15 March 2022

TP ICAP Group plc

Financial and preliminary management report - for the year ended 31 December 2021 (the "Period")

TP ICAP Group plc (the "Company") announces its group (the "Group") results for the Period today.

Nicolas Breteau, CEO of TP ICAP Group plc, said:

"Our performance naturally reflects the unusually quiet secondary markets that we experienced in 2021, particularly in the first half of the year. However, as market conditions started to improve in the second half, TP ICAP recovered most of the ground and grew overall market share. We continued to deliver double-digit revenue growth in Data & Analytics.

"We took pre-emptive action to mitigate margin pressure, including greater operational efficiency, and delivered significant overall cost savings of £31 million. These measures helped to partly offset the impact of market conditions which shifted activity to lower margin asset classes within Global Broking. We are targeting a further £38m of incremental savings from 2022 to 2024.

"We also made substantial advances in our strategic transformation programme. One year into what is a five-year programme to shift our broking activity from high touch to more profitable low touch channels, 20% of in-scope Global Broking revenue is already live on Fusion, our award-winning electronic platform. We also achieved meaningful milestones in the build of Liquidnet's Credit offering, and advanced our existing crypto offering, readying our wholesale digital assets spot platform for launch, pending regulatory approval.

"Market volatility has continued at more elevated levels in 2022, with the return of inflation and geopolitical uncertainty driving higher volumes across many of our markets. Our revenue in the year to date until 11 March 2022 was approximately 16% higher than the corresponding period in 2021, in constant currency, or 4% higher excluding Liquidnet. While it is too early to judge whether this activity will be sustained, we believe the results of our many actions will show through in improved performance across the group in 2022 and beyond.

"Witnessing the tragic events unfolding in Ukraine has left us shocked and deeply saddened. TP ICAP will donate to the relief fund that provides humanitarian assistance to Ukrainians refugees with shelter, food, clean water and other support. The war has resulted in sanctions against Russian individuals, entities and their subsidiaries and consequently we continue to actively manage our business and minimise our financial exposure. Overall revenue from Russian clients accounted for around 0.5% of total Group revenue in 2021.

"Our transformation programme is at the heart of our ambition to be a leading electronic market infrastructure and information provider. This is how we will deliver sustainable earnings growth over time."

Financial highlights

Reported:

	2021	2020
Revenue	**£1,865m**	£1,794m
EBIT[1]	**£97m**	£178m
EBIT[1] margin	**5.2%**	9.9%
Profit before tax	**£24m**	£129m
Profit for the period[2]	**£5m**	£96m
Basic EPS	**0.7p**	15.4p
Total dividend per share[4]	**9.5p**	6.0p
Weighted average shares in issue (basic)[4]	**759.3**	625.0

Adjusted (excluding significant items):

	2021	2020	2020 Constant Currency
Revenue	**£1,865m**	£1,794m	£1,726m
EBITDA[3]	**£315m**	£328m	£311m
EBIT[1]	**£233m**	£272m	£256m
EBIT[1] Margin	**12.5%**	15.2%	14.8%
Profit before tax	**£177m**	£223m	£207m
Profit for the period[2]	**£148m**	£183m	£169m
Basic EPS	**19.5p**	29.3p	27.1p
Weighted average shares in issue (basic)[4]	**759.3**	625.0	

1. Earnings before interest and tax
2. Attributable to equity holders of the parent
3. Earnings before interest, tax and depreciation & amortisation
4. 2020 has been restated to reflect the bonus element of the 2021 rights issue

A table reconciling Reported to Adjusted figures, detailing significant items, is included in the Financial and Operating Review. The percentage movements referred to in the financial performance highlights below are in constant currency.

Financial performance highlights

- A resilient revenue performance (£1,865m, up 8%), given subdued secondary markets (particularly in the first half) and ongoing COVID-19 related disruption.
- Excluding Liquidnet's post-acquisition revenue of £159m (23 March 2021 onwards), the Group's revenue in the Period was 1% lower than the prior year, in line with guidance.
- Revenue diversification continued with non-Global Broking revenue accounting for 42% of Group revenue (2020: 36%).
- Global Broking revenue declined 2% following lower wholesale trading volumes across asset classes. Energy & Commodities revenue decreased 1% against a tough comparative period. We saw an improved second half as energy market volatility provided our clients with trading opportunities.
- Agency Execution revenue increased 180% due to the Liquidnet acquisition. Excluding Liquidnet, revenue declined 1%.
- The high margin Data & Analytics business within Parameta Solutions again delivered double-digit revenue growth (10%).
- Programme to save £35m of annualised costs by the end of 2021 (announced in 2020) achieved, delivering £19m of incremental savings in 2021.
- Liquidnet cost synergies: £12m achieved in 2021, exceeding the target of £5m, and raising 2023 total synergy target from £20m to at least £25m.

- Excluding Liquidnet, adjusted EBIT margin was 1.0%pts lower than the prior year. This was driven primarily by a £20m contribution decline due to a revenue shift within Global Broking towards lower margin asset classes.
- Reported EBIT margin was 4.2%pts lower due to an increase in significant items, principally to generate future cost savings.

Strategic highlights

- Our transformation programme (electronification, liquidity aggregation, diversification) continued at pace:
  - Global Broking: 20% of in-scope revenue is now live on our award-winning electronic platform, Fusion (55% of revenue in scope)
    - FX: c.35% of in-scope revenue on Fusion (c.90% of revenue in scope)
    - Rates: c.15% of in-scope revenue on Fusion (c.80% of revenue in scope).
  - Energy & Commodities: c.60% of total revenue in scope. Launched pilot Fusion Energy screen with clients.
  - The Group completed the acquisition of Liquidnet, a global buy-side focussed electronic Equities and Credit trading network. We have broadened Liquidnet's distribution footprint, enhanced the Equities offering, launched Liquidnet Primary Markets, and will launch a broad-based dealer-to-client offering by mid-2022.
  - Parameta Solutions: continued to launch higher margin products, new distribution channels and diversify its client base.

Operational highlights

- The Group successfully concluded its redomiciliation from the UK to Jersey, Channel Islands, delivering tangible capital benefits.
- Property rationalisation programme to deliver £14m of annualised cost savings by the end of 2024.
- Completed a successful debt refinancing to realise finance cost savings of £4m per annum from 2022 onwards.
- Our proprietary electronic Fusion platform was recognised as 'OTC Platform of the Year' in the 2022 *Risk* Awards.

Dividend

The Board recommends a final dividend per share of 5.5 pence, bringing the total full year dividend to 9.5 pence per share, in line with our dividend policy of 2 times cover on adjusted post-tax earnings (2020: 6.0 pence per share (rebased to take into account the bonus element of the rights issue completed in February 2021)).

Near term outlook

The market environment to date in 2022 has driven more volume compared to the prior year. Like other market operators, we are typically a beneficiary of volatility, and the past few weeks have been characterised by high levels of uncertainty. However, predicting future market activity is difficult. We would also note that periods of extreme volatility, such as has been witnessed in recent weeks, can have complex second-order effects on market participant behaviour and activity drivers, such as risk-taking appetite, and liquidity capacity.

2021 presentation

The Group will hold a virtual presentation and Q&A session via an audio webcast at 0900 GMT on Tuesday, 15 March 2022. Please use the following details to attend the presentation:

Webcast link:
https://streamstudio.world-television.com/854-1116-31747/en

Joining by telephone
United Kingdom (Local) 020 3936 2999
United Kingdom (Toll Free) 0800 640 6441
United States (Local) 1 646 664 1960
All other locations +44 20 3936 2999

Participant access code: 767907
Participants will be greeted by an operator who will register their details.

Forward looking statements
This document contains forward looking statements with respect to the financial condition, results and business of the Company. By their nature, forward looking statements involve risk and uncertainty and there may be subsequent variations to estimates. The Company's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

Enquiries:

Analysts and investors
Dominic Lagan
Direct: +44 (0) 20 3933 3040
Email: dominic.lagan@tpicap.com

Media
Richard Newman
Direct: +44 (0) 7469 039 307
Email: richard.newman@tpicap.com

Neil Bennett
Maitland
Direct: +44 (0)20 7379 5151
Email: tpicap-maitland@maitland.co.uk

About TP ICAP
- TP ICAP connects buyers and sellers in global financial, energy and commodities markets.
- It is the world's leading wholesale market intermediary, with a portfolio of businesses that provide broking services, data & analytics and market intelligence, trusted by clients around the world.
- We operate from more than 60 offices across 27 countries, supporting brokers with award-winning and market-leading technology.

CEO review

Overview – Advancing our transformation

Through a mixed operating environment, TP ICAP demonstrated the inherent strengths of its broking franchise, improving overall market share. Our Data & Analytics business once again delivered double-digit revenue growth. Importantly, we made material progress to improve the Group's operational efficiency, as well as advancing our strategic transformation which, once complete, will establish TP ICAP as a leading electronic market infrastructure and information provider.
2021 achievements included:

- Implementing Fusion – our proprietary, award-winning OTC electronic platform – on more FX and Rates desks in Global Broking. Fusion is already live on desks comprising 20% of in-scope Global Broking 2021 revenue;
- Progressing the roll out of Fusion Energy to brokers and clients in Energy & Commodities;
- Completing the acquisition of Liquidnet to materially accelerate the execution of our strategy;
- Enhancing Liquidnet's offering since completion by broadening its distribution footprint, strengthening its Equities offering and launching an industry first in Credit – Liquidnet Primary Markets;
- Successfully executing the Liquidnet integration and realising cost synergies ahead of the original target;
- Delivering double-digit revenue growth in our Data & Analytics business within Parameta Solutions;
- Redomiciling our holding company, providing tangible capital benefits;
- Commencing a programme to rationalise our property footprint to reduce future premises-related costs;
- Refinancing our debt to reduce future finance costs; and
- Achieving our £35m annualised cost savings target, with further savings targeted.

Our progress throughout the year means that TP ICAP is now better connected to the world's capital markets than at any point in our history. We have strong and long-held relationships with the world's leading investment banks. Through Liquidnet, we have a network of more than 1,000 buy-side clients. Right across the Group, we have top-tier talent and technology. We are therefore uniquely positioned to connect buyers and sellers of financial, energy and commodity products across both the sell-side and the buy-side.

Connectivity matters because it provides the deep liquidity pools clients need to discover prices and transact efficiently. In turn, order and trade information makes us a world-leading source for rare OTC market data, which our clients need to make better decisions. Fundamentally, the better we connect, the more relevant and valuable our offering becomes to wholesale market participants, which positions the Group well to deliver increased returns to shareholders over time.

Financial performance

2021 market activity was muted throughout the first six months, before a pick-up in volumes in the second half, partly driven by rising energy prices and the re-emergence of inflation in the final quarter. In this context, our overall revenue performance has been resilient, delivering £1,865m in 2021, 8%[1] higher than the prior year. Excluding Liquidnet, which achieved revenues of £159m, revenues were 1% lower than the prior year, in line with our guidance of being broadly in line with 2020.

Whilst revenues held up well, Group adjusted EBIT for the year was £233m, down 9% against the prior year. Excluding Liquidnet's adjusted EBIT loss for the year of £2m, which reflected investment in its growth strategy, Group adjusted EBIT was £235m, down 8% against the prior year. This decrease reflects the revenue mix in our Global Broking division, where we saw lower revenues in our largest and most profitable asset class – Rates – compared to strong revenue performance in our Equities asset class, which has a lower contribution margin. Adjusted EBIT margin was 12.5%, down from 14.8% (in constant currency) in 2020, while adjusted profit before tax was £177m (2020: £223m).

Reported EBIT was £97m, 40% lower than the prior year (46% lower on a reported basis), with a reported EBIT margin of 5.2% (2020: 9.9%). Reported profit before tax was £24m, down from £129m in 2020. Basic reported earnings per share ('EPS') were 0.7p (2020: 15.4p).

A detailed analysis of our financial performance can be found in the Financial and Operating Review .

1. All percentage movements quoted are in constant currency, unless otherwise stated

Operational efficiency – building a streamlined platform for growth

We took several steps to improve the operational efficiency of the business, starting in February 2021 when we redomiciled our holding company from the UK to Jersey, Channel Islands. Then in November 2021, we completed a successful debt refinancing that will realise annual finance cost savings of £4m from 2022 onwards.

Turning to Liquidnet, upon completion of the acquisition we identified a cost synergies target of £20m by 2023. We are ahead of schedule, having already delivered £12m of savings in 2021 and we are increasing our overall target for 2023 from £20m to at least £25m. Linked to Liquidnet, we have also launched a programme to rationalise our property footprint, which will lead to annualised savings of approximately £14m by the end of 2024.

We reorganised our front office and support functions and achieved our £35m annualised cost savings target, which helped to partly offset the negative contribution impact of a shift in revenue mix in Global Broking. The programme delivered £19m of savings in 2021 and we are targeting an incremental £11m of savings by the end of 2024. In aggregate, we are targeting Group savings of £25m in 2022.

Turning to Brexit, whilst COVID-19 restrictions prevented us from executing our transition plans in full, they did not prevent us from continuing to serve our EU clients effectively throughout the year. Looking ahead, we will continue to monitor and adapt our approach to reflect changes in regulation and in our clients' operating models – for example, existing London-based clients relocating certain businesses to Europe.

Strategic execution: electronification, aggregation and diversification

At our Capital Markets Day in December 2020, we outlined the case for the strategic transformation of our Group. Our subsequent transformation programme has three strategic pillars:

- Electronification – Migrating our broking activities from high touch to low touch;
- Aggregation of liquidity – Giving clients easy and efficient access to the Group's global liquidity pools;
- Diversification – Expanding our business towards the buy-side and users of market information.

Deploying state-of-the-art technology is critical to executing the electronification and aggregation pillars of our strategy in Global Broking and Energy & Commodities. This is a multi-year programme that we commenced in 2021 and plan to complete by 2025. Once complete, our clients will benefit from a single sign-on, fully-customisable electronic platform from which they can access our global liquidity pools across all products, all asset classes, all regions and all our brands. We have developed this platform internally and branded it Fusion. Reflecting its quality, *Risk* magazine has recognised it as best-in-class, awarding it 'OTC Platform of the Year' for 2022.

TP ICAP's Fusion strategy is critical to the transformation of the earnings profile of our Global Broking and Energy & Commodities businesses. By implementing Fusion, we aim to progressively shift the profile of our broking activity from high touch (i.e. a high level of broker involvement in completing a transaction) to low touch (i.e. fully or mostly electronic execution workflow) channels, thereby improving operating margins.

The majority of Fusion's development and implementation requirements are concentrated in the 2021-2023 period. Importantly, the rollout of Fusion for a given product will typically be followed by some degree of client connectivity (e.g. API, desktop user interface) and user outreach work. We expect liquidity to develop thereafter.

As the Fusion strategy progresses, we anticipate the pace of transition from high touch to low touch workflows to vary by product segment. For example, in products where liquidity tends to be continuous – such as highly commoditised on-the-run government bonds – low touch volume should develop rapidly. As a result, the mix of broking revenue in this product should shift quickly toward low touch (and higher margin) channels.

In other areas, where instruments are less commoditised (e.g. swaptions) and/or liquidity is sporadic (such as interest rate swaps), we expect low touch liquidity to develop more slowly. We also expect a lower share of transaction volume and broking revenue than is achievable in comparatively liquid, commoditised product segments. As such, Fusion's rollout prioritises product areas that represent relatively large revenue pools, and/or have a high potential to shift towards low touch transaction formats.

Agency Execution

The acquisition of Liquidnet accelerates achievement of our strategic aims. Liquidnet is a world-leading electronic trading network, with state-of-the-art workflow and transaction technology, and deep connectivity to more than 1,000 buyside clients.

Since closing the acquisition in March 2021, we have developed plans to unlock unrealised potential in the Equities franchise. In Fixed Income, we are well advanced in executing a broad-based strategy to develop an attractive electronic Credit trading and information ecosystem – addressing both buyside and dealer needs – with innovative Primary Market offerings already launched (and enhanced since launch) and with exciting Secondary Markets rollout plans for 2022.

Parameta Solutions

In April 2021, we launched the Parameta Solutions brand. Parameta Solutions comprises our Data & Analytics and Post Trade Solutions businesses. Giving Parameta Solutions a distinct identity better equips the business to define itself in the marketplace and accelerate the execution of its strategy, which comprises three core elements:

- Go beyond providing raw data by developing new higher value products
- Expand its client base, focusing particularly on the buy-side; and
- Enhance its distribution capabilities, which includes increasing the number of channel partners such as well-established cloud providers.

Business Division Review

Global Broking – the world's largest inter-dealer broker

Reflecting the impact of mixed market conditions on its wholesale client base, at £1,105m, Global Broking's 2021 revenue was down 1% in constant currency compared to 2020. However, relative to our listed peers, the division's overall market share increased. Global Broking's enduring franchise strength, and critical role in providing its dealer client base with the global liquidity pools necessary for managing market risk, was recognised by *Global Capital* as the 'Inter-dealer Broker of the Year' in the 2021 Global Derivative Awards.

The strategic priority for Global Broking is to build on this position of strength by deploying state-of-the-art technology and migrating execution capabilities onto low touch protocols. Electronic workflow and transaction channels improve client experience, increase the stickiness of customer relationships, and improve productivity and operating margins.

The scope of the 2021-2025 programme to electronify and aggregate liquidity – namely Fusion – covers activity in the Rates, FX, Credit and Emerging Markets asset classes. In aggregate, the plans address product segments comprising c.55% of Global Broking revenue[1]. Global Broking's Equities business is weighted toward specific types of activity and in predominantly exchange-listed instruments, and although the asset class will benefit from the Fusion platform, the potential for structural transformation is lower than in the other asset classes.

The initial stages of our Global Broking Fusion roadmap focus on our largest asset classes – Rates and FX – where approximately 80% and 90% of revenue respectively is in scope for electronification. In Credit, approximately 70% of revenue is in scope. In Emerging Markets, where a local desk will broker transactions in several asset classes, approximately 25% of revenue is in scope for receiving a platform.

As at the end of 2021, Fusion has been implemented on desks comprising c.20% of total in-scope Global Broking revenue, including c.15% and 35% of in-scope revenue in Rates and FX, respectively. Over the course of 2022, we expect to introduce Fusion on desks comprising a further 20%-25% of in-scope revenue (c.20% in Rates and c.30% in FX). The Fusion Credit rollout has not been a focus of 2021-2022, as it will leverage the Liquidnet Credit initiative.

2021 Fusion Rates achievements included adding both the ICAP Sterling and Euro inflation segments to the platform, including both periodic and all-day volume matching. In Fusion FX, volume matching in G10 forwards was rolled out on client desktops in EMEA and the US. In addition, the platform build process for the 1-month Asian Non-Deliverable Forward (NDF) offering was completed.

Over the course of 2021, we also continued to develop existing platform offerings. In FX options for example, we recently introduced volume matching functionality, which is already producing attractive early trade flows. And in interest rate options, we added functionality to allow more efficient trading of multi-leg strategies, for both the Tullett Prebon and ICAP brands in EMEA.

Looking ahead, in 2022 we plan to further extend the reach of the Fusion platform. In Fusion Rates, we will complete our cross-product and cross-brand offering of GBP products. By the end of the year, we plan to have all ICAP and Tullett Prebon's inflation and interest rate swaps activity in the GBP market live on Fusion, with both central limit order book ('CLOB') and volume matching protocols. We will also introduce Tullett Prebon EUR inflation to Fusion with volume matching and CLOB protocols, and add CLOB functionality for the ICAP EUR inflation offering, building on the 2021 launch of volume matching.

In Fusion FX, we will focus on the client connectivity and user education elements of commercialising the 1-month Asian NDF platform. The 1-month Asian NDF market is highly electronic. The TP ICAP platform targets market participants looking to achieve large size risk transfer, which we believe will be a distinct and attractive addition to the 1-month market structure. Importantly, the client connectivity established for 1-month NDFs – which will take advantage of TP ICAP's new API strategy – is expected to support faster and easier client adoption for subsequent Fusion launches across all asset classes.

Impact: How Fusion realises the benefits of low touch on profitability
As the range of liquidity pools and trading protocols available on Fusion expands and matures, the share of low touch volume within Global Broking's overall activity mix is expected to grow, progressively and proportionately improving operating margins.
Our confidence in achieving our aims stems from the success we have seen to date with our mature low touch platforms, and the high level of client engagement and progressive volume growth that we

have seen with our newer launches. We provide some illustrative examples of both mature and maturing platforms below:

Platform #1:

- Platform maturity level: mature
- Products: interest rate options
- OTC liquidity characteristics: medium liquidity (large segment, but liquidity can be sporadic)
- Execution protocol: volume matching
- 2021 low touch revenue: 42% of total
- 2021 contribution margin c.20%pts higher than average

Platform #2:

- Platform maturity level: mature
- Products: on-the-run government bonds
- OTC liquidity characteristics: high liquidity
- Execution protocol: central limit order book
- 2021 low touch revenue 100% of total
- 2021 contribution margin c.25%pts higher than average

Platform #3:

- Platform maturity level: immature (late 2020)
- Products: interest rate options
- OTC liquidity characteristics: medium liquidity (large segment, but liquidity can be sporadic)
- Execution protocol: volume matching
- 2021 low touch revenue: 11% of total
- 2021 3%pts higher than average

1. All percentages are based on 2021 revenue.

Energy & Commodities – the world's leading E&C broking franchise

Like Global Broking, the first half of the year was characterised by extremely quiet markets. In the second half, we capitalised on the increase in energy market volatility that provided clients with trading opportunities. Against this backdrop, 2021 revenue performance of £370m was slightly lower (down 1% in constant currency) against a strong comparative period.

