market-based vesting conditions and the number of shares that are expected to vest. The cost is recognised in the income statement with a corresponding liability recorded.

Retirement benefit costs

A defined contribution plan is a post-employment benefit plan into which the Group pays fixed contributions to a third-party pension provider and has no legal or constructive obligation to pay further amounts. Contributions are recognised as staff expenses in profit or loss in the years during which related employee services are fulfilled.

The Group operates defined contribution pension schemes for its Directors and employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

Taxation

The tax expense represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised. Deferred tax is calculated using tax rates and laws enacted or substantively enacted by the balance sheet date and are expected to apply when the asset or liability is settled.

Such assets and liabilities are not recognised if the temporary difference arises from the goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

2. Summary of significant accounting policies continued

Foreign currencies

Transactions denominated in currencies, other than the functional currency, are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates applicable to the relevant year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Such translation differences are recognised as income or expense in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of a subsidiary, at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is included within "intangible assets" at cost less accumulated impairment losses.

Goodwill is tested for impairment annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. On disposal of a subsidiary, the attributed amount of goodwill, which has not been subject to impairment, is included in the determination of the profit or loss on disposal.

Goodwill is allocated to cash-generating units for purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination, identified according to business segment.

Computer software (purchased and developed)

Purchased software is recognised as an intangible asset at cost when acquired. Costs associated with maintaining computer software are recognised as an expense as incurred. Costs directly attributable to internally developed software are recognised as an intangible asset only if all of the following conditions are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Where the above conditions are not met, costs are expensed as incurred. Directly attributable costs that are capitalised include contractor costs associated with the development of software. Costs which have been recognised as an asset are amortised on a straight-line basis over the asset's estimated useful life from the point at which the asset is ready to use.

Trademarks and trading licences

Trademarks and trading licences that are separately acquired are capitalised at cost and those acquired from a business combination are capitalised at the fair value at the date of acquisition. Amortisation is charged to the income statement on a straight-line basis over their estimated useful lives.

Client relationships

The fair value attributable to client relationships acquired through a business combination is included as an intangible asset and amortised over the estimated useful life on a straight-line basis. The fair value of client relationships is calculated at the date of acquisition on the basis of the expected future cash flows to be generated from that asset. Separate values are not attributed to internally generated client relationships.

Following initial recognition, computer software, trademarks and trading licences and client relationships are carried at cost or initial fair value less accumulated amortisation. Amortisation is provided on all intangible assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight-line basis over its expected useful life as follows:

Item	Amortisation policy
Computer software (purchased and developed)	3–10 years or life of licence
Trademarks and trading licences	10–20 years
Client relationships	10-14 years

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Assets under development are transferred to the relevant intangible asset class and amortised over their useful life from the point at which the asset is ready to use. Assets under development are tested for impairment annually.

2. Summary of significant accounting policies continued

Property, plant and equipment

Property, plant and equipment ("PPE") is stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all PPE at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight-line basis over its expected useful life as follows:

Item	Depreciation policy
Furniture, fixtures and equipment	5 years
Computer hardware	5 years
Leasehold improvements	15 years or life of lease

The useful lives and residual values of the assets are assessed annually and may be adjusted depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

Investment in subsidiary undertakings

In the Parent Company Statement of Financial Position, investment in subsidiary undertakings is stated at cost less any provision for impairment.

Impairment of assets

Assets subject to amortisation or depreciation are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. Value in use is the estimated discounted future cash flows generated from the asset's continued use, including those from its ultimate disposal. Net realisable value is the estimated amount at which an asset can be disposed of, less any direct selling costs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and previously recognised impairment losses are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and
- those to be measured at amortised cost.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset measured through other comprehensive income or at amortised cost, transaction costs that are both incremental and directly attributable to the acquisition of the financial asset. Regular way transactions are recognised on trade date.

The Group subsequently measures cash and cash equivalents, amounts due from brokers and trade and other receivables at amortised cost. The Group subsequently measures derivative financial instruments at fair value through profit or loss, unless designated as instrument in an effective hedge accounting relationship, and financial investments at fair value through other comprehensive income.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

Cash and cash equivalents

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.

Amounts due from/due to brokers

Amounts due from/due to brokers represent funds placed with hedging counterparties, a proportion of which are posted to meet broker margin requirements. All financial instruments used as hedges held for trading are margin traded. Assets or liabilities resulting from profits or losses on open positions are recognised separately as derivative financial instruments, where IAS 32 offsetting criteria is not met.

2. Summary of significant accounting policies continued

Other assets

Other assets represent cryptocurrencies controlled by the Group. The Group offers CFDs on cryptocurrencies as a product that can be traded on its platform. As part of a wider hedging strategy, the Group purchases and sells cryptocurrencies to hedge the clients' positions.

The Group holds cryptocurrency assets for trading in the ordinary course of its business, effectively acting as a commodity broker-dealer in respect of the underlying cryptocurrency asset. The assets are recognised on trade date and measured at fair value with changes in valuation being recorded in the income statement in the period in which they arise. Cryptocurrency assets are not financial instruments, and they are categorised as non-financial assets.

Trade and other receivables

Trade receivables primarily comprise amounts due from clients and stockbroking settlement balances. They are short term in nature are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses.

Trade receivables are short term and do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. Amounts are written off when there is no reasonable expectation of recovery of the amount.

The expected loss model for these trade receivables has been built based on the levels of loss experienced, with due consideration given to forward-looking information.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within net impairment gains/(losses) on financial assets. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against net impairment gains/(losses) in the income statement.

Financial investments

Under IFRS 9, financial assets that are debt instruments held in a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") are measured at FVOCI.

Financial investments in UK Government securities are non-derivative financial assets and are recognised on a trade date basis. These financial investments are initially measured at fair value plus directly related transactions costs. They are re-measured at fair value. Interest calculated using the effective interest method is recognised in the income statement. All other net gains and losses are recognised directly in other comprehensive income until the assets are sold or disposed of. On derecognition, gains and losses accumulated in OCI are reclassified to the income statement.

Financial investments in Equity securities are non-derivative financial assets and are recognised on a trade date basis and are measured at FVTPL.

The Group recognises a charge for expected credit losses in the income statement. As financial investments are measured at fair value, the charge does not adjust the carrying value of the asset, and this is reflected in other comprehensive income.

Derivative financial instruments

Derivative financial instruments, comprising index, commodities, foreign exchange and treasury futures and forward foreign exchange contracts, are classified as "fair value through profit or loss" under IFRS 9, unless designated as accounting hedges. Derivatives are initially recognised at fair value. Subsequent to initial recognition, changes in fair value of derivatives that are not designated as accounting hedges, and gains or losses on their settlement, are recognised in the income statement.

For accounting hedges, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group categorises certain derivatives as either:

Held for trading

The Group uses derivative financial instruments in order to economically hedge derivative exposures arising from open client positions, which are classified as held for trading. All derivatives held for trading are carried in the statement of financial position at fair value with gains or losses recognised in revenue in the income statement.

Held as hedges of net investments in foreign operations

Where a foreign currency derivative financial instrument is a formally designated accounting hedge of a net investment in a foreign operation, foreign exchange differences arising on translation of the financial instrument are recognised in the net investment hedging reserve via other comprehensive income to the extent the hedge is effective. The Group assesses the effectiveness of its net investment hedges based on fair value changes due to foreign exchange risk of its net assets and the fair value changes of the relevant financial instrument. The gain or loss relating to the ineffective portion is recognised immediately in operating expenses in the income statement. Accumulated gains and losses recorded in the net investment hedging reserve are recognised in operating costs in the income statement on disposal of the foreign operation.

Economic hedges (held as hedges of monetary assets and liabilities, financial commitments or forecast transactions)

These are derivatives held to mitigate the foreign exchange risk on monetary assets and liabilities, financial commitments or forecast transactions. Where a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognised monetary asset or liability, financial commitment or forecast transaction, but does not meet the criteria to qualify for hedge accounting under IFRS, no hedge accounting is applied and any gain or loss resulting from changes in fair value of the hedging instrument is recognised in operating costs in the income statement.

2. Summary of significant accounting policies continued

Trade and other payables

Trade and other payables are not interest bearing and are stated at fair value on initial recognition and subsequently at amortised cost.

Leases

Under IFRS 16, when the Group is the lessee, it is required to recognise both:

- a lease liability, measured at the present value of remaining cash flows on the lease; and
- a right-of-use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Subsequently, the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when the payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change in an index or rate;
- the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- the Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to £nil.

On the Consolidated Statement of Financial Position, the ROU assets are included within property, plant and equipment.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Extension and termination options are included in a number of property leases in the Group. Management considers the facts and circumstances that may create an economic incentive to exercise an extension or termination option in order to determine whether the lease term should include or exclude such options. Extension or termination options are only included within the lease term if they are reasonably certain to be exercised in the case of extension options and not exercised in the case of termination options.

The Group enters into lease agreements as a lessor with respect to some of its vehicles that it leases under head leases. When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease of vehicles is classified as a finance lease. Amounts due from the lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Provisions

A provision is a liability of uncertain timing or amount that is recognised when the Group has a present obligation (legal or constructive) as a result of a past event where it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. The increase in the provision due to the unwind of the discount to present value over time is recognised as an interest expense.

Share capital

Ordinary and Deferred Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Own shares held in trusts

Shares held in trust by the Company for the purposes of employee share schemes are classified as a deduction from shareholders' equity and are recognised at cost. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

Capital redemption reserve

The capital redemption reserve was created for capital maintenance purposes as a result of the share buyback programme. When shares are repurchased out of the Company's profits, the amount by which the Company's issued share capital is diminished must be transferred to the capital redemption reserve. This amount is the nominal value of the shares bought back. See note 25.

2. Summary of significant accounting policies continued

Share buyback reserve

The share buyback reserve was created as a result of the share buyback programme and on inception of the contract amounted to the full value of the share buyback programme plus directly attributed costs. As shares are repurchased, the share buyback reserve amount is reduced by the consideration paid for the repurchased shares with a corresponding transaction recorded within retained earnings to reflect the consumption of distributable profits. See note 27.

Employee benefit trusts

Assets held in employee benefit trusts ("EBT") are recognised as assets of the Group, until these vest unconditionally to identified employees. A full provision is made in respect of assets held by the trust as there is an obligation to distribute these assets to the beneficiaries of the employee benefit trust.

The employee benefit trusts own equity shares in the Company. These investments in the Company's own shares are held at cost and are included as a deduction from equity attributable to the Company's equity owners until such time as the shares are cancelled or transferred. Where such shares are subsequently transferred, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity owners.

Client money

The Group holds money on behalf of clients in accordance with the Client Asset ("CASS") rules of the FCA and other financial markets regulators in the countries in which the Group operates. Segregated client funds comprise individual client balances which are pooled in segregated client money bank accounts. Segregated client money bank accounts hold statutory trust status restricting the Group's ability to use the monies and accordingly such amounts and are not recognised on the Group's Statement of Financial Position.

3. 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						
	Trading				Investing		
GROUP	**UK & IE £'000**	**Europe £'000**	**APAC & Canada £'000**	**Trading total £'000**	**Australia £'000**	**Central £'000**	**Group total £'000**
Revenue	98,579	50,620	106,329	255,528	55,682	—	311,210
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 finance operating expenses	(48,075)	(32,649)	(45,861)	(126,585)	(31,067)	157,652	—
Operating profit / (loss)	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 / (loss) before taxation	17,642	9,958	25,627	53,227	(1,064)	—	52,163

3. Segmental reporting continued

	Year ended 31 March 2022 (Restated)						
	Trading				Investing		
GROUP	UK & IE £'000	Europe £'000	APAC & Canada £'000	Trading total £'000	Australia £'000	Central £'000	Group total £'000
Revenue	87,168	45,312	118,911	251,391	74,418	—	325,809
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		
Net operating income by geography	**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.

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

4. Total revenue

Revenue

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

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

4. Total revenue continued

Interest income

GROUP	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
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.

5. Operating expenses

GROUP	Year ended 31 March 2023 £'000	Year ended 31 March 2022 (Restated) £'000
Net staff costs (note 6)	**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.

6. Employee information

The aggregate employment costs of staff and Directors were:

GROUP	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Wages and salaries	**92,758**	74,352
Social security costs	**11,850**	9,475
Other pension costs	**2,743**	2,230
Share-based payments	**2,229**	2,418
Total Directors and employee costs	**109,580**	88,475
Contract staff costs	**3,101**	3,880
	112,681	92,355
Capitalised internal software development costs	**(11,121)**	(7,493)
Net staff costs	**101,560**	84,862

Compensation of key management personnel is disclosed in note 34.

6. Employee information continued

The monthly average number of Directors and employees of the Group during the year is set out below:

GROUP	**Year ended 31 March 2023 Number**	Year ended 31 March 2022 Number
By activity:		
Key management	**9**	8
Client acquisition and maintenance	**489**	420
IT development and support	**315**	252
Global support functions	**254**	215
Total Directors and employees	**1,067**	895
Contract staff	**20**	22
Total staff	**1,087**	917

The Company had no employees during the current year or prior year.

7. Finance costs

GROUP	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 (Restated) £'000
Interest and fees on bank borrowings	**1,657**	1,451
Interest on lease liabilities	**658**	687
Other finance costs	**—**	26
Total	**2,315**	2,164

8. Profit before taxation

GROUP	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 (Restated) £'000
Profit before tax is stated after charging/(crediting):		
Depreciation	**9,962**	9,568
Amortisation and impairment of intangible assets	**5,675**	2,820
Net foreign exchange gain/(loss)	**1,044**	(1,179)
Auditor's remuneration for audit and other services (see below)	**2,490**	2,057

Fees payable to the Company's auditor, Deloitte LLP (year ended 31 March 2022: PricewaterhouseCoopers LLP), were as follows:

GROUP	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
Audit services		
Audit of CMC Markets plc's Financial Statements	**814**	659
Audit of CMC Markets plc's subsidiaries	**978**	780
Total audit fees	**1,792**	1,439
Non-audit services		
Audit-related services	**698**	618
Total non-audit fees	**698**	618
Total fees	**2,490**	2,057

9. Taxation

GROUP	Year ended 31 March 2023 £'000	Year ended 31 March 2022 (Restated) £'000
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:

GROUP	Year ended 31 March 2023 £'000	Year ended 31 March 2022 (Restated) £'000
Profit before taxation	**52,163**	91,495
Profit multiplied by the standard rate of corporation tax in the UK of 19% (year ended 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

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

10. 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.

