14 March 2023

TP ICAP Group plc

Financial and preliminary management report for the year ended 31 December 2022

Nicolas Breteau, CEO of the Group, said:

"We delivered a strong performance: high single-digit revenue growth and an increase in profitability. Significant monetary tightening in many economies benefited Rates, our largest business.

Our transformation is going well. We have made good progress rolling out Fusion, our electronic platform, and are working with clients to embed it across their systems. Energy & Commodities has received FCA registration on its spot crypto assets platform and is expanding its Environmentals business. Parameta Solutions is growing its client, product and distribution base. A partnership to provide independent fair valuations of OTC derivatives - a growing market segment - is being launched today with Numerix, a global OTC analytics firm. Liquidnet is building out its Primary Markets offering, and the D2C Credit proposition is live.

Capital management is an important part of our strategy. We committed to freeing up £100m of cash, and reducing debt, by the end of 2023. Progress has been good with over £30m already freed up in H2 2022. In addition, as previously announced, we continue to focus on identifying, and returning, any potential surplus capital to shareholders, subject to the ongoing assessment of our balance sheet and investment requirements. The Board is recommending a final dividend per share of 7.9 pence, which would bring the total for the year to 12.4 pence, a 31% increase.

We have a clear strategic roadmap and a strong franchise. Our market-leading positions in broking, and our deep liquidity pools, mean we are well positioned as central banks continue to withdraw liquidity and interest rates remain elevated."

Results for the Period

Statutory results:

	2022	2021
Revenue	**£2,115m**	£1,865m
EBIT	**£163m**	£97m
EBIT margin	**7.7%**	5.2%
Profit before tax	**£113m**	£24m
Profit for the period	**£103m**	£5m
Basic EPS	**13.2p**	0.7p
Total dividend per share	**12.4p**	9.5p
Weighted average shares in issue (basic)	**779.1m**	759.3m

Adjusted results (excluding significant items):

	2022	2021	2021 Constant Currency
Revenue	**£2,115m**	£1,865m	£1,976m
EBITDA	**£357m**	£315m	£342m
EBIT	**£275m**	£233m	£255m
EBIT Margin	**13.0%**	12.5%	12.9%
Profit before tax	**£226m**	£177m	
Profit for the period	**£194m**	£148m	
Basic EPS	**24.9p**	19.5p	
Weighted average shares in issue (basic)	**779.1m**	759.3m	

A table reconciling Reported to Adjusted figures is included in the Financial and Operating Review on page 14.

The percentage movements referred to in the sections below are in constant currency (unless otherwise indicated), to reflect the underlying performance of the business, before the impact of foreign exchange movements year-on-year. Constant currency refers to prior year comparatives being retranslated at current year foreign exchange rates. Percentage movements in reported currency reflect the strengthening of the USD against GBP, which has been a tailwind for the Group in 2022. Approximately 60% of the Group's revenue (and approximately 40% of costs) are US Dollar denominated.

Financial highlights

Strong revenue performance

- Group revenue up 7% (+13% in reported currency);
- Global Broking (GB) revenue increased 7%. All asset classes delivered high single digit growth. Higher margin Rates business performing well;
- GB productivity up: revenue per broker increased 14%. Market share up[1], underlining leadership position;
- Energy & Commodities (E&C) revenue declined 2% - in line with exchange volumes. European Gas & Power: most challenging market conditions for some time;
- Parameta Solutions[2] revenue up 8%; New partnerships launched: partnership with Numerix announced today;
- Liquidnet division[3] revenue up 18%, reflecting 12-month contribution in 2022 from acquired Liquidnet platform (completed in March 2021). Like-for-like revenue for Liquidnet platform declined, reflecting difficult and volatile equity market conditions for block trading, and global commission wallet lowest since early 2009[4].

Increased profitability

- Adjusted EBIT up 8% to £275m (2021: £255m), driven by strong Rates performance. Increased 18% in reported currency;
- Reported EBIT increased 68% (in reported currency) to £163m (2021: £97m);
- Adjusted EBIT margin, prior to Russian P&L charges of £21m, increased to 14.0% (2021: 12.9%). Including Russian impact: 13.0%.

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[1] Compared with the two other listed peers for H1 2022 vs FY 2021.

[2] In previous reporting, Parameta Solutions included D&A and Post Trade Solutions (PTS); The Matchbook and ClearCompress brands within PTS are now reported under Global Broking, while e-Repo is now reported in the Liquidnet division.

[3] As previously announced in our Q3 Trading Update on 1 November 2022, the Liquidnet division includes the Liquidnet platform (the acquired business), COEX Partners, ICAP Relative Value, and from October 2022 onwards, MidCap Partners, following the transfer into Liquidnet from Global Broking.

[4] Source: McLagan

Capital management review and cost savings highlights

- On track to free up £100m by end 2023 and reduce debt. Around £30m freed up in H2 2022.
- Ongoing assessment of balance sheet and investment requirements.
- Achieved target to deliver £25m of Group P&L cost savings by end 2022, alongside continued investment in the business. On track to deliver at least £30m in Liquidnet integration cost synergies by end 2023; previous target £25m.

Delivering 2023 Capital Markets Day targets (subject to market conditions)

- Parameta Solutions (50%), despite Covid-19 challenges, expected to exceed Contribution Margin target by end-2023. Global Broking (40%) expected to be close[1] to target. E&C (35%) expected to be relatively close[1] to target.
- At Adjusted EBIT Margin level, Global Broking (19%) and E&C (15%) expected to be relatively close to 2023 targets; Parameta Solutions (45%) expected to exceed target.
- Contribution Margin target set for new combined Liquidnet division and overall Group Adjusted EBIT Margin target updated:
    - Group Adjusted EBIT Margin: 14% (from 18%); Liquidnet Contribution Margin: 30%.

Strategic highlights

Transforming: Fusion on track.

- Fusion – on target - implemented on Global Broking desks covering 40% of in-scope revenue (FY21: 20%).
- On track to complete rollout across in-scope Global Broking revenue (55% of total) by end 2025. Dedicated Fusion Sales team driving client adoption.
- Fusion implemented across key desks: TP ICAP UK inflation and interest rate swaps and TP ICAP EUR inflation. Key 2023 launches: UK Gilts and TP ICAP Sterling IRS: volume matching.

Diversification: Environmentals, Digital Assets, Parameta Solutions, Liquidnet

- *Environmentals:*
    - Fusion client-facing screen for environmental markets rolled out: emissions and green certificates. First trades completed.

- *Digital Assets:*
    - FCA registration obtained for spot crypto assets institutional platform.
    - Full launch planned for 2023.
    - Well received

- *Parameta Solutions:*
    - First inter-dealer broker authorised by FCA as benchmark administrator. Administering nine TP ICAP interest rate swaps benchmarks.
    - Launched ClearConsensus in partnership with PeerNova. Helping institutions to improve fair value assessments, ensuring more efficient capital allocation.
    - Announcing today a partnership with Numerix, leading global OTC analytics company. Delivering high quality, independent fair valuations of OTC derivatives.

[1] Guidance that refers to being "close" to target is defined as within one percentage point of target; "Relatively close" is defined as being within one to two percentage points of target.

- *Liquidnet:*
  - D2C Credit proposition live.
  - Diversifying core equities franchise. Successfully launched pre-market block trading capability at full day VWAP price in Hong Kong, Japan, Australia.
  - Expanded in cross-border, algo trading and programme trading: new business wins already. Sales footprint extended to Paris, Madrid, Frankfurt, South Africa.

Dividend

The Board recommends a final dividend per share of 7.9 pence, bringing the total full year dividend to 12.4 pence per share, up 31% (2021: 9.5 pence per share), in line with our policy. The policy targets dividend cover of c.2x on adjusted post-tax earnings: a 50% pay-out ratio for the year.

Outlook

Our market-leading businesses, and our focus on transformation, diversification and dynamic capital management, mean the Group is well positioned to benefit from the continued withdrawal of central bank liquidity. We expect the impact of inflation on our business in 2023 to be broadly mitigated by our ongoing focus on cost efficiencies.

Global interest rates are expected to remain elevated in 2023; we expect that volumes will continue to be solid, but moderated from the peaks at the beginning of the war in Ukraine. The recent decline in the European gas price has supported a more liquid, and stable, market so far this year. A sustained recovery continues to depend on geopolitical developments.

2022 results presentation

The Group will hold an in-person presentation and Q&A at 09:00 GMT today in the Peel Hunt auditorium at 100 Liverpool Street, London, EC2M 2AT. For those unable to attend in person, the presentation will also be broadcast via a live video webcast. Please use the following details to attend the presentation virtually:

Webcast link:
https://streamstudio.world-television.com/854-1116-35180/en

Joining by telephone
United Kingdom (Toll Free) +44 800 640 6441
United Kingdom Toll: +44 20 3936 2999
United States (Local) 1 646 664 1960
All other locations: +44 20 3936 2999

Participant access code: 048201

Participants will be greeted by an operator who will register their details.

Attendees via the webcast will be able to ask questions on the phone or by typing them into the online platform.

A recording of the presentation will also available via playback on our website after the event.

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.

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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 28 countries, supporting brokers with award-winning and market-leading technology.

CEO review

Introduction

Our ambition is to be the world's most trusted, and innovative, liquidity and data solutions specialist. To achieve this, we are focused on the delivery of three strategic priorities:

- Transforming our business
- Diversification
- Dynamic capital management.

We aim to deliver sustainable shareholder value in the medium term. We have a clear strategic roadmap and a strong franchise to do so. We are well positioned for current market conditions through our developed business model, market-leading positions, major geographical presence, deep liquidity pools, and cutting-edge technology.

Our business performance

Strategic delivery: Future proofing our business

Our operational leverage delivered an increase in profitability as clients sought out the deep liquidity we provide. As the world thankfully returned to normality following the challenges posed by Covid-19, we delivered a smooth return to the office and the successful execution of important deliverables.

Our markets have been transformed by, for example, regulatory changes following the Global Financial Crisis, including the move away from proprietary trading by investment banks. We have embraced those changes. We have done so through the deployment of new technology and a client-centric approach with a menu of voice, hybrid and electronic broking protocol options.

The recent return to elements of the pre-Global Financial Crisis environment – more elevated interest rates and a bigger role for private sector liquidity providers – underlines the enduring relevance of our broking franchise. The role our brokers play, facilitating liquidity and price discovery, is - and will remain - a key part of the financial services architecture.

We are seeking to future proof our core broking proposition. We are doing so through key initiatives like Fusion, our award-winning, client-focused electronic platform. We are on track to embed Fusion as the 'go-to' platform for clients. In 2022, we moved from 20% to 40% of targeted in-scope revenue in Global Broking covered by Fusion. We are on plan to complete the rollout by 2025 when it will encompass all the in-scope revenue (55% of total Global Broking revenue). This is only part of the story, however. A key focus is the adoption of Fusion by our clients as an essential daily working tool (see page 8).

Market developments

Global Broking, particularly Rates, benefitted from the increased volatility across a range of asset classes. Volatility was driven by: the terrible events in Ukraine, substantiative monetary policy tightening, and a marked slowdown in economic growth. The Federal Reserve, in one year, moved the short-term target Federal Funds Rate to a range of 4.25% to 4.5%. For two years, it had been at zero.

Our Energy & Commodities (E&C) division initially benefitted from volatility too. But, as the year progressed, the geopolitical impact of war in Ukraine had a pronounced impact on energy markets, especially European Gas & Power, leading to an inauspicious trading environment. Excessive volatility – ICE Gasoil registered an average volatility of 61%, a record high – generated a major increase in exchange margin requirements and sharp volume contraction. Average daily volumes on CME West Texas Intermediate (WTI) - an important benchmark - fell below 1 million contracts for the first time since 2015.

Equity markets were challenging. In the US and Europe, key Liquidnet markets, many indices recorded very significant declines in 2022, accompanied by high levels of volatility, which negatively impacted block trading. The S&P 500 fell by 19%, its worst performance since 2008; the Stoxx 600 declined by 13%. Accordingly, the commission wallet, in the third quarter, was the smallest since early 2009[1]. Parameta Solutions, on the other hand, benefitted from growing demand for high quality, financial markets data. Regulatory change, a key data driver, continues apace. One interesting example: the annual growth rate for new pages of US regulation was recently up over 1%[2]. These pages deliver significant change, and a need for the insights we provide.

Strong revenue performance

At the Group level, we delivered 7%[3] revenue growth. On a reported currency basis, we recorded 13% revenue growth. Global Broking delivered a strong performance: revenues up 7%. All Global Broking asset classes reported high single-digit growth. Energy & Commodities revenue declined by 2% - in line with exchange volumes. Revenue at the Liquidnet division[4] was up 18%, driven by a 12-month contribution in 2022 from the acquired Liquidnet platform (which completed in March 2021). On a like-for-like basis, revenue for the Liquidnet platform declined. This reflected the difficult market conditions (see above) for many asset managers and subdued larger block trading - an important segment for us. Parameta Solutions delivered an 8% increase in revenues: it continued to leverage our high quality, and unique, OTC data.

As a leading liquidity provider, we again recorded market share gains: for example, in Global Broking[5]. Parameta Solutions underlined its position as the leading provider of inter-dealer OTC data - we account for around three quarters[6] of this market.