Our strategic aim for Energy & Commodities is to consolidate our global leadership position, particularly in Energy. To achieve this, we have continued to invest in electronifying our business and offering our clients aggregated liquidity across our three market-leading brands: PVM, Tullett Prebon and ICAP. We have branded this process Fusion Energy.

The scope of the 2021-2025 Fusion Energy programme covers broking activity comprising c.60% of Energy & Commodities revenue and embraces a wide range of products, from Oils – where TP ICAP has a leading market share – to Environmentals.

Brokered Energy markets are far less electronified than the Financial markets, from pre- to post-trade activities. The Oils segment is amongst the least electronified. As such, a critical stage of the Fusion Energy project is the internal rollout of a sophisticated new order management system (OMS), which will capture all orders and trades electronically. Benefits will include:

- Aggregation of our internal liquidity for increased efficiency of price dissemination amongst brokers;
- Provision of a real-time data stream, which Parameta Solutions can commercialise;
- Linking the OMS with the client Fusion front end to enable a fully low touch client transaction execution experience.

In Oils, E&C's largest product segment, c.70% of 2021 revenue is in scope. We expect to have the OMS fully rolled out for Oils, capturing all order and trade data, over the course of 2022.

In Environmentals, close to 80% of 2021 segment revenue is in scope. Environmentals activity (e.g., emissions credit trading) is growing rapidly and is a segment in which TP ICAP is looking to establish a leading position. To that end, in September 2021 we launched Fusion Energy's first client-facing screen, for the Norwegian green certificates market. Approximately 50 users log in on a weekly basis. At present, the screen is read-only, but we expect to roll out client execution capability in 2022.

We are also leveraging our market-leading connectivity to innovate and unlock emerging revenue opportunities. For example, in June 2021, we announced our plan to launch an industry first: a wholesale spot trading venue for cryptoassets. The platform will feature an electronic marketplace for spot cryptoasset trading, as well as providing connectivity and post-trade infrastructure into a network of blue-chip digital asset custodians. Several well-known market makers will be on the platform from launch, which we expect to be by the end of Q2 2022, subject to regulatory approval. Ahead of this, we are already receiving significant client interest in the offering, commensurate with a growing demand for a quality, trusted institutional provider.

Innovation is also driving the development of environmental products as the world pivots to a low carbon economy. Primarily through our Energy & Commodities and Parameta Solutions divisions, we are well placed to accompany our clients in their transition journeys, helping to provide the necessary market infrastructure, liquidity and data to accelerate their move from brown to green in a sustainable way. For example, in 2021 we orchestrated a landmark deal in Australia, bringing together a solar power and reinsurance company. Additionally, in February 2022 we launched a new Energy broking desk in Brazil, where 80% of energy produced is from renewables.

Our ambition relating to ESG is to be recognised as the broker for the transition. In 2021, we made good progress towards achieving this goal, as demonstrated by a 40% year-on-year increase in revenues derived from environmental products. Furthermore, we won the bid to host the UK National Grid Power interconnector auctions on our platform, while the ICAP Weather desk was named best Weather Risk Management Broker for Europe and North Americas in *Environmental Finance*'s Annual Market Rankings 2021.

Agency Execution – a full-service agency proposition for the buyside

Our Agency Execution division is formed of Liquidnet – an electronic trading and information network with a global Equities and Credit footprint – and COEX, which provides institutional clients with a high touch agency brokerage offering.

Revenues for Agency Execution were £246m for the year, up 180% against the prior year in constant currency. Excluding Liquidnet, revenues were down 1%. Liquidnet achieved £159 million of revenues over the period since acquisition (23 March 2021).

Our focus in Agency Execution in 2021 has been threefold: integrate Liquidnet into the Group; expand our offering to meet the changing needs of our clients; and invest in strategic growth opportunities. Liquidnet's integration is on track. Cost synergies are ahead of target and we have developed and started to execute plans to grow the business.

The acquisition of Liquidnet accelerates our strategic transformation. Liquidnet has deep electronic connectivity to more than 1,000 buyside clients, with an established Equities franchise and a growing Fixed Income business. The combination of Liquidnet's buyside expertise and client base with TP ICAP's established sell side relationships and deep pools of liquidity, provides us with sizeable growth opportunities in both Equities and via dealer-to-client trading in Credit and Rates.

Turning first to Equities, we believe the full potential of this established franchise has yet to be realised. We are therefore enhancing and broadening our offering. Developments during the year include:

- Growing distribution by leveraging TP ICAP's global footprint and expertise to deploy teams in Paris, Madrid, Frankfurt, Copenhagen, Chicago and San Francisco;
- Advancing Liquidnet's algorithm suite to help clients move more easily between execution protocols to access both dark and lit markets. Liquidnet was awarded 'Best Algorithmic Trading Provider' in Waters Technology's '2021 Waters Rankings';
- Growing Liquidnet's existing programme trading offering globally; and
- Increasing our share of the cross-border trading market.

Turning to Liquidnet Credit, the growth potential for this business is significant. Liquidnet Credit already has a connected client base of c.500 buyside firms globally. Our plan to build a comprehensive dealer-to-client (D2C) offering was a principal motivation of TP ICAP's acquisition of Liquidnet. As indicated at our Capital Markets Day held in December 2020, our plan envisages achieving a 3%-6% market share of corporate bond trading by the third full year post acquisition. The core building blocks necessary for a successful D2C Credit offering are well advanced:

1. *Onboarding – Allowing dealers to interact with the buyside:*

   - Onboarding users is a major blocking factor for new platforms (e.g. legal entities, IT work);
   - TP ICAP's dealer clients are not onboarded with Liquidnet entities, and vice versa;
   - To address this, we have created internal workflows that allow Liquidnet buyside clients to transact with TP ICAP dealer clients with no new legal entity onboarding requirements.

2. *Transaction technology deployment – Leveraging dealer and buyside existing connectivity:*

   - Complementing our onboarding work (see above), we have been able to leverage TP ICAP and Liquidnet's separate existing installed trading technology networks to bring together our buyside and dealer client bases;
   - Liquidnet buyside clients use the Liquidnet front end to trade with each other and with dealers;
   - Dealers can access Liquidnet offerings and clients via the Fusion platform that their sell-side traders already use.

3. *Platform functionality – Enriching client experience:*

   - Liquidnet's well-known legacy dark negotiation protocol attracted hundreds of major asset management firms, but proved practically challenging for buyside traders to use. We have improved the efficiency of the negotiation protocol and added trade cover to assist clients;
   - Primary markets:
     - In September 2021, we launched Liquidnet Primary Markets – a new issue workflow tool and CLOB;
     - In January 2022, we enabled the first cohort of large dealers to transact directly on the new issue CLOB. Traders from 30 sell-side institutions, including Tier 1 dealers, are now able to trade;
     - Over the course of 2022, we will expand the primary workflow tool's end-to-end capability and third-party integrations, to allow more Liquidnet clients to send orders directly to syndicate banks.

   - Secondary markets:
     - We have rolled out a new version of the Liquidnet user interface, which allows for automatic push out of upgrades, which will facilitate the introduction of new features and functionality for clients;
     - We have introduced changes to the dark negotiation protocol to make it easier for clients to use, as well as implemented trade cover to assist clients;
     - By mid-2022, we expect to launch key additional protocols, including request-for-quote (RFQ).

4. *Dealer liquidity: Helping the buyside to access more secondary market liquidity*
   - Streaming Tier 1 dealer liquidity has been a "key ingredient" missing from the Liquidnet ecosystem, and is needed for RFQ and other protocols to work effectively;
   - Through Fusion, we have connected major dealers for new issue trading;
   - For secondary trading, streaming dealer prices are critical. Major dealers have already begun API work, and we expect to have a critical number live in time for new trading protocols being made available to clients.

Parameta Solutions - a world leading provider of scarce OTC pricing data

Parameta Solutions rebranded in April 2021 and is formed of two business segments: Data & Analytics (D&A) and Post Trade Solutions.

The D&A business provides independent and unbiased data products that enable price and liquidity discovery; trading; enhanced transparency; superior risk management; provide balance sheet relief; and improve operational efficiency. It has access to more proprietary OTC data than any other inter-dealer broker globally.

D&A is a high margin business with revenues that are largely subscription-based and sticky (it commands a retention rate in excess of 98%) so it provides excellent earnings diversification and sustainable growth opportunities. Reflecting the value of the business, D&A was awarded 'Outstanding Market Data Provider' for 2021 by *The Trade*.

During the year, D&A grew revenue by 10% in constant currency as it continued to benefit from its strategic initiatives. We continue to target double-digit revenue CAGR over the medium term.

Our strategy for D&A has three elements:

- Expand the product offering by building new higher value products;
- Expand the client base beyond the traditional sell-side into the buyside, corporates, and energy and commodities clients; and
- Enhance our distribution capabilities, which includes increasing the number of channel partners.

We continued to develop new higher margin products, expanding our evaluated pricing suite by adding FX to complement Bonds. We launched a Global Risk-Free Rate service that is driving significant new subscription revenues, and we have been pleased with the reaction to our new environmental package, supporting our clients' decarbonisation strategies. We launched a Trading Analytics product using analytics driven by Artificial Intelligence to support best execution. These high-margin, high-value products have been developed in response to client needs to meet stricter regulatory disclosure and risk management requirements. In 2022, we plan to augment this offering by additional benchmarks and indices and regulatory products.

Turning to distribution, we expanded our sales coverage in markets where we were underpenetrated. We have also partnered with leading Cloud providers to create off-premise solutions for clients. Through our expanded distribution channels, we offer clients the option to access our data through our channel partners, via direct delivery (SURFIX), or via the public Cloud, with greater speed and agility and in a more cost efficient way.

We are growing our client base by aligning our sales teams to specific client segments: namely, buyside, sellside, corporates, and energy and commodities. This is already proving a success with 40 new buyside clients, and 10 new Energy & Commodities clients added in the year, with around 40% of net new sales to non-sell side clients.

In Post-Trade Solutions, revenue declined 23% in constant currency primarily due to the Matchbook resetting Rates business, which was adversely impacted by the cessation of LIBOR. Following this structural change, we have developed a new strategy for the business, which we have started to implement and which is already producing positive results. For example, the compression service – branded ClearCompress – grew significantly in the year by adding ten large dealers to its client list. We have now built a working group of 27 dealers, helping us shape new products and opportunities, which resulted in the launch of two new services in response to client demand. Parameta Solutions was awarded the Best Post Trade Company 2021 award in the *European Markets Choice* Awards.

Dividend

The Board is recommending a final dividend per share of 5.5 pence, bringing the total full year dividend to 9.5 pence per share, in line with our dividend policy of 2x cover on adjusted post-tax earnings (2020: 6.0 pence (rebased to take into account the bonus element of the rights issue completed in February 2021)).

Near term outlook

The market environment to date in 2022 has driven more volume compared to the prior year. Like other market operators, we are typically a beneficiary of volatility, and the past few weeks have been characterised by high levels of uncertainty. However, predicting future market activity is difficult. We would also note that periods of extreme volatility, such as has been witnessed in recent weeks, can have complex second-order effects on market participant behaviour and activity drivers, such as risk-taking appetite, and liquidity capacity.

Concluding comments

Despite tough trading conditions during the first half of 2021, our second half performance demonstrated that when market conditions started to improve, we were well placed to capitalise. This underlines the strong fundamentals of our business. That said, we recognise that we need to improve our performance and earnings. To this end, we have in place the right strategy and actions to manage our costs, both of which we are wholly focused on executing. The outcome will be that we will transform our Group to be a leading electronic market infrastructure and information provider, which is well placed to deliver sustainable earnings growth over time.

Finally, I would like to take this opportunity to thank our clients and partners for their continued trust and support; and my colleagues for their sustained hard work and commitment throughout 2021.

Nicolas Breteau
Executive Director and Chief Executive Officer
15 March 2022

Financial and operating review

Introduction

Against a backdrop of challenging and uncertain market conditions, Group revenue in 2021 of £1,865m was 4% ahead of the prior year on a reported basis (8% ahead in constant currency), driven by the acquisition of Liquidnet on 23 March 2021. Excluding Liquidnet, revenue was 5% below the prior year on a reported basis (1% lower in constant currency), with the momentum reflected in our third quarter trading update continuing into the fourth quarter, demonstrating the resilience of the core business. The Group's revenue and EBIT margin was further impacted by FX headwinds with GBP strengthening 7%, on average, against the USD year-on-year.

Adjusted operating costs of £1,642m were 7% higher on a reported basis (11% higher in constant currency). Operating expenses, after significant items, were £1,778m, 9% higher on a reported basis.

During the first half of the year the continuing impact of COVID-19, Brexit and low interest rates, coupled with government pandemic support programmes, resulted in subdued levels of both volatility and wholesale trading activity, which impacted our broking businesses in particular and revenue was down 7% (excluding Liquidnet, in constant currency) compared with the first half of 2020. Trading conditions improved in the second half leading to revenue increasing by 6% year-on-year.

Our focus during the year has been on investing in and executing our growth strategy, integrating Liquidnet into the Group, and continuing to make TP ICAP more cost efficient. We have successfully completed our cost saving programme to deliver £35m of annualised savings and are targeting further savings in 2022. In addition, we delivered Liquidnet cost synergies ahead of plan and are increasing our overall target. Our programme to reduce the Group's property footprint is also making good progress, while our successful debt refinancing exercise in November 2021 will reduce net finance costs from 2022 onwards.

Although we retained our leading market position, the impact of market conditions on the mix of revenue across our diverse portfolio of businesses resulted in a lower overall contribution in 2021. Excluding Liquidnet, front office costs, which vary with revenue, were in line with the prior year (in constant currency), reflecting a revenue shift within Global Broking towards asset classes with lower contribution margins, the additional costs acquired with the acquisition of Louis Capital Markets ('LCM') and increased front office investment in COEX and Parameta Solutions. These were partially offset by the benefits of our cost saving programme and the resulting contribution margin was 37.2% for 2021 compared with 37.9% in 2020, with total contribution that was £20m lower year-on-year.

Excluding Liquidnet, total management and support costs were 1% lower than the prior year (in constant currency) despite increased strategic investment in technology and a foreign exchange loss on the retranslation of cash and financial assets, as they benefited from our cost saving programme as well as a reduction in the discretionary bonus accrual for the year that was made as a result of lower overall Group performance.

Liquidnet revenue of £159m delivered a contribution of £68m (at a contribution margin of 42.8%), which, after management and support costs of £70m resulted in an adjusted EBIT loss of £2m. We remain confident in our growth strategy for Liquidnet and are making good progress in both Equities and Fixed Income.

The Group incurred significant items of £143m after tax in its reported earnings (2020: £87m). While we continue to amortise intangible assets arising on the acquisition of ICAP and now Liquidnet, we have incurred additional costs in 2021 that will enable the Group to reduce its future cost base.

In February 2022 the UK, EU and US imposed sanctions against certain Russian individuals, entities and their subsidiaries. We have ceased trading activity with sanctioned clients. The proportion of 2021 revenue from Russian clients was approximately 0.5% of the total. As at 11 March 2022, the value of realised losses on failed settlements is £4m. TP ICAP has also recognised potential unrealised losses of £9m in relation to failed settlements and has written down trade debtors with sanctioned clients by £1m. In addition, the Group has outstanding unsettled matched principal transactions in Russian financial instruments of a nominal value of around £12m where neither counterparty has been able to settle at this time and where no net loss has been recognised.

The increased volatility and secondary market activity in the second half of 2021 has continued in 2022. Group revenue in the year to date until 11 March 2022, excluding Liquidnet, was approximately 4% higher than the corresponding period in 2021, in constant currency (16% higher including Liquidnet).

Robin Stewart
Executive Director and Chief Financial Officer
15 March 2022

Key financial and performance metrics

	FY 2021			FY 2020		FY 2021 total vs. 2020	FY 2021 total vs. 2020
	Group (exc. Liquidnet)	**Liquidnet[1]**	**Total**	Reported	Constant currency	reported change	constant currency change
	£m	**£m**	**£m**	£m	£m		
Revenue	**1,706**	**159**	**1,865**	1,794	1,726	4%	8%
Adjusted							
- Contribution	**634**	**68**	**702**	680	654	3%	7%
- Contribution margin	**37.2%**	**42.8%**	**37.6%**	37.9%	37.9%	(0.3%pts)	(0.3%pts)
- EBITDA	**295**	**20**	**315**	328	311	(4%)	1%
- EBIT	**235**	**(2)**	**233**	272	256	(14%)	(9%)
- EBIT margin	**13.8%**	**(1.3%)**	**12.5%**	15.2%	14.8%	(2.7%pts)	(2.3%pts)
Reported							
- EBIT	**n/a**	**n/a**	**97**	178	162	(46%)	(40%)
- EBIT margin	**n/a**	**n/a**	**5.2%**	9.9%	9.4%	(4.7%pts)	(4.2%pts)
Average:							
- Broker headcount[2]	**2,745**	**n/a**	**2,745**	2,765	n/a	(1%)	
- Revenue per broker[3] (£'000)	**561**	**n/a**	**561**	589	567	(5%)	(1%)
- Contribution per broker[4] (£'000)	**200**	**n/a**	**200**	215	207	(7%)	(3%)
Period end:							
- Broker headcount[2]	**2,680**	**n/a**	**2,680**	2,771	n/a	(3%)	
- Total headcount	**4,869**	**434**	**5,303**	4,926	n/a	8%	

1. *Liquidnet post-acquisition results included from 23 March 2021 onwards, the date the transaction completed.*
2. *Broker headcount excludes Liquidnet. Broker headcount for 2020 has been restated to remove 26 average headcount and 23 period end headcount as a result of the transfer of the Post-Trade Solutions business to Parameta Solutions during the first half of 2021.*
3. *Revenue per broker is defined as total broking revenues (Global Broking, Energy & Commodities and Agency Execution, excluding Liquidnet) excluding inter-division revenues divided by average broker headcount. 2020 has been restated following the transfer of the Post-Trade Solutions business to Parameta Solutions during 2021.*
4. *Contribution per broker represents broking contribution (as defined in the Contribution section) for Global Broking, Energy & Commodities and Agency Execution, excluding Liquidnet business, divided by average broker headcount with the prior year comparative calculated on the same basis. 2020 has been restated following the transfer of the Post-Trade Solutions business to Parameta Solutions during 2021.*

Average broker headcount reduced by 1% from 2,765 in 2020 to 2,745 in 2021, despite the acquisition of LCM. Average revenue per broker declined by 5% in 2021 compared with 2020 (1% decline in constant currency), but improved by 8% in constant currency during the fourth quarter of 2021 compared with the fourth quarter of 2020. The average contribution per broker decreased by 7% (3% decline in constant currency), reflecting the less favourable revenue mix in 2021. Total Group headcount increased by 8% to 5,303, driven primarily by the Liquidnet acquisition. Excluding Liquidnet, Group headcount reduced by 1%.

Income Statement

The Group presents its reported results in accordance with International Financial Reporting Standards ('IFRS'). The Group also presents adjusted (non-IFRS) measures to report performance. Adjusted results and other alternative performance measures ('APMs') may be considered in addition to, but not as a substitute for, the reported IFRS results. The Group believes that adjusted results and other APMs, when considered together with reported IFRS results, provide stakeholders with additional information to better understand the Group's financial performance and compare performance from period to period. These adjusted measures and other APMs are also used by management for planning and to measure the Group's performance.

Reported results are adjusted for significant items (which can be either cash or non-cash costs) to derive adjusted results. A reconciliation from reported to adjusted measures is provided in the Group income statement below. Analysis of performance by Business Division and by Primary Operating Segment (regional) follows the Group income statement analysis.