GROUP	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	**14.7p**	24.6p
Diluted EPS	**14.6p**	24.5p

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.

11. Dividends

GROUP AND COMPANY	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Declared and paid in each year		
Final dividend for 2022 at 8.88p 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:

GROUP AND COMPANY	Year ended 31 March 2023 Pence	Year ended 31 March 2022 Pence
Declared per share		
Interim dividend	**3.50**	3.50
Final dividend	**3.90**	8.88
Total dividend	**7.40**	12.38

12. Intangible assets

GROUP	Goodwill £'000	Computer software £'000	Trademarks and trading licences £'000	Client relationships £'000	Assets under development £'000	Total £'000
Cost						
At 1 April 2021	11,500	125,995	1,397	2,995	6,148	148,035
Additions	—	77	—	—	21,736	21,813
Transfers	—	5,246	—	—	(5,246)	—
Disposals	—	—	(356)	—	—	(356)
Foreign currency translation	—	869	11	100	970	1,950
At 31 March 2022	**11,500**	**132,187**	**1,052**	**3,095**	**23,608**	**171,442**
Additions	**—**	**291**	**23**	**—**	**11,316**	**11,630**
Transfers	**—**	**12,803**	**—**	**14,103**	**(26,906)**	**—**
Foreign currency translation	**—**	**(1,290)**	**(29)**	**(703)**	**(311)**	**(2,333)**
At 31 March 2023	**11,500**	**143,991**	**1,046**	**16,495**	**7,707**	**180,739**
Accumulated amortisation and impairment						
At 1 April 2021	(11,500)	(122,075)	(1,135)	(2,995)	—	(137,705)
Charge for the year	—	(2,773)	(47)	—	—	(2,820)
Disposals	—	—	287	—	—	287
Foreign currency translation	—	(764)	(12)	(100)	—	(876)
At 31 March 2022	**(11,500)**	**(125,612)**	**(907)**	**(3,095)**	**—**	**(141,114)**
Charge for the year	**—**	**(4,441)**	**(34)**	**(768)**	**—**	**(5,243)**
Impairment	**—**	**(432)**	**—**	**—**	**—**	**(432)**
Foreign currency translation	**—**	**1,181**	**27**	**184**	**—**	**1,392**
At 31 March 2023	**(11,500)**	**(129,304)**	**(914)**	**(3,679)**	**—**	**(145,397)**
Carrying amount						
At 1 April 2021	—	3,920	262	—	6,148	10,330
At 31 March 2022	—	6,575	145	—	23,608	30,328
At 31 March 2023	**—**	**14,687**	**132**	**12,816**	**7,707**	**35,342**

Computer software includes capitalised development costs of £26,487,000 relating to the Group's Next Generation trading platform which has been fully amortised. Research and Development expenditure recognised as expense during the year amounted to £893,344 (31 March 2022: £1,690,00). Client relationships include the transaction with ANZ to transition its portfolio of Share Investing clients to CMC for AUD$25m, which has a remaining amortisation period of 8.5 years. During the year ended 31 March 2023 the Group recorded an impairment of £432,000 (year ended 31 March 2022: £nil) relating to internally generated computer software assets. The carrying value of the assets impaired at 1 April 2022 was £841,000, amortisation during the year ended 31 March 2023 was £409,000 until the date of decommissioning the asset resulting in an impairment of £432,000. The impaired asset provided an enhanced functionality to the clients but this functionality was removed from the Next Generation platform.

12. Intangible assets continued

Impairment

Intangibles are tested for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Assets under development are tested for impairment annually. Impairment of £432,000 was identified in the year ended 31 March 2023 (year ended 31 March 2022: £nil).

At 31 March 2023, the Group had no material capital commitments in respect of intangible assets (31 March 2022: £nil).

Impairment sensitivity analysis

The recoverable amount of the asset under development relating to the Invest UK platform has been determined using a value-in-use discounted cash flow calculation. These cash flow projections use the most recent Board-approved forecast that cover a 10-year period, reflecting the longer useful expected life of the asset based on comparable experiences the Group has in software development. A discount rate of 9.3% and long term growth rate (beyond the forecasting period) of 0% has been used. The remaining amortisation period for this asset is 9.5 years.

The discount rates used to calculate the recoverable amount of the Invest UK platform is based on the Group post tax weighted average cost of capital (WACC). The discount rate depends on a number of inputs reflecting the current market assessment of the time value of money, determined by external market information, and inputs relating to the equity market and industry specific risks.

Projected revenues have been estimated using available market information and internal data. The key assumptions that drive the uncertainty of revenue are:

- Client acquisition, measured as marketing cost to acquire a trading customer
- Estimates of B2B revenues from white-label, Software as a Service deals and the provision of API technology
- Direct-to-consumer client behaviour measured through average portfolio size, average number of trades and customer retention rates
- Interest earned on client funds

A 6.0% reduction in forecast revenues would determine a recoverable amount equal to the carrying value of £11,676,000. A 17.3% reduction in forecast revenues would result in the full impairment of the asset.

13. Property, plant and equipment

GROUP	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Computer hardware £'000	Right-of-use asset £'000	Construction in progress £'000	Total £'000
Cost						
At 31 March 2021 (Reported)	19,273	9,656	36,249	19,146	—	84,324
Correction of error	—	—	—	(1,563)	—	(1,563)
At 1 April 2021 (Restated)	19,273	9,656	36,249	17,583	—	82,761
Additions	106	198	3,196	4,213	—	7,713
Disposals	(2,733)	(1,007)	(2,262)	(275)	—	(6,277)
Foreign currency translation	237	75	192	324	—	828
At 31 March 2022 (Restated)	**16,883**	**8,922**	**37,375**	**21,845**	**—**	**85,025**
Additions	**722**	**479**	**5,788**	**2,872**	**211**	**10,072**
Reclassification	**36**	**18**	**—**	**—**	**(54)**	**—**
Disposals	**(887)**	**(72)**	**(579)**	**(1,813)**	**—**	**(3,351)**
Foreign currency translation	**(189)**	**(26)**	**(164)**	**(270)**	**(5)**	**(654)**
At 31 March 2023	**16,565**	**9,321**	**42,420**	**22,634**	**152**	**91,092**
Accumulated depreciation						
At 31 March 2021 (Reported)	(14,393)	(8,795)	(27,235)	(7,796)	—	(58,219)
Correction of error	—	—	—	429	—	429
At 1 April 2021 (restated)	(14,393)	(8,795)	(27,235)	(7,367)	—	(57,790)
Charge for the year	(1,642)	(414)	(3,225)	(4,287)	—	(9,568)
Disposals	2,736	1,001	2,248	181	—	6,166
Foreign currency translation	(222)	(72)	(148)	(221)	—	(663)
At 31 March 2022 (restated)	**(13,521)**	**(8,280)**	**(28,360)**	**(11,694)**	**—**	**(61,855)**
Charge for the year	**(1,585)**	**(407)**	**(3,749)**	**(4,221)**	**—**	**(9,962)**
Disposals	**839**	**59**	**340**	**1,801**	**—**	**3,039**
Foreign currency translation	**175**	**22**	**108**	**152**	**—**	**457**
At 31 March 2023	**(14,092)**	**(8,606)**	**(31,661)**	**(13,962)**	**—**	**(68,321)**
Carrying amount						
At 1 April 2021 (Restated)	4,880	861	9,014	10,216	—	24,971
At 31 March 2022 (Restated)	3,362	642	9,015	10,151	—	23,170
At 31 March 2023	**2,473**	**715**	**10,759**	**8,672**	**152**	**22,771**

13. Property, plant and equipment continued

The carrying amount of recognised right-of-use assets relate to the following types of assets:

GROUP	Computer hardware £'000	Leasehold properties £'000	Total £'000
At 1 April 2021	305	10,216	10,521
Additions	—	4,213	4,213
Disposals	—	(94)	(94)
Charge for the year	(305)	(4,287)	(4,592)
Foreign currency translation	—	103	103
At 31 March 2022	**—**	**10,151**	**10,151**
Additions	**—**	**2,872**	**2,872**
Disposals	**—**	**(12)**	**(12)**
Charge for the year	**—**	**(4,221)**	**(4,221)**
Foreign currency translation	**—**	**(118)**	**(118)**
At 31 March 2023	**—**	**8,672**	**8,672**

Refer to note 23 for further details on lease liabilities.

14. Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method at the tax rate expected to apply when the deferred tax will crystallise. The gross movement on deferred tax is as follows:

GROUP	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
At 1 April	**2,713**	4,748
Charge to income for the year	**(1,380)**	(2,108)
Charge to equity for the year	**—**	(135)
Change in tax rate	**(462)**	147
Foreign currency translation	**(115)**	61
At 31 March	**756**	2,713

The following table details the deferred tax assets and liabilities recognised by the Group and movements thereon during the year:

GROUP	Tax losses £'000	Accelerated capital allowances £'000	Other timing differences £'000	Total £'000
At 1 April 2021	135	(2,352)	6,965	4,748
Charge to income for the year	(41)	1,894	(3,961)	(2,108)
Charge to equity for the year	—	—	(135)	(135)
Research and development tax credit	(1)	169	(21)	147
Foreign currency translation	—	11	50	61
At 31 March 2022	**93**	**(278)**	**2,898**	**2,713**
Charge to income for the year	**5**	**(1,590)**	**206**	**(1,379)**
Change in tax rate	**(7)**	**(192)**	**(263)**	**(462)**
Foreign currency translation	**4**	**(22)**	**(96)**	**(114)**
At 31 March 2023	**95**	**(2,082)**	**2,744**	**756**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of the temporary differences can be deducted. The recoverability of the Group's deferred tax asset in respect of carry forward losses is based on an assessment of the future levels of taxable profit expected to arise that can be offset against these losses. The Group's expectations as to the level of future taxable profits take into account the Group's long-term financial and strategic plans and anticipated future tax adjusting items. In making this assessment, account is taken of business plans including the Board-approved Group budget. Key budget assumptions are discussed in the Directors' viability statement.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 March 2023, the Group did not recognise deferred tax assets of £298,000 (year ended 31 March 2022: £181,000) in respect of losses amounting to £1,540,000 (year ended 31 March 2022: £724,000). £520,000 (year ended 31 March 2022: £724,000) of the losses relates to the Group's Information Internet Limited subsidiary and £1,020,000 (year ended 31 March 2022: £0) of the losses relates to CMC Markets Singapore Invest Pte Ltd subsidiary. There is no time limit on their utilisation.

14. Deferred tax continued

The Group has recognised a deferred tax asset of £95,000 (year ended 31 March 2022: £93,000) in respect of losses of £428,000 (year ended 31 March 2022: £375,000). £321,000 (year ended 31 March 2022: £375,000) of the losses relates to the Group's Information Internet Limited subsidiary and £107,000 (year ended 31 March 2022: £nil) of the losses relates to the Polish branch of the Group's CMC Markets Germany GmbH subsidiary as at 31 March 2023.

On 5 March 2021 the UK government announced that from 1 April 2023 the Corporation Tax main rate will be increased from 19% to 25%. This was substantively enacted on 24 May 2021. Deferred tax balances are reported at the substantively enacted corporation tax rate of 25%, the substantively enacted tax rate at the balance sheet date.

15. Investment in subsidiary undertakings

COMPANY	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 (Restated) £'000
At 1 April (Restated)	**167,722**	167,607
Capital contribution relating to share-based payments	**2,121**	2,272
Amounts contributed by subsidiaries in relation to share-based payments	**(2,753)**	(2,157)
At 31 March	**167,090**	167,722

The Company's investments in its subsidiary undertakings is carried at cost lest accumulated provision for impairment. In determining the provision for impairment, the carrying value of the investment is compared to the recoverable amount of the investment. The estimated recoverable amount of these investments is determined based on an estimate of the fair value less costs to sell of the subsidiary undertaking or the value in use of the subsidiary undertaking, whichever is higher. Investment in subsidiary undertakings are tested for impairment annually. Total provision for impairment recorded during the year ended 31 March 2023 was £nil (year ended 31 March 2022 Restated: £nil).

The list below includes all of the Group's direct and indirect subsidiaries as at 31 March 2023:

	Country of incorporation	Principal activities	Held
CMC Markets Holdings Ltd	England	Holding company	Directly
CMC Markets UK Holdings Ltd	England	Holding company	Indirectly
CMC Markets Investments Limited	England	Online investing	Indirectly
CMC Markets Investments Nominee Limited	England	Nominee entity	Indirectly
CMC Markets UK plc	England	Online trading	Indirectly
Information Internet Ltd	England	IT development	Indirectly
CMC Spreadbet plc	England	Financial spread betting	Indirectly
CMC Markets Overseas Holdings Ltd	England	Holding company	Indirectly
CMC Markets Asia Pacific Pty Ltd	Australia	Online trading	Indirectly
CMC Markets Group Australia Pty Ltd	Australia	Holding company	Indirectly
CMC Markets Stockbroking Ltd	Australia	Stockbroking	Indirectly
CMC Markets Stockbroking Services Pty Ltd	Australia	Employee services	Indirectly
CMC Markets Stockbroking Nominees Pty Ltd	Australia	Nominee entity	Indirectly
CMC Markets Stockbroking Nominees (No. 2 Account) Pty Ltd	Australia	Nominee entity	Indirectly
CMC Markets Canada Inc	Canada	Online trading	Indirectly
CMC Markets NZ Ltd	New Zealand	Online trading	Indirectly
CMC Markets Singapore Pte Ltd	Singapore	Online trading	Indirectly
CMC Markets Singapore Invest Pte Ltd	Singapore	Online investing	Indirectly
CMC Business Services (Shanghai) Limited	China	Training and education	Indirectly
CMC Markets Germany GmbH	Germany	Online trading	Indirectly
CMC Markets Middle East Ltd	UAE	Online trading	Indirectly

Please refer to pages 186 and 187 for the registered office addresses of the subsidiaries above.