Increased profitability and CMD targets update

We saw a substantial increase in market activity at the short-dated end of the yield curve. This benefitted the Rates franchise, our biggest, and most profitable, asset class. Coupled with our operational leverage, this generated an uptick in margin. Adjusted EBIT was up 8%, or 18% in reported currency. Group revenue per broker was up 11% driven by the revenue uplift and a reduction in the average number of brokers. Prior to the impact of the Russian P&L charge of £21m, adjusted EBIT margin increased to 14.0% (2021: 12.9%). Including the Russian impact, adjusted EBIT margin was 13.0%. The reported EBIT margin increased to 7.7% (2021: 5.2%).

We are also providing today an interim update on our progress against the three-year targets set out at our Capital Markets Day in December 2020. For a more detailed discussion, see page 19 in the Financial and Operating Review. We will update the market in due course about our progress in relation to the CMD medium term targets.

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[1] Source: McLagan.

[2] Source: The GW Regulatory Studies Centre, The George Washington University.

[3] All percentages within the CEO review are in constant currency, unless otherwise indicated.

[4] As previously announced in our Q3 Trading Update on 1 November 2022, the Liquidnet division includes the Liquidnet platform (the acquired business), COEX Partners, ICAP Relative Value, and from October 2022 onwards, MidCap Partners, following the transfer into Liquidnet from Global Broking.

[5] Compared with the two other listed peers for H1 2022 vs FY 2021.

[6] Source: TP ICAP estimates

Transforming our business

Delivering Fusion

Our transformation is being delivered at pace, including Fusion, our award-winning electronic platform. Fusion is about providing more client-led technology, and deeper liquidity. It has a range of client-centred features, including a single login access, and access to aggregated liquidity for specific asset classes. Client benefits include lower cost, greater speed and increased efficiency. Benefits for us include enhanced profitability, and stickier client revenue. In our EMEA Rates business, for example, there was a material outperformance in contribution margin in 2022 for Fusion-derived activity compared to desks without the platform. We are receiving ever more positive Fusion feedback from our clients.

It has been a productive year for Fusion. As previously noted, the rollout is on track: 40% of targeted in-scope Global Broking revenue is on the platform. Highlights include Fusion's implementation across the TP and ICAP desks covering Inflation and Interest Rate Swaps. Fusion is live on the TP and ICAP EUR Inflation desks, including volume matching and Central Limit Order Book (CLOB) functionality. Our focus in 2023 remains on Rates and FX, our largest asset classes. We will also commence rolling out Fusion across Credit, another significant asset class, and TP and ICAP Sterling Interest Rate Swaps: Volume Matching.

In Energy & Commodities, brokered markets have not been electronified to any great degree. Our emphasis is therefore on the internal implementation of a new Order Management System or OMS. This is an essential prerequisite: it captures all orders and trades electronically. We continue to implement the rollout of OMS across our Oil desks, the largest asset class in Energy & Commodities.

Driving client adoption

The Fusion delivery programme can be broken down into two key components. In Phase One - from 2020 to end-2023 - the focus is on IT development and implementation. In the Second Phase - to end-2025 - there will be an emphasis on adoption by clients. In fact, the process is already underway. A dedicated Fusion Sales team has been established in Global Broking to facilitate adoption. Working closely with our brokers, the team will engage with existing clients, and new ones too. They will help clients to get the best out of Fusion, collecting and acting on their feedback, and delivering a comprehensive marketing programme. We will work with clients on their Fusion utilisation with a range of internal KPIs covering pace of delivery, client usage, and return on investment.

Transformation, of course, is about ensuring we have the leadership in place to drive every aspect of the change programme. It was therefore pleasing to announce some new, key senior level appointments at this important time in our strategic development. Daniel Fields, previously a Global Head of Markets at Société Générale, joined in June to lead Global Broking and drive the Fusion programme. Mark Govoni came on board in May and is leading our Liquidnet division; Mark was the President of US Brokerage at Instinet.

Delivering on diversification

We are diversifying our business through a three-pronged approach focused on: new clients, new asset classes, and more non-broking revenue.

Parameta Solutions

This strategy is exemplified by Parameta's emphasis on products, clients and distribution to grow revenue and contribution. There has again been good progress across these areas. In May, Parameta became an FCA-authorised benchmark administrator - the first inter-deal broker to do so. We are now administering the nine TP ICAP interest rate swaps benchmarks; they cover the mid-price interest swaps from our Global Broking division. This enables Parameta to provide more data-driven analysis for clients, including for risk and compliance purposes: a growing area.

Parameta Solutions announced in August the launch of ClearConsensus, an enhanced consensus pricing tool tailored to our global client base. We are delivering this solution in partnership with PeerNova, a Silicon Valley data management and analytics firm. This is a compelling proposition – it helps our clients improve their fair value assessments, enabling more efficient capital allocation and optimisation.

Maintaining the momentum, Parameta Solutions has announced today a new partnership with Numerix, a leading global OTC analytics company. Together with Numerix, Parameta Solutions will provide a best-of-breed solution to clients. We will do so by leveraging our market-leading OTC data with Numerix's analytical capability. Our goal is to ensure that clients have automated, high-quality, independent fair valuations of OTC derivatives. This is a high growth sector with a large addressable target market (US$6bn).

Energy & Commodities

We are the leading OTC energy and commodities broker, delivering for clients through three key brands: Tullett Prebon, ICAP and PVM. Alongside well-developed market positions in major areas like Oil, Gas and Power, we are making good progress expanding our revenue streams in two new segments: renewables and crypto assets.

The energy transition is, of course, already under way. The end state remains unclear, however, and may remain so for some time to come. It is clear, though, that there will be a continued, and important role, for Oil: currently our largest asset class. The International Energy Agency (IEA), for instance, in its recent STEPS scenario, sees Oil demand reaching a high point in mid-2030 before slightly moderating at that stage. Natural Gas – another key asset class for us – was designated at the recent COP27 as a low-emission energy source.

Emissions credits trading will play a key role during the energy transition. This is an area we are focusing on: we are building an environmental hub and developing new products. In February, Tullett Prebon launched a well-received Brazilian energy desk majoring on renewables. We also launched a client-facing Fusion screen covering Green Certificates in Norway, voluntary emissions in Europe, and Australian renewables. Client reaction is positive; trades have already been completed through the platform.

Turning to crypto assets, we obtained FCA registration in December as a crypto asset exchange provider. We are planning to launch our wholesale marketplace in 2023. Our Fusion-enabled platform - for institutional clients only - combines our expertise in operating venues, alongside the industry-leading custodial expertise provided by Fidelity Digital Assets℠. We are also working closely with a range of market makers, including Virtu Financial, Flow Traders, Jane Street, Susquehanna and Hudson River Trading.

Our Digital Assets proposition provides the credible infrastructure, and assurance, needed for institutions to allocate capital to this growing asset class. Research by Grayscale Investments suggests seven out of ten professional investors believe institutions will hold 60% of all digital assets within seven years; they currently hold 3% with retail investors owning 97%. Longer-term, we believe blockchain will lead to the tokenisation of traditional asset classes, resulting in more efficient, automated trading and settlement. We are well placed to capitalise on this structural shift. Early client reaction to the Fusion Digital Assets trading & operating model is positive.

Liquidnet

Liquidnet is a leading, technology-driven agency execution specialist with a global Equities and Fixed Income footprint. Liquidnet's strong, and long established, buyside connectivity brings us considerable client diversification. So too does the Dealer-to-Client (D2C) Credit proposition. Our strategy is focused on: (a) completing the Liquidnet integration, (b) expanding the product suite to meet the changing needs of clients, and (c) exploiting new growth opportunities like D2C Credit.

As I touched on earlier, Mark Govoni, joined in May as CEO of Liquidnet. Mark has reviewed the business, and implemented an action plan, at an opportune time. The integration programme is progressing well. The majority of deliverables are completed. We are on track to complete the integration by the end of 2023 and deliver at least £30m of integration cost synergies, ahead of our £25m target.

Equity markets, in particular block trading, as previously discussed, were challenging. Against this backdrop, Liquidnet is focused on growing – and diversifying – its core Equities franchise. The plan includes an even greater emphasis on developing existing clients, expanding the product suite into fast growing market segments, and new client acquisition.

Client development initiatives include the successful launch of a pre-market block trading capability at the full day Volume-weighted Average Price (VWAP) in Hong Kong and Australia. Expansion of the product suite is being delivered through initiatives designed to exploit changing market features. Expanding in algorithmic (algo) trading is delivering results with algo revenue now 31% of total revenue, compared with 29% in 2021. Algo trading - the ability to process large amounts of data and automatically execute trades at speed based on intelligent rules - is growing rapidly. Mordor Intelligence estimates CAGR growth of just over 10% up to 2028. The US is the biggest market with Asia the fastest growing segment.

Another focus area is programme trading where Liquidnet has recorded a number of new business wins. In addition, cross-border trading now accounts for 18% of total Liquidnet revenue. New client acquisition has included establishing, for the first time, a presence in Paris, Madrid, Frankfurt, and South Africa, including sales capability.

Growing Fixed Income is a priority: it is a substantial opportunity for the Group. Liquidnet is making good progress on its Primary Markets Offering, a strategic initiative towards our goal to electronify the full life cycle of a bond. Liquidnet has partnered with 30 syndicate banks and increased new issue announcements coverage (now at 80%). In Secondary, Liquidnet now has around 450 active firms and average daily liquidity of £15bn. On D2C, the proposition went live, as planned, last summer. All of the client-facing tech has been built and is in place. Feedback is good; the key issue now is growing the liquidity on the platform. Major banks are already connected to the platform, and we are working with many additional institutions. Covid-19 has had a material impact on how dealers and potential clients for the platform have been prioritising projects and IT tasks. We are pushing hard to be further up their priority list. We have also identified opportunities for greater collaboration between the Credit teams in Liquidnet and Global Broking, including leveraging the latter's extensive dealer connectivity. The D2C opportunity is substantial, however it will take us longer, given these client realities, to move within our 3 to 6% target market share range.

Dynamic capital management

Our focus on capital management – returning, where possible, and appropriate, surplus capital to shareholders – is an important element of our strategy. We announced at our H1 2022 results, that we aimed to free up £100m of cash by the end of 2023. Progress has been good. We have freed up around £30m of cash in H2 2022. We are on track to free up the targeted £100m.

We also previously said that we are focused on identifying, and returning, any potential surplus capital to shareholders, subject to the ongoing assessment of our balance sheet and investment requirements.

Our emphasis on capital management is accompanied by a clear distribution policy: a 50% pay-out ratio of adjusted post-tax earnings for the year as whole.

Well advantaged with a clear strategic roadmap

We are well positioned as central banks withdraw liquidity and clients look to us even more than before. Our deep liquidity pools, scale businesses, and geographical reach and expertise are significant advantages in a world of elevated interest rates.

Our strategy – transforming, diversifying, and dynamic capital management – is about delivering sustainable shareholder returns, now and in the future.

We delivered a strong performance in 2022 and advanced our strategic agenda.

Our transformation continues at pace. The Fusion rollout is on track. Our focus is increasingly turning to client adoption of the platform. A dedicated team, overseen by our senior management in Global Broking, will drive adoption.

The enduring strength of our core franchise is coupled with the significant diversification opportunities we are pursuing. The strategic rationale for Liquidnet remains in place: client and asset diversification. The prize is substantial. We see real opportunities in Environmentals and Digital Assets. These opportunities play to our strengths: deep expertise, true connectivity and a track record of innovation.

As we move forward in 2023, I want to thank all my colleagues for their contribution during a year when we delivered a great deal for stakeholders. We look to the future with confidence.

Outlook

Our market-leading businesses, and our focus on transformation, diversification and dynamic capital management, mean the Group is well positioned to benefit from the continued withdrawal of central bank liquidity. We expect the impact of inflation on our business in 2023 to be broadly mitigated by our ongoing focus on cost efficiencies.

Global interest rates are expected to remain elevated in 2023; we expect that volumes will continue to be solid, but moderated from the peaks at the beginning of the war in Ukraine. The recent decline in the European gas price has supported a more liquid, and stable, market so far this year. A sustained recovery continues to depend on geopolitical developments.

Nicolas Breteau

Executive Director and Chief Executive Officer
14 March 2023

Financial and operating review

All percentage movements quoted in the analysis of financial results that follows are in reported currency, unless otherwise stated. Reported currency refers to prior year comparatives being at prior year foreign exchange rates.

Introduction

The Group delivered a strong financial performance in 2022. Group revenue increased 13% to £2,115m on a reported basis (7% ahead in constant currency). Markets were heavily impacted by geopolitical events, and substantial monetary tightening by Central Banks all around the world. Against this backdrop, market volatility increased during the year, driving higher revenue.

Global Broking benefitted from this increased volatility delivering high single digit revenue growth across all asset classes and an uplift in overall contribution. Energy and Commodities (E&C) also initially benefitted from market volatility; the war in Ukraine however drove the price of European gas in Q2 and Q3 to levels not seen in some time and this sharply increased margin requirements for our clients and led to a major reduction in trading activity. While gas prices have since receded from the mid-year highs, they remain well above historic averages. During the year, we took a P&L charge, net of recoveries, of £21m on Russian exposures, primarily in Global Broking. These unsettled trades resulted from the imposition of sanctions in February 2022 against Russian clients and counterparties.