FY 2021	**Adjusted £m**	**Significant items £m**	**Reported £m**
Revenue	**1,865**	**-**	**1,865**
Employment, compensation and benefits	(1,140)	(12)	(1,152)
General and administrative expenses	(420)	(56)	(476)
Depreciation and impairment of PPE and ROUA	(52)	(16)	(68)
Amortisation and impairment of intangible assets	(30)	(52)	(82)
Impairment of other assets	-	-	-
Operating expenses	**(1,642)**	**(136)**	**(1,778)**
Other operating income	10	-	10
EBIT	**233**	**(136)**	**97**
Net finance expense	(56)	(17)	(73)
Profit before tax	**177**	**(153)**	**24**
Tax	(44)	21	(23)
Share of net profit of associates and joint ventures	18	(11)	7
Non-controlling interests	(3)	-	(3)
Earnings	**148**	**(143)**	**5**
Basic average number of shares	759.3	759.3	759.3
Basic EPS	19.5p	(18.8p)	0.7p
Diluted average number of shares	768.2	766.7	766.7
Diluted EPS	19.3p	(18.6p)	0.7p

FY 2020 £m	Adjusted £m	Significant items £m	Reported £m
Revenue	**1,794**	**–**	**1,794**
Employment, compensation and benefits	(1,147)	(6)	(1,153)
General and administrative expenses	(333)	(27)	(360)
Depreciation and impairment of PPE and ROUA	(36)	(1)	(37)
Amortisation and impairment of intangible assets	(20)	(39)	(59)
Impairment of other assets	–	(23)	(23)
Operating expenses	**(1,536)**	**(96)**	**(1,632)**
Other operating income	14	2	16
EBIT	**272**	**(94)**	**178**
Net finance expense	(49)	–	(49)
Profit before tax	**223**	**(94)**	**129**
Tax	(55)	7	(48)
Share of net profit of associates and joint ventures	16	–	16
Non-controlling interests	(1)	–	(1)
Earnings	**183**	**(87)**	**96**
Basic average number of shares (restated)	625.0m	625.0m	625.0m
Basic EPS[1]	29.3p	(13.9p)	15.4p
Diluted average number of shares	632.7m	632.7m	632.7m
Diluted EPS[1]	28.9p	(13.7p)	15.2p

1. *The average number of shares, used to calculate Basic EPS, has been restated to integrate the bonus element of the rights issue completed in February 2021.*

Revenue

	FY 2021 **£m**	FY 2020 £m	FY 2020 (constant currency) £m	Reported change	Constant currency change
By Business Division					
Rates[1]	429	488	474	(12%)	(9%)
Credit	82	90	86	(9%)	(5%)
FX & Money Markets	170	186	180	(9%)	(6%)
Emerging Markets	179	183	176	(2%)	2%
Equities	226	201	192	12%	18%
Inter-division revenues[2]	19	20	20	(5%)	(5%)
Total Global Broking	**1,105**	**1,168**	**1,128**	**(5%)**	**(2%)**
Energy & Commodities	**367**	388	372	(5%)	(1%)
Inter-division revenues[2]	3	3	3	0%	0%
Total Energy & Commodities	**370**	**391**	**375**	**(5%)**	**(1%)**
Excluding Liquidnet	87	91	88	(4%)	(1%)
Liquidnet	159	-	-	n/a	n/a
Total Agency Execution	**246**	**91**	**88**	**170%**	**180%**
Data & Analytics[1]	149	145	136	3%	10%
Post Trade Solutions	17	22	22	(23%)	(23%)
Total Parameta Solutions[1]	**166**	**167**	**158**	**(1%)**	**5%**
Inter-division eliminations[2]	**(22)**	(23)	(23)	(4%)	(4%)
Total Revenue	**1,865**	**1,794**	**1,726**	**4%**	**8%**

1. *Following the formation of the Parameta Solutions business, the Post-trade Solutions business reported in the Rates asset class within Global Broking was transferred to Parameta Solutions. The comparative revenues of Rates within Global Broking and Parameta Solutions have been restated to reflect the restructuring. Third-party revenues in 2020 amounted to £22m. Additionally, inter-division revenue has increased by £2m reflecting the sale of clearing services to Post-trade Solutions, which eliminate on consolidation. Adjusted EBIT within the Global Broking division has been reduced by £9m with the corresponding increase reflected in the results of Parameta Solutions.*
2. *Inter-division charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Parameta Solutions division. The prior year period has been restated in line with the new presentation format. The Global Broking inter-division revenues and Parameta Solutions inter-division costs are eliminated upon the consolidation of the Group's financial results.*

All percentage movements quoted in the analysis of financial results that follows are in constant currency, unless otherwise stated.

Total Group revenue in 2021 of £1,865m was 8% higher than the prior year (4% higher on a reported basis). This was driven by growth in Agency Execution (+180%, including Liquidnet revenue from 23 March 2021 onwards) and Parameta Solutions (+5%), which was partly offset by marginal revenue declines in Global Broking (-2%) and Energy & Commodities (-1%), reflecting the more challenging market conditions, particularly in the first half of 2021, with the prior year also including record volumes in the first quarter. Diversified (non-Global Broking) revenue as a proportion of total Group revenue was 42% in 2021 (2020: 36%).

Liquidnet revenue for the nine-month period of ownership in 2021 was £159m, slightly below the lower end of the guided £160m to £180m range, reflecting weaker than expected equity volumes in December 2021. Pro forma revenue for the full year in 2021 was £221m, compared with £258m in 2020 on a reported basis and £242m in constant currency. The prior year included significant equity market volumes in the first quarter, following the onset of COVID-19, and in the fourth quarter as market sentiment improved as a result of positive vaccine news.

Pro forma Liquidnet revenue by quarter for 2021 and 2020 (in both reported and constant currency) are shown in the table below:

	2021					2020				
Revenue	**Q1**	**Q2**	**Q3**	**Q4**	**FY**	Q1	Q2	Q3	Q4	FY
2020 at reported rates	68	50	50	52	221	86	62	51	60	258
2020 in constant currency						80	56	47	58	242

Excluding Liquidnet, Group revenue of £1,706m was 1% lower than 2020, per our guidance of being broadly in line with 2020, and reflected strong growth in the second half of the year.

Operating expenses

The table below sets out operating expenses, divided principally between front office costs and management and support costs. Front office costs tend to have a large variable component and are directly linked to the output of our brokers. The largest element of this is broker compensation as well as other front office costs, which include travel and entertainment, telecommunications and information services, clearing and settlement fees as well as other direct costs. The remaining cost base represents the management and support costs of the Group.

	FY 2021 £m	FY 2020[1] £m	Change £m	Reported Change	Constant Currency Change
Front office costs					
- Broking[2]	1,012	1,056	(44)	(4%)	(1%)
- Liquidnet[2]	91	-	91		
- Parameta Solutions	60	58	2	3%	9%
Total front office costs	**1,163**	1,114	49	4%	8%
Management and support costs					
- Employment costs	226	224	2	1%	4%
- Technology and related costs	79	69	10	14%	16%
- Premises and related costs	28	27	1	4%	4%
- Depreciation and amortisation	82	56	26	46%	46%
- FX losses/(gains)	11	-	11	n/a	n/a
- Other administrative costs	53	46	7	15%	20%
Total management and support costs	**479**	422	57	14%	16%
Total adjusted operating costs	**1,642**	1,536	106	7%	11%
Significant items[3]	136	96	40	42%	n/a
Total operating expenses	**1,778**	1,632	146	9%	n/a

1. *Restated in line with our new divisional disclosures.*
2. *Includes all front office costs, including broker compensation, travel and entertainment, telecommunications, information services, clearing and settlement fees as well as other direct costs.*
3. *Constant currency changes shown against adjusted numbers only, to highlight true underlying performance.*

Total operating expenses were £1,778m, which was 9% higher than 2020 on reported basis, driven by the acquisition of Liquidnet and an increase in significant items.

Total front office costs of £1,163m increased by 8% compared to 2020 (an increase of 4% on a reported basis) and were flat year-on-year when excluding £91m of Liquidnet front office costs. Broking front office costs of £1,012m declined by 1% (-4% on a reported basis), reflecting the benefit of the cost saving programme which more than offset a revenue shift towards Global Broking asset classes with lower contribution margins, a full year of LCM costs (acquired in July 2020), and increased front office investment in the COEX business. Parameta Solutions front office costs of £60m were 9% higher than the prior year as a result of investment in distribution to support continued revenue growth.

Total management and support costs of £479m, which included £71m of Liquidnet costs and an FX loss of £11m, were 16% higher than the prior year (14% higher on a reported basis). Excluding Liquidnet, management and support costs were down 1% year on year.

Management and support costs movements by category were as follows:

- Employment costs of £226m increased by 4% compared to 2020 reflecting the LCM and Liquidnet acquisitions, partially offset by cost savings from redundancies, and a lower discretionary bonus accrual in 2021.
- Technology and related costs of £79m included £16m of Liquidnet costs. Excluding Liquidnet, costs were 9% lower than the prior year, largely as a result of lower IT consultancy fees.
- Premises and related costs of £28m increased by 4%, while depreciation and amortisation of £82m was 46% higher than the prior year. The increase in depreciation and amortisation was driven by the new London headquarters (+£3m) as well as additional Liquidnet costs (+£22m).
- The £11m adverse change in FX gains and losses (2020: £nil) reflects the strengthening of GBP against other currencies, in particular the US Dollar, on the retranslation of net financial assets, including cash.

- Excluding Liquidnet, other administrative costs were 7% lower than the prior year, reflecting lower travel and entertainment and other consultancy fees.

As noted in the introduction to the Financial Review we have made notable progress in reducing our cost base:

- We have successfully completed our programme to save £35m of annualised costs, which we announced in the third quarter of 2020. The programme delivered an incremental £19m of savings in 2021.
- We also delivered £12m of Liquidnet cost synergies in 2021, exceeding our initial target of £5m. We expect to complete our actions by the end of 2023, realising annualised savings of at least £25m.

At the interim 2021 results, we signalled that we were reviewing property savings across the Group, and that initiative is well underway. In addition to the reduction in our property footprint already achieved from moving our London headquarters in March 2021, we are targeting a further 25% footprint reduction by the end of 2024, which will deliver approximately £14m of annualised cost savings.

The above initiatives improved the Group's 2021 adjusted EBIT by £31m (with costs to achieve the savings, included within significant items, amounting to £29m). By the end of 2024 we expect a further reduction in our total cost base of at least £38m on an annualised basis (with costs to achieve the savings anticipated to be approximately £43m).

Incremental savings, split by front office and management and support costs, as well as the one-off costs to achieve the savings, are summarised in the table below.

	Incremental P&L savings			
	2020 £m	**2021** **£m**	2022 – 2024 (estimated) £m	Cumulative (annualised) £m
Front office cost savings				
- £35m cost saving programme	1	12	9	22
- Liquidnet cost synergies	-	4	6	10
Total	**1**	**16**	**15**	**32**
Management & support cost savings				
- £35m cost saving programme	4	7	2	13
- Liquidnet cost synergies	-	8	7	15
- Property rationalisation	-	-	14	14
Total	**4**	**15**	**23**	**42**
Total cost savings initiatives	**5**	**31**	**38**	**74**
One-off costs to achieve (sig. items)				
- £35m cost saving programme	(5)	(5)	-	(10)
- Liquidnet cost synergies	-	(7)	(15)	(22)
- Property rationalisation	-	(17)	(28)	(45)
Total	**(5)**	**(29)**	**(43)**	**(77)**

The vast majority of 2022 to 2024 incremental front office savings will be realised in 2022, while for management and support costs, approximately 50% of savings relate to 2022. This equates to approximately £25m of total savings in 2022. The majority of the residual management and support cost savings are expected to be realised in 2023. Around 90% of the costs to achieve the future savings will be incurred in 2022, with the balance expected to be incurred in 2023.

As a result of the EU recently stating that it is unlikely to grant UK-based firms automatic market access equivalence, we expect to incur additional ongoing employment costs in our 2022 adjusted results in relation to our Brexit transition plan, as we relocate existing additional UK-based brokers and hire brokers locally in Paris and Madrid. The increased costs result from higher European employer-related taxes (primarily social security charges plus irrecoverable VAT on cross border service costs).

The targeted incremental Group savings in 2022 will be impacted by the additional Brexit costs, realised and unrealised losses from sanctioned Russian clients of £14m, as well as inflationary increases.

During 2021, we incurred total strategic IT investment spend amounting to £27m (£11m of operating expenses, £16m of capital expenditure). During 2022 we expect to incur total strategic IT investment of approximately £45m (£18m of operating expenses, £27m of capital expenditure).

Significant items

Significant items are cash and non-cash items that are excluded from adjusted measures to allow better comparability of financial performance from period to period and to provide additional information to better understand the Group's financial performance, when considered together with reported IFRS results.

The table below shows the Significant items in 2021 split between cash and non-cash vs the 2020 total.

	2021			**2020**
	Cash £m	Non-cash £m	**Total £m**	Total £m
Restructuring & related costs	**25**	**17**	**42**	20
- Property related	9	16	25	4
- Liquidnet integration	7	-	7	-
- £35m cost saving programme	5	-	5	7
- Business redomiciliation	3	-	3	8
- Pension scheme past service and settlement costs	-	1	1	1
- Other	1	-	1	-
Disposals, acquisitions and investment in new business	**12**	**67**	**79**	74
- Amortisation of intangible assets arising on consolidation	-	46	46	39
- Liquidnet acquisition / capitalised development costs	8	6	14	11
- Losses on derivatives and foreign exchange	4	-	4	-
- Reversal of US tax indemnity provision[1]	-	13	13	-
- Adjustment to deferred consideration	-	2	2	2
- Goodwill impairment	-	-	-	21
- Other impairment	-	-	-	1
Legal & regulatory matters	**15**	**-**	**15**	-
EBIT	**52**	**84**	**136**	94
Financing	**17**	**-**	**17**	**-**
- Debt refinancing	16	**-**	16	-
- Liquidnet interest expense on Vendor Loan Notes	1	**-**	1	
Profit before tax	**69**	**84**	**153**	94
Tax relief			(21)	(7)
Associate write down			11	-
Reported earnings			**143**	87

1. *US tax related indemnity provision arose on the ICAP acquisition, with an equal offsetting credit included within the Group's overall tax expense*

In 2021 total significant items amounted to £153 before tax and £143m post tax and associates. This compares to lower significant items in 2020 of £93m before tax and £87m post tax and associates with the increase in 2021 driven primarily by costs associated with the restructuring of the Group's property portfolio, new Liquidnet integration costs and increased costs in legal and regulatory matters.

Significant items can be categorised into the following five areas below.

Restructuring and related costs (£42m in 2021; £20m in 2020):

Restructuring and related costs arise from initiatives to reduce the ongoing cost base and improve efficiency to enable the delivery of our strategic priorities. These initiatives are significant in size and nature to warrant exclusion from adjusted measures. Costs for other smaller scale restructuring are retained within both reported and adjusted results.

As adjusted results include the benefits of material restructuring programmes but some of the related costs have been excluded, they should not be regarded as a complete picture of the Group's financial performance, which is presented in the reported IFRS results.

In 2021, the following restructuring and related costs were considered to be significant items:

- £9m of property-related cash costs from the Group's property footprint reduction programme which includes property costs associated with Tower 42, 2 Broadgate and 155 Bishopsgate of £5m following the transfer and consolidation of the Group's space requirements to 135 Bishopsgate, and £4m of costs related to the exit and sub-let of floorspace in Liquidnet's New York property. In addition there was a £16m non-cash impairment of property, plant & equipment and right-of-use assets related to these now vacant properties (£3m related to the move to 135 Bishopsgate and £13m related to Liquidnet).
- £7m of costs incurred, including £1m of share-based expenses to achieve synergies as part of the Liquidnet integration programme.
- £5m in employee redundancy costs associated with the Group's £35m costs saving programme completed in 2021.
- £3m incurred on the Group's redomiciliation to Jersey, Channel Islands consisting of £2m of legal fees and £1m of accountancy fees.
- £1m pension scheme and past service cost from a remeasurement of the Group's UK defined benefit scheme.

Disposals, acquisitions and investments in new businesses (£79m 2021; £74m 2020):

Costs, and any related income, related to disposals, acquisitions and investments in new business are transaction dependent and can vary significantly year-on-year, depending on the size and complexity of each transaction. Amortisation of purchased and developed software is retained in both the reported and adjusted results as these are considered to be core to supporting the operations of the business.

- £46m in the amortisation of intangible assets following the acquisitions ICAP and Liquidnet of which £33m relates to ICAP, £11m relates to Liquidnet and £2m relating to smaller acquisitions.
- £8m in acquisition cash costs, mainly relating to Liquidnet, and £6m non-cash impairment of intangible assets acquired with Liquidnet.
- £4m of net losses on derivatives and foreign exchange, comprised of £8m of derivative losses on forward contracts partly offset by foreign exchange gains of £5m from economic hedging activities entered into to reduce the Group's exposure to a strengthening US dollar ahead of the Liquidnet acquisition and £1m exchange loss on the Liquidnet Vendor Loan Notes.
- £13m non-cash expense relating to the remeasurement of an acquired tax indemnification asset recognised during the ICAP acquisition.

- £2m relates to the non-cash adjustment to deferred considerations, of which £4m is due to the unwind of the discount to present value of the $75m expected pay-out as part of the purchase of Liquidnet. This is partly offset by £2m from the assessment of lower future payments relating to other acquisitions.

As with other related acquisition costs and adjustments, management considers goodwill impairment separately, due to significant variations year-on-year, to aid comparability of results. There was no goodwill impairment in 2021. In 2020, the carrying value of the Asia-Pacific Cash Generating Unit was written down by £21m.

Legal and regulatory matters (£15m cost in 2021; nil in 2020):

Costs, and recoveries, related to certain legal and regulatory cases are treated as significant items due to their size and nature. Management considers these cases separately due to the judgements and estimation involved, the costs and recoveries of which could vary significantly year-on-year.

Total expense of £15m in 2021 included the following cases:

- £4m costs relating to the fine from the AMF following its investigation. The Group filed an appeal against the ruling in October 2021.
- £5m costs regarding the cum-ex investigation by the Frankfurt and Cologne Public Prosecutors in Germany.
- £2m in legal costs relating to the court cases in Australia. In the fourth quarter of 2021 the Group agreed to an additional £2m settlement.
- £2m in legal fees in the pursuit of claims for costs relating to the Group Income Protection liabilities as a result of which the Group received a settlement from NEX Group Limited.

Financing (£17m in 2021; nil in 2020):

- £16m of debt refinancing costs, related to the part redemption of an existing bond at an 8.408% premium to par value, paid for by the new 2028 bond that will save the Group £4m per annum in net finance costs from 2022 onwards.
- £1m related to the interest expense on the $50m Liquidnet Vendor Loan Notes, which is part of the Liquidnet acquisition consideration.

Tax and associates (£10m net relief in 2021; £6m net relief in 2020):

- £21m of tax relief that includes £12m of integration costs tax deductions, £11m of intangible asset amortisation deductions and £11m of other tax provision deductions, partially offset by a £16m impact of deferred tax rate increases.
- £11m impairment of the Group’s investment in associate undertakings in 2021 as result of reduced performance of companies in which the Group owns a minority stake.

Significant items – 2022 guidance

Based on our current outlook, we estimate significant items included in reported 2022 EBIT to be approximately £125m (pre-tax) with around three quarters expected to be non-cash items. This estimate excludes income and expenses relating to legal and regulatory cases as these items are difficult to predict accurately and can vary materially year on year.

The main significant items for 2022 are expected to be approximately:

- c.£50m of amortisation of intangible assets from acquisitions with the increase due to a full-year impact of the Liquidnet acquisition.
- c.£40m of costs to achieve the cost savings programs initiated in 2021 (see Incremental P&L savings and costs to achieve table in the previous section).
- c.£20m of costs to achieve new savings initiatives currently being planned.

- c.£10m relating to the unwind of the discount of deferred consideration relating to acquisitions.
- c.£6m of Brexit related staff relocation costs following the EU stating it is unlikely to grant UK-based firms automatic market access equivalence.

We expect significant items to reduce further in 2023.

Group net finance expense

The adjusted net finance expense of £56m in 2021, which comprised of £59m of interest expense, less £3m of interest income, is £7m higher than the £49m charged in 2020, reflecting the following additional costs:

- £1m interest on the additional debt drawn to partially finance the Liquidnet acquisition.
- £2m cost of foreign currency options purchased to hedge the acquisition consideration.
- £3m of additional interest on finance lease liabilities on new offices in 135 Bishopsgate and the acquired Liquidnet leases.
- £1m from higher amortisation of debt issue costs and facility fees.

During November 2021 the Group successfully issued a new £250m bond maturing in 2028 with a coupon rate of 2.625% and used £200m of the new issuance to part redeem the existing 2024 5.25% bond (par value of £184m; £16m premium). As a result of this liability management exercise, we expect an annual saving in Group net finance expenses of approximately £4m from 2022 onwards. The £16m premium was reported within significant items. The remaining £1m finance cost reflects the interest expense on the $50m Vendor Loan Notes of the Liquidnet acquisition.

Group Tax

The effective rate of tax on adjusted profit before tax is 24.9% (2020: 24.7%). The effective rate of tax on reported profit before tax is 95.8% (2020: 37.2%). The higher rate on reported profit before tax is due primarily to a £16m increase in the deferred tax liability recognised in respect of intangible assets arising on consolidation following the announcement of a future increase in the UK corporation tax rate, which is included within significant items.