All shareholdings are of Ordinary Shares. The issued share capital of all subsidiary undertakings is 100% owned, which also represents the proportion of the voting rights in the subsidiary undertakings.

15. Investment in subsidiary undertakings continued

The list below includes all of the Group's employee benefit trusts as at 31 March 2023:

	Country of incorporation
CMC Markets plc Employee Share Trust	Jersey
CMC Markets plc UK Share Incentive Plan	England
CMC Markets plc (Discretionary Schemes) Employee Share Trust	England

16. Trade and other receivables

	GROUP		COMPANY	
	31 March 2023 £'000	31 March 2022 (Restated) £'000	**31 March 2023 £'000**	31 March 2022 £'000
Current				
Gross trade receivables	**8,721**	6,546	**—**	—
Less: loss allowance	**(4,247)**	(6,219)	**—**	—
Trade receivables	**4,474**	327	**—**	—
Amounts due from Group companies	**—**	—	**1,879**	1,013
Prepayments	**14,985**	10,621	**51**	7
Accrued income	**2,335**	522	**2**	—
Stockbroking debtors	**105,103**	134,325	**—**	—
Other debtors	**3,719**	2,413	**—**	—
	130,616	148,208	**1,932**	1,020
Non-current				
Other debtors	**2,666**	1,797	**—**	—
Total	**133,282**	150,005	**1,932**	1,020

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 21).

All amounts due from Group companies in the Company Financial Statements are repayable on demand and are non-interest bearing.

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).

17. Derivative financial instruments

Assets

GROUP	**31 March 2023 Notional amount £m**	**31 March 2023 Carrying amount £'000**	31 March 2022 Notional amount (Restated) £m	31 March 2022 Carrying amount (Restated) £'000
Held for trading				
Client trading positions	**120.9**	**13,125**	76.9	8,710
Held for hedging				
Forward foreign exchange contracts – economic hedges	**73.6**	**1,106**	—	—
Forward foreign exchange contracts – net investment hedges	**—**	**—**	40.0	78
Total	**194.5**	**14,231**	116.9	8,788

17. Derivative financial instruments continued

Liabilities

GROUP	31 March 2023 Notional amount £m	31 March 2023 Carrying amount £'000	31 March 2022 Notional amount (Restated) £m	31 March 2022 Carrying amount (Restated) £'000
Held for trading				
Client trading positions	**35.7**	**(2,033)**	37.0	(3,227)
Held for hedging				
Forward foreign exchange contracts – economic hedges	**—**	**—**	36.0	(452)
Total	**35.7**	**(2,033)**	73.0	(3,679)

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

Held for trading

As described in note 30, the Group enters into derivative contracts in order to hedge its market price risk exposure arising from open client trading positions.

Held for hedging

The Group's forward foreign exchange contracts are categorised as either economic or net investment hedges.

Economic hedges are held for the purpose of mitigating currency risk relating to transactional currency flows arising from earnings in foreign currencies but do not meet the criteria for designation in a hedge accounting relationship. During the year ended 31 March 2023, £845,000 of net loss relating to economic hedges were recognised in the consolidated income statement (year ended 31 March 2022: gains of £869,000).

The Group has designated a number of foreign exchange derivative contracts as hedges of the net investment in the Group's foreign operations. At 31 March 2023, £8,748,000 (31 March 2022: £8,662,000) of fair value losses were recorded in net investment hedging reserve within other reserves. At 31 March 2023, £6,304,000 (31 March 2022: £7,827,000) of fair value gains were recorded in the translation reserve within other reserves.

The net investment hedge programme closed at the end of April 2022. During the year ended 31 March 2023, fair value losses of £86,000 (year ended 31 March 2022: losses of £1,089,000) relating to net investment hedges were recognised in other comprehensive income. All changes in the fair value were treated as being effective under IFRS 9 "Financial Instruments"; as a result there was no amount recognised directly in the income statement.

The maximum exposure to credit risk at the reporting date is the carrying value of the derivative assets at the balance sheet date.

The Group's derivative positions are reported gross on the statement of financial position, as required by IAS 32 where the criteria for offset are not met.

18. Other assets

GROUP	31 March 2023 £'000	31 March 2022 £'000
Exchange	**1,178**	953
Vaults	**806**	12,490
Total	**1,984**	13,443

Other assets are cryptocurrencies, which are owned and controlled by the Group for the purpose of hedging the Group's exposure to clients' cryptocurrency trading positions. The fair value of cryptocurrencies are based on the market price of these instruments as at the balance sheet date.

As presented above, the Group holds cryptocurrencies on exchange and in vault. Cryptocurrencies held on vaults are held in a wallet that has additional security features. Other assets are measured at fair value less costs to sell.

19. Financial investments

GROUP	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
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

The effective interest rates of UK government securities held at the year end range from 1.72% to 4.05% (31 March 2022: -0.19% to 1.72%).

GROUP	31 March 2023 £'000	31 March 2022 £'000
Analysis of financial investments		
Non-current	**34**	13,448
Current	**30,572**	14,497
Total	**30,606**	27,945

Financial investments are shown as current assets when they have a maturity of less than one year and as non-current when they have a maturity of more than one year. The majority of these UK government securities are held to meet the Group's regulatory threshold requirements under IFPR. These UK government securities are in Stage 1 and ECL is immaterial for the year ended 31 March 2023 (year ended 31 March 2022: £nil).

20. Cash and cash equivalents

	GROUP		COMPANY	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 (Restated) £'000
Cash and cash equivalents	**146,218**	176,578	**586**	28,446
Analysed as:				
Cash at bank	**146,218**	176,578	**586**	28,446

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).

Analysis of net cash

GROUP	31 March 2023 £'000	31 March 2022 (Restated) £'000
Cash and cash equivalents	**146,218**	176,578
Borrowings	**—**	(194)
Share buyback liability	**—**	(27,264)
Lease liabilities	**(11,818)**	(14,251)
Net cash	**134,400**	134,869

20. Cash and cash equivalents continued

GROUP	Borrowings £'000	Lease liabilities £'000	Share buyback liability £'000	Changes in liabilities arising from financing £'000	Cash and cash equivalents £'000	Total £'000
At 1 April 2021 (Restated)	(1,139)	(15,387)	—	(16,526)	118,921	102,395
Cash flows	—	—	—	—	56,281	56,281
Financing cash flows	945	4,808	2,975	8,728	—	8,728
Share buyback liability recognised	—	—	(30,239)	(30,239)		(30,239)
Inception/modification of leases	—	(3,510)	—	(3,510)	—	(3,510)
Foreign exchange adjustments	—	(162)	—	(162)	1,376	1,214
At 31 March 2022 (Restated)	**(194)**	**(14,251)**	**(27,264)**	**(41,709)**	**176,578**	**134,869**
Cash flows	**—**	**—**	**—**	**—**	**(29,058)**	**(29,058)**
Financing cash flows	**194**	**5,454**	**27,264**	**32,912**	**—**	**32,912**
Inception/modification of leases	**—**	**(3,223)**	**—**	**(3,223)**	**—**	**(3,223)**
Foreign exchange adjustments	**—**	**202**	**—**	**202**	**(1,302)**	**(1,100)**
At 31 March 2023	**—**	**(11,818)**	**—**	**(11,818)**	**146,218**	**134,400**

21. Trade and other payables

	GROUP		COMPANY	
	31 March 2023 £'000	31 March 2022 (Restated) £'000	**31 March 2023 £'000**	31 March 2022 (Restated) £'000
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	**122**	176
Total	**182,284**	212,626	**122**	176

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 16).

22. Borrowings

GROUP	**31 March 2023 £'000**	31 March 2022 £'000
Current		
Other liabilities	**—**	194
	—	194
Non-current		
Other liabilities	**—**	—
Amount due to Group companies	**—**	—
	—	—
Total	**—**	194

The fair value of financial liabilities is approximately equivalent to the book value shown above.

Bank loans

In March 2023, the syndicated revolving credit facility was renewed at a level of £55,000,000 (31 March 2022: £55,000,000) where £27,500,000 had a maturity date of March 2024 and £27,500,000 had a maturity date of March 2026. This facility can only be used to meet broker margin requirements of the Group. The rate of interest payable on any loans is the aggregate of the applicable margin and SONIA. Other fees such as commitment fees, legal fees and arrangement fees are also payable on this facility (note 7).

No amount was outstanding on this facility at 31 March 2023 (31 March 2022: £nil).

All amounts due to Group companies in the Company financial statements are repayable on demand and are non-interest bearing.

23. Leases 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.

ROU asset balances relate to both leasehold properties and computer hardware. Refer to note 13 for a breakdown of the carrying amount of ROU assets.

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

GROUP	Year ended 31 March 2023 £'000	Year ended 31 March 2022 (Restated) £'000
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

GROUP	31 March 2023 £'000	31 March 2022 (Restated) £'000
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 for maturity analysis of lease liabilities.

24. Provisions

GROUP	Property related £'000	Other £'000	Total £'000
At 1 April 2021	2,101	1,599	3,700
Additional provision	623	—	623
Utilisation of provision	(326)	(1,506)	(1,832)
Currency translation	18	(23)	(5)
At 31 March 2022	**2,416**	**70**	**2,486**
Additional provision	**82**	**856**	**938**
Utilisation of provision	**(143)**	**(370)**	**(513)**
Currency translation	**(9)**	**—**	**(9)**
At 31 March 2023	**2,346**	**556**	**2,902**

The property-related provisions include dilapidation provisions. Dilapidation provisions have been capitalised as part of cost of ROU assets and are amortised over the term of the lease. These dilapidation provisions are utilised as and when the Group vacates a property and expenditure is incurred to restore the property to its original condition.

The other provisions balance as at 31 March 2023 relates to provisions made for potential litigation associated with client complaints. The expected timing of outflows is uncertain as at 31 March 2023. The other provisions balance as at 31 March 2022 predominantly related to provisions made for client complaints linked to market volatility during Q1 2021.

24. Provisions continued

GROUP	31 March 2023 £'000	31 March 2022 £'000
Analysis of total provisions		
Current	**815**	369
Non-current	**2,087**	2,117
Total	**2,902**	2,486

25. Share capital, share premium and capital redemption reserve

	Number		£'000	
GROUP AND COMPANY	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Authorised				
Ordinary Shares of 25p	**400,000,000**	400,000,000	**100,000**	100,000
Allotted, issued and fully paid				
Ordinary Shares of 25p	**279,815,463**	290,293,919	**69,953**	72,573
Deferred Shares of 25p	**2,478,086**	2,478,086	**620**	620
Total	**282,293,549**	292,772,005	**70,573**	73,193

Share class rights

The Company has two classes of shares, Ordinary and Deferred, neither of which carries a right to fixed income. Deferred Shares have no voting or dividend rights. In the event of a winding-up, Ordinary Shares shall be repaid at nominal value plus £500,000 each in priority to Deferred Shares.

GROUP AND COMPANY	Ordinary Shares Number	Deferred Shares Number	Total Number
At 1 April 2021	290,717,473	2,478,086	293,195,559
New shares issued	700,000	—	700,000
Shares cancelled	(1,123,554)	—	(1,123,554)
At 31 March 2022	**290,293,919**	**2,478,086**	**292,772,005**
New shares issued	**—**	**—**	**—**
Shares cancelled	**(10,478,456)**	**—**	**(10,478,456)**
At 31 March 2023	**279,815,463**	**2,478,086**	**282,293,549**

GROUP AND COMPANY	Ordinary Shares £'000	Deferred Shares £'000	Share premium £'000	Capital redemption reserve £'000	Total £'000
At 1 April 2021	72,679	620	46,236	—	119,535
New shares issued	175	—	—	—	175
Shares cancelled	(281)	—	—	281	—
At 31 March 2022	**72,573**	**620**	**46,236**	**281**	**119,710**
New shares issued	**—**	**—**	**—**	**—**	**—**
Shares cancelled	**(2,620)**	**—**	**—**	**2,620**	**—**
At 31 March 2023	**69,953**	**620**	**46,236**	**2,901**	**119,710**

Movements in share capital and premium

During the year ended 31 March 2023, no (year ended 31 March 2022: 700,000) shares with nominal value of 25 pence were issued to Employee Benefit Trusts ("EBTs").

During the year ended 31 March 2023, 10,478,456 (year ended 31 March 2022: 1,123,554) shares with nominal value of 25 pence were cancelled pursuant to the share buyback programme.

During the year ended 31 March 2023, no Ordinary Shares were converted to Deferred Shares in accordance with the terms of grant to employees who have now left the Group (year ended 31 March 2022: nil).

Capital redemption reserve

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

During the period starting 17 March 2022 and up to 19 October 2022, the Company repurchased and cancelled 11,602,010 Ordinary Shares with nominal value of 25 pence. The amount by which the Company's share capital is diminished on the cancellation of the purchased shares is transferred to the capital redemption reserve. This amounted to £2,619,614 for the year ended 31 March 2023.

26. Own shares held in trust

GROUP AND COMPANY	Number	£'000
Ordinary Shares of 25p		
At 1 April 2021	336,011	382
Acquisition	1,039,903	1,006
Utilisation	(722,299)	(294)
At 31 March 2022	**653,615**	**1,094**
Acquisition	**460,840**	**1,106**
Utilisation	**(408,688)**	**(691)**
At 31 March 2023	**705,767**	**1,509**

The shares are held by various EBTs for the purpose of encouraging or facilitating the holding of shares in the Company for the benefit of employees and the trustees will apply the whole or part of the trust's funds to facilitate dealing in shares by such beneficiaries.