In the new combined Liquidnet division (comprising of the acquired Liquidnet platform, COEX Partners, ICAP Relative Value and MidCap Partners), market conditions for the Liquidnet platform (predominantly Equities) were very challenging. Equity indices declined significantly across the US and Europe, accompanied by high volatility levels. This reduced trading activity of larger blocks in these markets where Liquidnet has a leading position. Our planned investment in the Dealer-to-Client (D2C) Credit proposition also impacted profitability. The remaining Liquidnet division performed well, driven by the growth in the Relative Value business as well as in Rates, Futures and FX.

Parameta Solutions, our market-leading provider of neutral OTC data, delivered strong revenue growth. The division continues to leverage the increased demand for high quality financial markets data.

Average revenue per broker (productivity) increased by 17% in 2022 compared with 2021 (+11% in constant currency). The average contribution per broker increased by 17% (+11% in constant currency).

We ended the year with a contribution margin of 36.1% compared with 37.6% in 2021 (37.7% in constant currency).

Including the full year cost of the Liquidnet platform and our investment in the D2C business, the management and support costs were 4% higher on a reported currency basis (flat in constant currency). Alongside continued investment in the business, we maintained a strong focus on cost efficiency and delivered our targeted Group savings of £25m in 2022 which helped offset inflationary pressures.

Our adjusted EBIT margin increased from 12.5% to 13.0% in reported currency, or 14.0% excluding charges relating to Russian exposures (2021: 12.9% in constant currency). The Group's revenue and EBIT margin benefitted from a foreign exchange (FX) tailwind as GBP weakened by, on average 10%, against the USD.

The Group reported EBIT of £163m increased by 68% from £97m in 2021 benefitting from diversification and strength of our core franchise.

The Group incurred significant items of £113m pre-tax (2021: £153m), of which around 80% are non-cash, in reported earnings. This is broadly in line with our previous guidance of £110m. Further details on significant items are on page 17.

We are managing our capital dynamically. The Group is on track to generate or free up approximately £100m of cash by the end of 2023, to reduce debt. We continue to assess our balance sheet and investment requirements and are committed to identifying, and returning, any potential surplus capital to shareholders.

Robin Stewart
Executive Director and Chief Financial Officer
14 March 2023

Key financial and performance metrics

£m	2022	2021 Reported	2021 Constant Currency	Reported change	Constant Currency Change
Revenue	**2,115**	**1,865**	**1,976**	13%	7%
Reported					
- EBIT	**163**	97	112	68%	46%
- EBIT margin	**7.7%**	5.2%	5.7%		
Adjusted					
- Contribution	**763**	**702**	**744**	9%	3%
- Contribution margin	**36.1%**	37.6%	37.7%		
- EBITDA	**357**	315	342	13%	4%
- EBIT	**275**	233	255	18%	8%
- EBIT margin	**13.0%**	12.5%	12.9%		
Average:					
- Broker headcount	**2,637**	2,770	n/a	(5%)	n/a
- Revenue per broker[1] (£'000)	**659**	562	592	17%	11%
- Contribution per broker[1] (£'000)	**236**	202	212	17%	11%
Period end:					
- Broker headcount	**2,561**	2,707	2,707	(5%)	
- Total headcount	**5,161**	5,304	5,304	(3%)	

1. *Revenue per broker and contribution per broker are calculated as external revenue and contribution of Global Broking, Energy & Commodities and Liquidnet excluding the Acquired Liquidnet platform divided by the average brokers for the year. The Group revenue and contribution per broker excludes revenue and contribution from Parameta Solutions and Liquidnet Division.*

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, and should be considered together with reported IFRS results, provide stakeholders with additional information to better understand the Group's financial performance and compare performance from year to year. 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 to derive adjusted results. Adjusted measures exclude significant items to aid comparability of financial performance from year to year and to provide additional information to better understand the Group's financial performance, and should be considered together with reported IFRS results. Significant items can be either cash or non-cash costs. A reconciliation from reported to adjusted metrics is provided in the Group income statement below. Analysis of performance by Business Division follows the Group income statement analysis.

2022 **£m**	**Adjusted**	**Significant items**	**Reported**
Revenue	**2,115**	**-**	**2,115**
Employment, compensation and benefits	(1,296)	(24)	(1,320)
General and administrative expenses	(474)	(32)	(506)
Depreciation and impairment of PPE and ROUA	(49)	(9)	(58)
Amortisation and impairment of intangible assets	(33)	(65)	(98)
Operating expenses	**(1,852)**	**(130)**	**(1,982)**
Other operating income	12	18	30
EBIT	**275**	**(112)**	**163**
Net finance expense	(49)	(1)	(50)
Profit before tax	**226**	**(113)**	**113**
Tax	(58)	22	(36)
Share of net profit of associates and joint ventures	29	-	29
Non-controlling interests	(3)	-	(3)
Earnings	**194**	**(91)**	**103**
Basic average number of shares (millions)	779.1	779.1	779.1
Basic EPS (pence per share)	24.9p	(11.7p)	13.2p
Diluted average number of shares	790.6	790.6	790.6
Diluted EPS	24.5p	(11.5p)	13.0p

2021 £m	**Adjusted**	**Significant items**	**Reported**
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)
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	768.2	768.2
Diluted EPS	19.3p	(18.6p)	0.7p

All percentage movements quoted in the analysis of financial results that follows are in constant currency, unless otherwise stated. Constant currency refers to prior year comparatives being retranslated at current year foreign exchange rates to support comparison on an underlying basis.

Revenue by division

Total Group revenue in 2022 of £2,115m was 7% higher than the prior year (+13% in reported currency). Revenue grew across all divisions with the exception of Energy & Commodities. Global Broking benefitted from increased market volatility and revenue was up 7%, growing across all asset classes. Market volatility from the war in Ukraine resulted in a higher volume of trading activity, particularly in the first half. This generated higher revenue and contribution, which more than offset the impact of Russian P&L charges, which totalled £21m in 2022. Energy & Commodities revenue fell by 2% as markets continued to be very subdued, driven primarily by the war in Ukraine and the resulting sharp price rises in European gas and power. Oil markets demonstrated greater resilience particularly in the US and Asian markets. Revenue in the Liquidnet division was challenged by volatile equity markets but grew 18% due to a full year contribution from the Liquidnet Platform, and growth in the Relative Value business and as well as in Rates, Futures and FX. Parameta Solutions was up 8% benefitting from growing demand for high quality financial markets data.

By Business Division £m	2022	2021 (restated[2] reported currency)	2021 (restated[2] constant currency)	Reported currency change	Constant currency change
Rates	566	509	531	11%	7%
Credit	118	102	109	16%	8%
FX & Money Markets	302	263	277	15%	9%
Equities	243	214	227	14%	7%
Inter-division revenue	22	19	20	16%	10%
Total Global Broking[1]	**1,251**	**1,107**	**1,164**	**13%**	**7%**
Energy & Commodities	384	367	393	5%	(2)%
Inter-division revenue[3]	3	3	3	n/m	n/m
Total Energy & Commodities	**387**	**370**	**396**	**5%**	**(2%)**
Total Liquidnet[4]	**325**	**261**	**275**	**25%**	**18%**
Total Parameta Solutions[5]	**177**	**149**	**164**	**19%**	**8%**
Inter-division eliminations[3]	(25)	(22)	(23)	(14%)	(9%)
Total Revenue	**2,115**	**1,865**	**1,976**	**13%**	**7%**

1. *In prior year reporting, the revenue breakdown of Global Broking included Emerging Markets revenue as a separate line item. This revenue has now been reclassified to the relevant asset classes within Global Broking. Emerging Markets revenue reported in 2021 of £179m has been reclassified as follows: Rates: £65m; Credit £20m, FX & Money Markets £93m, Equities £1m.*
2. *Post Trade Solutions revenue has been reclassified from Parameta Solutions to Global Broking and Liquidnet. Post Trade Solutions revenue reported in 2021 of £17m has been reclassified as follows: Rates (Global Broking): £15m & Liquidnet Platform: £2m. MidCap Partners revenue reported in 2021 of £13m has been reclassified out of Global Broking and into Liquidnet.*
3. *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 Global Broking inter-division revenue and Parameta Solutions inter-division costs are eliminated upon the consolidation of the Group's financial results.*
4. *As previously announced in our Q3 Trading Update on 1 November 2022, the Liquidnet division includes the Liquidnet platform (the acquired business), COEX Partners, ICAP Relative Value, and from 1 October 2022 onwards, MidCap Partners following the transfer from Global Broking).*
5. *In previous reporting, Parameta Solutions included D&A and Post Trade Solutions (PTS). The Matchbook and ClearCompress brands within PTS are now reported under Global Broking, while e-Repo is now reported in the Liquidnet division.*

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.

£m	2022	2021 (restated[1] reported currency)	2021 (restated[1] constant currency)	Reported change	Constant currency change
Front office costs					
- Global Broking[2]	780	694	729	12%	7%
- Energy & Commodities[2]	263	248	266	6%	(1%)
- Liquidnet[2]	246	170	182	45%	35%
- Parameta Solutions[2]	63	51	55	24%	15%
Total front office costs	**1,352**	**1,163**	**1,232**	**16%**	**10%**
Management and support costs					
- Employment costs	268	226	238	19%	13%
- Technology and related costs	87	79	83	10%	5%
- Premises and related costs	29	28	29	4%	0%
- Depreciation and amortisation	82	82	86	-	(5%)
e- FX (gains)/losses	(14)	11	11	(227%)	(227%)
- Other administrative costs	48	53	52	(9%)	(8%)
Total management & support costs	**500**	**479**	**499**	**4%**	**0%**
Total adjusted operating costs	**1,852**	**1,642**	**1,731**	**13%**	**7%**
Significant items	130	136	n/a	(4%)	n/a
Total operating expenses	**1,982**	**1,778**	**n/a**	**11%**	**n/a**

1. *Post Trade Solutions front office costs have been reclassified from Parameta Solutions to Global Broking and Liquidnet. Post Trade Solutions front office costs reported in 2021 of £10m has been reclassified as follows: Rates (Global Broking): £9m & Liquidnet Platform: £1m.*
2. *Includes all front office costs, including broker compensation, sales commission, travel and entertainment, telecommunications, information services, clearing and settlement fees as well as other direct costs.*

Total front office costs of £1,352m, which are predominantly variable with revenue, increased by 10% compared with 2021, (an increase of 16% in reported currency) include an additional quarter of Liquidnet and the £21m P&L charge relating to Russian exposures.

Total management and support costs of £500m were flat year-on-year in constant currency. Excluding FX gains / (losses) on retranslation of net financial assets the costs increased by 5%.

As a result, the total adjusted operating costs were £1,852m, which was 7% higher than 2021 in constant currency (13% in reported currency). We achieved in-year cost savings of £25m as per our target, including cost savings initiatives on Liquidnet cost synergies.

During 2022, we incurred total strategic IT investment spend amounting to £22m (£8m of operating expenses, £14m of capital expenditure).

Capital and liquidity management

Capital management

TP ICAP successfully redomiciled from the UK to Jersey, Channel Islands in February 2021. This, together with the progress we are making on consolidating legal entities, has enabled the Group to undertake a review to identify opportunities to unlock cash. In aggregate, we expect to generate or free up approximately £100m of cash by the end of 2023. The exact timing of release for certain initiatives will be impacted by external (e.g. regulatory) dependencies. Example initiatives include, but are not limited to:

- Consolidation of broker-dealer entities in the US;
- Distribution of the surplus following the wind-up of the UK Defined Benefit Pension Scheme (dependent on approval from Trustees);
- Proceeds from the Liquidnet purchase price adjustment (see significant items section below)
- Sale of office space in Paris;
- Closure of dormant UK regulated entities; and
- Efficiencies from reorganisation of settlement and clearing arrangements.

We made good progress during the second half of the year and have already freed up c. £30m of cash.

The cash generated or freed up from the above short-term initiatives will be used for the repayment of debt - to increase our investment grade credit rating headroom - and to reduce future finance costs. We are also exercising prudence in the current environment of rising interest rates.

The Board is committed to identifying and returning any potential surplus capital to shareholders, subject to the ongoing assessment of our balance sheet and investment requirements.

Liquidity management

Following our successful debt refinancing in November 2021, we renewed our Revolving Credit Facility (RCF) for a further three years on 31 May 2022. The RCF increased from £270m to £350m, providing additional liquidity flexibility, and adding new providers. The terms of the new facility were also improved, including a reduction in margin from 2.00% to 1.75% over the reference rate.

Significant items

Significant items are categorised as below:

Restructuring and related costs
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.

Disposals, acquisitions and investments in new businesses
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.

Legal and regulatory matters
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.

The table below shows the significant items in 2022 vs 2021, of which around 80% of the total 2022 costs are non-cash.