Basic EPS

The average number of shares used for the basic EPS calculation of 759.3m reflects the 563.3m shares in issue at 31 December 2020, increased by 225.4m shares issued under the rights issue, less 9.1m shares held by the TP ICAP plc Employee Benefit Trust ('EBT') at the end of the period, less the time apportionment impact of the rights issue of 20.6m, offset by the time apportioned movements in shares held by the EBT used to settle deferred share awards of 0.3m. The average number of shares in issue for December 2020 has been restated from the published numbers of 557.0m to 625.0m reflecting the impact of the bonus element of the rights issue. The TP ICAP plc EBT has waived its rights to dividends.

The reported Basic EPS for 2021 was 0.7p (2020: 15.4p), and adjusted Basic EPS for 2021 was 19.5p (2020 restated: 29.3p).

Dividend

The Board is recommending a final dividend for 2021 of 5.5p, which, when added to the interim dividend of 4p, results in a total dividend for the year of 9.5p (2020: 6.0p - rebased to take into account the bonus element of the rights issue, completed in February 2021). This is in line with the Group's dividend policy which targets a dividend cover of approximately 2x adjusted post-tax earnings. The final dividend will be paid on 17 May 2022 to shareholders on the register at close of business on 8 April 2022. The ex-dividend date will be 7 April 2022.

The Company offers a Dividend Reinvestment Plan ('DRIP'), where dividends can be reinvested in further TP ICAP Group plc shares. The DRIP election cut-off date will be 25 April 2022.

Guidance

The recovery in secondary market volumes in the second half of 2021 has continued in 2022. Group revenue in the year to date until 11 March 2022, excluding Liquidnet, was approximately 4% higher than the corresponding period in 2021, in constant currency (16% higher including Liquidnet). However, it remains difficult to accurately predict the level of volatility and transaction volumes across the OTC markets in which we participate for the remainder of the year, and therefore the level of expected revenue. Based on our current market outlook, our guidance for 2022 is as follows:

- Slight improvement in Group adjusted EBIT margin assuming a similar revenue profile as 2021;
- Incremental targeted cost savings of £25m - impacted by additional Brexit costs, realised and unrealised losses from sanctioned Russian clients of £14m, as well as inflationary increases;
- Significant items, within reported results, are expected to be approximately £125m (pre-tax), excluding potential income and costs associated with legal and regulatory matters;
    - Significant items are expected to reduce further in 2023
- Group net finance expenses of approximately £52m;
- Group strategic IT investments of £45m (cash) including £18m of operating expenses;
- Group capital expenditure expected to be £65m, including £27m of strategic IT Investments;
- Dividend cover of c.2x adjusted post-tax earnings; and
- Impact of Russian sanctions (as at 11 March 2022):
    - Russian clients accounted for c.0.5% of 2021 revenue
    - Realised losses on failed settlements: £4m
    - Potential unrealised losses: £9m
    - Trade debtors written down: £1m

Performance by Business Division and by Primary Operating Segment

The Group presents below the results of its business both by Business Division and by Primary Operating Segment with a focus on revenues and APMs used to measure and assess performance.

Performance by Business Division

FY 2021	GB[1,2] £m	E&C[2] £m	AE[3] £m	PS[1,2] £m	Corp/ Elim £m	Total £m
Revenue:						
- External	1,086	367	246	166	-	1,865
- Inter-division[2]	19	3	-	-	(22)	-
	1,105	**370**	**246**	**166**	(22)	**1,865**
Total front office costs:						
- External	(694)	(248)	(161)	(60)	-	**(1,163)**
- Inter-division[2]				(22)	22	-
	(694)	**(248)**	**(161)**	**(82)**	**22**	**(1,163)**
Contribution	**411**	**122**	**85**	**84**	**-**	**702**
Contribution margin	*37.2%*	*33.0%*	*34.6%*	*50.6%*	-	*37.6%*
Net management and support costs:						
- Management and support costs	(211)	(66)	(66)	(13)	(41)	(397)
- Other operating income[2]	2	-	-	-	8	10
Adjusted EBITDA	**202**	**56**	**19**	**71**	**(33)**	**315**
Adjusted EBITDA margin	*18.3%*	*15.1%*	*7.7%*	*42.8%*	-	*16.9%*
- Depreciation and amortisation	(29)	(9)	(25)	(2)	(17)	(82)
Adjusted EBIT[5]	**173**	**47**	**(6)**	**69**	**(50)**	**233**
Adjusted EBIT margin	*15.6%*	*12.7%*	*(2.4)%*	*41.6%*		*12.5%*
Average broker headcount	1,973	652	120	-	-	2,745
Average sales headcount			234	-	-	234
Revenue per broker[4]	550	563	719	-	-	561
Contribution per broker[4]	208	187	142	-	-	200

FY 2020	GB[1,2] £m	E&C[2] £m	AE £m	PS[1,2] £m	Corp/ Elim £m	Total £m
Revenue:						
- External	1,148	388	91	167		1,794
- Inter-division[2]	20	3			(23)	
	1,168	**391**	**91**	**167**	**(23)**	**1,794**
Total front office costs:						
- External	(726)	(261)	(69)	(58)		(1,114)
- Inter-division[2]				(23)	23	
	(726)	**(261)**	**(69)**	**(81)**	**23**	**(1,114)**
Contribution	**442**	**130**	**22**	**86**		**680**
Contribution margin	*37.8%*	*33.2%*	*24.2%*	*51.5%*		*37.9%*
Net management and support costs:						
- Management and support costs	(229)	(70)	(13)	(12)	(42)	(366)
- Other operating income	3	1			10	14
Adjusted EBITDA	**216**	**61**	**9**	**74**	**(32)**	**328**
Adjusted EBITDA margin	*18.5%*	*15.6%*	*9.9%*	*44.3%*		*18.3%*
- Depreciation and amortisation	(28)	(8)	(2)	(1)	(17)	(56)
Adjusted EBIT[5]	**188**	**53**	**7**	**73**	**(49)**	**272**
Adjusted EBIT margin	*16.1%*	*13.6%*	*7.7%*	*43.7%*		*15.2%*
Average broker headcount	2,000	659	106	-	-	2,765
Revenue per broker	574	589	857	-	-	589
Contribution per broker	221	197	208	-	-	215

FY 2020 (constant currency)	GB[1,2] £m	E&C[2] £m	AE £m	PS[1,2] £m	Corp/ Elim £m	Total £m
Revenue:						
- External	1,108	372	88	158	-	1,726
- Inter-division[2]	19	3	-	-	(22)	-
	1,127	**375**	**88**	**158**	**(22)**	**1,726**
Total front office costs:						
- External	(699)	(251)	(67)	(55)	-	(1,072)
- Inter-division[2]				(22)	22	-
	(699)	**(251)**	**(67)**	**(77)**	**22**	**(1,072)**
Contribution	**428**	**124**	**21**	**81**	**-**	**654**
Contribution margin	*37.9%*	*33.2%*	*23.9%*	*51.2%*		*37.9%*
Net management and support costs:						
- Management and support costs	(221)	(67)	(12)	(11)	(46)	(357)
- Other operating income	3	1	-	-	10	14
Adjusted EBITDA	**210**	**58**	**9**	**70**	**(36)**	**311**
Adjusted EBITDA margin	*18.6%*	*15.6%*	*10.2%*	*44.3%*		*18.0%*
- Depreciation and amortisation	(27)	(8)	(2)	(2)	(16)	(55)
Adjusted EBIT[5]	**183**	**50**	**7**	**68**	**(52)**	**256**
Adjusted EBIT margin	*16.2%*	*13.5%*	*7.9%*	*43.2%*		*14.8%*
Average broker headcount	2,000	659	106	-	-	2,765
Revenue per broker	554	564	830	-	-	567
Contribution per broker	214	188	202	-	-	207

GB = Global Broking; E&C = Energy & Commodities; AE = Agency Execution, PS = Parameta Solutions, Corp/Elim = Corporate Centre, eliminations and other unallocated costs.

1. *Following the formation of the Parameta Solutions division, the Post-Trade Solutions business reported in the Rates asset class within Global Broking was transferred to Parameta Solutions. The comparative revenues of Rates within Global Broking and Parameta Solutions have been restated to reflect the restructuring. Third-party revenues in 2020 amounted to £22m. Additionally, inter-division revenue has increased by £2m reflecting the sale of clearing services to Post-Trade Solutions, which eliminate on consolidation. Adjusted EBIT within the Global Broking division has been reduced by £9m with the corresponding increase reflected in the results of Parameta Solutions.*
2. *Inter-division charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Parameta Solutions division. The prior year period has been restated in line with the new-presentation format. The Global Broking inter-division revenues and Parameta Solutions inter-division costs are eliminated upon the consolidation of the Group's financial results.*
3. *For 2021, £159m of revenue has been included within Agency Execution relating to the Liquidnet acquisition that completed on 23 March 2021.*
4. *Revenue and contribution by broker are calculated as external revenues and contribution of GB, E&C and AE, excluding Liquidnet, divided by the average brokers for the Period. The Group revenue and contribution by broker excludes revenue and contribution from PS and Liquidnet, included within AE. Revenue and Contribution attributed to Liquidnet in 2021 was £159m and £68m, respectively.*
5. *The Group has a matrix management structure and manages by business by division and by region (its current Primary Operating segment). Adjusted EBIT for each division reflects the operational basis by which it is managed on a business level. Management and support costs are therefore allocated on a basis that reflects the true cost of support and other back office charges. The divisional allocation of management and support costs differs to the basis reported within adjusted EBIT by Primary Operating Segment (regional basis), which is more closely aligned to statutory reporting requirements, and excludes certain costs, which under IFRS are required to be reported within Group costs. The divisional basis of reporting includes the full IFRS 16 charge for leases (interest and depreciation) in each division's adjusted EBIT, whereas for reporting by Primary Operating Segment, the interest element of the IFRS 16 charge is excluded from adjusted EBIT and included in finance costs.*

All percentage movements quoted in the analysis of financial results that follows are in constant currency, unless otherwise stated.

Global Broking

Global Broking revenue of £1,105m (which represents 58% of total Group revenue) was 2% lower than in 2020 (5% lower on a reported basis), reflecting lower wholesale trading volumes across all asset classes. Growth in Equities and Emerging Markets was offset by revenue declines in Rates, Credit and FX & Money Markets.

Rates revenue (our most profitable asset class which comprises 39% of Global Broking revenue and 23% of total Group revenue) declined by 9% to £429m. This was a robust performance against a strong 2020 comparative and the significant decline in wholesale volumes year-on-year – indeed, the London Clearing House notional SwapClear dealer volumes[1] in 2021 declined by c.14% compared with 2020. The fall in wholesale market activity was driven by the low interest rate environment during 2021, a flat yield curve and continued quantitative easing from Central Banks. Our 2022 outlook for the Rates business has improved, as monetary policy begins to tighten in response to the rising inflationary environment across our markets.

Revenue in FX & Money Markets reduced by 6% to £170m in 2021, marginally outperforming the year-on-year decline of c.8% in CME FX Futures volumes. Credit revenue of £82m was 5% lower than in 2020 reflecting lower secondary trading volumes, despite strong new issuance growth. Total US corporate bond trading volumes declined by c.6% in 2021 (Source: SIFMA), while total MarketAxess Post-Trade Eurobonds[2] volumes declined by c.4% (Source: MarketAxess). Equities revenue increased by 18% to £226m, with 2021 benefiting from a full year of trading from LCM, which was acquired on 31 July 2020. Excluding LCM from both periods, Equities revenue increased by 3%. Volumes of equity and index derivatives contracts on Eurex[3] and Euronext[4] declined by c.18% and c.9% year-on-year respectively, while the volume of CME equity index derivatives (excluding micro products) declined by c.11%. Revenue in Emerging Markets grew by 2% to £179m.

Total front office costs of £694m were 1% lower than 2020 reflecting a lower average broker headcount, the 2% decline in revenue, and benefits of the cost saving programme which offset the revenue shift towards asset classes that have lower contribution margins. The resulting contribution margin was 37.2% compared with 37.9% in the prior year in constant currency (37.8% on a reported basis).

Management and support costs of £211m were 5% lower than the prior year, despite increased investment in the roll-out of our electronic platform, Fusion, while depreciation and amortisation increased by £2m to £29m.

The adjusted EBIT was £173m in 2021, with an adjusted EBIT margin of 15.6% (2020: £183m, 16.2% in constant currency and £188m, 16.1% on a reported basis).

1. *Dealer volumes refer to all clearing volumes subtracted by all client clearing volumes.*
2. *Former Trax Eurobonds, which we consider as a proxy for European credit volumes.*
3. *Eurex Equity derivatives and Index derivatives traded contracts.*
4. *Euronext stock products and index products volumes.*

Energy & Commodities

E&C revenue of £370m in 2021 (which represents 20% of total Group revenue) was 1% lower than in 2020 (5% lower on a reported basis), with growth in environmental markets, oil and bulk commodities being offset by lower revenues in gas. By comparison the number of oil, gas and other energy products traded on the Intercontinental Exchange ('ICE') increased by c.1% in 2021.

E&C markets had a volatile year, driven by the pandemic's impact on supply and demand as well as the ongoing energy transition. The second half of the year was particularly volatile with the Omicron variant impacting the market's view on the demand for commodities. For instance oil prices for both Brent and WTI were particularly volatile towards the end of the year. Our oil clients have generally had a good year benefiting from a large number of trading opportunities, and our revenue in oil was largely reflective of the market and slightly ahead of exchange volumes.

Significant price swings led to a severe contraction in many clients' OTC bilateral credit lines, resulting in reduced trading activity in OTC European gas and power. The Group's US power and gas revenues were largely flat with gains in power offsetting weaker gas revenues.

Of particular note in 2021 was the strong growth in our environmental products revenue as clients focus activity in this product area as part of the energy transition to a zero-emission future.

Front office costs of £248m were 1% lower than the prior year, in line with the decline in revenue, while management and support costs of £66m were £1m lower than 2020, with depreciation and amortisation increasing by £1m. This resulted in a contribution margin of 33.0% (2020: 33.2% in both reported and constant currency).

The adjusted EBIT was £47m in 2021, with an adjusted EBIT margin of 12.7% (2020: £50m, 13.5% in constant currency and £53m, 13.6% on a reported basis), with the lower revenue more than offsetting the decline in total costs.

Agency Execution

Agency Execution revenue increased from £88m in 2020 to £246m in 2021 (which represents 13% of total Group revenue), driven by the inclusion of Liquidnet revenue of £159m from 23 March 2021 onwards (the date of the acquisition).

COEX

Excluding Liquidnet, Agency Execution revenue for COEX was £87m in 2021 compared to £88m in 2020, a decline of 1% (4% decline on a reported basis). Growth in listed futures, rates and equity derivatives was offset by a decline in the Relative Value ('RV') business, which was 13% lower year-on-year against extraordinary volumes in the prior year, particularly in the first half of 2020. Total RV revenue in the first half of 2021 declined by 34% compared to the same period in 2020, with a strong recovery in second half revenue, growing by 30% compared to the second half of 2020, and providing good momentum for growth in 2022. Excluding the RV desks, COEX revenues grew by 14% in 2021.

Total front office costs in COEX increased by 4% from £67m in 2020 to £70m in 2021. The resulting contribution was £17m (2020: £22m as reported and £21m in constant currency) with a contribution margin of 19.5% (2020: 24.2% on a reported and 23.9% on a constant currency basis).

Management and support costs increased by £2m to £14m, while depreciation and amortisation increased by £1m to £3m.

Adjusted EBIT for COEX was £nil (2020: £7m on both reported and constant currency basis). The reduction in adjusted EBIT reflected the revenue decline as well as investment during the year to drive future organic growth in the business. We expect profitable growth from COEX in 2022 as we grow the number of desks, while we also expect continued momentum in the RV revenue growth seen in the second half of 2021.

Liquidnet

Liquidnet proforma revenue for the full year 2021 was £221m, a reduction of 8% compared to full year revenue in 2020 of £242m (in constant currency), while Liquidnet post-acquisition revenue in 2021 of £159m was 6% lower than the same period in 2020 (£170m, in constant currency). This reflected lower wholesale equity market volumes across the US, Europe and Asia in 2021 compared with 2020. Volumes in the US on the S&P 500 declined by 24% year-on-year, while volumes on the FTSE 100 declined by 22%. In Europe, the CAC 40 experienced a decline of 29%. In Asia the decline in equity volumes was not as significant, with Hong Kong's main index and Japan's Nikkei 225 both declining by 5% year-on-year. The first quarter of 2020 saw significant equity volumes globally as a result of the onset of the pandemic, while at the end of 2020 positive market sentiment following news of progress on COVID-19 vaccines also generated significant volumes.

During 2021, Liquidnet's European market share of large-in-scale ('LIS') transactions increased marginally to 29.1% on average (2020: 28.8% on average). In the US, market share of Alternative Trading Systems ('ATS') venue electronic block trading fell from 15.1% in 2020 to 13.5% in 2021, recovering in the second half of the year with a market share of 12.7% in the second quarter improving to 13.8% in the fourth quarter. Liquidnet's overall market share of equity trading volumes across the US and EMEA was 0.27% and 2.23% in 2021 respectively, compared to 0.34% and 2.18% in 2020. Total front office costs, since the completion of the acquisition, were £91m, while management and support costs amounted to £48m. Depreciation and amortisation amounted to £22m.

We are increasing our overall cost synergies target by the end of 2023 from £20m to at least £25m.

The adjusted EBIT loss was £2m when excluding the interest element of the IFRS 16 charge for leases of £4m (the divisional basis of reporting includes the full IFRS 16 charge for leases (interest and depreciation) in each division, whereas for reporting by Primary Operating Segment, the interest element of the IFRS 16 charge is excluded– see footnote 5 to the divisional tables). Liquidnet's adjusted EBIT margin in 2021 was -1.3%.

Parameta Solutions

In April 2021 we launched our new brand, Parameta Solutions, which now includes Data & Analytics ('D&A') as well as Post Trade Solutions ('PTS'), which was previously reported under Global Broking.

Total Revenue in 2021 of £166m (which represents 9% of total Group revenue) was 5% higher than the prior year (1% lower on a reported basis), with double-digit revenue growth in D&A (10%) more than offsetting a revenue decline in PTS of 23%.

D&A revenue continued to benefit from the launch of new higher value, higher margin products (over a fifth of new sales are from new products launched since 2019); an increasingly diversified and growing client base (40 new buyside clients and 10 new Energy & Commodities clients added in the period, with around 40% of net new sales to non-sellside clients); increased regional sales coverage, and multi-channel distribution methods (including through channel partners and direct-to-client methods such as SURFIX or through the cloud). The D&A business continues to target double-digit revenue CAGR over the medium term.

PTS's MatchBook resetting Rates business was negatively impacted by the cessation of LIBOR (approximately 40% of revenue has historically been derived from LIBOR-based products), which was partly offset by significant growth in ClearCompress (+496%), an electronic service which replaces multiple offsetting derivatives, and eRepo (+119%), which enables the repurchase of government securities.

The cessation of LIBOR also creates future growth opportunities in MatchBook to help clients to mitigate risk associated with new benchmark indices and cross-index swap matching, and a number of products are currently under development to benefit from these opportunities. The risk-free rate ('RFR') landscape is fragmented with many different alternative offerings across currencies and geographies. Managing the transition of whole portfolios into a single RFR or multiple new RFRs provides a growth opportunity for the ClearCompress business. ClearCompress organised a working group of 27 dealers to investigate and deliver optimal LIBOR migration for clients.

Total front office costs in Parameta Solutions increased by 6% from £77m in 2020 to £82m in 2021, marginally ahead of the growth in revenue. The resulting contribution was £84m (2020: £86m as reported and £81m in constant currency) with a contribution margin of 50.6% (2020: 51.5% as reported and 51.2% in constant currency).

Management and support costs increased by £2m to £13m, reflecting increased investment in the above-mentioned growth initiatives. Depreciation and amortisation was held flat at £2m.

The 2021 adjusted EBIT was £69m, 1% ahead of the prior year (2020: £73m on a reported basis and £68m in constant currency), with an adjusted EBIT margin of 41.6% (2020: 43.7% on a reported basis and 43.2% in constant currency).

Performance by Primary Operating Segment

The Group has a matrix management structure. The Group's Chief Operating Decision Maker ('CODM') is the Executive Committee ('ExCo') which operates as a general executive management committee under the direct authority of the Board. The ExCo members regularly review operating activity on a number of bases, including by business division and by legal ownership which is structured geographically based on the region of incorporation for TP ICAP legacy entities, plus the addition of Liquidnet ('Primary Operating Segments').