27. Other reserves

GROUP	Translation reserve £'000	Net investment hedging reserve £'000	FVOCI reserve £'000	Merger reserve £'000	Share buyback reserve £'000	Total £'000
At 1 April 2021	6,066	(7,573)	(27)	(47,800)	—	(49,334)
Currency translation differences	1,761	—	—	—	—	1,761
Share buyback	—	—	—	—	(27,264)	(27,264)
Losses on net investment hedges	—	(1,089)	—	—	—	(1,089)
Losses on financial investments at FVOCI	—	—	(54)	—	—	(54)
At 31 March 2022	**7,827**	**(8,662)**	**(81)**	**(47,800)**	**(27,264)**	**(75,980)**
Currency translation differences	**(1,760)**	**—**	**—**	**—**	**—**	**(1,760)**
Share buyback	**—**	**—**	**—**	**—**	**27,264**	**27,264**
Gains recycled from equity to income statement	**237**	**—**	**—**	**—**	**—**	**237**
Losses on net investment hedges	**—**	**(86)**	**—**	**—**	**—**	**(86)**
Losses on financial investments at FVOCI	**—**	**—**	**(210)**	**—**	**—**	**(210)**
At 31 March 2023	**6,304**	**(8,748)**	**(291)**	**(47,800)**	**—**	**(50,535)**

Translation reserve

The translation reserve is comprised of translation differences on foreign currency net investments held by the Group.

Net investment hedging reserve

The net investment hedge programme closed at the end of April 2022. Overseas net investments are hedged using forward foreign exchange contracts. Gains and losses on instruments used to hedge these overseas net investments are shown in the net investment hedging reserve. These instruments hedge balance sheet translation risk, which is the risk of changes in reserves due to fluctuations in currency exchange rates. All changes in the fair value of these hedging instruments were treated as being effective under IFRS 9 "Financial Instruments".

FVOCI reserve

The Group holds certain UK government securities measured at FVOCI. Unrealised gains and losses arising from changes in the fair value of these financial assets are recognised in the FVOCI reserve.

Merger reserve

The merger reserve arose following a corporate restructure in 2006 when a new holding company, CMC Markets plc, was created to bring all CMC companies into the same corporate structure. The merger reserve represents the difference between the nominal value of the holding Company's share capital and that of the acquired companies.

Share buyback reserve

On 14 March 2022, the Board approved a share buyback programme with up to £30.0 million to be returned to shareholders. On inception of the contract, a financial liability of £30,239,000 was established representing the financial liability for the full value of the share buyback programme plus directly attributable costs.

The share buyback reserve amount is reduced by the consideration paid for the repurchased shares with a corresponding transaction recorded within Retained earnings to reflect the consumption of distributable profits. The share buyback reserve is presented in both the consolidate and parent company statements of changes in equity.

The shares purchased and the average price paid per share for the year ended 31 March 2023 were as follows:

Year ended 31 March	Number of shares purchased	Aggregate purchase amount	Average price of shares purchased
2023	**10,478,456**	**£27,236,000**	**£2.60**
2022	1,123,554	£2,975,000	£2.65

28. Cash generated from/(used in) operations

	GROUP		COMPANY	
	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 (Restated) £'000
Cash flows from operating activities				
Profit before taxation	**52,163**	91,495	**33,763**	102,841
Adjustments for:				
Interest income	**(13,927)**	(834)	**—**	—
Dividends received	**—**	—	**(34,260)**	(103,617)
Finance costs	**2,315**	2,164	**318**	475
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	**17,222**	(18,492)	**840**	14,126
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[1]	**(20,792)**	44,828	**(54)**	96
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	**607**	13,921

1 This change in working capital for the year ended 31 March 2023 is stated after offsetting a payment amounting to £9,500,000 made to Australia and New Zealand Banking Group Limited in relation to the portfolio of share investing clients acquired during the year ended 31 March 2022.

29. Financial instruments

Analysis of financial instruments by category

The following tables analyse financial assets and liabilities in accordance with the categories of financial instruments on an IFRS 9 basis.

	31 March 2023			
GROUP	**Assets at FVOCI £'000**	**Assets at FVPL £'000**	**Assets at amortised cost £'000**	**Total £'000**
Financial assets				
Cash and cash equivalents	**—**	**—**	**146,218**	**146,218**
Financial investments	**30,572**	**34**	**—**	**30,606**
Amounts due from brokers	**—**	**—**	**188,154**	**188,154**
Derivative financial instruments	**—**	**14,231**	**—**	**14,231**
Trade and other receivables excluding non-financial assets	**—**	**—**	**117,905**	**117,905**
	30,572	**14,265**	**452,277**	**497,114**

	31 March 2023			
GROUP	**Liabilities at FVOCI £'000**	**Liabilities at FVPL £'000**	**Liabilities at amortised cost £'000**	**Total £'000**
Financial liabilities				
Trade and other payables excluding non-financial liabilities	**—**	**—**	**(181,012)**	**(181,012)**
Amounts due to brokers	**—**	**—**	**(8,927)**	**(8,927)**
Derivative financial instruments	**—**	**(2,033)**	**—**	**(2,033)**
Lease liabilities	**—**	**—**	**(11,818)**	**(11,818)**
	—	**(2,033)**	**(201,757)**	**(203,790)**

29. Financial instruments continued

Analysis of financial instruments by category continued

GROUP	31 March 2022 (Restated) Assets at FVOCI £'000	Assets at FVPL £'000	Assets at amortised cost £'000	Total £'000
Financial assets				
Cash and cash equivalents	—	—	176,578	176,578
Financial investments	27,875	70	—	27,945
Amounts due from brokers	—	—	208,882	208,882
Derivative financial instruments	—	8,788	—	8,788
Trade and other receivables excluding non-financial assets	—	—	139,383	139,383
	27,875	8,858	524,843	561,576

GROUP	31 March 2022 (Restated) Liabilities at FVOCI £'000	Liabilities at FVPL £'000	Liabilities at amortised cost £'000	Total £'000
Financial liabilities				
Trade and other payables excluding non-financial liabilities	—	—	(210,384)	(210,384)
Amounts due to brokers	—	—	(12,394)	(12,394)
Share buyback liability	—	—	(27,264)	(27,264)
Derivative financial instruments	—	(3,679)	—	(3,679)
Borrowings	—	—	(194)	(194)
Lease liabilities	—	—	(14,251)	(14,251)
	—	(3,679)	(264,487)	(268,166)

The maximum exposure to credit risk at the reporting date is the fair value of the financial assets at the balance sheet date.

COMPANY	**31 March 2023** **Assets at FVOCI £'000**	**Assets at FVPL £'000**	**Assets at amortised cost £'000**	**Total £'000**
Financial assets				
Cash and cash equivalents	**—**	**—**	**586**	**586**
Trade and other receivables excluding non-financial assets	**—**	**—**	**1,879**	**1,879**
	—	**—**	**2,465**	**2,465**

COMPANY	**31 March 2023** **Liabilities at FVOCI £'000**	**Liabilities at FVPL £'000**	**Liabilities at amortised cost £'000**	**Total £'000**
Financial liabilities				
Trade and other payables excluding non-financial liabilities	**—**	**—**	**(122)**	**(122)**
	—	**—**	**(122)**	**(122)**

COMPANY	31 March 2022 (Restated) Assets at FVOCI £'000	Assets at FVPL £'000	Assets at amortised cost £'000	Total £'000
Financial assets				
Cash and cash equivalents	—	—	28,446	28,446
Trade and other receivables excluding non-financial assets	—	—	1,013	1,013
	—	—	29,459	29,459

29. Financial instruments continued

Analysis of financial instruments by category continued

COMPANY	Liabilities at FVOCI £'000	Liabilities at FVPL £'000	Liabilities at amortised cost £'000	Total £'000
	31 March 2022 (Restated)			
Financial liabilities				
Share buyback liability	—	—	(27,264)	(27,264)
Trade and other payables excluding non-financial liabilities	—	—	(176)	(176)
	—	—	(27,440)	(27,440)

Maturity analysis

GROUP	On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
	31 March 2023				
Financial assets					
Cash and cash equivalents	**146,218**	**—**	**—**	**—**	**146,218**
Financial investments	**34**	**—**	**15,330**	**16,007**	**31,371**
Amounts due from brokers	**188,154**	**—**	**—**	**—**	**188,154**
Derivative financial instruments	**13,125**	**1,106**	**—**	**—**	**14,231**
Trade and other receivables excluding non-financial assets	**113,283**	**2,465**	**495**	**1,662**	**117,905**
	460,814	**3,571**	**15,825**	**17,669**	**497,879**
Financial liabilities					
Trade and other payables excluding non-financial liabilities	**(181,012)**	**—**	**—**	**—**	**(181,012)**
Amounts due to brokers	**(8,927)**	**—**	**—**	**—**	**(8,927)**
Derivative financial instruments	**(2,033)**	**—**	**—**	**—**	**(2,033)**
Lease liabilities	**—**	**(1,525)**	**(4,412)**	**(8,041)**	**(13,978)**
	(191,972)	**(1,525)**	**(4,412)**	**(8,041)**	**(205,950)**
Net liquidity gap	**268,842**	**2,046**	**11,413**	**9,628**	**291,929**

GROUP	On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
	31 March 2022 (Restated)				
Financial assets					
Cash and cash equivalents	176,578	—	—	—	176,578
Financial investments	70	—	14,837	13,338	28,245
Amounts due from brokers	208,882	—	—	—	208,882
Derivative financial instruments	8,710	78	—	—	8,788
Trade and other receivables excluding non-financial assets	135,655	1,810	354	1,564	139,383
	529,895	1,888	15,191	14,902	561,876
Financial liabilities					
Trade and other payables excluding non-financial liabilities	(210,384)	—	—	—	(210,384)
Share buyback liability	(27,264)	—	—	—	(27,264)
Amounts due to brokers	(12,394)	—	—	—	(12,394)
Derivative financial instruments	(3,227)	(452)	—	—	(3,679)
Borrowings	—	—	(194)	—	(194)
Lease liabilities	—	(1,443)	(4,146)	(9,506)	(15,095)
	(253,269)	(1,895)	(4,340)	(9,506)	(269,010)
Net liquidity gap	276,626	(7)	10,851	5,396	292,866

The amounts disclosed in the table are the contractual undiscounted cash flows, including principal and interest payments, these amounts will not reconcile to the amounts disclosed in the Statement of Financial Position.

Given that 93% of the Group's financial assets are available on demand, there is no significant maturity risk as at 31 March 2023 (31 March 2022: 94%).

29. Financial instruments continued

Maturity analysis continued

	31 March 2023				
COMPANY	On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
Financial assets					
Cash and cash equivalents	**586**	**—**	**—**	**—**	**586**
Trade and other receivables excluding non-financial assets	**1,879**	**—**	**—**	**—**	**1,879**
	2,465	**—**	**—**	**—**	**2,465**
Financial liabilities					
Trade and other payables excluding non-financial liabilities	**(122)**	**—**	**—**	**—**	**(122)**
Share buyback liability	**—**	**—**	**—**	**—**	**—**
	(122)	**—**	**—**	**—**	**(122)**
Net liquidity gap	**2,343**	**—**	**—**	**—**	**2,343**

	31 March 2022 (Restated)				
COMPANY	On demand £'000	Less than three months £'000	Three months to one year £'000	After one year £'000	Total £'000
Financial assets					
Cash and cash equivalents	28,446	—	—	—	28,446
Trade and other receivables excluding non-financial assets	1,013	—	—	—	1,013
	29,459	—	—	—	29,459
Financial liabilities					
Trade and other payables excluding non-financial liabilities	(176)	—	—	—	(176)
Share buyback liability	(27,264)	—	—	—	(27,264)
	(27,440)	—	—	—	(27,440)
Net liquidity gap	2,019	—	—	—	2,019

Offseting financial instruments

The Group enters into various collateral arrangements with their counterparties. These agreements provide the Group with the right, in the ordinary course of business and/ or in the event of a counterparty default (such as bankruptcy or a counterparty's failure to pay or perform), to net a counterparty's rights and obligations under such agreement and, in the event of counterparty default, set off collateral held by the Group against the net amount owed by the counterparty. Certain derivatives and broker balances, where the requirements of IAS 32 are met, are offset in the Group's consolidated balance sheet. The Group transacts bilateral OTC derivatives (OTC derivatives) mainly under International Swaps and Derivatives Association (ISDA) Master Agreements or under terms of business for CFD clients. These agreements provide for the net settlement of all transactions under the agreement through a single payment. They allow the Group to offset balances from derivative assets and liabilities as well as the receivables and payables to related cash collateral transacted with the same counterparty. Collateral for OTC derivatives is received and provided in the form of cash. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. For derivatives transacted with exchanges (exchange-traded derivatives), positive and negative P&L and related cash collateral may be offset if the terms of the rules and regulations governing these exchanges and central clearing counterparties permit such netting and offset. Where no such agreements or terms exist or the Group cannot demonstrate the intent to settle net, fair values are recorded on a gross basis, including any cross-currency exposure with the same counterparty.

Fair value estimation

IFRS 13 Fair Value Measurement requires the Group to classify its financial assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Valuation techniques

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- For foreign currency forwards – forward exchange rates at the balance sheet date.

There have been no changes to the fair value hierarchy or valuation techniques for any of the Group's financial instruments held at fair value in the year (31 March 2022: none).

29. Financial instruments continued

Fair value estimation continued

The fair value of the Group's financial assets and liabilities measured at amortised cost approximates their carrying amount.