£m	2022	2021
Restructuring & related costs		
- Property rationalisation	16	25
- Liquidnet integration	9	7
- Group cost saving programme	21	5
- Business restructuring / re-domiciliation[1]	2	3
- Remeasurement of employee long-term benefits[2]	(7)	1
- Other	-	1
Subtotal	**41**	**42**
Disposals, acquisitions and investment in new business		
- Amortisation of intangible assets arising on consolidation	45	46
- Liquidnet acquisition related[3]	5	14
- Foreign exchange losses	5	4
- Reversal of US Tax indemnity provision	-	13
- Adjustment to deferred consideration	8	2
- Strategic project costs	3	-
Subtotal	**66**	**79**
Legal & regulatory matters[4] - Subtotal	**5**	15
Total pre-financing and tax	**112**	**136**
- Financing: Debt refinancing	-	16
- Financing: Liquidnet interest expense on Vendor Loan Notes	1	1
Total post-financing cost	**113**	**153**
Tax relief	(22)	(21)
Associate write down	-	11
Total	**91**	**143**

1. *£2m of Business restructuring / re-domiciliation costs include legal entity separation work to operationally separate Parameta division to enable it to benefit from commercial partnerships and other venture arrangements.*
2. *(£7m) Remeasurement of employee long-term benefits Group credit relates to the reduction to the present value of the Group's income protection liability.*
3. *£5m Liquidnet acquisition related costs mainly includes £20m impairment of customer relationship related intangible assets as a result of challenging equity market conditions, partly offset by £16m reimbursements following the ruling of an independent arbitration on the purchase consideration which is recognised in the income statement.*
4. *£5m Legal & regulatory matters mainly includes costs related to the cum-ex investigation by the Frankfurt and Cologne Public Prosecutors in Germany.*

Net finance expense

The adjusted net finance expense of £49m (reported net finance expense £50m), is comprised of £40m interest expense and £15m of net lease financing costs, offset by £6m interest income. The £7m reduction compared with £56m in 2021 is mainly from:

- £3m interest cost saved from liability management exercise in 2021 redeeming 2024 Sterling Notes;
- £2m non-recurring hedging costs incurred in 2021 for Liquidnet acquisition consideration;

- £4m interest income from higher interest on cash balances;
- Offset by £2m increase in net lease financing costs.

Tax

The effective rate of tax on adjusted profit before tax is 25.7% (2021: 24.9%). The effective rate of tax on reported profit before tax is 31.9% (2021: 95.8%). The higher rate on reported profit before tax in the prior year arose primarily due 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 was included within significant items.

Basic EPS

The average number of shares used for the 2022 Basic EPS calculation is 779.1m (2021: 759.3m) which reflects 788.7m shares in issue less 9.1m shares held by the TP ICAP plc Employee Benefit Trust ('EBT') at 31 December 2021 and 0.5m of the time apportioned movements in 2022 in shares held by the EBT used to acquire and settle deferred share awards.

The TP ICAP plc EBT has waived its rights to dividends.

The reported Basic EPS for 2022 was 13.2p (2021: 0.7p) and adjusted Basic EPS for 2022 was 24.9p (2021: 19.5p).

Dividend

The Board is recommending a final dividend for 2022 of 7.9p, which, when added to the interim dividend of 4.5p, results in a total dividend for the year of 12.4p, an increase of 31% from prior year. This aligns to the Group's dividend policy which targets a dividend cover of approximately two times on adjusted post-tax earnings. The dividend distribution during the year is typically based on a pay-out range of 30-40% of H1 adjusted post-tax earnings with the balance paid in the final dividend. The final dividend will be paid on 23 May 2023 to shareholders on the register at close of business on 14 April 2023. The ex-dividend date will be 13 April 2023.

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 28 April 2023.

Group Guidance

2020 Capital Markets Day (CMD) targets (for 2023)

At our CMD in December 2020 we set out financial targets for the end of 2023. As we often highlight, it is difficult to predict future levels of market activity, given the highly uncertain macro and geopolitical outlook.

We are making good progress with more to do. Subject to current market conditions continuing until the end of 2023, we expect Parameta Solutions to exceed its contribution margin target (50%) by the end of 2023. We anticipate Global Broking (40%) to be close to its target, while E&C (35%) is expected to be relatively close to its target. At the adjusted EBIT margin level, we expect Parameta Solutions to exceed its target (45%). Global Broking (19%) and E&C (15%) are expected to be relatively close to their targets. Guidance that refers to being "close" to target is defined as within one percentage point of target; "Relatively close" is defined as being within one to two percentage points of target.

A contribution margin target for the new combined Liquidnet division has been set at 30% for 2023, and, as a result, the Group adjusted EBIT margin target has been updated from 18% (the original CMD target) to 14%. This reflects the impact of the pandemic on the Group and the challenging equity market conditions for the Liquidnet platform due to market volatility, alongside the D2C Credit proposition moving within its targeted 3 to 6% market share range later than planned.

Our additional guidance for 2023 is as follows:

- Liquidnet synergies for end of 2023 to realise annualised cost savings of at least £30m, an increase on the previous target of £25m;
- Significant items in 2023 are expected to be c. £85m (pre-tax), excluding potential income and costs associated with legal and regulatory matters;
- The UK corporate tax rate will increase from 19% to 25% in April 2023;
- Group net finance expense expected to be broadly in line with 2022 despite significant increase in the interest rate environment;
- Dividend cover of c. 2 times adjusted post-tax earnings.

Performance by Primary Operating Segment (Divisional basis)

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

2022 £m	GB[1]	E&C[1]	LN	PS[1]	Corp/ Elim	Total
Revenue:						
- External	1,229	384	325	177	-	2,115
- Inter-division[1]	22	3	-	-	(25)	-
	1,251	**387**	**325**	**177**	**(25)**	**2,115**
Total front office costs:						
- External	(780)	(263)	(246)	(63)	-	**(1,352)**
- Inter-division[1]	-	-	-	(25)	25	-
	(780)	**(263)**	**(246)**	**(88)**	**25**	**(1,352)**
Contribution	**471**	**124**	**79**	**89**	**-**	**763**
Contribution margin	*37.6%*	*32.0%*	*24.3%*	*50.3%*	-	*36.1%*
Net management and support costs:						
- Management and support costs	(224)	(65)	(78)	(8)	(43)	(418)
- Other operating income	2	-	-	-	10	12
Adjusted EBITDA	**249**	**59**	**1**	**81**	**(33)**	**357**
Adjusted EBITDA margin	*19.9 %*	*15.2%*	*0.3%*	*45.8%*	*n/m*	*16.9%*
- Depreciation and amortisation	(36)	(10)	(25)	(2)	(9)	(82)
Adjusted EBIT[3]	**213**	**49**	**(24)**	**79**	**(42)**	**275**
Adjusted EBIT margin	*17.0%*	*12.7%*	*(7.4)%*	*44.6%*	*n/m*	*13.0%*
Average broker headcount	1,856	632	149	n/a	n/a	2,637
Average sales headcount	-	-	318	n/a	n/a	318
Revenue per broker (£'000)[2]	662	608	879	n/a	n/a	659
Contribution per broker (£'000)[2]	254	196	151	n/a	n/a	236

2021 (reported currency)

£m	GB[2]	E&C	LN[2]	PS[2]	Corp/ Elim	Total
Revenue:						
- External	1,088	367	261	149	-	1,865
- Inter-division[1]	19	3	-	-	(22)	-
	1,107	**370**	**261**	**149**	**(22)**	**1,865**
Total front office costs:						
- External	(694)	(248)	(170)	(51)	-	(1,163)
- Inter-division[1]	-	-	-	(22)	22	-
	(694)	**(248)**	**(170)**	**(73)**	**22**	**(1,163)**
Contribution	**413**	**122**	**91**	**76**	**-**	**702**
Contribution margin	*37.3%*	*33.0%*	*34.9%*	*51.0%*	-	*37.6%*
Net management and support costs:						
- Management & support costs[3]	(200)	(63)	(63)	(8)	(63)	(397)
- Other operating income	2	-	-	-	8	10
Adjusted EBITDA[5]	**215**	**59**	**28**	**68**	**(55)**	**315**
Adjusted EBITDA margin	*19.4%*	*15.9%*	*10.7%*	*45.6%*	*n/m*	*16.9%*
- Depreciation and amortisation	(29)	(9)	(25)	(2)	(17)	(82)
Adjusted EBIT[5]	**186**	**50**	**3**	**66**	**(72)**	**233**
Adjusted EBIT margin	*16.8 %*	*13.5%*	*1.1%*	*44.3%*	*n/m*	*12.5%*
Average broker headcount	1,971	652	147	n/a	n/a	2,770
Average sales headcount	-	-	234	n/a	n/a	234
Revenue per broker (£'000)[2]	552	563	695	n/a	n/a	562
Contribution per broker (£'000)[2]	210	187	158	n/a	n/a	202

2021 (constant currency)

£m	GB[2]	E&C	LN[2,4]	PS[2]	Corp/ Elim	Total
Revenue:						
- External	1,144	393	275	164	-	1,976
- Inter-division[1]	20	3	-	-	(23)	-
	1,164	**396**	**275**	**164**	**(23)**	**1,976**
Total front office costs:						
- External	(729)	(266)	(182)	(55)	-	(1,232)
- Inter-division[1]	-	-	-	(23)	23	-
	(729)	**(266)**	**(182)**	**(78)**	**23**	**(1,232)**
Contribution	**435**	**130**	**93**	**86**	**-**	**744**
Contribution margin	*37.4%*	*32.8%*	*33.8%*	*52.4%*	-	*37.7%*
Net management and support costs:						
- Management & support costs	(207)	(65)	(72)	(12)	(56)	(412)
- Other operating income	2	-	-	-	8	10
Adjusted EBITDA[5]	**230**	**65**	**21**	**74**	**(48)**	**342**
Adjusted EBITDA margin	*19.8%*	*16.4%*	*7.7%*	*45.1%*	-	*17.3%*
- Depreciation and amortisation	(36)	(11)	(28)	-	(12)	(87)
Adjusted EBIT[5]	**194**	**54**	**(7)**	**74**	**(60)**	**255**
Adjusted EBIT margin	*16.7%*	*13.6%*	*(2.5)%*	*45.1%*	-	*12.9%*
Average broker headcount	1,971	652	147	n/a	n/a	2,770
Average sales headcount	-	-	234	n/a	n/a	234
Revenue per broker (£'000)[3]	580	603	722	n/a	n/a	592
Contribution per broker (£'000)[3]	221	199	166	n/a	n/a	213

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

1. *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 Global Broking inter-division revenue and Parameta Solutions inter-division costs are eliminated upon the consolidation of the Group's financial results.*
2. *Post Trade Solutions revenue and front office costs have been reclassified from Parameta Solutions to Global Broking and Liquidnet. Post Trade Solutions revenue reported in 2021 of £17m has been reclassified as follows: Rates (Global Broking): £15m & Liquidnet Platform: £2m. Post Trade Solutions front office costs reported in 2021 of £10m has been reclassified as follows: Rates (Global Broking): £(9)m & Liquidnet Platform: £(1)m. MidCap Partners revenue reported in 2021 of £13m (with front office costs of £9m) has been reclassified out of Global Broking and into Liquidnet.*
3. *Revenue and contribution per broker are calculated as external revenue and contribution of Global Broking, Energy & Commodities and Agency Execution, excluding Liquidnet, divided by the average brokers for the year. The Group revenue and contribution per broker excludes revenue and contribution from Parameta Solutions and Liquidnet.*
4. *2021 includes Liquidnet Platform post acquisition results from 23 March 2021, the date the transaction completed*
5. *Adjusted EBITDA and Adjusted EBIT for each division has been restated to remove the IFRS 16 interest charge, previously charged to divisional Adjusted EBIT. The restatement aligns with IFRS statutory reporting where the IFRS 16 interest cost is disclosed within Group finance costs.*

Global Broking

Global Broking revenue of £1,251m (which represents 59% of total Group revenue) was 7% higher (13% higher in reported currency) than 2021, reflecting increased market volatility across all asset classes and all regions.

Revenue from Rates increased by 7% to £566m. Rates is our most profitable asset class and represents 45% of Global Broking revenue, and 27% of Group revenue. After more than a decade of low interest rates, 2022 saw a return to interest rate movements across most economies. Revenue in FX & Money Markets increased by 9% to £302m in 2022. Revenue from Credit increased by 8% to £118m, whilst Equities increased by 7% to £243m.

Front office costs, which are largely variable with revenue, of £780m were 7% higher than 2021. Lower average broker headcount, cost savings during the year, and a shift towards higher margin business resulted in higher profitability. The resulting contribution margin was 37.6% compared with 37.4% in 2021 (37.3% on a reported basis), including the £20m P&L charge relating to Russian exposures. Excluding this charge, the contribution margin was 39.2%.

Management and support costs of £224m were 8% higher than 2021 due to increased investment in the roll-out of Fusion, our electronic platform. Depreciation and amortisation expense of £36m was flat to prior year.

The adjusted EBIT of £213m resulted in an adjusted EBIT margin of 17.0% (2021: £194m, 16.7% in constant currency, £186m and 16.8% in reported currency).

Energy & Commodities (E&C)

E&C revenue of £387m in 2022 was 2% lower than in 2021 (5% higher on a reported basis), due to challenges in the European Gas & Power market. The number of oil, gas and other energy products traded on the Intercontinental Exchange ('ICE') reduced by 4% in 2022.

The major reduction in the supply of gas from Russia led to sharp price rises for gas and power. This resulted in increased margin requirements for clients and a severe contraction in OTC bilateral credit lines leading to reduced trading activity. Gas prices have trended down from the extreme highs in the summer but are still many times higher than the historical average. Oil revenue have been more resilient in the US and Asia where the impact of the war has been less pronounced than in Europe.

Revenue growth from our environmentals business slowed in the second half; clients were focused on managing the volatility from the war in Ukraine, rather than the energy transition. Revenue growth outperformed exchange volumes.