Each of the Primary Operating Segments has its own independent governance structure including CEOs, board members and Sub-Group Risk Conduct and Governance Committees with separate mind and management, autonomy of decision making and the ability to challenge Group level strategy and initiatives within its region. In the EMEA primary operating segment in particular, there are also independent non-executive directors on the Regional Board that further strengthens the independence and judgement of the governance framework.

Following the redomiciliation of the Group's parent, the operational responsibility of entities was aligned with their legal ownership and as a result the Group currently considers that the Primary Operating Segments represent the most appropriate view for the purposes of resource allocation and assessment of the nature and financial effects of the business activities in which the Group engages.

FY 2021	**EMEA £m**	**Americas £m**	**APAC £m**	**LQT[2] £m**	**Corp/ Treasury £m**	**Total £m**
Revenue	**872**	**605**	**229**	**159**	**-**	**1,865**
Total front office costs	(520)	(407)	(145)	(91)	-	(1,163)
Contribution	**352**	**198**	**84**	**68**	**-**	**702**
Contribution margin	*40.4%*	*32.7%*	*36.7%*	*42.8%*	-	*37.6%*
Management and support costs	(155)	(106)	(54)	(48)	(34)	(397)
Other operating income	5	4	1	-	-	10
Adjusted EBITDA	**202**	**96**	**31**	**20**	**(34)**	**315**
Adjusted EBITDA margin	*23.2%*	*15.9%*	*13.5%*	*12.6%*	-	*16.9%*
Depreciation and amortisation	(37)	(14)	(9)	(22)	-	(82)
Adjusted EBIT	**165**	**82**	**22**	**(2)**	**(34)**	**233**
Adjusted EBIT margin	*18.9%*	*13.6%*	*9.6%*	*(1.3%)*	-	*12.5%*

FY 2020 (£m)	EMEA £m	Americas £m	APAC £m	LQT[2] £m	Corp/ Treasury £m	Total £m
Revenue[1]:	**890**	**668**	**236**	**-**	**-**	**1,794**
Total front office costs:	(515)	(445)	(154)	-	-	(1,114)
Contribution	**375**	**223**	**82**	**-**	**-**	**680**
Contribution margin	*42.1%*	*33.3%*	*34.7%*	-	-	*37.9%*
Management and support costs	(166)	(115)	(67)	-	(18)	(366)
Other operating income	5	3	6	-	-	14
Adjusted EBITDA	**214**	**111**	**21**	**-**	**(18)**	**328**
Adjusted EBITDA margin	*24.0%*	*16.6%*	*8.9%*	-	-	*18.3%*
- Depreciation and amortisation	(31)	(16)	(9)	-	-	(56)
Adjusted EBIT[1]	**183**	**95**	**12**	**-**	**(18)**	**272**
Adjusted EBIT margin	*20.6%*	*14.2%*	*5.1%*	-	-	*15.2%*

FY 2020 (constant currency)	EMEA £m	Americas £m	APAC £m	LQT[2] £m	Corp/ Treasury £m	Total £m
Revenue[1]:	**874**	**626**	**226**	**-**	**-**	**1,726**
Total front office costs:	(508)	(417)	(147)	-	-	(1,072)
Contribution	**366**	**209**	**79**	**-**	**-**	**654**
Contribution margin	*41.9%*	*33.4%*	*35.0%*	-	-	*37.9%*
Management and support costs	(161)	(108)	(64)	-	(24)	(357)
Other operating income	5	3	6	-	-	14
Adjusted EBITDA	**210**	**104**	**21**	**-**	**(24)**	**311**
Adjusted EBITDA margin	*24.0%*	*16.6%*	*9.3%*	-	-	*18.0%*
- Depreciation and amortisation	(32)	(14)	(9)	-	-	(55)
Adjusted EBIT[1]	**178**	**90**	**12**	**-**	**(24)**	**256**
Adjusted EBIT margin	*20.4%*	*14.4%*	*5.3%*	-	-	*14.8%*

1. *The Group's geographic segments were re-organised following the approval of the redomiciliation by the listed entity shareholders in February 2021. The amounts for 2020 have been restated to reflect the new segmentation. Revenues in EMEA increased by £2m, offsetting the decrease in Americas; Adjusted EBIT increased by £23m in EMEA with a decrease of £1m in Americas, £4m in Asia and £18m in Corporate/Treasury.*
2. *LQT = Liquidnet. Due to the scale and strategic interest in the results of Liquidnet, management have decided to report it as its own primary operating segment.*

Cash flow

The table below shows the changes in cash and debt for the period ending 31 December 2021 and 31 December 2020.

	2021 £m	2020 £m
EBIT reported	**97**	**178**
Depreciation, amortisation and other non-cash items	165	129
Movements in working capital	(53)	(37)
Taxes and Interest paid	(98)	(126)
Operating cash flow	**111**	**144**
Capital expenditure	(58)	(53)
Acquisition consideration paid	(451)	(18)
Cash acquired with acquisition	202	9
Deferred consideration paid on prior acquisitions	(14)	(22)
Other investing activities	32	31
Investing activities	**(289)**	**(53)**
Net proceeds from rights issue	309	-
Dividends paid to shareholders	(47)	(94)
Net funds received from issuance of 2028 Sterling Notes	247	-
Repayment of 2024 Sterling Notes including premium	(200)	-
Other financing activities	(13)	(11)
Financing activities	**296**	**(105)**
Change in cash	**118**	**(14)**
Foreign exchange movements	**-**	(13)
Cash at the beginning of the period	649	676
Cash at the end of the period	**767**	**649**

The Group's net cash flow from operating activities reduced by £33m from £144m to £111m driven primarily by the reduction in reported EBIT of £81m to £97m and the following cash flows:

- A working capital outflow of £53m (2020: outflow of £37m) that principally reflects increases in trade receivables of £25m and net matched principle balances of £36m offset by a £10m reduced initial contract payment asset and amounts due from clearing organisations of £12m. Net outflows on other debtors, payables and provisions totalled £14m.
- £59m interest paid, an increase of £6m on 2020, of which £3m was from the payment of interest on the part-repurchase of the 2024 Sterling Notes and the remainder from higher debt drawdown and finance leases.
- £39m of tax payments. This is lower than the £73m paid in 2020 due to lower profitability and because 2020 was a transitional period in which UK tax was paid in relation to both 2019 and 2020 profits.

The key investing activities in the year were:

- The £451m cash consideration paid for the acquisition of Liquidnet in March 2021 (comprised of £382m (USD$525m) cash consideration and £69m ($95m) of excess cash and working capital). Cash acquired as part of the Liquidnet acquisition amounted to £202m.
- Capital expenditure of £58m compared with £53m in 2020, including £13m of capital expenditure relating to Liquidnet, incremental spending on our new London Headquarters and ongoing IT strategic investment projects;

The primary financing activities in the year were:

- The £309m net proceeds received from the £315m rights issue (with £6m of transaction costs)
- The issuance of the 2028 Sterling Notes for £247m net of issue costs. £200m of net proceeds was used to repurchase a portion of the 2024 Sterling Notes at a £16m premium. This will result in cash interest savings of £5m from 2022 onwards (£4m net expense saving including amortisation of discount and costs).
- £22m increase in debt drawdown on the Group's credit facilities
- £28m of finance lease capital repayments compared with £24m in 2021.
- Dividends paid to shareholders of £47m, reflecting the 2020 final dividend of 2p on the pre-rights issue share base and the 2021 interim dividend of 4p on the enlarged share base following the rights issue.

As a result of the above, the Group's cash increased by £118m.

Debt finance

The composition of the Group's outstanding debt is summarised below.

	At 31 December 2021 £m	At 31 December 2020 £m
5.25% £247m Sterling Notes January 2024[1]	252	440
5.25% £250m Sterling Notes May 2026[1]	250	250
2.625% £250m Sterling Notes November 2028[1]	248	-
Loan from related party (RCF with Totan)	51	28
Revolving credit facility drawn - banks	-	-
3.2% Liquidnet Vendor Loan Notes	38	-
Overdrafts	17	7
Debt (used as part of net (funds)/debt)	**856**	725
Lease liabilities	286	212
Total debt	**1,142**	937

1. *Sterling Notes are reported at their par value net of discount and unamortised issue costs and including interest accrued at the reporting date.*

The Group's core debt, pre-lease liability has increased to £856m. The increase was mainly due to the issuance of a £250m par value Sterling Note maturing in November 2028, the proceeds of which were used in part to repay £184m par value of the January 2024 Sterling Notes. A further Yen4bn was drawn down of the Yen10bn credit facility with Totan, totalling Yen8bn (£51m).

The Group has a £270m Revolving Credit Facility which matures in December 2023 and the Yen10bn Totan facility which matures in February 2024.

Vendor loan notes of $50m par value (£37m), maturing in March 2024, which were issued as part of the purchase consideration of Liquidnet.

Exchange rates

The income statements and balance sheets of the Group's businesses whose functional currencies are not GBP are translated into Sterling at average and period end exchange rates respectively. The most significant exchange rates for the Group are the US Dollar and the Euro. The Group's current policy is not to enter into formal hedges of income statement or balance sheet translation exposures. Average and period end exchange rates used in the preparation of the financial statements are shown below.

Foreign exchange translation has been a headwind for the Group in 2021, caused largely by GBP appreciation against the USD, with approximately 60% of Group revenues and approximately 40% of costs in USD, resulting in a currency mismatch. The average GBP:USD rate strengthened 7% year on year, while the period end rate weakened by 1%.

	Average			Period end		
	FY 2021	FY 2020	FY 2019	**FY 2021**	FY 2020	FY 2019
US Dollar	**$1.38**	$1.29	$1.28	**$1.35**	$1.37	$1.32
Euro	**€1.16**	€1.13	€1.14	**€1.19**	€1.12	€1.18

As at the end of February 2022, GBP:USD has weakened by 2% compared to the full year 2021 average.

Pensions

The Group has one defined benefit pension scheme in the UK that is currently in the process of being wound up. The wind-up of the Scheme commenced in 2019 and is expected to be completed towards the end of 2022.

Under UK legislation, once a Scheme commences wind-up, the assets of the Scheme pass unconditionally to the Trustee to enable it to settle the Scheme's liabilities. As a result, the Group applies the requirement of IFRIC 14, fully restricting the Group's recognition of the £46m (2020: £49m) net surplus by applying an asset recognition ceiling. Changes as a result of the application of the asset ceiling are recorded in Other Comprehensive Income.

During the wind-up period, the Group continues to restrict the recognition of the net surplus. Any benefits augmented during this period represent a past service cost and are recorded as a significant item in the Income Statement as and when such benefits are agreed. Costs associated with the settlement of the Scheme's liabilities will also be recorded as a significant item in the Income Statement as and when incurred. Past service and settlement costs amounted to £1m in 2021 (2020: £1m).

Following the full settlement of the Scheme's liabilities and costs, the Scheme will be wound up, and the Group expects to receive the remaining asset, subject to applicable taxes at that time, currently 35%.

Regulatory capital

Following the Group's redomiciliation to Jersey on 26 February 2021, the Group now falls under the regulation of the Jersey Financial Services Commission. At a Group level, the Group is no longer subject to the consolidated capital adequacy requirements under CRD IV and as a result the 'Financial Holding Company test' and CRD IV waiver requirements of the FCA are no longer applicable. The FCA has become the lead regulator of the Group's EMEA businesses, sub-consolidated under a UK holding Company, for which the consolidated capital adequacy requirements under CRD IV now apply. This sub-group has not applied for a waiver from the FCA as the sub-group maintains an appropriate excess of financial resources.

Many of the Group's broking entities are regulated on a 'solo' basis, and are obliged to meet the regulatory capital requirements imposed by the local regulator of the jurisdiction in which they operate. The Group maintains an appropriate excess of financial resources in such entities.

Consolidated Income Statement

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Revenue	3	**1,865**	1,794
Employment, compensation and benefits		**(1,152)**	(1,153)
General and administrative expenses		**(476)**	(360)
Depreciation and impairment of PPE and ROUA		**(68)**	(37)
Amortisation and impairment of Intangible asset		**(82)**	(59)
Impairment of other assets		**-**	(23)
Total operating costs	4	**(1,778)**	(1,632)
Other operating income	5	**10**	16
EBIT/Operating profit		**97**	178
Finance income	6	**3**	3
Finance costs	7	**(76)**	(52)
Profit before tax		**24**	129
Taxation		**(23)**	(48)
Profit after tax		**1**	81
Share of results of associates and joint ventures		**7**	16
Profit for the year		**8**	97
Attributable to:			
Equity holders of the parent		**5**	96
Non-controlling interests		**3**	1
		8	97
Earnings per share(restated)[1]			
- Basic	8	**0.7p**	15.4p
- Diluted	8	**0.7p**	15.2p

1. Earnings per share for December 2020 have been restated reflecting the bonus element of the 2021 rights issue (Note 8).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	2021 £m	2020 £m
Profit for the year	**8**	97
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit pension schemes	**3**	2
Equity instruments at FVTOCI – net change in fair value	**1**	-
Taxation	**-**	-
	4	2
Items that may be reclassified subsequently to profit or loss:		
Fair value movements on net investment hedge	**3**	2
Effect of changes in exchange rates on translation of foreign operations	**1**	(30)
Taxation	**(1)**	(1)
	3	(29)
Other comprehensive income/(loss) for the year	**7**	(27)
Total comprehensive income for the year	**15**	70
Attributable to:		
Equity holders of the parent	**12**	69
Non-controlling interests	**3**	1
	15	70

Consolidated Balance Sheet

as at 31 December 2021

	Notes	2021	31 Jan 2020 (restated – Note 19)	1 Jan 2020
		£m	£m	£m
Non-current assets				
Intangible assets arising on consolidation	10	**1,762**	1,463	1,511
Other intangible assets		**91**	58	61
Property, plant and equipment		**123**	101	72
Right-of-use assets		**187**	163	91
Investment in associates		**51**	61	58
Investment in joint ventures		**28**	29	28
Other investments		**21**	18	20
Deferred tax assets		**17**	4	3
Retirement benefit assets		**1**	-	-
Other long term receivables		**44**	24	26
		2,325	1,921	1,870
Current assets				
Trade and other receivables	11	**2,068**	1,549	1,089
Financial assets at fair value through profit or loss	12	**158**	383	171
Financial investments	16	**115**	127	148
Derivative financial instruments		**-**	3	-
Cash and cash equivalents	16	**784**	656	676
		3,125	2,718	2,084
Total assets		**5,450**	4,639	3,954
Current liabilities				
Trade and other payables	13	**(1,977)**	(1,451)	(1,030)
Financial liabilities at fair value through profit or loss	12	**(120)**	(381)	(164)
Loans and borrowings	14,16	**(77)**	(46)	(11)
Lease liabilities	16	**(34)**	(26)	(23)
Derivative financial instruments		**(1)**	-	-
Current tax liabilities		**(28)**	(28)	(48)
Short term provisions	17	**(5)**	(17)	(21)
		(2,242)	(1,949)	(1,297)
Net current assets		**883**	769	787
Non-current liabilities				
Loans and borrowings	14,16	**(779)**	(679)	(678)
Lease liabilities	16	**(252)**	(186)	(117)
Deferred tax liabilities		**(107)**	(79)	(83)
Long term provisions	17	**(38)**	(23)	(26)
Other long term payables		**(53)**	(23)	(21)
Retirement benefit obligations		**(1)**	(2)	(2)
		(1,230)	(992)	(927)
Total liabilities		**(3,472)**	(2,941)	(2,224)
Net assets		**1,978**	1,698	1,730
Equity				
Share capital		**197**	141	141
Share premium		**-**	17	17
Merger reserve		**-**	1,384	1,384
Other reserves		**(1,005)**	(1,246)	(1,205)
Retained earnings		**2,769**	1,383	1,375
Equity attributable to equity holders of the parent		**1,961**	1,679	1,712
Non-controlling interests		**17**	19	18
Total equity		**1,978**	1,698	1,730

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Equity attributable to equity holders of the parent											
	Share capital	**Share premium account**	**Merger reserve**	**Reverse acquisition reserve**	**Re-organisation reserve**	**Re-valuation reserve**	**Hedging and translation**	**Own shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
2021	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 January 2021	**141**	**17**	**1,384**	**(1,182)**	**-**	**4**	**(41)**	**(27)**	**1,383**	**1,679**	**19**	**1,698**
Profit for the year	-	-	-	-	-	-	-	-	**5**	**5**	**3**	**8**
Other comprehensive income for the year	-	-	-	-	-	**1**	**3**	-	**3**	**7**	-	**7**
Total comprehensive income for the year	-	-	-	-	-	**1**	**3**	-	**8**	**12**	**3**	**15**
Rights issue	**56**	**259**	-	-	-	-	-	-	-	**315**	-	**315**
Rights issue costs	-	**(6)**	-	-	-	-	-	-	-	**(6)**	-	**(6)**
Scheme of Arrangement: Cancellation of existing shares and reserves	**(197)**	**(270)**	**(1,384)**	**1,182**	**669**	-	-	-	-	-	-	-
Scheme of Arrangement: Issue of ordinary shares	**197**	**1,418**	-	-	**(1,615)**	-	-	-	-	-	-	-
Capital reduction	-	**(1,418)**	-	-	-	-	-	-	**1,418**	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	**(47)**	**(47)**	**(2)**	**(49)**
Share settlement of share-based awards	-	-	-	-	-	-	-	**3**	**(3)**	-	-	-
Own shares acquired for employee trusts	-	-	-	-	-	-	-	**(2)**	-	**(2)**	-	**(2)**
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	**(3)**	**(3)**
Credit arising on share-based awards	-	-	-	-	-	-	-	-	**10**	**10**	-	**10**
Balance at 31 December 2021	**197**	**-**	**-**	**-**	**(946)**	**5**	**(38)**	**(26)**	**2,769**	**1,961**	**17**	**1,978**
2020												
Balance at 1 January 2020	**141**	**17**	**1,384**	**(1,182)**	**-**	**5**	**(12)**	**(16)**	**1,375**	**1,712**	**18**	**1,730**
Profit for the year	-	-	-	-	-	-	-	-	**96**	**96**	**1**	**97**
Other comprehensive (loss)/income for the year	-	-	-	-	-	-	**(29)**	-	**2**	**(27)**	-	**(27)**
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	**(29)**	-	**98**	**69**	**1**	**70**
Dividends paid	-	-	-	-	-	-	-	-	**(94)**	**(94)**	**(1)**	**(95)**
Gain on disposal of equity investments at FVTOCI	-	-	-	-	-	**(1)**	-	-	**1**	-	-	-
Share settlement of share-based awards	-	-	-	-	-	-	-	**3**	**(3)**	-	-	-
Own shares acquired for employee trusts	-	-	-	-	-	-	-	**(14)**	-	**(14)**	-	**(14)**
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	**1**	**1**
Credit arising on share-based awards	-	-	-	-	-	-	-	-	**6**	**6**	-	**6**
Balance at 31 December 2020	**141**	**17**	**1,384**	**(1,182)**	**-**	**4**	**(41)**	**(27)**	**1,383**	**1,679**	**19**	**1,698**

Consolidated Cash Flow Statement

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Cash from operating activities	16	**111**	144
Investing activities			
Sale/(purchase) of financial investments		**11**	18
Sale of equity instruments at FVTOCI		**-**	2
Purchase of equity instruments at FVTOCI		**5**	-
Purchase of derivative financial instruments		**-**	(2)
Interest received		**2**	3
Dividends from associates and joint ventures		**15**	13
Expenditure on intangible fixed assets		**(35)**	(16)
Purchase of property, plant and equipment		**(23)**	(35)
Direct costs on acquiring right-of-use-assets		**-**	(2)
Deferred consideration paid		**(14)**	(22)
Investment in associates and joint ventures		**(1)**	(3)
Acquisition consideration paid		**(451)**	(18)
Cash acquired with acquisitions		**202**	9
Net cash flows from investment activities		**(289)**	(53)
Financing activities			
Dividends paid	9	**(47)**	(94)
Dividends paid to non-controlling interests		**(2)**	(1)
Proceeds of rights issue		**315**	-
Issue costs of rights issue		**(6)**	-
Purchase of non-controlling interest		**(3)**	
Own shares acquired for employee trusts		**(2)**	(14)
Net repayment of bank loans[1]	14	**(5)**	-
Net borrowing of loans from related parties[1]	14	**27**	28
Funds received from issue of Sterling Notes		**249**	-
Repayment/repurchase of Sterling Notes[2]		**(200)**	-
Bank facility arrangement fees and debt issue costs		**(2)**	-
Payment of lease liabilities		**(28)**	(24)
Net cash flows from financing activities		**296**	(105)
Increase/(decrease) in cash and overdrafts		**118**	(14)
Cash and overdrafts at the beginning of the year		**649**	676
Effect of foreign exchange rate changes		**-**	(13)
Cash and overdrafts at the end of the year	16	**767**	649
Cash and cash equivalents		**784**	656
Overdrafts		**(17)**	(7)
		767	649

1. The Group utilises credit facilities throughout the year, entering into numerous short term bank and other loans where maturities are less than three months. The turnover is quick and the volume is large and resultant flows are presented net. Further details are set out in Note 14.
2. Relates to the repurchase of £184m of Sterling Notes 2024 (Note 25) plus £16m of premium paid. The premium paid is reported as part financing activities, rather than operating activities. Interest paid is reported as a cash outflow from operating activities.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

1. General information

As at 31 December 2021 TP ICAP Group plc (the 'Company') was a public company limited by shares incorporated in Jersey under the Companies (Jersey) Law 1991. On 26 February 2021 following a Scheme of Arrangement, described in Note 2(c), TP ICAP Group plc acquired the entire share capital of TP ICAP plc, resulting in TP ICAP Group plc becoming the Group's ultimate parent undertaking.