	31 March 2023			
GROUP	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial investments	**30,572**	**—**	**34**	**30,606**
Derivative financial instruments (current assets)	**—**	**14,231**	**—**	**14,231**
Derivative financial instruments (current liabilities)	**—**	**(2,033)**	**—**	**(2,033)**
	30,572	**12,198**	**34**	**42,804**

	31 March 2022 (Restated)			
GROUP	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial investments	27,875	—	70	27,945
Derivative financial instruments (current assets)	—	8,788	—	8,788
Derivative financial instruments (current liabilities)	—	(3,679)	—	(3,679)
	27,875	5,109	70	33,054

30. Financial risk management

The Group's day-to-day business activities naturally expose it to strategic, financial (including credit, counterparty, market and liquidity) and operational risks. The Board accepts that it cannot place a cap or limit on all of the risks to which the Group is exposed to, however, effective risk management ensures that risks are managed to an acceptable level. The Board is ultimately responsible for the implementation of an appropriate risk strategy, defining and communicating the Group's risk appetite, the establishment and maintenance of effective systems and controls, and continued monitoring of the adherence to Group policies. The Group has adopted a standard risk process, through a five-step approach to risk management: risk identification; risk assessment; risk management; risk reporting; and risk monitoring. The approach to managing risk within the business is governed by the Board-approved Risk Appetite Statement and Risk Management Framework.

The Board sets the strategy and the policies for managing these risks and delegates the monitoring and management of these risks to various Committees including the Executive Risk Committee, which in turn reports to the Group Risk Committee.

The Group's ICARA review document is prepared in accordance with the Investment Firm Prudential Regime ("IFPR") that is articulated in the Financial Conduct Authority's ("FCA") MIFIDPRU Prudential sourcebook. The ICARA process is designed to cover the identification, monitoring and mitigation of harms, business model planning and forecasting, recovery and wind-down planning; and assessing the adequacy of financial resources.

Financial risks arising from financial instruments are categorised into market, credit, counterparty and liquidity risks which, together with how the Group categorises and manages these risks, are described below.

Market risk

Market risk is defined as the risk that the value of our residual portfolio will decrease due to the change in market risk factors. The three standard market risk factors are price moves, interest rates and foreign exchange rates.

Mitigation of market risk

The Group benefits from a number of factors which also reduce the volatility of its revenue and protect it from market shocks as follows:

– Natural mitigation of concentration

The Group acts as a market maker in over 10,000 cross asset class instruments, specifically equities, equity indices, commodities, treasuries, foreign exchange and cryptocurrencies. Due to the high level of notional turnover there is a high level of internal crossing and natural aggregation across instruments and asset classes to mitigate significant single instrument concentration risk within the portfolio.

– Natural aggregation

In the year ended 31 March 2023, the Group had over 58,000 trading active clients. This large international client base has a diverse range of trading strategies resulting in the Group enjoying a high degree of natural aggregation between clients. This "portfolio effect" leads to a significant reduction in the Group's net market risk exposure.

– Ease of hedging

The Group predominantly acts as a market maker in linear, highly liquid financial instruments in which it can easily neutralise market risk exposure through its prime broker ("PB") arrangements. In order to avoid over-reliance on one arrangement the Group policy is to have two PBs per asset class. For instruments where there is no equivalent underlying market (e.g. Countdowns) the Group controls its risk through setting prudent position/exposure limits. This is further augmented by dealer monitoring and intervention, which can take the form of restricting the size offered or, if deemed necessary, restricting the clients' ability to take a position in an instrument.

30. Financial risk management continued

Market risk continued

Market risk limits

Market risk exposures are managed in accordance with the Group's Risk Appetite Statement and Group Risk Management Framework to ensure that the Group has sufficient capital resources to support the calculated market risk capital requirement as well as staying within its risk appetite. The Group manages this component under notional position limits that are set on an instrument and asset class level with overarching capital-based limits.

Client exposures can vary significantly over a short period of time and are highly dependent on underlying market conditions. The Group's own funds requirements ("OFR") are calculated in accordance with the IFPR. The market risk OFR has increased compared to the prior year and remains within the Board-approved risk appetite.

GROUP OFR	**31 March 2023 £'000**	31 March 2022 £'000
Asset class		
Consolidated equities	**38,872**	20,284
Commodities	**6,562**	7,586
Fixed income and interest rates	**677**	2,062
Foreign exchange	**21,806**	14,222
Cryptocurrencies	**589**	551
	68,506	44,705

Market price risk – stress testing

Group Financial Risk conducts market price risk stress testing on a daily basis to quantify the potential losses to which the Group is exposed to from adverse market moves to its residual exposure. The residual exposure is derived by all products offered to clients, after taking into account the hedging performed by the Group in accordance with the hedging strategy.

A range of risk measurement techniques are used including Value at Risk ("VaR"), Expected Shortfall ("ES") and Stress-Testing models. The models are performed for both likely and probable scenario as well as extreme stress scenario, where the stress factors simulate low probability high severity events to assess potential losses from tail events.

The end-of-day market risk VaR model is performed using one day holding period with a 99% confidence interval with a 12 month lookback. A more severe stress is also performed, based on maximum daily moves in the same lookback period.

In addition, for asset classes where the Group sees high intraday client turnover, stress testing is performed on intraday exposures by stressing the largest positions during the trading session.

The VaR holding period is one day, therefore the model assumes exposure is maintained and does not take into account potential risk mitigation actions which the desk can take by hedging the net exposure intraday. The stress factors are reviewed and updated periodically ensuring recent volatility is captured in the model.

The table below shows the end-of-day market risk VaR model results:

	31 March 2023 £'000	31 March 2022 £'000
Market risk	**(18,284)**	(5,121)

Non-trading book interest rate risk

Interest rate risk arises from either less interest being earned or more being paid on interest-bearing assets and liabilities due to a change in the relevant floating rate.

Interest rate risk is felt by the Group through a limited number of channels: income on segregated client and own funds; debits on client balances that are over a pre-defined threshold; an exposure to the credit market through liquidity money market funds; and changes to the value of fixed rate UK government securities held.

The sensitivity analysis performed is based on a reasonable and possible move in the floating rate by 1.00% upwards and 0.50% downwards.

This is summarised in the below table and reflects the Group's view that in the current economic environment, interest rate volatility is unlikely to have a significant impact on the profits of the Group.

30. Financial risk management continued

Market risk continued

Market price risk – stress testing continued

Changes in interest rate variables result in a decrease/increase in the fair value of fixed rate financial assets classified as fair value through OCI. This has no material impact on the Group's equity.

GROUP	31 March 2023 Absolute increase £'000	31 March 2023 Absolute decrease £'000
Impact of	**1.00% change**	**0.50% change**
Profit after tax	**4,274**	**(2,572)**
Equity	**4,274**	**(2,572)**

GROUP	31 March 2022 Absolute increase £'000	31 March 2022 Absolute decrease £'000
Impact of	1.25% change	0.25% change
Profit after tax	5,776	(990)
Equity	5,776	(990)

Non-trading book foreign exchange risk

Foreign exchange risk is the risk that the Group's results are impacted by movements in foreign exchange rates.

CMC is exposed to foreign exchange risk in the form of transaction and translation exposure.

Transaction exposure is from holdings of cash and other current assets and liabilities in a currency other than the base currency of the entity. This risk is hedged each month by the Treasury team according to a policy based on a cap and floor model, with gains/losses recognised in the income statement. Any foreign exchange transaction exposures are hedged in accordance with Group Foreign Exchange Hedging Policy. Given the effectiveness of the hedging programme (Income statement impact in year ended 31 March 2023: loss of £845,000 (year ended 31 March 2022: gain of £52,000), no sensitivity analysis has been performed. The instruments used for economically hedging foreign exchange risk are derivative financial instruments and are reported as described in note 17.

Translation exposure occurs when the net assets of an entity are denominated in a foreign currency other than GBP, when the Consolidated Statement of Financial Position is prepared.

Credit risk

Credit risk is the risk of losses arising from a counterparty failing to meet its obligations as they fall due. Credit risk is divided into credit, counterparty and settlement risk. Below are the channels of credit risk the Group is exposed through:

- Financial Institutions ("FIs"); and
- Client.

Financial institution credit risk

The Group has relationships with a number of counterparties that provide prime brokerage and/or banking services (e.g. cash accounts, foreign exchange trading, credit facilities, custodian services, etc.).

FI credit risk can be felt in the following ways:

- For FIs used as a bank and those as a broker, the Group does not receive the funds the FIs hold on the Group's account.
- For FIs used as a prime broker, a default will result in a loss of any unrealised profits and could cause the need to re-hedge at a different broker at a different price.
- For FIs used as a cryptocurrency counterparty, the loss of physical assets.

30. Financial risk management continued

Credit risk continued

Mitigation of FIs credit risk

To mitigate or avoid a credit loss:

- The Group maintains, where practical, a range of relationships to reduce over-reliance on a single FI – as detailed in the Group Counterparty Concentration Risk Policy.
- The Group regularly monitors the credit worthiness of the Institutions that it is exposed to and reviews counterparties at least annually – as detailed in the Group Hedge Counterparty Selection Policy.

Contractual losses can be reduced by the "close-out netting" conditions in the ISDA and broker agreements. If a specified event of default occurs, all transactions or all of a given type are terminated and netted (i.e. set off against each other) at market value or, if otherwise specified in the contract or if it is not possible to obtain a market value, at an amount equal to the loss suffered by the non-defaulting party in replacing the relevant contract.

In order to manage both credit and counterparty credit risk within appetite the Group sets internal limits. As defined in the Group's policies the limits determine the total balance that can be held with each rated FI, each unrated FI and each cryptocurrency counterparty. These limits are expressed as a maximum percentage of capital, in the case of rated FIs, or a fixed amount for both unrated FIs and cryptocurrency counterparties. Liquidity Risk Management monitors the credit quality of all FIs and cryptocurrency counterparties, by tracking the credit ratings issued by Standard & Poor's and Fitch rating agencies, the credit default swap ("CDS") spreads determined in the CDS market, share price, performance against a relevant index, and other relevant metrics.

All rated FIs that the Group transacts with are of investment grade quality; however, no quantitative credit rating limits are set by the Group that FIs must exceed because the choice of suitable FIs is finite and therefore setting minimum rating limits could lead to the possibility that no FIs are able to meet them. As an alternative, the Group reviews negative rating action and large CDS spread widening to FIs on a case-by-case basis. Should an institution's credit rating fall below investment grade, the Risk Management Committee will be called and options discussed. Possible actions by the Group to reduce exposure to FIs depend on the nature of the relationship and the practical availability of substitute FIs. Possible actions include the withdrawal of cash balances from a FI on a daily basis, switching a proportion of hedge trading to another prime broker FI or ceasing all commercial activity with the FI.

The tables below present CMC Markets plc's exposure to credit institutions (or similar) based on their long-term credit rating:

	31 March 2023				
GROUP	**Cash and cash equivalents £'000**	**Amounts due from brokers £'000**	**Other assets £'000**	**Net derivative financial instruments £'000**	**Total £'000**
AA+ to AA-	**52,744**	**—**	**—**	**—**	**52,744**
A+ to A-	**37,138**	**—**	**—**	**—**	**37,138**
BBB+ to BBB-	**41,361**	**182,951**	**—**	**1,106**	**225,418**
Unrated	**14,975**	**5,203**	**1,984**	**11,092**	**33,254**
	146,218	**188,154**	**1,984**	**12,198**	**348,554**

	31 March 2022 (Restated)				
GROUP	Cash and cash equivalents £'000	Amounts due from brokers £'000	Other assets £'000	Net derivative financial instruments £'000	Total £'000
AA+ to AA-	56,252	—	—	—	56,252
A+ to A-	26,618	—	—	—	26,618
BBB+ to BBB-	79,055	185,543	—	(373)	264,225
Unrated	14,653	23,339	13,443	5,482	56,917
	176,578	208,882	13,443	5,109	404,012

30. Financial risk management continued

Credit risk continued

Client counterparty risk

The Group's CFD and spread bet business operates a real-time mark-to-market trading facility where clients are required to lodge collateral against positions, with any profits and losses generated by the client credited and debited automatically to their account. As with any leveraged product offering, there is the potential for a client to lose more than the collateral lodged.

Client counterparty risk captures the risk associated with a client defaulting on its obligations due to the Group. As the Group does not offer most of its retail clients credit terms and has a robust liquidation process, client counterparty risk will in general only arise when markets and instruments gap and the movement in the value of a client's leveraged portfolio exceeds the value of the equity that the client has held at the Group leaving the client account in deficit.

"Negative balance protection" accounts do not pose counterparty risk to the Group as the maximum loss for this account type is limited to their account value.

Further to this the Group operates as a designated clearing broker in Australia, where trading is subject to a settlement process for financial products transacted on the Australian Security Exchange and Chi-X Australia. As a result of this clearing process, the Group has settlement risk if a client or counterparty do not fulfil their side of the agreement by failing to deliver the underlying stock or value of the contract. While international securities trading is further offered to clients, this trading is predominantly fully vetted, which limits the settlement exposure generation.

Mitigation of client counterparty risk

– Liquidation process
  This is the automated process of closing a client's open position(s) if the account's total equity is not enough to cover a predefined percentage of required margin for the portfolio held.

– Pre-emptive processes are also in place where a client's free equity (total equity less total margin requirement) becomes negative[1]. At this point the client's account is restricted from increasing their position and a notification is sent inviting them to review their account.

1 Clients in some regions may use limited risk accounts, where it is guaranteed that a client cannot move to a negative equity balance.

– Tiered margin
  Tiered margins were implemented in September 2013 on the Next Generation platform. It enables the Group to set higher margin rates (therefore requiring a client to lodge more collateral) against positions that are deemed to be more risky due to risk profile, which could be due to size relative to the underlying turnover, the Group's risk appetite or volatility of the instrument.

– Position limits
  Position limits can be implemented on an instrument and client level. The instrument level enables the Group to control the total exposure the Group acquires in a single instrument. At a client level this ensures that the client can only reach a pre-defined size in any one instrument or asset class. Additionally, a position limit on an underlying instrument can be applied limiting the overall exposure that can be reached through different futures of the same underlying. For FX the client position limits are based on Net Open Position ("NOP") which limits the currency exposure a client can reached via different FX pairs.