Front office costs of £263m were 1% lower. This resulted in a contribution margin of 32.0% (2021: 32.8% in constant currency and 33.0% in reported).

Management and support costs of £65m were flat from 2021, while depreciation and amortisation decreased by £1m.

The adjusted EBIT was £49m in 2022, with an adjusted EBIT margin of 12.7% (2021: £54m and 13.6% in constant currency, £50m and 13.5% in reported currency) with the lower revenue more than offsetting the decline in total costs.

Liquidnet Division[1]

At £325m, Liquidnet's revenue (15% of total Group revenue) was up 18%. This includes a full year contribution from the acquired Liquidnet platform compared to nine months in 2021 (the acquisition completed March 2021).

The Liquidnet equities platform experienced challenging market conditions during the year, including high levels of volatility, leading to subdued volumes in larger block trading. In the US, block market volumes by the top 5 Agency Alternative Trading System (ATS) venues were flat, while in Europe, Large in Scale (LIS) transaction volumes decreased by 15%. These are the two market segments in which Liquidnet is most active. Liquidnet's block market share within the top 5 Agency ATS venues moved from 24.8% in 2021 to 23.2% in 2022. Our European market share of LIS transactions went from 29.1% to 27.7%.

The rest of the division delivered a strong performance, driven by the Relative Value business as well as from growth in Rates, Futures and FX.

Front office costs of £246m increased 35%, reflecting a full year of Liquidnet platform costs and investment to drive future organic growth in the business. The resulting contribution was £79m (2021: £93m in constant currency and £91m in reported currency) with a contribution margin of 24.3% (2021: 33.8% in constant currency and 34.9% in reported currency).

Management and support costs were £78m in 2022 compared with £72m for nine months of ownership in 2021.

The adjusted EBIT was £(24)m and the adjusted EBIT margin was (7.4)% (2021: £(7)m and (2.5)% in constant currency, £3m and 1.1% in reported currency).

Parameta Solutions[2]

Revenue of £177m was 8% higher than the prior year. 95% of total Parameta Solutions revenue is subscription-based, and therefore recurring.

Parameta Solutions is benefiting from the successful delivery of its sales strategy, including the establishment of a Global Strategic Accounts function, client segmentation and revenue diversification. 53 new clients were onboarded in 2022, 90% of which were non-sell-side clients including buy-side, corporates, professionals services and energy & commodities firms. This has been supported by the direct to client distribution strategy where an online product inventory enables clients to explore content. Clients are licensing historical, intraday and streaming multi brand data, set-up to be delivered directly into their cloud environment or data warehouse.

ClearConsensus, our independent price verification tool that allows clients to manage risk and optimise capital allocation has made good progress with additional dealers participating in the proposition. Client data onboarding has taken longer than initially anticipated which has delayed revenue generation to 2023. Following benchmark administrator authorisation, Parameta Solutions now has licensed clients paying for use of its benchmarks for issuance activity.

[1] As previously announced in our Q3 Trading Update on 1 November 2022, the Liquidnet division includes the Liquidnet platform (the acquired business), COEX Partners, ICAP Relative Value, and from 1 October 2022 onwards, MidCap Partners (following the transfer from Global Broking).

[2] In previous reporting, Parameta Solutions included D&A and Post Trade Solutions (PTS). The Matchbook and ClearCompress brands within PTS are now reported under Global Broking, while e-Repo is now reported in the Liquidnet division.

Parameta Solutions onboarded its first client, a prominent bank in Asia, on its Transaction Cost Analysis (TCA) platform. The rates evaluated pricing service was launched for non-linear rates with further expansion of the service scheduled for 2023.

Parameta Solutions has announced two further commercial partnerships in key high growth areas. The first is with Numerix, a global leading OTC analytics and derivatives pricing company where the business will work with them to develop a OTC Derivatives Valuation service. The second partnership is with General Index, a challenger benchmark provider in commodity markets, focused on launching indices covering EU LNG markets.

Front office costs of £88m increased by 13%. The resulting contribution was £89m, at a contribution margin of 50.3% (2021: 52.4% in constant currency and 51.0% in reported currency).

Management and support costs were £8m in 2022 compared with £12m in 2021.

The adjusted EBIT, also taking into account FX gains and losses, was £79m, which is a margin of 44.6% (2021: £74m and 45.1% in constant currency, £66m and 44.3% in reported currency).

Cash Flow

The table below shows the changes in cash and debt for the year ending 31 December 2022 and 31 December 2021.

£m	2022	2021
EBIT reported	163	97
Depreciation, amortisation and other non-cash items	178	165
Change in Net Matched Principal balances	27	(36)
Movements in working capital	62	(17)
Taxes and Interest paid	(106)	(98)
Operating cash flow	**324**	**111**
Capital expenditure	(53)	(58)
Disposal of property, plant and equipment	12	–
Acquisition consideration paid	–	(451)
Cash acquired with acquisition	–	202
Deferred consideration paid on prior acquisitions	(10)	(14)
(Purchase) / sale of financial assets	(50)	11
Other investing activities	23	21
Investing activities	**(78)**	**(289)**
Net proceeds from rights issue	–	309
Dividends paid to shareholders	(78)	(47)
Net funds received from issuance of 2028 Sterling Notes	–	247
Repayment of 2024 Sterling Notes including premium	–	(200)
Repayment of loan from related party	(47)	
Other financing activities	(38)	(13)
Financing activities	**(163)**	**296**
Change in cash	**83**	**118**
Foreign exchange movements	38	-
Cash at the beginning of the year	767	649
Cash at the end of the year	**888**	**767**

The Group's net cash inflow from operating activities increased to £324m from £111m in 2021 driven primarily by the following:

- Reported EBIT increased by £66m to £163m compared with 2021;
- £27m cash inflow (2021: outflow of £36m) from changes in matched principal financial assets and liabilities;
- £62m cash inflow (2021: outflow of £17m) from movements in working capital including an additional £47m bonus accruals and £15m of trade and other payables, as well as £12m decrease in stock lending balances; this was partly offset by a £24m increase in trade and other receivables;
- £106m cash outflow (2021: outflow of £98m) from taxes and interest paid comprises of £51m taxes and £55m interest payments. Tax payments increased by £12m in line with increased profit and interest payments reduced by £4m as a result of refinancing activity in 2021 at lower interest rates.

The key investing activities in the year were:

- £53m capital expenditure mainly represents technology and strategic project spend. This compared with £58m in 2021 which included office development expenditure;
- £12m cash inflow from the disposal of a freehold property in Paris;
- £50m financial assets outflow driven by the purchase of additional financial assets held as collateral;
- £23m other investing activities mainly includes dividends from associates and joint ventures.

The primary financing activities in the year were:

- £78m dividend paid to shareholders comprised of the 2021 final dividend of 5.5p and 2022 interim dividend of 4.5p paid in 2022;
- £47m repayment of the loan drawn down from the Totan credit facility;
- £38m other financing activities mainly include finance lease capital repayments.

Foreign exchange gain

- The weakening of GBP, particularly against the USD in 2022, has resulted in a retranslation gain of £38m.

As a result of the above, the Group's cash balance increased by £121m.

Debt finance

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

	At 31 December 2022 £m	At 31 December 2021 £m
5.25% £247m Sterling Notes January 2024[1]	253	252
5.25% £250m Sterling Notes May 2026[1]	250	250
2.625% £250m Sterling Notes November 2028[1]	248	248
Loan from related party (RCF with Totan)	-	51
Revolving credit facility drawn - banks	-	-
3.2% Liquidnet Vendor Loan Notes	43	38
Settlement Overdrafts	-	17
Debt (used as part of net (funds)/debt)	**794**	**856**
Lease liabilities	279	286
Total debt	**1,073**	**1,142**

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 gross debt, excluding lease liabilities, has decreased to £794m as a result of the repayment of the related party loan of £51m, and a £17m decrease in settlement overdrafts at 31 December 2022 compared with 31 December 2021.

The Group refinanced its main bank revolving credit facility in May 2022 increasing its capacity to £350m and with a new initial maturity of May 2025. As at 31 December 2022, this facility was undrawn. The Group also has access to a Yen10bn Totan facility that, as at 31 December, was undrawn and has a maturity of February 2025.

Exchange rates

The income statements and balance sheets of the Group's businesses whose functional currencies are not GBP are translated into GBP at average and period end exchange rates respectively. The most significant exchange rates for the Group are the USD 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 tailwind for the Group in 2022, caused largely by GBP depreciation against the USD, with approximately 60% of Group revenue and approximately 40% of costs in USD, resulting in a currency mismatch. The average and the period end GBP:USD rate weakened 10% year-on-year.

	Average		Period End	
	2022	2021	**2022**	2021
US Dollar	**$1.24**	$1.38	**$1.19**	$1.32
Euro	**€1.18**	€1.16	**€1.16**	€1.18

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. During the year the Trustee completed the buy-out of the Scheme's principal pension liabilities, a process that transferred each pension obligation from the Scheme to Rothesay Life. The remaining Scheme's obligations are expected to be settled in Q2 2023 allowing the wind-up to be completed.

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 £45m (31 December 2021: £46m) 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 time 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. There were £1m past service and settlement costs in 2022 (2021: £1m).

Following the final 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

Since February 2021, Group level regulation falls under the Jersey Financial Services Commission. The FCA is the lead regulator of the Group's EMEA businesses, which are sub-consolidated under a UK holding Company, for which the consolidated capital adequacy requirements under the Investment Firms Prudential Regime (IFPR) apply. This 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.

Climate Change Considerations

We are in the process of considering how material climate-related issues affect our business strategy. In 2022, this has been carried forward by engagement with senior management across the business. The high-level climate change impact assessment has highlighted areas of exposure across our key sites and business operations. We have also strengthened our understanding of the exposure of our largest suppliers to climate change and the level of their own emissions.

Our understanding of the impact of climate change grew as a result of our engagement in 2022. By the end of 2023, following the completion of a detailed qualitative, and quantitative, scenarios analysis, we expect to have mapped out how climate-related issues could affect financial performance (e.g., revenue, costs) and financial position (e.g., assets, liabilities) and to have that understanding inform our business plans.

Consolidated Income Statement

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Revenue	3	**2,115**	1,865
Employment, compensation and benefits		**(1,320)**	(1,152)
General and administrative expenses		**(506)**	(476)
Depreciation and impairment of PPE and ROUA		**(58)**	(68)
Amortisation and impairment of Intangible assets		**(98)**	(82)
Total operating costs	4	**(1,982)**	(1,778)
Other operating income	5	**30**	10
EBIT/Operating profit		**163**	97
Finance income	6	**8**	3
Finance costs	7	**(58)**	(76)
Profit before tax		**113**	24
Taxation		**(36)**	(23)
Profit after tax		**77**	1
Share of results of associates and joint ventures		**29**	7
Profit for the year		**106**	8
Attributable to:			
Equity holders of the parent		**103**	5
Non-controlling interests		**3**	3
		106	8
Earnings per share			
- Basic	8	**13.2p**	0.7p
- Diluted	8	**13.0p**	0.7p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	2022	2021
	£m	£m
Profit for the year	**106**	8
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit pension schemes	**-**	3
Equity instruments at FVTOCI – net change in fair value	**-**	1
	-	4
Items that may be reclassified subsequently to profit or loss:		
Fair value movements on net investment hedge	**-**	3
Effect of changes in exchange rates on translation of foreign operations	**153**	1
Taxation	**(5)**	(1)
	148	3
Other comprehensive income for the year	**148**	7
Total comprehensive income for the year	**254**	15
Attributable to:		
Equity holders of the parent	**250**	12
Non-controlling interests	**4**	3
	254	15

Consolidated Balance Sheet

as at 31 December 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Intangible assets arising on consolidation	10	**1,780**	1,762
Other intangible assets		**97**	91
Property, plant and equipment		**110**	123
Right-of-use assets		**165**	187
Investment in associates		**63**	51
Investment in joint ventures		**34**	28
Other investments		**23**	21
Deferred tax assets		**15**	17
Retirement benefit assets		**1**	1
Other long term receivables		**51**	44
		2,339	2,325
Current assets			
Trade and other receivables	11	**2,198**	2,068
Financial assets at fair value through profit or loss	12	**264**	158
Financial investments	16	**174**	115
Cash and cash equivalents	16	**888**	784
		3,524	3,125
Total assets		**5,863**	5,450
Current liabilities			
Trade and other payables	13	**(2,149)**	(1,977)
Financial liabilities at fair value through profit or loss	12	**(255)**	(120)
Loans and borrowings	14,16	**(9)**	(77)
Lease liabilities	16	**(29)**	(34)
Derivative financial instruments		**-**	(1)
Current tax liabilities		**(37)**	(28)
Short term provisions	17	**(9)**	(5)
		(2,488)	(2,242)
Net current assets		**1,036**	883
Non-current liabilities			
Loans and borrowings	14,16	**(785)**	(779)
Lease liabilities	16	**(250)**	(252)
Deferred tax liabilities		**(85)**	(107)
Long term provisions	17	**(31)**	(38)
Other long term payables		**(60)**	(53)
Retirement benefit obligations		**(3)**	(1)
		(1,214)	(1,230)
Total liabilities		**(3,702)**	(3,472)
Net assets		**2,161**	1,978
Equity			
Share capital		**197**	197
Other reserves		**(854)**	(1,005)
Retained earnings		**2,800**	2,769
Equity attributable to equity holders of the parent		**2,143**	1,961
Non-controlling interests		**18**	17
Total equity		**2,161**	1,978