2. Basis of preparation

(a) Basis of accounting

The financial information included in this document does not constitute the Group's statutory accounts for the years ended 31 December 2021 or 2020, but is derived from TP ICAP Group plc's group accounts for 2021 and TP ICAP Limited's group accounts for 2020. Statutory accounts for 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and for 2021 did not contain a statement under Article 11(1) and (2) of the Companies (Jersey) Law 1991 and for 2020 did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The Group's Consolidated Financial Statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies (Jersey) Law 1991. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these Financial Statements.

(b) Basis of consolidation

The Group's Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company made up to 31 December each year. Under IFRS 10 control is achieved where the Company exercises power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect the returns from the entity.

(c) Corporate reorganisation

In February 2021 the Group adjusted its corporate structure. TP ICAP Group plc was incorporated in Jersey on 23 December 2019 and became the new listed holding company of the Group on 26 February 2021 via a court-approved scheme of arrangement under Part 26 of the UK Companies Act 2006, with the former holding company, TP ICAP plc subsequently being renamed TP ICAP Limited and now renamed TP ICAP Finance plc. Under the scheme of arrangement, shares in the former holding company of the Group were cancelled and the same number of new ordinary shares were issued to the new holding company in consideration for the allotment to shareholders of one ordinary share of 25 pence in the new holding company for each ordinary share of 25 pence they held in the former holding company. On 26 February 2021, TP ICAP Group plc effected a reduction of its share capital by cancelling its share premium and recognising an equivalent increase in the profit and loss account in reserves.

The share for share exchange between TP ICAP plc and TP ICAP Group plc was a common control transaction and has been accounted for using merger accounting principles. Under these principles the results and cashflows of all the combining entities are brought into the consolidated financial statements from the beginning of the financial year in which the combination occurs and comparative figures also reflect the combination of the entities. The Group's equity is adjusted to reflect that of the new holding company, but in all other aspects the Group results and financial position are unaffected by the change and reflect the continuation of the Group.

(d) Adoption of new and revised Accounting Standards
The following new and revised Standards and Interpretations have been endorsed by the UK Endorsement Board and are effective from 1 January 2021 but they do not have a material effect on the Group's financial statements:
- Amendments to IFRS 4: Insurance Contracts – deferral of IFRS 9;
- Amendments to IFRS 16: Leases - COVID-19-related Rent Concessions beyond 30 June 2021; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2.

(e) Change in accounting policy
On 31 December 2021, Group changed its accounting policy for regular way purchases and sales of non-derivative financial instruments from trade date to settlement date accounting. In prior years, the Group recorded regular way purchases and sales of non-derivative financial instruments on a trade date basis.

The Group believes that the accounting policy change results in a more relevant and reliable presentation of its Financial Position. In particular, the change:
- Removes a significant amount of volatility from the balance sheet, facilitating uniform trend analysis and permitting a simpler assessment of relevant Balance Sheet key performance indicators;
- Provides a more accurate presentation of the settlements risk for unsettled receivables and payable balances, with consideration given to market practice of "delivery versus payment settlement basis"; and
- Provides consistency with managements internal view of reporting these pending settlement balances.

This accounting policy change has no material impact on the profitability of the Group and does not result in the restatement of the Group's profit or loss reported in the Income Statement.

Unrealised gains and losses related to the change in fair value of these non-derivative financial instruments between trade date and settlement date are recognised within revenues at the applicable reporting date.

As the change in accounting policy is applied retrospectively and has a material effect on the information reported in the balance sheet at the beginning of the preceding period, the Group has presented a third balance sheet as at that date (1 January 2020). Additional comparative information is not included in the affected Notes as the quantitative impacts of the change in accounting policy, and impact on prior year comparatives are set out in Note 19.

3. Segmental analysis

Products and services from which reportable segments derive their revenues

The Group has a matrix management structure. The Group's Chief Operating Decision Maker ('CODM') is the Executive Committee ('Exco') which operates as a general management committee under the direct authority of the Board. The Exco regularly reviews operating activity on a number of bases, including by business division and legal ownership which is structured geographically based on the region of incorporation for TP ICAP legacy entities, plus the addition of Liquidnet ('Primary Operating Segments').

Each of the Primary Operating Segments has its own independent governance structure including CEOs, board members and Sub-Group Risk Conduct and Governance Committees with separate mind and management, autonomy of decision making and the ability to challenge Group level strategy and initiatives within its region. In the EMEA primary operating segment, in particular, there are also independent non-executive directors on the Regional Board that further strengthens the independence and judgement of the governance framework.

Following the redomiciliation of the Group's parent, the operational responsibility of entities were aligned with their legal ownership and as a result the comparatives for the Primary Operating Segments have been restated. The Group currently considers that the Primary Operating Segments represent the most appropriate view for the purposes of resource allocation and assessment of the nature and financial effects of the business activities in which the Group engages. These are the Group's primary reportable segments under IFRS 8 'Operating Segments'.

The Group's performance is assessed by the CODM on the basis of adjusted performance that removes the effects of significant items from reported results. Significant items are items that management identify and consider separately in order to improve the understanding of the underlying trends and performance of the business, that would otherwise distort year-or-year comparison. These segmental results are therefore presented on an adjusted basis.

In addition, the Group has presented its adjusted results by business division: Global Broking, Energy & Commodities, Agency Execution and Parameta Solutions. Segmental income and expenses include transfers between segments and these transfers are conducted at arm's length. During the first half of 2021, the Group relaunched the Data & Analytics division as Parameta Solutions and transferred its Risk Management Services ('RMS') business, previously reflected within the Global Broking division, therein. Comparatives have been restated to reflect the new business segments.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3. Segmental analysis (continued)

Information regarding the Group's primary operating segments is reported below:

Analysis by primary operating segment

31 December 2021	**EMEA**	**Americas**	**Asia Pacific**	**Liquidnet**	**Corporate/ Treasury**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	**872**	**605**	**229**	**159**	**-**	**1,865**
Total front-office costs	(520)	(407)	(145)	(91)	-	(1,163)
Contribution	**352**	**198**	**84**	**68**	**-**	**702**
Employment and general and administrative expenses	(155)	(106)	(54)	(48)	(34)	(397)
Other operating income	5	4	1	-	-	10
Adjusted EBITDA	**202**	**96**	**31**	**20**	**(34)**	**315**
Depreciation and impairment of PPE and ROUA	(20)	(11)	(9)	(12)	-	(52)
Amortisation and impairment of intangibles	(17)	(3)	-	(10)	-	(30)
Adjusted EBIT	**165**	**82**	**22**	**(2)**	**(34)**	**233**

31 December 2020	EMEA	Americas	Asia Pacific	Corporate/ Treasury	Total
	£m	£m	£m	£m	£m
Revenue[1]	890	668	236	-	1,794
Total front-office costs	(515)	(445)	(154)	-	(1,114)
Contribution	375	223	82	-	680
Employment and general and administrative expenses	(166)	(115)	(67)	(18)	(366)
Other operating income	5	3	6	-	14
Adjusted EBITDA	214	111	21	(18)	328
Depreciation and impairment of PPE and ROUA	(15)	(12)	(9)	-	(36)
Amortisation and impairment of intangibles	(16)	(4)	-	-	(20)
Adjusted EBIT[2]	183	95	12	(18)	272

1. The Group's geographic segments were re-organised following the approval of the redomiciliation of the listed entity by shareholders in February 2021, resulting in the creation of a Corporate / Treasury segment for our Jersey operations and financing activities. For the year ended 31 December 2020, revenues in EMEA increased by £2m offsetting the decrease in Americas.
2. For the year ended 31 December 2020, Adjusted EBIT/operating profit increased by £23m in EMEA with a decrease of £1m in Americas, £4m in Asia and £18m in Corporate/Treasury segments following the re-organisation of the segments as referred to above.

There are no inter-segment sales included in the geographic segment revenue.

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3. Segmental analysis (continued)

Analysis by division

31 December 2021	**GB[1]**	**E&C[1]**	**AE[1]**	**PM[1]**	**Corp. Centre**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue:						
- External	1,086	367	246	166	-	1,865
- Inter-division	19	3	-	-	(22)	-
	1,105	**370**	**246**	**166**	**(22)**	**1,865**
Total front office costs:						
- External	(694)	(248)	(161)	(60)	-	(1,163)
- Inter-division	-	-	-	(22)	22	-
	(694)	**(248)**	**(161)**	**(82)**	**22**	**(1,163)**
Contribution	**411**	**122**	**85**	**84**	**-**	**702**
Employment and general and administrative expenses	(211)	(66)	(66)	(13)	(41)	(397)
Other operating income	2	-	-	-	8	10
Adjusted EBITDA	**202**	**56**	**19**	**71**	**(33)**	**315**
Depreciation and impairment of PPE and ROUA	(16)	(5)	(14)	(2)	(15)	(52)
Amortisation and impairment of intangibles	(13)	(4)	(11)	-	(2)	(30)
Adjusted EBIT	**173**	**47**	**(6)**	**69**	**(50)**	**233**

Year ended 31 December 2020	GB[1,2,3]	E&C[1]	AE[1]	PM[1,2,3]	Corp. Centre	Total
	£m	£m	£m	£m	£m	£m
Revenue:						
- External	1,148	388	91	167	-	1,794
- Inter-division	20	3	-	-	(23)	-
	1,168	391	91	167	(23)	1,794
Total front office costs:						
- External	(726)	(261)	(69)	(58)	-	(1,114)
- Inter-division	-	-	-	(23)	23	-
	(726)	(261)	(69)	(81)	23	(1,114)
Contribution	442	130	22	86	-	680
Management and support costs-cash	(229)	(70)	(13)	(12)	(42)	(366)
Other operating income	3	1	-	-	10	14
Adjusted EBITDA	216	61	9	74	(32)	328
Depreciation and impairment of PPE and ROUA	(15)	(5)	(1)	(1)	(14)	(36)
Amortisation and impairment of intangibles	(13)	(3)	(1)	-	(3)	(20)
Adjusted EBIT	188	53	7	73	(49)	272

1. GB is Global Broking, E&C is Energy & Commodities, AE is Agency Execution (and includes Liquidnet in 2021), PM is Parameta Solutions
2. Following a restructuring of the asset classes within the Group, Post-Trade Solutions, previously reflected in the Rates asset class within Global Broking was transferred to Parameta Solutions, the Group's newly established division which also includes the Data & Analytics business, which was previously a separate business division and segment. The comparative revenues of Rates within Global Broking and Parameta Solutions have been restated to reflect the restructuring. Post-Trade Solution third party revenues for the year ended 31 December 2020 amounted to £22m. Additionally, inter-division revenues increased by £2m for the year ended 31 December 2020 reflecting sale of services to RMS, which eliminate on consolidation.
3. Following the transfer of Post-Trade Solutions from Global Broking to Parameta Solutions, Adjusted EBIT for the Global Broking division reduced by £9m for the year ended 31 December 2020 with a corresponding increase for Parameta Solutions.

Corporate Centre represents the cost of group and central functions that are not allocated to the Groups divisions.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3. Segmental analysis (continued)

Analysis of significant items

31 December 2021	**Restructuring and other related costs £m**	**Disposals, acquisitions and investment in new businesses £m**	**Goodwill impairment £m**	**Legal and regulatory matters £m**	**Total £m**
Employment, compensation and benefits costs	12	-	-	-	12
Premises and related costs	9	-	-	-	9
Deferred consideration	-	2	-	-	2
Charge relating to significant legal and regulatory settlements	-	-	-	6	6
Pension scheme past service and settlement costs	1	-	-	-	1
Acquisition costs	-	8	-	-	8
Net losses on derivative instruments	-	8	-	-	8
Net foreign exchange gains	-	(4)	-	-	(4)
Other general and administration costs	4	13	-	9	26
Total included within general and administration costs	14	27	-	15	56
Depreciation and impairment of PPE and ROUA	16	-	-	-	16
Amortisation and impairment of intangible assets	-	52	-	-	52
Total included within operating costs	**42**	**79**	**-**	**15**	**136**
Included in financing items	16	1	-	-	17
Total significant items before tax	**58**	**80**	**-**	**15**	**153**
Taxation on significant items					(21)
Total significant items after tax					**132**
Impairment of investment in associates – reflected together with Share of results of associates and joint ventures					11
Total significant items					**143**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3. Segmental analysis (continued)

31 December 2020	Restructuring and other related costs	Disposals, acquisitions and investment in new businesses	Goodwill impairment	Legal and regulatory matters	Total
	£m	£m	£m	£m	£m
Employment, compensation and benefits costs	6	-	-	-	6
Premises and related costs	2	-	-	-	2
Deferred consideration	-	2	-	-	2
Credit relating to significant legal and regulatory settlements	-	-	-	(3)	(3)
Pension scheme past service and settlement costs	1	-	-	-	1
Acquisition costs	-	11	-	-	11
Other general and administration costs	9	-	-	5	14
Total included within general and administration costs	12	13	-	2	27
Depreciation and impairment of PPE and ROUA	1	-	-	-	1
Amortisation and impairment of intangible assets	-	39	-	-	39
Impairment of other assets	1	1	21	-	23
Total included within operating costs	**20**	**53**	**21**	**2**	**96**
Included in other operating income	-	-	-	(2)	(2)
Total significant items before tax	**20**	**53**	**21**	**-**	**94**
Tax on significant items					(7)
Total significant items after tax					**87**

Adjusted profit reconciliation

2021	**Adjusted**	**Significant items**	**Reported**
	£m	**£m**	**£m**
EBIT/operating profit	**233**	**(136)**	**97**
Net finance costs	**(56)**	**(17)**	**(73)**
Profit before tax	**177**	**(153)**	**24**
Taxation	**(44)**	**21**	**(23)**
Profit after tax	**133**	**(132)**	**1**
Share of profit from associates and joint ventures	**18**	**(11)**	**7**
Profit for the year	**151**	**(143)**	**8**

2020	Adjusted	Significant items	Reported
	£m	£m	£m
EBIT/operating profit	272	(94)	178
Net finance costs	(49)	-	(49)
Profit before tax	223	(94)	129
Taxation	(55)	7	(48)
Profit after tax	168	(87)	81
Share of profit from associates and joint ventures	16	-	16
Profit for the year	184	(87)	97

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

4. Operating costs

	2021 £m	2020 £m
Broker compensation costs	**882**	902
Other staff costs	**258**	244
Share-based payment charge	**12**	6
Charge relating to employee long-term benefits	**-**	1
Employee compensation and benefits	**1,152**	1,153
Technology and related costs	**191**	167
Premises and related costs	**37**	29
Adjustments to deferred consideration	**2**	2
Charge/(credit) relating to significant legal and regulatory settlements	**6**	(3)
Pension scheme past service and settlement costs	**1**	1
Acquisition costs	**20**	11
Expected credit loss adjustment	**-**	(6)
Net foreign exchange loss/(gains)	**3**	(1)
Net loss on derivative instruments	**12**	-
Other administrative costs	**204**	160
General and administrative expenses	**476**	360
Depreciation of property, plant and equipment	**23**	13
Impairment of property, plant and equipment	**10**	-
Depreciation of right-of-use assets	**29**	23
Impairment of right-of-use assets	**6**	1
Depreciation and impairment of property, plant and equipment and right-of-use assets	**68**	37
Amortisation of other intangible assets	**30**	20
Impairment of other intangible assets	**6**	-
Amortisation of intangible assets arising on consolidation	**46**	39
Amortisation and impairment of intangible assets	**82**	59
Goodwill impairment	**-**	21
Impairment of finance lease receivables	**-**	1
Impairment of associates	**-**	1
Impairment of other assets	**-**	23
	1,778	1,632

5. Other operating income

Other operating income comprises:

	2021 £m	2020 £m
Business relocation grants	**3**	**3**
Employee related insurance receipts	**2**	**2**
Management fees	**2**	**3**
Legal settlement receipts	**1**	**2**
Other receipts	**2**	**6**
	10	**16**

Other receipts include royalties, rebates, non-employee related insurance proceeds, tax credits and refunds. Costs associated with such items are included in administrative expenses.

6. Finance income

	2021 £m	2020 £m
Interest receivable and similar income	**2**	2
Interest receivable on finance leases	**1**	1
	3	3

7. Finance costs

	2021 £m	2020 £m
Fees payable on bank and other loan facilities	**2**	2
Interest payable on bank and other loans	**2**	1
Interest payable on Sterling Notes January 2024	**22**	23
Interest payable on Sterling Notes May 2026	**13**	13
Interest payable on Sterling Notes November 2028	**1**	-
Interest payable on Liquidnet Vendor Loan Notes	**1**	-
Other interest payable	**1**	1
Amortisation of debt issue and bank facility costs	**2**	1
Borrowing costs	**44**	41
Interest payable on lease liabilities	**14**	11
Amortisation of options premium	**2**	-
Premium on repurchase of Sterling Notes January 2024	**16**	-
	76	52

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

8. Earnings per share

	2021	2020 (restated)
Basic	**0.7p**	15.4p
Diluted	**0.7p**	15.2p

The calculation of basic and diluted earnings per share is based on the following number of shares:

	2021 No.(m)	2020 No.(m)
Basic weighted average shares – as previously reported		557.0
Impact of the bonus element of the 2021 Rights Issue		68.0
Basic weighted average shares	**759.3**	625.0
Contingently issuable shares – as previously reported		6.9
Impact of the bonus element of the 2021 Rights Issue		0.8
	8.9	7.7
Diluted weighted average shares	**768.2**	632.7

The earnings used in the calculation basic and diluted earnings per share, are set out below:

	2021 £m	2020 £m
Earnings for the year	**8**	97
Non-controlling interests	**(3)**	(1)
Earnings attributable to equity holders of the parent	**5**	96

9. Dividends

	2021 £m	2020 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2020 of 2.0p per share	**16**	-
Interim dividend for the year ended 31 December 2021 of 4.0p per share	**31**	-
Final dividend for the year ended 31 December 2019 of 11.25p per share	**-**	63
Interim dividend for the year ended 31 December 2020 of 5.6p per share	**-**	31
	47	94

A final dividend of 5.5 pence per share will be paid on 17 May 2022 to all shareholders on the Register of Members on 8 April 2022.

During the year, the Trustees of the TP ICAP plc EBT have waived their rights to dividends.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

10. Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
At 1 January 2021	**989**	**474**	**1,463**
Recognised on acquisitions	**187**	**154**	**341**
Amortisation of acquisition related intangibles	**-**	**(46)**	**(46)**
Effect of movements in exchange rates	**4**	**-**	**4**
At 31 December 2021	**1,180**	**582**	**1,762**

At 1 January 2020	993	518	1,511
Recognised on acquisitions	25	-	25
Amortisation of acquisition related intangibles	-	(39)	(39)
Impairment of acquisition related intangibles	(21)	-	(21)
Effect of movements in exchange rates	(8)	(5)	(13)
At 31 December 2020	989	474	1,463

Other intangible assets at 31 December 2021 represent customer relationships, £580m (2020: £469m), and business brands and trademarks, £2m (2020: £5m) that arise through business combinations. Customer relationships are being amortised between 10 and 20 years.

Goodwill arising through business combinations is allocated to groups of individual cash-generating units ('CGUs'), reflecting the lowest level at which the Group monitors and tests goodwill for impairment purposes. The Group's CGUs are as follows:

	2021 £m	2020 £m
EMEA	**686**	686
Americas	**255**	253
Asia Pacific	**50**	50
Liquidnet	**189**	-
Goodwill allocated to CGUs	**1,180**	989

The Group's annual impairment testing of its CGUs is undertaken each September, except for Liquidnet which was undertaken as at December. Between annual tests the Group reviews each CGU for impairment triggers that could adversely impact the valuation of the CGU and, if necessary, undertakes additional impairment testing. During the year the Group undertook an additional impairment tests as at 30 June triggered as a result of sensitivity of the Asia Pacific CGU to reasonable possible changes in cash flow and discount rate assumptions.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of each CGU. The recoverable amount is the higher of its value in use ('VIU') or its fair value less cost of disposal ('FVLCD'). VIU is a pre-tax valuation, using pre-tax cash flows and pre-tax discount rates which is compared with the pre-tax carrying value of the CGU, whereas FVLCD is a post-tax valuation, using post-tax cash flows, post-tax discount rates and other post-tax observable valuation inputs, which is compared with a post-tax carrying value of the CGU. The CGU's recoverable amount is compared with its carrying value to determine if an impairment is required.