Client counterparty risk stress testing

Group Financial Risk conducts client counterparty risk stress testing on a daily basis based on an internal model developed to assess the potential client counterparty risk exposure. The Group's stress testing is based on scenarios with different severity including stress factors which simulate low probability severe events to assess potential impact.

Client receivables history

The Group determines expected credit losses for amounts due from clients, based on historic experience and forward looking considerations. The gain for the year was £1,408,000 (year ended 31 March 2022: £575,000 expense), which amounts to 0.4% of total revenue (year ended 31 March 2022: 0.2%). During the year, trade receivables of £1,615,000 were written off, which represented 0.5% of revenue (year ended 31 March 2022: £2,118,000, 0.7% of revenue).

The table below details the movement on the Group allowance for expected credit losses of trade receivables under the expected credit loss model:

GROUP	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
At the beginning of the year	**6,219**	7,762
Loss allowance on trade receivables (reversed)/provided	**(357)**	575
Trade receivables written off	**(1,615)**	(2,118)
At the end of the year	**4,247**	6,219

30. Financial risk management continued

Credit risk continued

Debt ageing analysis

The Group seeks to minimise the effects of client debts on the Company's profit and loss. Client debts are managed very early in their life cycle in order to minimise the likelihood of them ageing. Debts that are past due carry an expected credit loss provision as set out in the table below:

	31 March 2023	
GROUP	**Debt £'000**	**Provision £'000**
Less than one month	**936**	**23**
One to three months	**3,367**	**11**
Three to twelve months	**189**	**146**
Over twelve months	**4,229**	**4,066**
	8,721	**4,247**

	31 March 2022	
GROUP	Debt £'000	Provision £'000
Less than one month	221	28
One to three months	200	81
Three to twelve months	371	366
Over twelve months	5,754	5,744
	6,546	6,219

The ECL on amounts due from brokers, accrued income and the Company's trade and other receivables balances is immaterial in both current and prior years.

Please refer to note 19 for information on the ECL on UK government securities and note 20 for information on the ECL on cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that there is insufficient available liquidity to meet the obligations of the Group as they fall due.

Liquidity is managed centrally for the Group by the Treasury team. The Group utilises a combination of liquidity forecasting and stress testing (formally in the ICARA) to ensure that it retains access to sufficient liquid resources under both normal and stressed conditions to meet its liabilities as they fall due. Liquidity forecasting incorporates the impact of liquidity regulations in force in each jurisdiction that the Group is active in and other impediments to the free movement of liquidity around the Group, including its own protocols on minimum liquidity to be retained by overseas entities.

Liquidity stress testing is performed quarterly using a range of firm-specific and market-wide scenarios that represent severe but plausible stress events that the Group could be exposed to over the short and medium term. The Group ensures that the tests are commensurate to its current and future liquidity risk profile. Output from the quarterly stress testing process is used to calibrate a series of limits and metrics which are monitored and reported to senior management daily. This process seeks to ensure that the Group has appropriate sources of liquidity in place to meet its liabilities as they fall due under both "business as usual" and stressed conditions. Due to the risk management strategy adopted and the changeable scale of the client trading book, the largest and most variable consumer of liquidity is PB margin requirements. The collateral calls are met in cash from own funds but to ensure liquidity is available for extreme spikes, the Group has a committed bank facility of £55.0 million to meet short-term liquidity obligations to PBs in the event that it does not have sufficient access to own cash and to leave a sufficient liquidity buffer to cope with a stress event.

The Group does not actively engage in maturity transformation as part of its underlying business model and therefore maturity mismatch of assets and liabilities does not represent a material liquidity risk. The maturity analysis tables are presented in note 29.

30. Financial risk management continued

Liquidity risk continued

Own funds

Own funds is a key measure the Group uses to monitor the overall level of liquidity available to the Group. Own funds includes investments in UK government securities, the majority of which are held to meet the Group's regulatory threshold requirements under IFPR. The derivation of own funds is shown in the table below:

GROUP	31 March 2023 £'000	31 March 2022 (Restated) £'000
Cash and cash equivalents (net of bank overdraft)	**146,218**	176,578
Amount due from brokers	**188,154**	208,882
Other assets	**1,984**	13,443
Financial investments	**30,606**	27,945
Derivative financial instruments (excluding Client CFD positions) (current assets)	**1,106**	78
	368,068	426,926
Less: title transfer funds	**(49,409)**	(44,133)
Less: Amount due to brokers	**(8,927)**	(12,394)
Less: derivative financial instruments (excluding Client CFD positions) (current liabilities)	**—**	(452)
Own funds	**309,732**	369,947

The following Own Funds Flow Statement summarises the Group's generation of own funds during each year and excludes all cash flows in relation to monies held on behalf of clients. Additionally, short-term financial investments, amounts due from brokers and amounts receivable/(payable) on the derivative financial instruments have been included within "own funds" in order to provide a clear presentation of the Group's potential cash resources.

GROUP	Year ended 31 March 2023 £'000	Year ended 31 March 2022 (Restated) £'000
Operating activities		
Profit before tax	**52,163**	91,495
Adjustments for:		
Depreciation and amortisation	**15,637**	12,388
Other non-cash adjustments	**1,629**	(1,124)
Tax paid	**(17,060)**	(14,651)
Own funds generated from operating activities	**52,369**	88,108
Movement in working capital	**(13,995)**	9,032
Outflow from investing activities		
Net purchase of property, plant and equipment and intangible assets	**(28,221)**	(15,813)
Other outflow from investing activities	**(8)**	(998)
Outflow from financing activities		
Dividends paid	**(35,040)**	(72,604)
Share buyback	**(27,264)**	(2,975)
Other outflow from financing activities	**(6,754)**	(6,584)
Total outflow from investing and financing activities	**(97,287)**	(98,974)
(Decrease)/increase in own funds	**(58,913)**	(1,834)
Own funds at the beginning of the year	**369,947**	370,405
Effect of foreign exchange rate changes	**(1,302)**	1,376
Own funds at the end of the year	**309,732**	369,947

Capital management

The Group's objectives for managing capital are as follows:

- to comply with the capital requirements set by the financial market regulators to which the Group is subject;
- to ensure that all Group entities are able to operate as going concerns and satisfy any minimum externally imposed capital requirements; and
- to ensure that the Group maintains a strong capital base to support the development of its business.

30. Financial risk management continued

Capital management continued

The capital resources of the Group consist of equity, being share capital reduced by own shares held in trust, share premium, other reserves and retained earnings, which at 31 March 2023 totalled £374,015,000 (31 March 2022 Restated: £368,878,000). The Group has been compliant with all applicable prudential regulatory requirements to which it is subject throughout the year.

The Group's ICARA review document, prepared in accordance with FCA requirements, is an ongoing assessment of CMC Markets plc' risks and risk mitigation strategies, to ensure that adequate financial resources are maintained against risks that the Group wishes to take to achieve its business objectives.

The outcome of the ICARA is presented as an Internal Capital and Liquidity Assessment document covering the Group. It is reviewed and approved by the Board on an annual basis.

Disclosure documents have been prepared that contain relevant information regarding the Group's FCA regulated entities' capital adequacy, risk management objectives and policies, governance and remuneration policies and practices. These are available on the CMC Markets plc website (www.cmcmarkets.com/group). The Group's country-by-country reporting disclosure is also available in the same location on the website.

31. Share-based payment

The Group operates both equity and cash settled share options schemes for certain employees including Directors.

Current awards have been granted under the terms of the Management Equity Plan 2015 ("2015 MEP"), the Combined Incentive Plan ("2018 CIP"), the UK Share Incentive Plan ("UK SIP") and the International Share Incentive Plan ("Australian SIP"). Equity settled schemes are offered to certain employees, including Executive Directors in the UK and Australia and automatically vest on vest date subject to conditions described below for each scheme. Cash settled schemes are offered to certain employees outside of the UK and Australia. Equity schemes for UK employees are settled net of employee taxes due. The rights of participants in the various employee share schemes are governed by detailed terms, including in relation to arrangements which would apply in the event of a takeover.

Consolidated Income statement charge for share-based payments

The total costs relating to these schemes for the year ended 31 March 2023 was £2,229,000 (year ended 31 March 2022: £2,418,000).

For the year ended 31 March 2023 the charge relating to equity settled share-based payments was £2,123,000 (year ended 31 March 2022: £2,269,000) and the charge relating to cash settled share-based payments was £106,000 (year ended 31 March 2022: £149,000).

No shares were gifted to employees during the year (year ended 31 March 2022: nil).

Current schemes

2015 MEP

Share awards granted under the 2015 MEP are predominantly equity settled, with the exception of certain participants that are cash settled. The awards granted have been in the form of "non-market performance" awards. The Remuneration Committee approves any awards made under the 2015 MEP. Current schemes are:

– Long Term Incentive Plan: awards to senior management and critical staff, excluding Executive Directors. The awards have dividend equivalence where additional shares will be awarded in place of dividends on vesting. The only vesting conditions of the 2020 and 2021 equity settled awards is that employees remain employed by the Group, with the 2022 equity awards having a non-market performance condition of cumulative PBT over a three-year period in addition to remaining employed by the Group. This was revised in May 2023, with the performance condition now being aligned to net operating income over the same period.

The fair value of awards were calculated using the average of the share price three days prior to the grant date.

2018 CIP

Share awards granted to the Executive Directors under the 2018 CIP have been in the form of conditional awards and are equity settled. The Remuneration Committee approves any awards made under the 2018 CIP. Shares awarded are deferred over a period of at least three years subject to a performance underpin. The Committee will review Group performance over the relevant period, taking into account factors such as a) the Company's TSR performance, b) aggregate profit levels and c) any regulatory breaches during the period.

31. Share-based payment continued

Current schemes continued

2018 CIP continued

Scheme	Share price at award	Vesting date	Number: At the start of the year	Awarded during the year	Forfeited during the year	Dividend equivalent awarded during the year	Exercised during the year	At the end of the year
Combined Incentive Plan	349.2p	20 July 2023	**104,779**	**—**	**—**	**2,995**	**—**	**107,774**
Combined Incentive Plan	349.2p	20 July 2024	**78,584**	**—**	**—**	**2,247**	**—**	**80,831**
Combined Incentive Plan	349.2p	20 July 2025	**78,581**	**—**	**—**	**2,247**	**—**	**80,828**
Combined Incentive Plan	445.8p	22 July 2024	**114,418**	**—**	**—**	**3,274**	**—**	**117,692**
Combined Incentive Plan	445.8p	21 July 2025	**85,813**	**—**	**—**	**2,455**	**—**	**88,268**
Combined Incentive Plan	445.8p	20 July 2026	**85,813**	**—**	**—**	**2,455**	**—**	**88,268**
Combined Incentive Plan	280.8p	14 July 2025	**—**	**93,422**	**—**	**3,366**	**—**	**96,788**
Combined Incentive Plan	280.8p	13 July 2026	**—**	**70,067**	**—**	**2,524**	**—**	**72,591**
Combined Incentive Plan	280.8p	12 July 2027	**—**	**70,067**	**—**	**2,524**	**—**	**72,591**
Long Term Incentive Plan	349.2p	20 July 2022	**492,440**	**—**	**(17,224)**	**—**	**(475,216)**	**—**
Long Term Incentive Plan	445.8p	20 July 2023	**442,513**	**—**	**(55,387)**	**14,967**	**—**	**402,093**
Long Term Incentive Plan	280.8p	20 July 2025	**—**	**1,515,656**	**(94,485)**	**51,849**	**—**	**1,473,020**
Total			**1,482,941**	**1,749,212**	**(167,096)**	**90,903**	**(475,216)**	**2,680,744**

The weighted average share price at exercise of awards was 292.0 pence and the weighted average exercise price of exercised awards for UK participants (346,736 shares) was £nil and for Australian participants (128,480 shares) was £nil. The weighted average remaining contractual life of share awards outstanding at 31 March 2022 was 2.0 years and the weighted average share price of awards granted during the period was 280.8 pence.

In addition, cash settled awards have been granted and vest in periods from April 2023 to July 2025. Balances of 32,484 awards, 55,792, 14,534 awards, 15,899 awards and 206,402 awards in each of the five tranches remained at the end of the period, with a total carrying value of £197,000 as at 31 March 2023 (31 March 2022: £369,000). All of these awards benefit from dividend equivalence. The value of these awards is the share price on the date these awards vest. The weighted average remaining contractual life of share awards outstanding at 31 March 2022 was 1.7 years and the weighted average exercise price of exercise awards was £nil.

UK and Australia SIP awards

Shares awarded under the UK SIP scheme are held in trust in accordance with UK tax authority conditions and all shares awarded under the Australian scheme are held in a UK trust. Employees are entitled to receive dividends in the form of additional shares on the shares held in trust as long as they remain employees.

UK employees are invited to subscribe for up to £1,800 of partnership shares relating to each tax year with the Company matching on a one-for-one basis. All matching shares vest after three years should the employee remain employed by the Group for the term of the award.

Australian employees are invited to subscribe for up to the equivalent of £1,800 of investment shares with the Company matching on a one-for-one basis. Matching shares for each scheme vest on the third anniversary after award date should the employee remain employed by the Group for the term of the award.