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	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
2022	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 January 2022	**197**	**-**	**-**	**-**	**(946)**	**5**	**(38)**	**(26)**	**2,769**	**1,961**	**17**	**1,978**
Profit for the year	-	-	-	-	-	-	-	-	**103**	**103**	**3**	**106**
Other comprehensive income for the year	-	-	-	-	-	-	**147**	-	-	**147**	**1**	**148**
Total comprehensive income for the year	-	-	-	-	-	-	**147**	-	**103**	**250**	**4**	**254**
Dividends paid	-	-	-	-	-	-	-	-	**(78)**	**(78)**	**(3)**	**(81)**
Share settlement of share-based awards	-	-	-	-	-	-	-	**7**	**(7)**	-	-	-
Own shares acquired for employee trusts	-	-	-	-	-	-	-	**(3)**	-	**(3)**	-	**(3)**
Credit arising on share-based awards	-	-	-	-	-	-	-	-	**13**	**13**	-	**13**
Balance at 31 December 2022	**197**	**-**	**-**	**-**	**(946)**	**5**	**109**	**(22)**	**2,800**	**2,143**	**18**	**2,161**
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

Consolidated Cash Flow Statement

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Net cash flow from operating activities	15	**324**	111
Investing activities			
(Purchase)/sale of financial investments		**(50)**	11
Settlement of derivative financial instruments[1]		**-**	5
Interest received		**7**	2
Dividends from associates and joint ventures		**15**	15
Expenditure on intangible fixed assets		**(35)**	(35)
Purchase of property, plant and equipment		**(18)**	(23)
Sale of property, plant and equipment		**12**	-
Deferred consideration paid		**(10)**	(14)
Disposal/(investment) in associates and joint ventures		**1**	(1)
Acquisition consideration paid		**-**	(451)
Cash acquired with acquisitions		**-**	202
Net cash flow from investment activities		**(78)**	(289)
Financing activities			
Dividends paid	9	**(78)**	(47)
Dividends paid to non-controlling interests		**(3)**	(2)
Proceeds of rights issue		**-**	315
Issue costs of rights issue		**-**	(6)
Purchase of non-controlling interest		**-**	(3)
Own shares acquired for employee trusts		**(3)**	(2)
Net repayment of bank loans[2]	14	**-**	(5)
Net (repayment)/borrowing of loans from related parties[2]	14	**(47)**	27
Funds received from issue of Sterling Notes		**-**	249
Repurchase of Sterling Notes[3]		**-**	(200)
Bank facility arrangement fees and debt issue costs		**(3)**	(2)
Payment of lease liabilities		**(29)**	(28)
Net cash flow from financing activities		**(163)**	296
Increase in cash and overdrafts		**83**	118
Cash and overdrafts at the beginning of the year		**767**	649
Effect of foreign exchange rate changes		**38**	-
Cash and overdrafts at the end of the year	16	**888**	767
Cash and cash equivalents		**888**	784
Overdrafts		**-**	(17)
		888	767

1. Relates to foreign exchange derivatives undertaken in 2021 in respect of acquisition cash flows.
2. 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.
3. Relates to the repurchase of £184m of Sterling Notes 2024 (Note 14) plus £16m of premium paid in 2021. 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 2022

1. General information

As at 31 December 2022 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 2022 or 2021, but is derived from TP ICAP Group plc's group accounts for 2022 and 2021. Statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2022 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 113A of the Companies (Jersey) Law 1991.

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.

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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

(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 2022 but they do not have a material effect on the Group's Consolidated Financial Statements:

- Amendment to IFRS 3 'Business Combinations';
- Amendments to IAS 16 'Property, Plant and Equipment';
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'; and
- Annual Improvements 2018-2020.

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 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 Liquidnet.

Following the redomiciliation of the Group's parent in February 2021, the operational responsibility of entities was aligned with their legal ownership and as a result the Group at that time considered that the Primary Operating Segments continued to be the geographical regions of incorporation being Americas, EMEA, APAC and Corporate/Treasury. Liquidnet, acquired in March 2021 with its own separate international legal structure, was managed separately by the CODM, representing its own separate primary operating segment, even though it itself had operations across Americas, EMEA and APAC and represented a significant component of the Agency Execution business division, subsequently renamed to Liquidnet Division.

In 2022, as a consequence of the inclusion of Liquidnet into Agency Execution, the balance of the CODM review of operating activity and allocation of the Group's resources had become more focused on business division. This structure is now considered to represent the more appropriate view for the purposes of Group resource allocation and assessment of the nature and financial effects of the business activities in which the Group engages.

Whilst the Group's Primary Operating Segments are now by business division, individual entities and the legal ownership of such entities continue to operate with discrete management teams and decision making and governance structures. Each regional sub-group has its own independent governance structure including CEOs, board members and Sub-Group regional Conduct and Governance Committees with separate autonomy of decision making and the ability to challenge the implementation of Group level strategy and initiatives within its region. In the EMEA regional sub-group, in particular, there are also independent non-executive directors on the regional Board of directors, which further strengthens the independence and judgement of the governance framework.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3. Segmental analysis (continued)

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

31 December 2022	**GB[1] £m**	**E&C[1] £m**	**LN[1] £m**	**PM[1] £m**	**Corp[1] £m**	**Total £m**
Revenue						
External	1,229	384	325	177	-	2,115
Inter-division	22	3	-	-	(25)	-
	1,251	**387**	**325**	**177**	**(25)**	**2,115**
Total front office costs						
External	(780)	(263)	(246)	(63)	-	(1,352)
Inter-division	-	-	-	(25)	25	-
	(780)	**(263)**	**(246)**	**(88)**	**25**	**(1,352)**
Contribution	**471**	**124**	**79**	**89**	**-**	**763**
Net management and support costs	(224)	(65)	(78)	(8)	(43)	(418)
Other operating income	2	-	-	-	10	12
Adjusted EBITDA	**249**	**59**	**1**	**81**	**(33)**	**357**
Depreciation and impairment of PPE and ROUA	(20)	(6)	(12)	(2)	(9)	(49)
Amortisation and impairment of intangibles	(16)	(4)	(13)	-	-	(33)
Adjusted EBIT	**213**	**49**	**(24)**	**79**	**(42)**	**275**

31 December 2021	GB[1] £m	E&C[1] £m	LN[1] £m	PM[1] £m	Corp[1] £m	Total £m
Revenue:						
- External[2]	1,088	367	261	149	-	1,865
- Inter-division	19	3	-	-	(22)	-
	1,107	370	261	149	(22)	1,865
Total front office costs:						
- External[3]	(694)	(248)	(170)	(51)	-	(1,163)
- Inter-division	-	-	-	(22)	22	-
	(694)	(248)	(170)	(73)	22	(1,163)
Contribution[4]	413	122	91	76	-	702
Net management and support costs[5]	(200)	(63)	(63)	(8)	(63)	(397)
Other operating income	2	-	-	-	8	10
Adjusted EBITDA[6]	215	59	28	68	(55)	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[6]	186	50	3	66	(72)	233

1 GB is Global Broking, E&C is Energy & Commodities, LN is Liquidnet (formerly Agency Execution), PM is Parameta Solutions and Corp is Corporate.

2 Divisional Revenue for 2021 has been restated to be comparable with 2022's divisional groupings. Revenue for Global Broking increased by £2m, Liquidnet (formerly Agency Execution) increased by £15m and Parameta Solutions reduced by £17m. There is no restatement of Group revenues.

3 Divisional Total front office costs for 2021 have been restated to be comparable with 2022's divisional groupings. Total front office costs for Liquidnet (formerly Agency Execution) have increased by £9m and Parameta Solutions reduced by £9m. There is no restatement of Group Total front office costs.

4 As a result of the restatements in footnotes 2 and 3 above, Divisional contribution for Global Broking increased by £2m, Liquidnet (formerly Agency Execution) increased by £6m and Parameta Solutions reduced by £8m. There is no restatement of Group contribution.

5 As a result of the restatements in footnotes 2 and 3 above, Divisional net management and support costs for Global Broking decreased by £3m, Parameta Solutions decreased by £4m and Corporate increased by £7m. Additionally, Divisional Net management and support costs have been restated to remove the IFRS 16 interest charge. This restatement aligns with IFRS statutory reporting where the IFRS 16 interest cost is disclosed within Group finance costs. As a result Net management and support costs for Global Broking reduced by £8m, Energy & Commodities reduced by £3m, Liquidnet (formerly Agency Execution) reduced by £3m, Parameta Solutions reduced by £1m and Corporate increased by £15m. There is no restatement of Group Net management and support costs.

6 As a result of the above restatements Adjusted EBITDA and EBIT for Global broking increased by £13m, Energy & Commodities increased by £3m, Liquidnet (formerly Agency Execution) increased by £9m, Parameta reduced by £3m and Corporate reduced by £22m. There is no restatement to the consolidated Group Adjusted EBITDA or EBIT.

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3. Segmental analysis (continued)

Analysis of significant items

31 December 2022	**Restructuring and other related costs £m**	**Disposals, acquisitions and investment in new businesses £m**	**Legal and regulatory matters £m**	**Total £m**
Employment, compensation and benefits costs	24	-	-	24
Premises and related costs	1	-	-	1
Deferred consideration	-	8	-	8
Charge relating to significant legal and regulatory settlements	-	-	6	6
Pension scheme past service and settlement costs	-	-	1	1
Remeasurement of employee long-term benefits	(7)	-	-	(7)
Gain on disposal of property, plant and equipment	(3)	-	-	(3)
Gain on derecognition of right-of-use assets/lease liabilities	(3)	-	-	(3)
Net foreign exchange gains	-	4	-	4
Other general and administration costs	20	5	-	25
Total included within general and administration costs	8	17	7	32
Depreciation and impairment of PPE and ROUA	9	-	-	9
Amortisation and impairment of intangible assets	-	65	-	65
Total included within operating costs	**41**	**82**	**7**	**130**
Other operating income	-	(16)	(2)	(18)
Included in finance income	-	1	-	1
Total significant items before tax	**41**	**67**	**5**	**113**
Taxation on significant items				(22)
Total significant items after tax				**91**

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for the year ended 31 December 2022

3. Segmental analysis (continued)

31 December 2021	Restructuring and other related costs £m	Disposals, acquisitions and investment in new businesses £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 loss 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**

Adjusted profit reconciliation

2022	**Adjusted £m**	**Significant items £m**	**Reported £m**
EBIT/operating profit	**275**	**(112)**	**163**
Net finance costs	**(49)**	**(1)**	**(50)**
Profit before tax	**226**	**(113)**	**113**
Taxation	**(58)**	**22**	**(36)**
Profit after tax	**168**	**(91)**	**77**
Share of profit from associates and joint ventures	**29**	**-**	**29**
Profit for the year	**197**	**(91)**	**106**

2021	Adjusted £m	Significant items £m	Reported £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

Notes to the Consolidated Financial Statements
for the year ended 31 December 2022

4. Operating costs

	2022 £m	2021 (restated) £m
Broker compensation costs[1]	**1,032**	917
Other staff costs[1]	**268**	223
Share-based payment charge	**20**	12
Employee compensation and benefits	**1,320**	1,152
Technology and related costs	**216**	191
Premises and related costs	**28**	37
Gains on disposal of property, plant and equipment	**(3)**	-
Gain on derecognition of right-of-use assets/lease liabilities	**(3)**	-
Adjustments to deferred consideration	**8**	2
Charge relating to significant legal and regulatory settlements	**7**	6
Pension scheme past service and settlement costs	**1**	1
Remeasurement of long-term employee benefits	**(7)**	-
Acquisition costs	**6**	20
Impairment losses on trade receivables	**5**	-
Net foreign exchange losses	**(21)**	3
Net loss on FX derivative instruments	**11**	12
Other administrative costs	**258**	204
General and administrative expenses	**506**	476
Depreciation of property, plant and equipment	**23**	23
Impairment of property, plant and equipment	**5**	10
Depreciation of right-of-use assets	**26**	29
Impairment of right-of-use assets	**4**	6
Depreciation and impairment of property, plant and equipment and right-of-use assets	**58**	68
Amortisation of other intangible assets	**33**	30
Impairment of other intangible assets	**-**	6
Amortisation of intangible assets arising on consolidation	**45**	46
Impairment of intangible assets arising on consolidation	**20**	-
Amortisation and impairment of intangible assets	**98**	82
	1,982	1,778

1 Broker compensation cost and Other staff costs for 2021 have been increased and decreased by £35m respectively, reflecting a reclassification of certain staff as broking.

5. Other operating income

Other operating income comprises:

	2022 £m	2021 £m
Acquisition related income	**16**	-
Business relocation grants	**2**	3
Employee related insurance receipts	**4**	2
Management fees from associates	**1**	2
Legal settlement receipts	**4**	1
Other receipts	**3**	2
	30	10

Other receipts include royalties, rebates, non-employee related insurance proceeds, tax credits and refunds. Costs associated with such items are included in administrative expenses. Acquisition related income relates to funds received following arbitration in connection with the purchase of Liquidnet. The arbitration was completed after the one year measurement period applicable to the acquisition.