The key assumptions for the VIU calculations are those regarding expected regional cash flows arising in future years, regional growth rates and regional discount rates as considered by management. Regional specific assumptions reflect the divisional mix in each region and the size and risk profile of that region. Future projections are based on the most recent financial projections considered by the Board which are used to project pre-tax cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for the CGU.

10. Intangible assets arising on consolidation (continued)

In June 2021 the Group's Asia Pacific CGU was subject to impairment testing, triggered as a result of changes in revenues and expected CGU cash flows. For the 30 June 2021 impairment test the recoverable amount of the Asia Pacific CGU was based on its VIU. The key assumptions for the VIU calculations are those regarding expected cash flows arising in future periods, CGU growth rates and the discount rates. Future projections were based on the most recent financial projections considered by the Board which were used to project pre-tax cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for the CGU. The growth rate on underlying revenues for Asia Pacific was 1.1% (September 2020: 1.5%) over the five year projected period, with pre-tax discount rates of 11.6% (September 2020: 11.8%). The June 2021 testing did not result in an impairment of the Asia Pacific. In June 2020, the recoverable amount for the Asia Pacific CGU was estimated to be lower than its carrying value by £21m and was impaired by that amount.

For the 30 September 2021 annual impairment testing, the recoverable amounts for EMEA, Americas and Asia Pacific CGUs were based on their VIU. Growth rates on underlying revenues were 1.4% for EMEA (September 2020: 1.8%), 1.1% for Americas (September 2020: 0.8%) and 1.2% for Asia Pacific (September 2020: 1.5%) over the five year projected period, with pre-tax discount rates of 11.1% for EMEA (September 2020: 11.0%), 12.5% for Americas (September 2020: 13.4%) and 10.7% for Asia Pacific (September 2020: 11.8%). No further impairments were identified as a result of the annual testing. As at 31 December 2021, the review of the indicators of impairment did require any further testing.

Changes in discount rates and / or revenue assumptions, reflecting inherent uncertainties in any long-term forecasting, including potential effects of Brexit in EMEA and other structural changes, would impact the respective carrying value of a CGU, with Americas being the most sensitive. Each CGU's value would equate to its carrying value should the discount rate, revenue growth over the forecast period , or revenues used in the terminal value fall by the following:

CGU	Valuation discount rate %	Breakeven discount rate %	Valuation growth rates %	Breakeven growth rates %	Change in terminal value revenues %
EMEA	11.1%	13.5%	1.4%	-1.5%	-11.0%
Americas	12.5%	14.2%	1.1%	0.1%	-5.6%
Asia Pacific	10.7%	17.0%	1.2%	-1.1%	-11.3%

The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

The Group's assessment of the financial risks and opportunities related to climate change is ongoing and the Group recognises the increased uncertainty in forecasting medium and long-term revenues, particular in the Energy & Commodities ('E&C') division. Were E&C revenues to fall in 2027 from our base assumptions by greater than 57% in EMEA, 34% in Americas and 54% in Asia Pacific, and assuming no further growth opportunities, this would give rise to an impairment in each CGU.

Liquidnet, acquired in March 2021 is a new CGU for the Group. Goodwill arising on this acquisition has been tested for impairment as at 31 December 2021. In future periods the CGU will be subject to annual impairment testing in September, in line with the other CGUs. As at 31 December 2021 the recoverable amount for Liquidnet was based on its FVLCD. The Income Approach was used for the FVLCD valuation under which the CGU had a FVLCD in excess of its carrying value.

The key assumptions for the Income Approach are those regarding expected cash flows, CGU growth rates and the discount rate. Future projections are based on the most recent financial budgets considered by the Board which are used to project cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for the CGU. Annual growth rates on existing business of 3% to 2026 and 1% thereafter have been used with post tax discount rates of 10.8%. The calculations have been subject to stress tests reflecting reasonably possible changes in key assumptions.

Under this approach the recoverable amount for Liquidnet exceeded its carrying value, but is sensitive to changes in the growth rate and the discount rate. A reduction in the growth rate to 1.7% or an increase in the discount rate to 11.4% would eliminate the headroom. A permanent 5% reduction in 2022 revenues would result in an impairment of £4m. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances, nor does the valuation reflect expected future cash flows from new business development and opportunities.

11. Trade and other receivables

	2021 £m	2020 (restated Note 19) £m
Non-current receivables		
Finance lease receivables	**30**	5
Other receivables	**14**	19
	44	24
Current receivables		
Trade receivables	**351**	298
Amounts due from clearing organisation	**73**	3
Deposits paid for securities borrowed	**1,516**	1,124
Finance lease receivables	**1**	1
Other debtors	**19**	15
Accrued income	**14**	11
Owed by associates and joint ventures	**5**	5
Prepayments	**86**	90
Corporation tax	**3**	2
	2,068	1,549

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12. Financial assets and financial liabilities at fair value through profit or loss

	2021 £m	2020 £m
Financial assets at fair value through profit or loss		
Matched Principal financial assets	**37**	5
Fair value gains on unsettled Matched Principal transactions	**121**	378
	158	383
Financial liabilities at fair value through profit or loss		
Matched Principal financial liabilities	**(1)**	(3)
Fair value losses on unsettled Matched Principal transactions	**(119)**	(378)
	(120)	(381)
Notional contract amounts of unsettled Matched Principal transactions	**65,968**	136,946

Fair value gains and losses on unsettled Matched Principal transactions represent the price movement between trade date and the reporting date on regular way transactions prior to settlement. Matched Principal transactions arise where securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions is primarily on a delivery vs payment basis and typically take place within a few business days of the transaction date according to the relevant market rules and conventions.

The notional contract amounts of unsettled Matched Principal transactions indicate the aggregate value of buy and sell transactions outstanding at the balance sheet date. They do not represent amounts at risk.

13. Trade and other payables

	2021 £m	2020 (restated Note 19) £m
Trade payables	**89**	22
Amounts due to clearing organisations	**47**	1
Finance lease payable	**2**	-
Deposits received for securities loaned	**1,504**	1,106
Deferred consideration	**7**	12
Other creditors	**19**	13
Accruals	**283**	270
Owed to associates and joint ventures	**2**	3
Tax and social security	**22**	23
Deferred income	**2**	1
	1,977	1,451

14. Loans and borrowings

2021	Less than one year £m	Greater than one year £m	Total £m
Overdrafts	**17**	**-**	**17**
Loans from related parties	**51**	**-**	**51**
Sterling Notes January 2024	**6**	**246**	**252**
Sterling Notes May 2026	**1**	**249**	**250**
Sterling Notes November 2028	**1**	**247**	**248**
Liquidnet Vendor Loan Notes March 2024	**1**	**37**	**38**
	77	**779**	**856**
2020			
Overdrafts	7	-	7
Loans from related parties	28	-	28
Sterling Notes January 2024	10	430	440
Sterling Notes May 2026	1	249	250
	46	679	725

Settlement facilities and overdrafts

Where the Group purchases securities under matched principal trades but is unable to complete the sale immediately, the Group's settlement agent finances the purchase through the provision of an overdraft secured against the securities and any collateral placed at the settlement agent. As at 31 December 2021, overdrafts for the provision of settlement finance amounted to £17m (December 2020: £7m).

Bank credit facilities and bank loans

The Group has a £270m committed revolving facility that matures in December 2023. Facility commitment fees of 0.8% on the undrawn balance are payable on the facility. Arrangement fees of £3m are being amortised over the maturity of the facility.

As at 31 December 2021, the revolving credit facility was undrawn. Amounts drawn down are reported as bank loans in the above table. Bank loans are denominated in Sterling. During the year, the maximum amount drawn was £130m (2020: £161m), and the average amount drawn was £60m (2020: £39m). The Group utilises the credit facility throughout the year, entering into numerous short term bank loans where maturities are less than three months. The turnover is quick and the volume is large and resultant flows are presented net in the Group's cash flow statement in accordance with IAS 7 'Cash Flow'.

Interest and facility fees of £3m were incurred in 2021 (2020: £3m).

Loans from related parties

In August 2020, the Group entered into a Yen 10bn committed facility with The Tokyo Tanshi Co., Ltd, a related party, that matures in February 2024. As at 31 December, the Yen 10bn committed facility equated to £64m. Facility commitment fees of 0.64% on the undrawn balance are payable on the facility. Arrangement fees of less than £1m are being amortised over the maturity of the facility.

As at 31 December 2021, Yen 8bn (£51m) (2020: Yen 4bn (£28m)) of the facility was drawn. The Directors consider that the carrying amount of the loan which is not held at fair value through profit or loss approximates to its fair value. During the year, the maximum amount drawn was Yen 10bn, £64m at year end rates (2020: Yen 10bn, £71m at 2020 year end rates), and the average amount drawn was Yen 8bn, £53m at year end rates (2020:Yen 5bn, £36m at 2020 year end rates). The Group utilises the credit facility throughout the year, entering into numerous short term bank loans where maturities are less than three months. The turnover is quick and the volume is large and resultant flows are presented net in the Group's cash flow statement in accordance with IAS 7 'Cash Flow'.

Interest and facility fees of £1m were incurred in 2021(2020: less than £1m).

Amounts drawn down are reported as loans from related parties in the above table.

Sterling Notes: Due January 2024
In January 2017 the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% payable semi-annually, subject to compliance with the terms of the Notes. In May 2019, the Group repurchased £69m of the Notes and a further £184m were repurchased in November 2021. Repurchases have been accounted for as extinguishment of the Notes. The repurchase in 2021 was at a £16m premium to the Note's carrying value, which has been reported as part of finance costs in the Income Statement. At 31 December 2021, the fair value of the Notes (Level 1) was £264m (2020: £473m). Accrued interest at 31 December 2021 amounted to £6m (2020: £10m). Unamortised issue costs were £1m as at 31 December 2021.

Interest of £22m was incurred in 2021 (2020: £23m). The amortisation expense of issue costs in 2021 and 2020 were less than £1m.

Sterling Notes: Due May 2026
In May 2019 the Group issued £250m unsecured Sterling Notes due May 2026. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. At 31 December 2021 the fair value of the Notes (Level 1) was £278m (2020: £284m). Accrued interest at 31 December 2020 amounted to £1m. Unamortised issue costs were £1m as at 31 December 2021.

Interest of £13m was incurred in 2021 (2020: £13m). The amortisation expense of issue costs in 2021 and 2020 were less than £1m.

Sterling Notes: Due November 2028
In November 2021 the Group issued £250m unsecured Sterling Notes due November 2028. The Notes were issued at a discount of £1m, raising £249m before issue costs. The Notes have a fixed coupon of 2.625% paid semi-annually, subject to compliance with the terms of the Notes. At 31 December 2021 the fair value of the Notes (Level 1) was £249m. Accrued interest at 31 December 2021 amounted to £1m. Unamortised discount and issue costs were £3m.

Interest of £1m was incurred in 2021. Issue costs of £2m were incurred in 2021 and their amortisation expense in 2021 was less than £1m.

Liquidnet Vendor Loan Notes Due March 2024
In March 2021, as part of the purchase consideration of Liquidnet, the Group issued $50m (£37m at year end exchange rates) unsecured Loan Notes due March 2024. The Notes have a fixed coupon of 3.2% paid annually. At 31 December 2021 the fair value of the Notes (Level 2) was $49m (£36m). Accrued interest at 31 December 2021 was £1m.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

15. Reconciliation of operating result to net cash from operating activities

	2021 £m	2020 (restated) £m
Operating profit	**97**	178
Adjustments for:		
- Share-based payment charge	**10**	6
- Pension scheme's administration costs	**1**	1
- Pension scheme past service and settlement costs	**1**	1
- Depreciation of property, plant and equipment	**23**	13
- Loss on disposal of property, plant and equipment	**1**	-
- Impairment of property, plant and equipment	**10**	-
- Depreciation of right-of-use assets	**29**	23
- Impairment of right-of-use assets	**6**	1
- Amortisation of intangible assets	**30**	20
- Impairment of intangible assets	**6**	-
- Amortisation of intangible assets arising on consolidation	**46**	39
- Impairment of intangible assets arising on consolidation	**-**	21
- Impairment of associates	**-**	1
- Impairment of finance lease receivables	**-**	1
- Remeasurement of deferred consideration	**2**	2
Net operating cash flow before movement in working capital	**262**	307
(Increase)/decrease in trade and other receivables	**(16)**	6
(Increase)/decrease in net Matched Principal related balances[1]	**(36)**	4
Increase in net balance with Clearing Organisations	**12**	-
(Increase)/decrease in net stock lending balances	**6**	(6)
Decrease in trade and other payables	**(14)**	(34)
Decrease in provisions	**(2)**	(7)
(Decrease)/increase in non-current liabilities	**(3)**	1
Retirement benefit scheme contributions	**-**	(1)
Net cash generated from operations	**209**	270
Income taxes paid	**(39)**	(73)
Fees paid on bank and other loan facilities	**(2)**	(2)
Interest paid	**(42)**	(37)
Interest paid – finance leases	**(15)**	(14)
Net cash flow from operating activities	**111**	144

1 Restated to reflect the change in balance sheet line items following the change in accounting policy set out in Note 2(f). There has been no change to the working capital movements or net cash generated from operations.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

16. Analysis of net debt

2021	**At 1 January £m**	**Cash flow £m**	**Non-cash items £m**	**Acquired with acquisitions £m**	**Exchange differences £m**	**At 31 December £m**
Cash and cash equivalents	**656**	**129**	-	-	**(1)**	**784**
Overdrafts	**(7)**	**(11)**	-	-	**1**	**(17)**
	649	**118**	-	-	-	**767**
Financial investments	**127**	**(11)**	-	-	**(1)**	**115**
Bank loan due within one year	-	**5**[1]	-	-	**(5)**	-
Loans from related parties	**(28)**	**(27)**	-	-	**4**	**(51)**
Sterling Notes January 2024	**(440)**	**210**[3]	**(22)**	-	-	**(252)**
Sterling Notes May 2026	**(250)**	**13**[2]	**(13)**	-	-	**(250)**
Sterling Notes November 2028	-	**(247)**[4]	**(1)**	-	-	**(248)**
Liquidnet Vendor Loan Notes	-	-	**(37)**	-	**(1)**	**(38)**
Total debt excluding lease liabilities	**718**	**(46)**	**(73)**	-	**(2)**	**(839)**
Lease liabilities	**(212)**	**43**[5]	**(26)**	**(91)**	-	**(286)**
Total financing liabilities	**(930)**	**(3)**	**(99)**	**(91)**	**(2)**	**(1,125)**
Net debt	**(154)**	**104**	**(99)**	**(91)**	**(3)**	**(243)**

2020	At 1 January £m	Cash flow £m	Non-cash items £m	Acquired with acquisitions £m	Exchange differences £m	At 31 December £m
Cash and cash equivalents	686	(17)	-	-	(13)	656
Overdrafts	(10)	3	-	-	-	(7)
	676	(14)	-	-	(13)	649
Financial investments	148	(18)	-	-	(3)	127
Bank loan due within one year	-	1[1]	(1)	-	-	-
Loans from related parties	-	(28)	-	-	-	(28)
Sterling Notes January 2024	(440)	23[1]	(23)	-	-	(440)
Sterling Notes May 2026	(249)	13[1]	(14)	-	-	(250)
Total debt excluding lease liabilities	(689)	9	(38)	-	-	(718)
Lease liabilities	(140)	38[2]	(108)	(5)	3	(212)
Total financing liabilities	(829)	47	(146)	(5)	3	(930)
Net debt	(5)	15	(146)	(5)	(13)	(154)

1 Relates to currency differences arising on foreign currency drawdowns and repayments.
2 Relates to interest paid reported as a cash outflow from operating activities.
3 Relates to principal repurchased of £184m reported as a cash outflow from financing activities plus £26m of interest paid reported as a cash outflow from operating activities.
4 Relates to principal received of £250m less £3m of discount and debt issue costs reported as a cash outflow from financing activities.
5 Relates to interest paid of £15m (2020: £14m) reported as a cash outflow from operating activities and principal paid of £28m (2020: £24m) reported as a cash outflow from financing activities.

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less. As at 31 December 2021 cash and cash equivalents, net of overdrafts, amounted to £767m (2020: £649m) of which £77m (2020:£10m) represent amounts subject to regulatory restrictions and are not readily available to be used for other purposes within the Group. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Financial investments comprise short term government securities, term deposits and restricted funds held with banks and clearing organisations.

Non-cash items represent interest expense, the amortisation of debt issue costs and recognition of new lease liabilities.

17. Provisions

2021	**Property £m**	**Re-structuring £m**	**Legal and other £m**	**Total £m**
At 1 January	**7**	**9**	**24**	**40**
Charge to income statement	**6**	**6**	**6**	**18**
Acquired with acquisitions	**4**	**-**	**-**	**4**
Utilisation of provisions	**(1)**	**(10)**	**(6)**	**(17)**
Effect of movements in exchange rates	**-**	**-**	**(2)**	**(2)**
At 31 December	**16**	**5**	**22**	**43**
2020				
At 1 January	6	8	33	47
Charge/(credit) to income statement	2	8	(5)	5
Utilisation of provisions	(1)	(7)	(4)	(12)
Effect of movements in exchange rates	-	-	-	-
At 31 December	7	9	24	40

	2021 £m	2020 £m
Included in current liabilities	**5**	17
Included in non-current liabilities	**38**	23
	43	40

Property provisions outstanding as at 31 December 2021 relate to provisions in respect of building dilapidations, representing the estimated cost of making good dilapidations and disrepair on various leasehold buildings.

Restructuring provisions outstanding as at 31 December 2021 relate to termination and other employee related costs. The movement during the year reflects the actions taken under the Group's restructuring initiatives. It is expected that the remaining obligations will be discharged during 2022.

Legal and other provisions include provisions for legal claims brought against subsidiaries of the Group together with provisions against obligations for certain long-term employee benefits and non-property related onerous contracts. At present the timing and amount of any payments are uncertain and provisions are subject to regular review. It is expected that the obligations will be discharged over the next 25 years.

European Commission Yen LIBOR

In February 2015 the European Commission imposed a fine of €15m on NEX International Limited (formerly ICAP plc), ICAP Management Services Limited and ICAP New Zealand Limited for alleged competition violations in relation to the involvement of certain of ICAP's brokers in the attempted manipulation of Yen LIBOR by bank traders between October 2006 and January 2011. This matter related to alleged conduct violations prior to completion of the Group's acquisition of the ICAP global broking business and has been the subject of an ongoing appeal. On 31 May 2021, the European Commission issued a fine totalling €6.5m, that was settled in November 2021, closing the case. The Group was fully provided for this amount.

Labour claims – ICAP Brazil

ICAP do Brasil Corretora De Títulos e Valores Mobiliários Ltda ('ICAP Brazil') is a defendant in 8 (31 December 2020: 11) pending lawsuits filed in the Brazilian Labour Court by persons formerly associated with ICAP Brazil seeking damages under various statutory labour rights accorded to employees and in relation to various other claims including wrongful termination, breach of contract and harassment (together the 'Labour Claims'). As at 31 December 2021, the Group considers a loss in respect of certain claims to be probable and estimates the amount payable in respect of such claims to be BRL2m (£1m).

18. Contingent liabilities

Bank Bill Swap Reference Rate case

On 16 August 2016, a complaint was filed in the United States District Court for the Southern District of New York naming Tullett Prebon plc, ICAP plc, ICAP Australia Pty LTD and Tullett Prebon (Australia) Pty. Limited as defendants together with various Bank Bill Swap Reference Rate ('BBSW') setting banks. The complaint alleges collusion by the defendants to fix BBSW-based derivatives prices through manipulative trading during the fixing window and false BBSW rate submissions. On 26 November 2018, the Court dismissed all of the claims against the TP ICAP defendants and certain other defendants. On 28 January 2019, the Court ordered that a stipulation signed by the plaintiffs and the TP ICAP defendants meant that the TP ICAP defendants were not required to respond to any Proposed Second Amended Class Action Complaint ('PSAC') that the plaintiffs were seeking to file. On 3 April 2019 the plaintiffs filed a PSAC, however the TP ICAP defendants have no obligation to respond. The plaintiffs have reserved the right to appeal the dismissal of the TP ICAP defendants but have not as yet done so. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact.