31. Share-based payment continued

Current schemes continued

UK and Australia SIP awards continued

				Number				
Country of award	Award date	Share price at award	Vesting period/date	At the start of the year	Awarded during the year	Forfeited during the year	Exercised during the year	At the end of the year
UK	April 2019 to March 2020	79.3p to 179.2p	April 2022 to March 2023	**94,226**	**—**	**(3,305)**	**(90,921)**	**—**
UK	April 2020 to March 2021	194.6p to 425.2p	April 2023 to March 2024	**48,924**	**—**	**(3,116)**	**—**	**45,808**
UK	April 2021 to March 2022	225.8p to 518.0p	April 2024 to March 2025	**73,513**	**—**	**(6,655)**	**—**	**66,858**
UK	April 2022 to March 2023	219.0p to 313.6p	April 2025 to March 2026	**—**	**104,159**	**(6,320)**	**—**	**97,839**
Australia	5 April 2019	83.5p	5 April 2022	**6,432**	**—**	**—**	**(6,432)**	**—**
Australia	5 April 2020	201.0p	5 April 2023	**3,179**	**—**	**(865)**	**—**	**2,314**
Australia	6 April 2021	527.0p	6 April 2024	**2,904**	**—**	**(341)**	**—**	**2,563**
Australia	6 April 2022	270.0p	8 April 2025	**—**	**3,175**	**(1)**	**—**	**3,174**
Total				**229,178**	**107,334**	**(20,603)**	**(97,353)**	**218,556**

The weighted share price at the exercise date of awards exercised during the year ended 31 March 2023 was 253.5 pence (year ended 31 March 2022: 366.9 pence).

The fair value of SIP awards is determined to be the share price at grant date without making adjustments for dividends as awardees are entitled to dividend equivalents over the vesting period.

Movement in share options

1,947,449 new share awards were granted in the year ended 31 March 2023 (year ended 31 March 2022: 890,633) and these are detailed above in the current schemes section. Movements in the number of share awards outstanding are as follows:

GROUP	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number
At beginning of year	**1,712,119**	2,038,686
Awarded (including dividend equivalents)	**1,947,449**	890,633
Forfeited	**(187,699)**	(93,628)
Exercised	**(572,569)**	(1,123,572)
At end of year	**2,899,300**	1,712,119

32. Retirement benefit plans

A defined contribution plan is a post-employment benefit plan into which the Group pays fixed contributions to a third-party pension provider and has no legal or constructive obligation to pay further amounts. Contributions are recognised as staff expenses in the income statement in the years during which related employee services are fulfilled.

The Group operates defined contribution pension schemes for its Directors and employees. The assets of the schemes are held separately from those of the Group in independently administered funds.

The pension charge for these plans for the year ended 31 March 2023 was £2,743,000 (year ended 31 March 2022: £2,230,000).

33. Correction of errors

The consolidated income statement for the year ended 31 March 2022, the consolidated statement of financial position as at 31 March 2022 and as at 1 April 2021 and consolidated statement of cash flows for the year ended 31 March 2022 have been restated for the following reasons:

1. The Group recorded certain amounts relating to levies payable on its UK properties as part of the lease liabilities and calculated the value of the right of use assets accordingly at the inception of these leases. The statutory obligation to settle these levies rests with the Group and is not linked to the leases. The inclusion of these levies as part of lease liabilities and right of use assets was recorded incorrectly and as a result the Consolidated income statement, Consolidated statement of financial position and Consolidated statement of Cash flows have been restated.
2. IAS 32: Financial instruments: Presentation – Offsetting provisions

   The Group has relationships with a number of FIs that provide brokerage services. The Group holds funds with these FIs in various currencies and enters into contracts with these FIs which include derivative financial instruments. Upon review of the legal contracts entered into with these FIs it was concluded that the criteria for offsetting a financial asset and a financial liability as set out in IAS 32 "Financial Instruments : Presentation" is not met for certain FIs. The Consolidated statement of financial position has been restated to correct this error.

   In addition, the Group has historically presented all its Current Tax recoverables / Current tax payables as a net figure on the Statement of Financial position at the end of the year. This presentation is incorrect as the net amount presented represents amounts recoverable / payable from / to various tax authorities across the jurisdictions where the Group operates. A Gross presentation is more accurate as individual amounts recoverable / payable from a tax authorities represents a separate asset / liability.The Consolidated statement of financial position has been restated to correct this error.
3. The Group offers CFDs and portfolio services to its clients in various jurisdictions and segregates client funds in accordance with the rules set by various regulators within these jurisdictions. In one jurisdiction the Group is not permitted to segregate unrealised client profits / losses in to the pooled segregated client money bank accounts. Segregation only takes place once the profits / losses have realised. The Group has previously presented these unrealised client losses / profits within Trade and other receivables or Trade and other payable respectively. As these unrealised profits / losses relate to derivative products, the correct presentation is within Derivative financial instruments within Current assets and Current liabilities. The Consolidated statement of financial position has been restated to correct this error.
4. The Group acquired a portfolio of Share Investing clients from Australia and New Zealand Banking Group Limited ("ANZ") in a transaction amounting to AUD$25.0 million (£13,317,000) during the year ended 31 March 2022. This investment in intangible assets was presented in the condensed consolidated statement of cash flows as fully settled in cash during the year ended 31 March 2022. This transaction was presented incorrectly in the condensed consolidated statement of cash flows as only a third of the amount was paid as at 31 March 2022 to settle the associated liability. Comparative periods have been restated to reflect this correction in the tables below. All amounts due were settled as at 31 March 2023.

Consolidated income statement for the year ended 31 March 2022

GROUP	Year end 31 March 2022 (Reported) £'000	Restatement 1 £'000	Year end 31 March 2022 (Restated) £'000
Operating expenses	(187,637)	(654)	(188,291)
Operating profit	94,313	(654)	93,659
Finance costs	(2,177)	13	(2,164)
Profit before taxation	92,136	(641)	91,495
Taxation	(20,138)	122	(20,016)
Profit for the year attributable to owners of the parent	71,998	(519)	71,479

Please note we have reclassified the impairment line in the consolidated income statement for the year ended 31 March 2022 to operating expenses for presentational purposes.

33. Correction of error continued

Consolidated statement of financial position as at 31 March 2022

GROUP	Note	Year end 31 March 2022 (Reported) £'000	Restatement 1 £'000	Restatement 2 £'000	Restatement 3 £'000	Year end 31 March 2022 (Restated) £'000
Non-current assets						
Property, plant and equipment	13	24,941	(1,771)	—	—	23,170
Total non-current assets		76,536	(1,771)	—	—	74,765
Current assets						
Trade and other receivables	16	156,917	—	—	(8,709)	148,208
Derivatives financial instruments	17	2,359	—	(2,280)	8,709	8,788
Current tax recoverable		—	350	1,299	—	1,649
Amounts due from brokers		196,117	—	12,765	—	208,882
Total current assets		559,911	350	11,784	—	572,045
Total assets		636,447	(1,421)	11,784	—	646,810
Current liabilities						
Trade and other payables	21	215,853	—	—	(3,227)	212,626
Amounts due to brokers		—	—	12,394	—	12,394
Derivatives financial instruments	17	2,362	—	(1,910)	3,227	3,679
Lease liabilities	23	4,916	33	—	—	4,949
Current tax payable		429	—	1,300	—	1,729
Total current liabilities		251,387	33	11,784	—	263,204
Non-current liabilities						
Lease liabilities	23	9,269	33	—	—	9,302
Total non-current liabilities		14,695	33	—	—	14,728
Total liabilities		266,082	66	11,784	—	277,932
Equity						
Retained earnings		327,729	(1,487)	—	—	326,242
Total equity		370,365	(1,487)	—	—	368,878
Total equity and liabilities		636,447	(1,421)	11,784	—	646,810

33. Correction of error continued

Consolidated statement of financial position as at 1 April 2021

GROUP	Note	As at 1 April 2021 (Reported) £'000	Restatement 1 £'000	Restatement 2 £'000	Restatement 3 £'000	As at 1 April 2021 (Restated) £'000
Non-current assets						
Property, plant and equipment		26,105	(1,134)	—	—	24,971
Total non-current assets		44,605	(1,134)	—	—	43,471
Current assets						
Trade and other receivables		127,119	—	—	2,599	129,718
Derivatives financial instruments		3,241	—	(3,071)	6,044	6,214
Current tax recoverable		1,749	227	257	—	2,233
Amounts due from brokers		253,895	—	13,911	—	267.806
Total current assets		533,029	227	11,097	8,643	552,996
Total assets		577,634	(907)	11,097	8,643	596,467
Current liabilities						
Trade and other payables		152,253	—	—	6,044	158,297
Amounts due to brokers		—	—	13,796	—	13,796
Derivatives financial instruments		3,077	—	(2,956)	2,599	2,720
Lease liabilities		4,599	18	—	—	4,617
Current tax payable		—	—	257	—	257
Total current liabilities		162,763	18	11,097	8,643	182,521
Non-current liabilities						
Lease liabilities		10,727	43	—	—	10,770
Total non-current liabilities		14,354	43	—	—	14,397
Total liabilities		177,117	61	11,097	8,643	196,918
Equity attributable to owners of the Company						
Retained earnings		330,698	(968)	—	—	329,730
Total equity		400,517	(968)	—	—	399,549
Total equity and liabilities		577,634	(907)	11,097	8,643	596,467

Consolidated statement of cash flows for the year ended 31 March 2022

GROUP	Note	Year end 31 March 2022 (Reported) £'000	Restatements 1 and 4 £'000	Year end 31 March 2022 (Restated) £'000
Cash flows from operating activities				
Cash generated from operations	28	181,795	(10,667)	171,128
Finance costs paid		—	(2,138)	(2,138)
Net cash generated from operating activities		168,886	(12,805)	156,081
Cash flows from investing activities				
Investment in intangible assets		(21,813)	9,500	(12,313)
Net cash used in investing activities		(27,137)	9.500	(17,637)
Cash flows from financing activities				
Principal elements of lease payments		(5,962)	1,154	(4,808)
Finance costs paid		(2,151)	2,151	—
Net cash used in financing activities		(85,468)	3,305	(82,163)

The above presentation of consolidated statement of cash flows includes a change in accounting policy whereby finance costs paid are presented within cash flows from operating activities.

33. Correction of error continued

The Parent company statement of financial position as at 31 March 2022 and as at 1 April 2021 and Parent company statement of cash flows for the year ended 31 March 2022 have been restated for the following reason:

5. The Company has Employee Benefit Trusts that hold shares on the behalf of employees for share based payment schemes and acts on the Company's instructions to distribute the shares to employees upon vesting. The application of look-through accounting for the relationship was incorrectly applied and as a result comparatives periods have been restated to reflect this correction in the below tables. In addition, amounts contributed by subsidiaries in relation to share-based payments was over-stated by £1,127,000 within the Parent company statement of cash flow. This error has been corrected and presented within Restatement 5 below.

Parent company statement of financial position as at 31 March 2022

COMPANY	Note	Year end 31 March 2022 (Reported) £'000	Restatement 5 £'000	Year end 31 March 2022 (Restated) £'000
Non-current assets				
Investment in subsidiary undertakings	15	168,962	(1,240)	167,722
Total non-current assets		168,962	(1,240)	167,722
Current assets				
Cash and cash equivalents	20	28,263	183	28,446
Total current assets		29,283	183	29,466
Total assets		198,245	(1,057)	197,188
Current liabilities				
Trade and other payables	21	143	33	176
Total current liabilities		27,407	33	27,440
Total liabilities		27,407	33	27,440
Equity attributable to owners of the Company				
Own shares held in trust	26	—	(1,094)	(1,094)
Retained earnings		78,392	4	78,396
Total equity		170,838	(1,090)	169,748
Total equity and liabilities		198,245	(1,057)	197,188

Parent company statement of financial position as at 1 April 2021

COMPANY	Note	As at 1 April2021 (Reported) £'000	Restatement 5 £'000	As at 1 April 2021 (Restated) £'000
Non-current assets				
Investment in subsidiary undertakings		168,111	(504)	167,607
Total non-current assets		168,111	(504)	167,607
Current assets				
Cash and cash equivalents		167	145	312
Total current assets		14,186	145	14,331
Total assets		182,297	(359)	181,938
Current liabilities				
Trade and other payables		60	20	80
Total current liabilities		60	20	80
Total liabilities		13,609	20	13,629
Equity attributable to owners of the Company				
Own shares held in trust		—	(382)	(382)
Retained earnings		49,153	3	49,156
Total equity		168,688	(379)	168,309
Total equity and liabilities		182,297	(359)	181,938

33. Correction of error continued

Parent company statement of cash flow for the year ended 31 March 2022

COMPANY	Note	Year end 31 March 2022 (Reported) £'000	Restatement 5 £'000	Year end 31 March 2022 (Restated) £'000
Cash flows from operating activities				
Cash generated from operations	28	12,784	1,137	13,921
Net cash generated from operating activities		12,309	1,137	13,446
Cash flows from investing activities				
Investment in subsidiaries		(1,030)	1,030	—
Amounts contributed by subsidiaries in relation to share-based payments		2,157	(1,127)	1,030
Net cash generated from investing activities		104,744	(97)	104,647
Cash flows from financing activities				
Proceeds from issue of Ordinary Shares		175	(175)	—
Acquisition of own shares		—	(831)	(831)
Dividends paid		(72,608)	4	(72,604)
Net cash used in financing activities		(89,957)	(1,002)	(89,959)
Net increase in cash and cash equivalents		28,096	38	28,134
Cash and cash equivalents at the beginning of the year		167	145	312
Cash and cash equivalents at the end of the year		28,263	183	28,446

34. Related party transactions

Company

The amounts outstanding with Group entities at year end were as follows:

COMPANY	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
Amounts due from subsidiaries	**1,879**	1,013

All amounts above are repayable on demand and are non-interest bearing.

Group

Transactions between the Group and its other related parties are disclosed below:

Compensation of key management personnel

GROUP	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
Key management compensation:		
Short-term employee benefits	**2,620**	2,599
Post-employment benefits	**57**	50
Share-based payments	**609**	462
	3,286	3,111
Aggregate remuneration of highest paid Director	**871**	858

Key management comprises the Board of CMC Markets plc only. Compensation of key management personnel is disclosed in the Directors' remuneration report on page 98.

During the year £5,592.23 relating to a personal expense for Lord Cruddas was paid by CMC Markets UK plc due to an administrative error. This amount will be reimbursed.

Directors' transactions

A number of the Directors have company credit cards and have, during the course of the year, used the company credit cards for personal expenses. All personal expenses have been reimbursed by the Directors, with the exception of the item above.

There were no other transactions with Directors.