6. Finance income

	2022 £m	2021 £m
Interest and similar income	**6**	2
Interest on finance leases	**2**	1
	8	3

7. Finance costs

	2022 £m	2021 £m
Fees payable on bank and other loan facilities	**2**	2
Interest on bank and other loans	**2**	2
Interest on Sterling Notes January 2024	**13**	22
Interest on Sterling Notes May 2026	**13**	13
Interest on Sterling Notes November 2028	**7**	1
Interest on Liquidnet Vendor Loan Notes	**1**	1
Other interest	**1**	1
Amortisation of debt issue and bank facility costs	**2**	2
Borrowing costs	**41**	44
Interest on lease liabilities	**17**	14
Amortisation of options premium	**-**	2
Premium on repurchase of Sterling Notes January 2024	**-**	16
	58	76

8. Earnings per share

	2022	2021
Basic	**13.2p**	0.7p
Diluted	**13.0p**	0.7p

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

	2022 No.(m)	2021 No.(m)
Basic weighted average shares	**779.1**	759.3
Contingently issuable shares	**11.5**	8.9
Diluted weighted average shares	**790.6**	768.2

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

	2022 £m	2021 £m
Earnings for the year	**106**	8
Non-controlling interests	**(3)**	(3)
Earnings attributable to equity holders of the parent	**103**	5

9. Dividends

	2022 £m	2021 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2021 of 5.5p per share	**43**	-
Interim dividend for the year ended 31 December 2022 of 4.5p per share	**35**	-
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
	78	47

A final dividend of 7.9 pence per share will be paid on 23 May 2023 to all shareholders on the Register of Members on 14 April 2023.

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

10. Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
At 1 January 2022	**1,180**	**582**	**1,762**
Amortisation of acquisition related intangibles	**-**	**(45)**	**(45)**
Impairment	**-**	**(20)**	**(20)**
Effect of movements in exchange rates	**52**	**31**	**83**
At 31 December 2022	**1,232**	**548**	**1,780**

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

As at 31 December 2022 the gross cost of goodwill and other intangible assets arising on consolidation amounted to £1,482m and £833m respectively (2021: £1,428m and £797m). Cumulative amortisation and impairment charges amounted to £250m for goodwill and £285m for other intangible assets arising on consolidation (2021: £248m and £215m).

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:

	2022 £m	2021 (reallocated) £m
Global Broking	**489**	466
Energy & Commodities	**156**	150
Parameta Solutions	**342**	336
Liquidnet – Agency Execution	**40**	39
Liquidnet – acquired business	**205**	189
Goodwill allocated to CGUs	**1,232**	1,180

As a result of the change in the Primary Operating Segments as at 1 January 2022, from the geographic grouping of CGUs to a Business Division grouping of CGUs the goodwill allocated to the regional CGU groupings has been reallocated to each Business Division based the relative value of those Business Divisions. The goodwill arising on the Liquidnet acquisition has not been reallocated and is reviewed and tested as its own group of CGUs. Immediately prior to the reallocation, the Regional CGUs were tested for impairment. No impairments were identified.

The Group's annual impairment testing of its CGUs is undertaken each September. 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. As at 30 June 2022 impairment triggers were identified for the Global Broking and Liquidnet CGUs which were subject to full impairment review as at that date.

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.

10. Intangible assets arising on consolidation (continued)

The key assumptions for the VIU calculations are those regarding expected divisional cash flows arising in future years, divisional growth rates and divisional discount rates as considered by management. 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.

Impairment assessment and testing as at 30 June 2022

- Global Broking

In June 2022 the Group's Global Broking CGU was subject to impairment testing, triggered as a result of the impact of inflation on expected cash flows, coupled with a change in the discount rate. For the 30 June 2022 impairment test the recoverable amount of the Global Broking CGU was based on its VIU. Future projections were based on the most recent financial forecasts considered by the Board which were used to project cash flows for the next five years. After this period a steady state cash flow was used to derive a terminal value for the CGU. Annual growth rates of 0.5% to 2027 and nil thereafter were used with pre-tax discount rate of 12.5%. The calculations were subject to stress tests reflecting reasonably possible changes in key assumptions. No impairment was identified as at 30 June 2022 although the CGU remained sensitive to reasonable possible changes in the assumptions.

As at June 2022, 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 the CGU. The 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 Revenue Growth rate %	Breakeven Revenue Growth rate %	Changes in Terminal Value revenues %
Global Broking	**12.5%**	**17.8%**	**0.5%**	**(1.8%)**	**(15.0%)**

– Liquidnet acquired business

As the Liquidnet acquired business was measured on a FVLCD basis at 31 December 2021, a decline in equity market conditions triggered an impairment review as at 30 June 2022. The full impairment test did not identify an impairment although the outcome is highly sensitive to changes in valuation assumptions. As at 30 June 2022 the recoverable amount for the Liquidnet acquired business 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 forecasts 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 the existing equities business of 2.8% to 2027 and 1% thereafter have been used with post tax discount rate of 11.1%. Projected cash flows for new credit business lines have been projected to 2027 at an annual growth rate of 62%, based on the development and roll-out of the Credit platform, with growth thereafter at 2%, and have been discounted at a post-tax discount rate of 15%, reflecting the greater uncertainty associated with these projections. The calculations have been subject to stress tests reflecting reasonably possible changes in key assumptions.

10. Intangible assets arising on consolidation (continued)

Under this approach the recoverable amount for Liquidnet exceeded its carrying value, but was sensitive to changes in the cash flow projections for new business lines to 2027. An annualised reduction in the projected revenues for new business lines of c.50% per annum over the period to 2027, would eliminate the headroom. The impact on future cash flows resulting from lower new business inflows or falling growth rates does not reflect any management actions that would be taken under such circumstances.

Impairment testing as at 30 September 2022

– Business divisions (excluding Liquidnet - acquired business)

For the 30 September 2022 annual impairment testing, the recoverable amounts for Global Broking, Energy & Commodities, Parameta Solutions and Liquidnet - Agency Execution were based on their VIU. Growth rates on five year projected revenues, growth rates on terminal value cash flows and discount rates used in the VIU calculations together with their respective breakeven rates were as follows:

September 2022	Valuation Discount rate %	Breakeven Discount rate %	Valuation Revenue Growth rates %	Breakeven Revenue Growth rates %	Valuation Terminal Value Growth rate %	Breakeven Terminal Value Growth rate %
CGU						
Global Broking	**13.4%**	**17.4%**	**1.0%**	**(1.4%)**	**1.0%**	**(7.0%)**
Energy & Commodities	**13.2%**	**16.4%**	**2.1%**	**0.2%**	**2.1%**	**(3.6%)**
Parameta Solutions	**13.8%**	**31.1%**	**6.0%**	**(18.1%)**	**3.0%**	**(85.0%)**
Liquidnet – Agency Execution	**13.6%**	**14.5%**	**3.0%**	**2.6%**	**2.0%**	**0.7%**

December 2021 (at date of reallocation of goodwill)	Valuation Discount rate %	Breakeven Discount rate %	Valuation Revenue Growth rates %	Breakeven Revenue Growth rates %	Valuation Terminal Value Growth rate %	Breakeven Terminal Value Growth rate %
CGU						
Global Broking	**11.5%**	**11.7%**	**0.5%**	**0.4%**	**0.0%**	**(0.3%)**
Energy & Commodities	**11.0%**	**14.7%**	**2.0%**	**0.2%**	**0.0%**	**(6.4%)**
Parameta Solutions	**11.3%**	**20.9%**	**4.8%**	**(6.0%)**	**0.0%**	**(24.6%)**
Liquidnet – Agency Execution	**13.0%**	**15.0%**	**5.0%**	**4.1%**	**0.0%**	**(2.0%)**

No impairments were identified as a result of the 2022 annual testing.

As shown in the table above, the VIU of the Liquidnet - Agency Execution CGU is sensitive to reasonably possible changes in the growth and discount rates. 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 does not expect climate change to have a material impact on the financial statements. However, the 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. A 5% decline in E&C terminal growth rates from 2027 in Oil, Power and Gas, would eliminate any headroom in the CGU.

10. Intangible assets arising on consolidation (continued)

- Liquidnet acquired business

For the 30 September 2022 annual impairment testing the recoverable amounts for the Liquidnet acquired business 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, 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. Growth rates on the five year projected revenues, growth rates on terminal value cash flows and discount rates used in the FVLCD calculations together with their respective breakeven rates were as follows:

Liquidnet acquired business	Valuation Discount rate %	Breakeven Discount rate %	Valuation Revenue Growth rates %	Breakeven Revenue Growth rates %	Valuation Terminal Value Growth rate %	Breakeven Terminal Value Growth rate %
September 2022	**10.9%**	**12.3%**	**14.7%**	**13.1%**	**2.4%**	**0.5%**
December 2021	**10.8%**	**11.4%**	**3.0%**	**1.7%**	**1.0%**	**0.3%**

The valuation revenue growth rate percentage have increased from 3% in December 2021 to 14.7% as at September 2022. This reflects management's expectation that the Equities business will return to a similar revenue projection in 2027, but from a lower starting position in the September 2022 valuation, resulting in an annual growth rate of 6.7%. The September 2022 valuation now includes revenue growth on the roll-out of the Credit platform, resulting in an annual growth rate of 61% to 2027. As at December 2021, the valuation did not reflect the projected development of the new Credit business. The calculations have been subject to stress tests reflecting reasonably possible changes in key assumptions.

Under this approach the recoverable amount for the Liquidnet acquired business exceeded its carrying value, but is sensitive to reasonably possible changes in the growth rates and the discount rate as indicated in the table above. The most sensitive valuation assumption relates to the growth in cash flows arising on new credit business lines. The change in valuation revenue growth rates from December 2021 to September 2022 The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances,

Impairment assessment as at 31 December 2022

As at 31 December 2022, the review of the indicators of impairment did not require any further testing.

Other intangible assets

Other intangible assets at 31 December 2022 represent customer relationships, £546m (2021: £580m) and business brands and trademarks, £2m (2021: £2m) that arise through business combinations. Customer relationships are being amortised between 10 and 20 years.

Other intangible assets, along with other finite life assets, are subject to impairment trigger assessment at least annually. As at 30 September 2022, as a result of difficult equity market conditions and subdued larger block trading, the Liquidnet customer relationships were subjectto a full impairment review. As a result of this testing, the value of customer relationships has been reduced by £20m. The valuation of customer lists is based on the 'Multi-period Excess Earnings Methodology' or 'MEEM'. MEEM is a version of the Income Approach which seeks to estimate the value by determining the net present value of the forecast, post-tax profits generated by the asset as of the valuation date, and reflects assumptions regarding customer churn, operating profits and margins, contributory asset charges, tax rates and discount rates. Following the adjustment to the customer relationship's carrying value, the asset will continue to be amortised over its remaining useful life, but remains sensitive to reasonable possible changes in the assumptions. A reduction in annual operating profits of £3m from 2023 would impair the asset by £19m, and a 1% increase in the discount rate would impair the asset by £8m.

11. Trade and other receivables

	2022 £m	2021 £m
Non-current receivables		
Finance lease receivables	**38**	30
Other receivables	**13**	14
	51	44
Current receivables		
Trade receivables[1]	**382**	336
Amounts due from clearing organisations	**77**	73
Deposits paid for securities borrowed	**1,575**	1,516
Finance lease receivables	**2**	1
Other debtors[1]	**30**	34
Accrued income	**15**	14
Owed by associates and joint ventures	**4**	5
Prepayments	**109**	86
Corporation tax	**4**	3
	2,198	2,068

1 Trade receivables have been reduced by £15m and other debtors increased by £15m from that reported in 2021 as a result of a reclassification of certain non-trading balances due from brokers.

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

	2022 £m	2021 £m
Financial assets at fair value through profit or loss		
Matched Principal financial assets	**9**	37
Fair value gains on unsettled Matched Principal transactions	**255**	121
	264	158
Financial liabilities at fair value through profit or loss		
Matched Principal financial liabilities	**-**	(1)
Fair value losses on unsettled Matched Principal transactions	**(255)**	(119)
	(255)	(120)
Notional contract amounts of unsettled Matched Principal transactions	**209,762**	65,968

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.

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13. Trade and other payables

	2022 £m	2021 (restated) £m
Trade payables[1]	**24**	17
Amounts due to clearing organisations	**46**	47
Finance lease payable	**-**	2
Deposits received for securities loaned	**1,573**	1,504
Deferred consideration	**1**	7
Other creditors[1]	**108**	91
Accruals	**369**	283
Owed to associates and joint ventures	**3**	2
Tax and social security	**22**	22
Deferred income	**3**	2
	2,149	1,977

1 Trade payables have been reduced by £72m and other creditors increased by £72m from those reported in 2021 as a result of certain non-trading balances due to customers being reclassified

14. Loans and borrowings

2022	**Less than one year £m**	**Greater than one year £m**	**Total £m**
Sterling Notes January 2024	**6**	**247**	**253**
Sterling Notes May 2026	**1**	**249**	**250**
Sterling Notes November 2028	**1**	**247**	**248**
Liquidnet Vendor Loan Notes March 2024	**1**	**42**	**43**
	9	**785**	**794**
2021			
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

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 2022, overdrafts for the provision of settlement finance amounted to £nil (December 2021: £17m).

14. Loans and borrowings (continued)

Bank credit facilities and bank loans
The Group has a £350m committed revolving facility that matures in May 2025. Facility commitment fees of 0.7% on the undrawn balance are payable on the facility. Arrangement fees of £3m were paid in 2020 and are being amortised over the maturity of the facility.