Labour claims – ICAP Brazil

ICAP do Brasil Corretora De Títulos e Valores Mobiliários Ltda ('ICAP Brazil') is a defendant in 8 (31 December 2020: 11) pending lawsuits filed in the Brazilian Labour Court by persons formerly associated with ICAP Brazil seeking damages under various statutory labour rights accorded to employees and in relation to various other claims including wrongful termination, breach of contract and harassment (together the 'Labour Claims'). The Group estimates the maximum potential aggregate exposure in relation to the Labour Claims, including any potential social security tax liability, to be BRL 47m (£6m) (31 December 2020: BRL 57m (£8m)). The Group is the beneficiary of an indemnity from NEX in relation to any liabilities in respect of five of the eight Labour Claims insofar as they relate to periods prior to completion of the Group's acquisition of ICAP. This includes a claim that is indemnified by a predecessor to ICAP Brazil by way of escrowed funds in the amount of BRL 28m (£4m). Apart from the estimated losses which have already been provided for (see Note 17), the Labour Claims are at various stages of their respective proceedings and are pending an initial witness hearing, the court's decision on appeal or a ruling on a motion for clarification. The Group intends to contest liability in each of these matters and to vigorously defend itself. Unless otherwise noted, it is not possible to predict the ultimate outcome of these actions.

18. Contingent liabilities (continued)

Flow case – Tullett Prebon Brazil

In December 2012, Flow Participações Ltda and Brasil Plural Corretora de Câmbio, Títulos e Valores ('Flow') initiated a lawsuit against Tullett Prebon Brasil S.A. Corretora de Valores e Câmbio and Tullett Prebon Holdings do Brasil Ltda alleging that the defendants have committed a series of unfair competition misconducts, such as the recruitment of Flow's former employees, the illegal obtainment and use of systems and software developed by the plaintiffs, as well as the transfer of technology and confidential information from Flow and the collusion to do so in order to increase profits from economic activities. The amount currently claimed is BRL 295m (£39m) (31 December 2020: BRL 272m (£38m)). The Group intends to vigorously defend itself but there is no certainty as to the outcome of these claims. Currently, the case is in an early evidentiary phase.

LIBOR Class actions

The Group is currently defending the following LIBOR related actions.

(i) Stichting LIBOR Class Action

On 15 December 2017, the Stichting Elco Foundation, a Netherlands-based claim foundation, filed a writ initiating litigation in the Dutch court in Amsterdam on behalf of institutional investors against ICAP Europe Limited ('IEL'), ICAP plc, Cooperative Rabobank U.A., UBS AG, UBS Securities Japan Co. Ltd, Lloyds Banking Group plc, and Lloyds Bank plc. The litigation alleges manipulation by the defendants of the JPY LIBOR, GBP LIBOR, CHF LIBOR, USD LIBOR, EURIBOR, TIBOR, SOR, BBSW and HIBOR benchmark rates, and seeks a declaratory judgment that the defendants acted unlawfully and conspired to engage in improper manipulation of benchmarks. If the plaintiffs succeed in the action, the defendants would be responsible for paying costs of the litigation, but each allegedly impacted investor would need to prove its own actual damages. It is not possible at this time to determine the final outcome of this litigation, but IEL has factual and legal defences to the claims and intends to defend the lawsuit vigorously. A hearing took place on 18 June 2019 on Defendants motions to dismiss the proceedings. On 14 August 2019 the Dutch Court issued a ruling dismissing ICAP plc from the case entirely but keeping certain claims against IEL relating solely to JPY LIBOR. On 9 December 2020, the Dutch Court issued a final judgment dismissing the Foundation's claims in their entirety. The Foundation has until March 2021 to appeal this final judgment. The Group is covered by an indemnity from NEX in relation to any outflow in respect of the ICAP entities with regard to these matters. It is not possible to estimate any potential financial impact in respect of this matter at this time.

(ii) Swiss LIBOR Class Action

On 4 December 2017, a class of plaintiffs filed a Second Amended Class Action Complaint in the matter of Sonterra Capital Master Fund Ltd. et al. v. Credit Suisse Group AG et al. naming as defendants, among others, TP ICAP plc, Tullett Prebon Americas Corp., Tullett Prebon (USA) Inc., Tullett Prebon Financial Services LLC, Tullett Prebon (Europe) Limited, Cosmorex AG, ICAP Europe Limited, and ICAP Securities USA LLC (together, the 'Companies'). The Second Amended Complaint generally alleges that the Companies conspired with certain bank customers to manipulate Swiss Franc LIBOR and prices of Swiss Franc LIBOR based derivatives by disseminating false pricing information in false run-throughs and false prices published on screens viewed by customers in violation of the Sherman Act (anti-trust) and RICO. On 16 September 2019, the Court granted the Companies' motions to dismiss in their entirety. The plaintiffs have appealed the dismissal to the United States Court of Appeals for the Second Circuit. The Companies intend to contest liability in the matter and to vigorously defend themselves. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

18. Contingent liabilities (continued)

(iii) Yen LIBOR Class Actions

In April 2013, ICAP plc was added as a defendant to an existing civil litigation originally filed in April 2012, Laydon v. Mizuho Bank, Ltd, against certain Yen LIBOR and Euroyen TIBOR panel banks alleging purported manipulation of the Yen LIBOR and Euroyen TIBOR benchmark interest rates. The United States District Court for the Southern District of New York dismissed the plaintiff's antitrust and unjust enrichment claims, but upheld the plaintiff's claim for purported manipulation under the Commodity Exchange Act. ICAP plc and certain other foreign defendants were dismissed in March 2015 for lack of personal jurisdiction. The Court permitted plaintiffs to file an amended complaint whereby they added new defendants to the action including ICAP Europe Limited and Tullett Prebon plc. On 10 March 2017, both ICAP Europe Limited and Tullett Prebon plc were dismissed for lack of personal jurisdiction. On 23 October 2020, the plaintiffs served their formal notice of intent to appeal the dismissal of the TP ICAP defendants. The Group is covered by an indemnity from NEX in relation to any outflow in respect of ICAP Europe Limited with regard to these matters. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact.

Other plaintiffs filed a related complaint, Sonterra Capital Master Fund, Ltd. v. UBS AG, which included ICAP plc, ICAP Europe Limited and Tullett Prebon plc as defendants, asserting a cause of action for antitrust injury only as a result of the purported manipulation of Yen LIBOR and Euroyen TIBOR by panel banks and brokers. Defendants filed motions to dismiss for lack of jurisdiction and failure to state a claim. On 10 March 2017, the Court issued an order dismissing the entirety of the Sonterra case on the grounds that the plaintiffs lacked antitrust standing. Plaintiffs appealed the dismissal, which was then stayed to accommodate new settlements reached between the plaintiffs and some of the defendants. The briefing on the appeal was completed on 28 January 2019 and oral argument was heard on 5 February 2020. On 1 April 1 2020, the Second Circuit Court of appeals reversed and remanded the dismissal. In October 2020, the Company filed a renewed motion to dismiss on grounds that were not reached in the original decision to dismiss including but not limited to lack of personal jurisdiction. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact. The Group is covered by an indemnity from NEX in relation to any outflow in respect of ICAP Europe Limited with regard to these matters.

ICAP Securities Limited, Frankfurt branch - Frankfurt Attorney General administrative proceedings

On 19 December 2018, ICAP Securities Limited, Frankfurt branch ('ISL') was notified by the Attorney General's office in Frankfurt notifying ISL that it had commenced administrative proceedings against ISL and criminal proceedings against former employees and a former director of ISL, in respect of aiding and abetting tax evasion by Rafael Roth Financial Enterprises GmbH ("RRFE"). It is possible that a corporate administrative fine may be imposed on ISL and earnings derived from the criminal offence confiscated. ISL has appointed external counsel and is in the process of investigating the activities of the relevant desk from 2006-2009. This investigation is complicated as the majority of relevant records are held by NEX and NEX failed to disclose its engagement with the relevant authorities prior to the sale of ICAP to Tullett Prebon in 2016. The Group has issued proceedings against NEX in respect of (i) breach of warranties under the sale and purchase agreement, and (ii) an indemnity claim under the tax deed entered into in connection with the IGBB acquisition in relation to these matters. Since the proceedings are at an early stage, details of the alleged wrongdoing or case against ISL are not yet available, and it is not possible at present to provide a reliable estimate of any potential financial impact on the Group.

18. Contingent liabilities (continued)

ICAP Securities Limited and The Link Asset and Securities Company Limited – Proceedings by the Cologne Public Prosecutor

On 11 May 2020, TP ICAP learned that proceedings have been commenced by the Cologne Public prosecutor against ICAP Securities Limited ('ISL') and The Link Asset and Securities Company Ltd ('Link') in connection with criminal investigations into individuals suspected of aiding and abetting tax evasion between 2004 and 2012. It is possible that the Cologne Public Prosecutor may seek to impose an administrative fine against ISL or Link and confiscate the earnings that ISL or Link allegedly derived from the underlying alleged criminal conduct by the relevant individuals. ISL and Link have appointed external lawyers to advise them. The Group has issued proceedings against NEX in respect of (i) breach of warranties under the sale and purchase agreement, and (ii) an indemnity claim under the tax deed entered into in connection with the IGBB acquisition in relation to these matters. Since the proceedings are at an early stage, details of the alleged wrongdoing or case against ISL and Link are not yet available, and it is not possible at present to provide a reliable estimate of any potential financial impact on the Group.

Portigon Ag v. TP ICAP Markets Limited and others

TP ICAP plc is a defendant in an action filed by Portigon AG in July 2021 in the Supreme Court of the State of New York County of Nassau alleging losses relating to certain so called "cum ex" transactions allegedly arranged by the Group between 2005 and 2007. The Group intends to contest liability in the matter and to vigorously defend itself. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

MM Warburg & CO (AG & Co.) KGaA and others v TP ICAP Markets Limited, The Link Asset and Securities Company Limited and others

TP ICAP Markets Limited ('TPIML') and The Link Asset and Securities Company Limited ('Link') are defendants in a claim filed in Hamburg by MM Warburg & CO (AG & Co.) KGaA and two other group companies (together 'Warburg') on 31 December 2020, but which only reached TPIML and Link on 26 October 2021. The claim relates to certain German "cum-ex" transactions that took place between 2007 and 2011. In relation to those transactions Warburg has been ordered to pay the German tax authorities EUR 185 million and is subject to a criminal confiscation order of EUR 176.5 million. Warburg's claims, are based on contract, tort and joint and several liability, are for compensation for the amount it has been ordered to pay to the tax authorities, the amount of the criminal confiscation order, further indemnification and interest. TPIML and Link intend to contest liability in the matter and based on legal advice and an assessment of the claim as at 31 December 2021, the Group considers it is able to vigorously defend itself. Whilst it is not possible to predict the ultimate outcome of this action, the Group does not expect a material adverse financial impact on the Group's results or net assets as a result of this case.

Autorité des Marchés Financiers ('AMF')

In August 2019, Tullett Prebon (Europe) Limited ('TPEL') was notified that the AMF was investigating alleged facilitation of market abuse conduct concerning historical transactions with a client undertaken in 2015 on Eurex. In June 2020, the AMF initiated enforcement proceedings before the Enforcement Committee of the AMF. TPEL responded to the AMF's letter of grievance and an investigation was carried out. The final hearing before the AMF Enforcement Committee was held on 7 July 2021 during which each party was entitled to make representations to the Enforcement Committee. The Enforcement Committee made its decision by majority vote and published its Decision to fine TPEL Eur5m (£4m) on 7 August 2021. The Group has settled the fine and has appealed the Decision.

ICAP Australia – GFI recruitment raid

TP ICAP and GFI agreed a settlement in relation to this case in December 2021 and no further action is outstanding. During 2017 GFI orchestrated a recruitment raid on ICAP Australia with GFI offering ICAP brokers forward starting contracts that commenced once their ICAP employment agreements could be terminated by notice. ICAP commenced proceedings (the 'ICAP Proceedings') against GFI and two former ICAP employees for interference with contractual relations, misuse of confidential information and breach of employment contracts.

Six brokers who had signed GFI forward contracts decided to remain employed with ICAP Australia. ICAP Australia indemnified these brokers against possible claims brought by GFI for breach of contract for not joining them under the forward contracts. GFI issued proceeding against the 6 brokers and ICAP Australia (the 'GFI Proceedings') claiming breach of contract and interference with contractual relations, claiming liquidated damages of approximately A$11.9m (£6.5m).

General note

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of complex regulatory, corporate and tax laws and practices of those territories. Accordingly, and as part of its normal course of business, the Group is required to provide information to various authorities as part of informal and formal enquiries, investigations or market reviews.

From time to time the Group's subsidiaries are engaged in litigation in relation to a variety of matters. The Group's reputation may also be damaged by any involvement or the involvement of any of its employees or former employees in any regulatory investigation and by any allegations or findings, even where the associated fine or penalty is not material.

Save as outlined above in respect of legal matters or disputes for which a provision has not been made, notwithstanding the uncertainties that are inherent in the outcome of such matters, currently there are no individual matters which are considered to pose a significant risk of material adverse financial impact on the Group's results or net assets.

The Group establishes provisions for taxes other than current and deferred income taxes, based upon various factors which are continually evaluated, if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

In the normal course of business, certain of the Group's subsidiaries enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

19. Impact of the change in Accounting policy

As set out in Note 2(e) the Group changed its accounting policy for regular way Matched Principal transactions from trade date accounting to settlement date. As a result, line items in the Group's balance sheets for 31 December 2020 and 1 January 2020 have been restated as follows:

	31 December 2020 (as reported) £m	31 December 2020 (as restated) £m	1 January 2020 (as reported) £m	1 January 2020 (as restated) £m
Trade and other receivables				
Settlement balances	68,487	-	48,295	-
Deposits paid for securities borrowed	-	9	-	13
Financial assets at FVTPL				
Matched Principal financial assets	-	5	-	16
Fair value gains on unsettled Matched Principal transactions	-	378	-	155
Gross assets	68,487	392	48,295	184
Trade and other payables				
Settlement balances	(68,476)	-	(48,275)	-
Financial liabilities at FVTPL				
Matched Principal financial liabilities	-	(3)	-	(9)
Fair value losses on unsettled Matched Principal transactions	-	(378)	-	(155)
Gross liabilities	(68,476)	(381)	(48,275)	(164)
Net assets	11	11	20	20
Notional contract amounts of open unsettled Matched Principal transactions	-	136,946	-	96,532

The notional contract amounts of unsettled Matched Principal transactions indicate the aggregate value of buy and sell transactions outstanding at the balance sheet date. They do not represent amounts at risk.

20. Events after the balance sheet date

In February 2022 the UK, EU and US imposed sanctions against certain Russian individuals, entities and their subsidiaries. TP ICAP has ceased any trading activity with sanctioned clients.

The proportion of 2021 revenue from Russian clients was approximately 0.5% of the total.

As at 11 March 2022 the value of realised losses on failed settlements with sanctioned Russian clients is £4m. TPICAP has also recognised potential unrealised losses of £9m in relation to failed settlements and written down trade debtors with sanctioned Russian clients of £1m.

In addition, the Group has outstanding unsettled Matched Principal transactions in Russian financial instruments of a nominal value of around £12m where neither counterparty has been able to settle at this time and where no net loss has been recognised.

Independent Auditors’ Report to the Members of TP ICAP Group plc on the Preliminary Announcement of TP ICAP Group plc

As the independent auditor of TP ICAP Group plc we are required by UK Listing Rule LR 9.7A.1(2)R to agree to the publication of TP ICAP Group plc’s preliminary announcement statement of annual results for the year ended 31 December 2021.

The preliminary statement of annual results for the year ended 31 December 2021 includes operational performance, strategic highlights, financial highlights, the dividend statement, the CEO review, financial review, the consolidated financial statements and disclosures required by the Listing Rules. We are not required to agree to the publication of presentations to analysts.

The directors of TP ICAP Group plc are responsible for the preparation, presentation and publication of the preliminary statement of annual results in accordance with the UK Listing Rules.

We are responsible for agreeing to the publication of the preliminary statement of annual results, having regard to the Financial Reporting Council’s Bulletin “The Auditor's Association with Preliminary Announcements made in accordance with UK Listing Rules”.

Status of our audit of the financial statements

Our audit of the annual financial statements of TP ICAP Group plc is complete and we signed our auditor’s report on 15 March 2022. Our auditor’s report is not modified and contains no emphasis of matter paragraph. Our audit report on the full financial statements sets out the following key audit matters which had the greatest effect on our overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those key audit matters and the key observations arising from our work:

Independent Auditors' Report to the Members of TP ICAP Group plc on the Preliminary Announcement of TP ICAP Group plc

Accounting for the acquisition of Liquidnet	
Key audit matter description	During the year, the Group acquired 100% of Liquidnet Holdings Inc. and its subsidiaries (together 'Liquidnet'). The acquisition was accounted for as a business combination in accordance with IFRS 3. The difference between the fair value of the consideration paid of £526m and the fair value of net assets acquired of £339m, including customer relationship and brand intangible assets of £154m, was recognised as goodwill of £187m. The determination of the fair value of net assets acquired, including the valuation of the customer relationships intangibles, requires judgement and the use of assumptions. As a result, the determination of the fair value is inherently subjective with an increased risk of material misstatement due to fraud or error.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls relating to accounting for the acquisition of Liquidnet. We performed an independent assessment of the acquisition accounting to assess compliance with IFRS 3, which included the following: • We independently determined the acquisition date, resulting measurement period and the consideration paid, including deferred and contingent consideration; • We tested the balance sheet acquired, including any fair value adjustments; • Supported by our Valuation Specialists, we evaluated management's approach to measure separately identifiable intangible assets, including customer relationships; and • We tested the mathematical accuracy of the cash flow forecasts used to estimate the fair value of customer relationship and brand intangibles and assessed the key assumptions. We reviewed the disclosure of the Liquidnet acquisition in the financial statements.
Key observations	We concur with management's accounting for the Liquidnet acquisition, including the valuation of the customer relationship intangibles, arising from the acquisition.

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Impairment of goodwill	
Key audit matter description	As required by IAS 36, goodwill is reviewed for impairment at least annually. The Group performs its annual impairment assessment at 30 September. Determining whether goodwill of £1,180m (2020: £989m) is impaired requires an estimation of the recoverable amount of the Group’s cash generating units (‘CGUs’), or groups of CGUs, using the higher of the value in use or fair value less costs to sell. The value in use (‘VIU’) approach was used to estimate the recoverable amount of the EMEA, Americas, and Asia Pacific groups of CGUs while the fair value less cost of disposal (‘FVLCD’) approach was used to assess the recoverable amount of the Liquidnet CGU. Both of these approaches require management judgement in the estimation of future cash flows, including revenue growth, and the selection of a suitable discount rate. As a result, these assessments are inherently subjective with an increased risk of material misstatement due to fraud or error.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls relating to the impairment of goodwill. We performed detailed analysis of the Group’s assumptions used in the annual impairment review, in particular the cashflow projections, forecast future growth rates, and discount rates used by the Group in its impairment tests of the regional groups of CGUs and the Liquidnet CGU. We challenged cash flow projections and growth rates by evaluating recent performance, trend analysis and comparing growth rates to those achieved historically and to external market data where available. We worked with our internal valuations specialists to independently derive discount rates which we compared to the rates used by the Group and we benchmarked discount rates to available external peer group data. We performed scenario analysis, stressed key assumptions with reference to historical performance, assessed for impairment triggers between 30 September 2021 and 31 December 2021. Additionally, given the sensitivity of the VIU and FVLCD models to reasonably possible changes in the revenue and discount rate assumptions, we reviewed management’s sensitivity disclosures in in Note 10 to the financial statements.
Key observations	We concluded that the cash flow forecasts used in the annual impairment review were consistent with the most recent financial budgets approved by the Board and were reasonable in the context of recent business performance. The growth rates used by management were also considered to be reasonable. The discount rates used were within a reasonable range. We concur with the directors’ conclusion that no impairment was required for any of the regional groups of CGUs or the Liquidnet CGU in the current year and concluded that the disclosures are reasonable.

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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 did not provide a separate opinion on these matters.

Procedures performed to agree to the preliminary announcement of annual results

In order to agree to the publication of the preliminary announcement of annual results of TP ICAP Group plc we carried out the following procedures:

(a) checked that the figures in the preliminary announcement covering the full year have been accurately extracted from the audited financial statements and reflect the presentation to be adopted in the audited financial statements;
(b) considered whether the information (including the management commentary) is consistent with other expected contents of the annual report;
(c) considered whether the financial information in the preliminary announcement is misstated;
(d) considered whether the preliminary announcement includes the minimum information required by UKLA Listing Rule 9.7A.1;
(e) where the preliminary announcement includes alternative performance measures ('APMs'), considered whether appropriate prominence is given to statutory financial information and whether:
   - the use, relevance and reliability of APMs has been explained;
   - the APMs used have been clearly defined, and have been given meaningful labels reflecting their content and basis of calculation;
   - the APMs have been reconciled to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period; and
   - comparatives have been included, and where the basis of calculation has changed over time this is explained.
(f) read the management commentary, any other narrative disclosures and any final interim period figures and considered whether they are fair, balanced and understandable.

Use of our report

Our liability for this report, and for our full audit report on the financial statements is to the company's members as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. 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 our audit report or this report, or for the opinions we have formed.

Fiona Walker FCA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
15 March 2022