35. Contingent liabilities

The Group operates in a number of jurisdictions around the world and as a result uncertainties exist regarding the interpretation of regulatory, tax and legal matters in these territories. In addition, the Group engages in partnership contracts that could result in non-performance claims and from time-to-time is involved in disputes during the ordinary course of business.

Sometimes legal disputes can have a financially significant face value, but the Group's experience is that such claims are usually resolved without any material loss. The Group provides for claims where costs are likely to be incurred.

Where there are uncertainties regarding regulatory, tax and legal matters and a provision has not been made and there are no contingent liabilities where the Group considers any material adverse financial impact to be probable.

Notice of class action lawsuit

The Group received notice of a class action lawsuit being brought against one of its operating entities on 31 May 2022. The scope of the claim is still being defined, and there has been no material progress. As a result an assessment regarding the probability and size of financial outflow cannot be determined.

ANZ commitment

As at 31 March 2023, the Group had a commitment to the Australian and New Zealand Banking Group Limited ('ANZ') of up to AUD$25 million should ANZ have recourse over the Group as a result of CMC Markets Stockbroking Limited not meeting certain obligations under its white label contractual arrangement with ANZ. This commitment is classed as a contingent liability as neither the probability nor amount of any potential outflow could be determined. This commitment and associated letter of credit which existed on 31 March 2023 was extinguished on 22 May 2023.

Brexit approach

There is regulatory uncertainty regarding the Group's historical approach to the use of reverse solicitation provisions allowing EEA clients to trade with UK subsidiaries after 31 December 2020. The risk to the approach has now been mitigated given the majority of EEA clients' activities with the UK subsidiary ceased prior to 31 March 2021. The Group continues to engage with the regulatory authorities in the EEA markets where the UK subsidiary continued to service clients after 31 December 2020. Whilst it is possible that regulatory censure may result from these matters, they are in their early stages and such an outcome is not currently considered probable.

UK banking surcharge

In the absence of them qualifying for a specific exemption, the Group's regulated companies in the UK would be subject to the Bank Corporation Tax surcharge of 8% on taxable profits over £25 million. The Group has concluded that the relevant entities meet the exemption requirements and therefore the related tax charge, which would amount to £23.4 million (31 March 2022: £21.8 million) in respect of all relevant periods, has not been provided for. The Group's position is supported by external advice although it is possible that it could be challenged.

36. Ultimate controlling party

The Group's ultimate controlling party is Lord Cruddas by virtue of his majority shareholding in CMC Markets plc.

37. Events after the reporting period

On 6 June 2023 a subsidiary of the Group made a £2.8 million investment in StrikeX Technologies, a technology start up focused on Web3-enabled software and tokenisation technology.

Shareholder information

Group history

CMC Markets plc began trading in 1989 as a foreign exchange broker, led by founder Lord Peter Cruddas. In 1996, the Group launched the world's first online retail forex trading platform, offering its clients the opportunity to take advantage of markets previously only accessible to institutional traders.

CMC Markets plc has since become a global leader in online trading. There have been a number of significant milestones for the Group over the past 30 years, as it has expanded into new markets around the world and continues to promote innovation and new trading technology.

In 2000, CMC Markets plc expanded its business to become a CFD broker. A year later, the Group launched an online financial spread betting service, becoming the first spread betting company to release the daily Rolling Cash® bet. The groundbreaking daily Rolling Cash® concept was to become an industry benchmark. In 2002, CMC Markets plc opened its first overseas office in Sydney, launching into the Australian market as an online CFD and forex provider. By 2007, the Group had expanded its global footprint with offices in New Zealand, Germany, Canada, Singapore and Sweden. Further global growth followed over the next few years, with offices opened across Europe – and most recently in Poland, in 2015. The Group continued to grow its product offering during the year, following the launch of its fixed-odds Countdowns product in 2015.

The Company successfully listed on the London Stock Exchange in February 2016. In April 2016 CMC Markets plc successfully introduced Digital 100s.

Further cementing its place as one of the industry leaders, the Group was awarded a number of important accolades during the year. In the 2016 Investment Trends UK Leveraged Trading Report, which measures customer satisfaction, CMC Markets plc ranked first across 17 service categories among CFD traders. The Group achieved the highest rating for overall satisfaction, mobile trading, platform features and charting in all three product segments of spread betting, CFD trading and FX. Additional notable recognition came as the Company won Financial Services Provider of the Year for the fourth successive year, an award voted for by the readers of Shares Magazine.

The Company also received Best CFD Broker for its burgeoning institutional offering, in line with one of its core strategic objectives.

The Company successfully completed the white label stockbroking partnership with ANZ Bank in Australia during 2018, representing the largest migration of client accounts in Australian Stock Exchange history and making the Company the second largest retail stockbroker in the country.

In 2021 CMC Markets launched the dedicated institutional brand, CMC Connect, positioning the Company to service the ever-growing number of client types interested in its products.

Timeline

1989 – CMC Markets plc begins operations in the UK

1996 – Launches the world's first online retail FX trading platform

2000 – Starts offering CFDs in the UK

2001 – Launches online spread betting service in the UK

2002 – Opens first non-UK office in Sydney, Australia

2005 – Offices opened in Beijing, Canada and Germany

2007 – Singapore and Sweden offices opened; and Goldman Sachs purchases 10% stake

2008 – CMC Markets (Australia) starts offering a stockbroking service following the acquisition of local stockbroker Andrew West & Co

2010 – Next Generation platform is launched; offices opened in Italy and France; and spread betting iPhone app launched in the UK

2011 – CMC Markets plc wins Financial Services Provider of the Year (Shares Magazine)

2012 – Spread betting app for Android™ launched

2013 – CMC Markets plc wins 33 industry awards globally

2014 – CMC Markets plc celebrates 25 years of being a world leader in online trading

2015 – Countdowns launched; Poland and Austria offices opened; and Stockbroking Pro platform launched

2016 – CMC Markets plc lists on the London Stock Exchange, trading as CMCX; and Digital 100s launched

2018 – CMC Markets (Australia) completes the ANZ Bank white label stockbroking transaction

2019 – CMC Markets plc celebrates its 30th year and launches exclusive cryptocurrency, forex and commodity indices

2020 – CMC Markets plc releases dedicated institutional brand, CMC Connect

2022 – CMC Invest launched in the UK, offering stockbroking services to UK clients

Five-year summary

Group income statement

	For the year ended 31 March				
	2023 £m	2022 (Restated) £m	2021 (Restated) £m	2020 £m	2019 £m
Net operating income	**288.4**	281.9	409.8	252.0	130.8
Operating expenses	**(233.9)**	(188.3)	(184.7)	(151.3)	(123.1)
Operating profit	**54.5**	93.6	225.1	100.7	7.7
Finance costs	**(2.3)**	(2.1)	(1.7)	(2.1)	(1.4)
Profit before tax	**52.2**	91.5	223.3	98.7	6.3
Taxation	**(10.8)**	(20.0)	(45.8)	(11.7)	(0.5)
Profit after tax	**41.4**	71.5	177.6	86.9	5.8

Other metrics

	2023	2022 (Restated)	2021 (Restated)	2020	2019
Own funds generated from operations (£m)	**52.4**	88.1	199.3	102.0	8.2
Profit margin					
PBT margin (%)	**18.1**	32.5	54.5	39.2	4.8
Earnings per share ("EPS")					
Basic EPS (pence)	**14.7**	24.6	61.3	30.1	2.0
Diluted EPS (pence)	**14.6**	24.5	61.0	29.9	2.0
Dividend per share					
Interim dividend per share (pence)	**3.50**	3.50	9.20	2.85	1.35
Final dividend per share (pence)	**3.90**	8.88	21.43	12.18	0.68
Total ordinary dividend per share (pence)	**7.40**	12.38	30.63	15.03	2.03

Client metrics (unaudited)

	2023	2022	2021	2020	2019
Trading revenue per active client (£)	**3,968**	3,575	4,560	3,750	2,068
Trading number of active clients	**58,737**	64,243	76,591	57,202	53,308

Five-year summary continued

Group statement of financial position

	At 31 March				
	2023 £m	2022 (Restated) £m	2021 (Restated) £m	2020 £m	2019 £m
ASSETS					
Non-current assets					
Intangible assets	**35.3**	30.3	10.3	4.6	5.0
Property, plant and equipment	**22.8**	23.2	25.0	28.1	18.1
Deferred tax assets	**4.8**	6.0	6.4	16.5	11.6
Financial investments	**—**	13.5	—	—	11.3
Trade and other receivables	**2.7**	1.8	1.8	2.3	2.7
Total non-current assets	**65.6**	74.8	43.5	51.5	48.7
Current assets					
Trade and other receivables	**130.6**	148.2	129.8	186.3	118.0
Derivative financial instruments	**14.2**	8.8	6.2	5.4	2.9
Current tax recoverable	**9.0**	1.6	2.2	0.8	3.4
Financial investments	**30.6**	14.5	28.1	25.4	10.7
Other assets	**2.0**	13.4	—	—	—
Amounts due from brokers	**188.2**	208.9	267.8	134.3	88.1
Cash and cash equivalents	**146.2**	176.6	118.9	84.3	48.7
Total current assets	**520.8**	572.0	553.0	436.5	271.8
Total assets	**586.4**	646.8	596.5	488.0	320.5
LIABILITIES					
Current liabilities					
Trade and other payables	**182.2**	212.6	158.3	177.1	100.6
Amounts due to brokers	**8.9**	12.4	13.8	—	—
Derivative financial instruments	**2.0**	3.7	2.7	2.4	4.3
Share buyback liability	**—**	27.3	—	—	—
Borrowings	**—**	0.2	0.9	0.9	1.1
Lease liabilities	**5.6**	4.9	4.6	4.7	—
Current tax payable	**0.4**	1.7	0.3	—	—
Short-term provisions	**0.8**	0.4	1.9	0.5	0.2
Total current liabilities	**200.1**	263.2	182.5	185.6	106.2
Non-current liabilities					
Trade and other payables	**—**	—	—	—	4.8
Borrowings	**—**	—	0.2	0.8	1.2
Lease liabilities	**6.2**	9.3	10.8	14.6	—
Deferred tax liabilities	**4.0**	3.3	1.6	2.2	1.2
Long-term provisions	**2.1**	2.1	1.8	1.9	2.0
Total non-current liabilities	**12.3**	14.7	14.4	19.5	9.2
Total liabilities	**212.4**	277.9	196.9	205.1	115.4
EQUITY					
Total equity	**374.0**	368.9	399.5	282.9	205.1
Total equity and liabilities	**586.4**	646.8	596.5	488.0	320.5

Proposed final dividend for the year ended 31 March 2023

Ex-dividend date: Thursday 13 July 2023
Record date: Friday 14 July 2023
Last date to register DRIP instructions: Wednesday 26 July 2023
Dividend payment date: Friday 11 August 2023

Shareholders may request that their dividends be used to purchase further shares in the Company via the Dividend Reinvestment Plan ("DRIP"). Requests should be made via the registrars. Shareholders who have already opted to have their dividends reinvested do not need to re-apply.

Annual General Meeting ("AGM")

The 2023 AGM will be held at 10:00 a.m on Thursday 27 July 2023 at 133 Houndsditch, London EC3A 7BX.

Registrars/shareholder enquiries

Link Group can be contacted to deal with any questions regarding your shareholding using the contact details listed below. Alternatively, you can access www.cmcmarketsshares.co.uk, where you can view and manage all aspects of your shareholding securely.

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Calls to 0371 664 0300 are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Phone lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

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Appendix: Alternative Performance Measures

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

GROUP	2023 £m	2022 £m
Trading gross client income	**303.5**	288.5
Client rebates, introducing partner commissions and levies	**(20.4)**	(20.6)
Risk management gains / (losses)	**(50.0)**	(38.3)
Trading net revenue	**233.1**	229.6

b. Reconciliation of investing net revenue

GROUP	2023 £m	2022 £m
Investing gross revenue	**55.7**	74.4
Investing introducing partner commissions (note 3)	**(17.8)**	(26.4)
Investing net revenue	**37.9**	48.0

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

GROUP	2023 £m	2022 £m
Trading net revenue (a)	**233.1**	229.6
Investing net revenue (b)	**37.9**	48.0
Other revenue (note 4)	**3.5**	3.5
Interest income (note 4)	**13.9**	0.8
Net operating income	**288.4**	281.9

Reconciliation of non-statutory summary Group Balance Sheet to primary statements

Fixed assets

GROUP	March 23 £'000	March 22 £'000
Intangible assets (note 12)	**35,342**	30,328
Property, plant and equipment (note 13)[1]	**22,771**	23,170
Lease liabilities (note 23)[1]	**(11,818)**	(14,251)
Lease debtors presented within other debtors presented (note 16)	**392**	—
Fixed assets	**46,687**	39,247
Fixed assets (rounded to £m)	**46.7**	39.3

Working capital

GROUP	March 23 £'000	March 22 £'000
Trade and other receivables (note 16)[1]	**133,282**	150,005
Lease debtors presented within fixed assets above	**(392)**	—
Derivative financial instruments – client CFD positions (note 17)	**13,125**	8,710
Trade and other payables (note 21)	**(182,284)**	(212,626)
Share buyback liability (note 27)	**—**	(27,264)
Borrowings (note 22)	**—**	(194)
Provisions (note 24)[1]	**(2,902)**	(2,486)
Title transfer funds[2]	**49,409**	44,133
Working capital	**8,205**	(42,949)
Working capital (rounded up to £m)	**8.2**	(43.0)

1 2022 figures restated. See note 33 for more detail.
2 Amounts deducted from 'own funds'.

Deferred tax net asset

GROUP	March 23 £'000	March 22 £'000
Deferred tax assets (note 14)	**4,768**	6,022
Deferred tax liabilities (note 14)	**(4,012)**	(3,309)
Deferred tax net asset	**756**	2,713
Deferred tax net asset (rounded to £m)	**0.8**	2.7

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