As at 31 December 2022, 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 £140m (2021: £130m), and the average amount drawn was £30m (2021: £60m). 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 2022 (2021: £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 2025. As at 31 December, the Yen 10bn committed facility equated to £63m. 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 2022, the facility was undrawn (2021: Yen 8bn (£51m). 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, £63m at year end rates (2021: Yen 10bn, £64m at year end rates), and the average amount drawn was Yen 9bn, £57m at year end rates (2021: Yen 8bn, £53m at 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 2022 (2021: £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 2022, the fair value of the Notes (Level 1) was £241m (2021: £264m). Accrued interest at 31 December 2022 amounted to £6m (2021: £6m). Unamortised issue costs were £1m as at 31 December 2022 (2021: £1m).

Interest of £13m was incurred in 2022 (2021: £22m). The amortisation expense of issue costs in 2022 and 2021 were less than £1m.

14. Loans and borrowings (continued)

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 2022 the fair value of the Notes (Level 1) was £232m (2021: £278m). Accrued interest at 31 December 2021 amounted to £1m (2020: £1m). Unamortised issue costs were £1m as at 31 December 2022 (2021: £1m).

Interest of £13m was incurred in 2022 (2021: £13m). The amortisation expense of issue costs in 2022 and 2021 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 2022 the fair value of the Notes (Level 1) was £184m (2021: £249m). Accrued interest at 31 December 2022 amounted to £1m (2021: £1m). Unamortised discount and issue costs were £3m (2021: £3m).

Interest of £7m was incurred in 2022 (2021: £1m). The amortisation expense of issue costs in 2022 and 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 (£42m 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 2022 the fair value of the Notes (Level 2) was $44m (£37m) (2021: $49m (£36m)). Accrued interest at 31 December 2022 was £1m (2021: £1m).

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

	2022 £m	2021 £m
Operating profit	**163**	97
Adjustments for:		
- Share-based payment charge	**13**	10
- Pension schemes administration costs	**1**	1
- Pension scheme past service and settlement costs	**1**	1
- Depreciation of property, plant and equipment	**23**	23
- (Gain)/loss on disposal of property, plant and equipment	**(3)**	1
- Impairment of property, plant and equipment	**5**	10
- Gain on derecognition of right-of-use asset/lease liability	**(3)**	-
- Depreciation of right-of-use assets	**26**	29
- Impairment of right-of-use assets	**4**	6
- Amortisation of intangible assets	**33**	30
- Impairment of intangible assets	**-**	6
- Amortisation of intangible assets arising on consolidation	**45**	46
- Impairment of intangible assets arising on consolidation	**20**	-
- Remeasurement of deferred consideration	**8**	2
- Unrealised foreign exchange loss on Vendor Loan Notes	**5**	-
Net operating cash flow before movement in working capital	**341**	262
(Increase) in trade and other receivables	**(24)**	(16)
Decrease/(increase) in net Matched Principal related balances	**27**	(36)
(Increase)/decrease in net balance with Clearing Organisations	**(1)**	12
Decrease in net stock lending balances	**12**	6
Increase/(decrease) in trade and other payables	**76**	(14)
Decrease in provisions	**(4)**	(2)
Increase/(decrease) in non-current liabilities	**3**	(3)
Net cash generated from operations	**430**	209
Income taxes paid	**(51)**	(39)
Fees paid on bank and other loan facilities	**(2)**	(2)
Interest paid	**(36)**	(42)
Interest paid – finance leases	**(17)**	(15)
Net cash flow from operating activities	**324**	111

16. Analysis of net debt including lease liabilities

2022	**At 1 January £m**	**Cash flow £m**	**Non-cash items £m**	**Acquired with acquisitions £m**	**Exchange movements £m**	**At 31 December £m**
Cash and cash equivalents	**784**	**66**	**-**	**-**	**38**	**888**
Overdrafts	**(17)**	**17**	**-**	**-**	**-**	**-**
	767	**83**	**-**	**-**	**38**	**888**
Financial investments	**115**	**50**	**-**	**-**	**9**	**174**
Loans from related parties	**(51)**	**47[1]**	**-**	**-**	**4**	**-**
Sterling Notes January 2024	**(252)**	**13[2]**	**(14)**	**-**	**-**	**(253)**
Sterling Notes May 2026	**(250)**	**13[2]**	**(13)**	**-**	**-**	**(250)**
Sterling Notes November 2028	**(248)**	**7[2]**	**(7)**	**-**	**-**	**(248)**
Liquidnet Vendor Loan Notes	**(38)**	**1**	**(1)**	**-**	**(5)**	**(43)**
Total debt excluding lease liabilities	**(839)**	**81**	**(35)**	**-**	**(1)**	**(794)**
Lease liabilities	**(286)**	**46[5]**	**(18)**	**-**	**(21)**	**(279)**
Total financing liabilities	**(1,125)**	**127**	**(53)**	**-**	**(22)**	**(1,073)**
Net debt	**(243)**	**260**	**(53)**	**-**	**25**	**(11)**

2021	At 1 January £m	Cash flow £m	Non-cash items £m	Acquired with acquisitions £m	Exchange movements £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[6]	-	-	(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)

1 Relates to Totan loan repayment.
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 £17m (2021: £15m) reported as a cash outflow from operating activities and principal paid of £29m (2021: £28m) reported as a cash outflow from financing activities.
6 Relates to currency differences arising on foreign currency drawdowns and repayments.

16. Analysis of net debt including lease liabilities (continued)

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 2022 cash and cash equivalents, net of overdrafts, amounted to £888m (2021: £767m) of which £104m (2021: £77m) 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/derecognition of lease liabilities.

17. Provisions

2022	Property £m	Re-structuring £m	Legal and other £m	Total £m
At 1 January	**16**	**5**	**22**	**43**
Charge to income statement	**-**	**3**	**2**	**5**
Utilisation of provisions	**(3)**	**(1)**	**(5)**	**(9)**
Effect of movements in exchange rates	**-**	**-**	**1**	**1**
At 31 December	**13**	**7**	**20**	**40**
2021				
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

	2022 £m	2021 £m
Included in current liabilities	**9**	5
Included in non-current liabilities	**31**	38
	40	43

Property provisions outstanding as at 31 December 2022 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 2022 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 2023.

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 24 years.

Yen LIBOR Class Actions

The Group has entered into settlement agreements with the plaintiffs in Laydon v. Mizuho Bank, Ltd. et al. and Sonterra Capital Master Fund, Ltd. et al. in order to settle these class actions relating to the alleged manipulation of Yen LIBOR and Euroyen TIBOR benchmark interest rates. The United States District Court for the Southern District of New York granted preliminary approval of the settlements on 4 October 2022. Pending final approval from the class, which the Group believes to be probable, the Group has paid US$2.4 million (c.£2.0 million) into escrow having provided for this amount. Separately, pursuant to these settlements and consistent with its indemnity obligations, NEX International Limited (formerly known as ICAP plc) has paid US$2.4 million (c.£2.0 million) into escrow pending final class approval in order to resolve claims against ICAP plc and ICAP Europe Limited. This has been recorded as a provision and settlement, together with the receipt of an indemnification asset from NEX.

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 7 (2021: 8) 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 32m (£5m) (2021: BRL 47m (£6m)). 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 an estimated loss of £0.1m which has already been provided for, 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 354m (£59m) (2021: BRL 295m (£39m)). 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.

(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 appealed the dismissal to the United States Court of Appeals for the Second Circuit. Based upon a Second Circuit ruling in an unrelated case, the parties have jointly moved to remand the case to the United States District Court for the Southern District of New York for further proceedings. The case is now remanded to the S.D.N.Y. where the plaintiffs on 23 November 2022, filed a third amended complaint. In October 2022, the four "ICAP" broker defendants (ICAP Europe Limited, ICAP Securities USA LLC, NEX Group plc and Intercapital Capital Markets LLC) reached a settlement in principle with the plaintiffs which has been approved on a preliminary basis by the Court. On 27 January 2023, the remaining "Tullett" defendants (TP ICAP plc, Tullett Prebon Americas Corp, Tullett Prebon (USA) Inc., Tullett Prebon Financial Services LLC, Tullett Prebon (Europe) Limited and Cosmorex AG) filed a motion to dismiss the third amended complaint on various grounds including statute of limitations and failure to state a claim upon which relief can be granted. 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) EURIBOR Class Action

On 13 August 2015, the ICAP Europe Limited, along with ICAP plc, was named as a defendant in a Fourth Amended Class Action Complaint filed in the United States District Court by lead plaintiff Stephen Sullivan asserting claims of Euribor manipulation. Defendants briefed motions to dismiss for failure to state a claim and lack of jurisdiction, which were fully submitted as of 23 December 2015. On 21 February 2017, the Court issued a decision dismissing a number of foreign defendants, including ICAP Europe Limited and ICAP plc, out of the lawsuit on the grounds of lack of personal jurisdiction. Because the action continued as to other defendants, the dismissal decision for lack of personal jurisdiction has not yet been appealed. However, the plaintiffs announced on 21 November 2017 that they had reached a settlement with the two remaining defendants in the case. As a part of their settlement, the two bank defendants have agreed to turn over materials to the plaintiffs that may be probative of personal jurisdiction over the previously dismissed foreign defendants. The remaining claims in the litigation were resolved by a settlement which the Court gave final approval to on 17 May 2019. Plaintiffs filed a notice of appeal on 14 June 2019, appealing the prior decisions on the motion to dismiss and the denial of leave to amend. Defendants filed a cross-notice of appeal on 28 June 2019 appealing aspects of the Court's prior rulings on the motion to dismiss that were decided in the Plaintiffs' favour. These appeals have been stayed since August 2019 pending a ruling in an unrelated appellate matter involving similar issues. In December 2021, the unrelated appeal was decided and the stay of the appeal and cross appeal was lifted and commencing in May 2022 a briefing schedule was implemented. The motions have been fully briefed but the appeal and cross appeal are not anticipated to be ruled upon until some time in 2023. It is not possible to predict the ultimate outcome of this action 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 the ICAP entities 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') (now TP ICAP Markets Limited) 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 (now TP ICAP Finance 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. In June 2022, the Court dismissed the action for lack of personal jurisdiction. In July 2022, the plaintiffs filed a motion with the Court for reconsideration as well as a notice of appeal. Argument on the motion for reconsideration was held in January 2023 and the motion remains pending with the Court. 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 ('TPIM') and Link are defendants in a claim filed in Hamburg by Warburg on 31 December 2020, but which only reached TPIM 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 refunded EUR 185 million to the German tax authorities and is subject to a criminal confiscation order of EUR 176.5 million. It has also been ordered to repay a further EUR 60.8 million to the German tax authorities and is subject to a related civil claim for EUR 48.8 million. Warburg's claims are based primarily on joint and several liability and are for compensation for the amount it has been ordered to pay to the tax authorities, the amount of the criminal confiscation order, the amount claimed against it in the civil claim and further indemnification and interest. TPIM and Link are contesting liability in the matter and 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.

Commodities and Futures Trading Commission—Bond issuances investigation

ICAP Global Derivatives Limited ('IGDL'), ICAP Energy LLC ('Energy'), ICAP Europe Limited ('IEL'), Tullett Prebon Americas Corp. ('TPAC'), tpSEF Inc. ('tpSEF'), Tullett Prebon Europe Limited ('TPEL') Tullett Prebon (Japan) Limited ('TPJL') and Tullett Prebon (Australia) Limited ('TPAL') are currently responding to an investigation by the CFTC in relation to the pricing of issuances utilising certain of TP ICAP's indicative broker pricing screens and certain recordkeeping matters including in relation to employee use of personal devices for business communications and other books and records matters. The investigation is still in the fact-finding phase and the Group is co-operating with the CFTC in its enquiries. It is not possible to predict the ultimate outcome of the investigation or to provide an estimate of any potential financial impact at this time. As the relevant matters that occurred prior to the Group's acquisition of the ICAP Global Broking Business ('IGBB') from ICAP were not disclosed to the Group prior to completion of the acquisition, the Group has initiated a court action against ICAP's successor company, NEX, for breach of warranty in respect of the ICAP entities.

Securities Exchange Commission Information Request

In October 2022, Liquidnet Inc. ('Liquidnet') received an inquiry from the Securities and Exchange Commission relating to, among other things, compliance with SEC Rule 15c3-5 and audit trail and access permissions to its ATS platforms. Liquidnet is still in the fact-finding phase and the Group is co-operating with the SEC in its enquiries. It is not possible to predict the ultimate outcome of the enquiry or to provide an estimate of any potential financial impact at this time.

General note

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of the 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.

Supplier contractual disputes

The Group is party to numerous contractual arrangements with its suppliers some of which, in the normal course of business, may become subject to dispute over a party's compliance with the terms of the arrangement. Such disputes tend to be resolved through commercial negotiations but may ultimately result in legal action by either or both parties. The Group is currently in commercially sensitive discussions with a major supplier and until these discussions have been concluded it is not possible to provide an estimate of any potential financial impact.

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 2022.

The preliminary statement of annual results for the year ended 31 December 2022 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 14 March 2023. 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:

Impairment of goodwill and acquisition-related intangible assets	
Key audit matter description	The Group holds goodwill of £1,232m (2021: £1,180m) and acquisition-related intangible assets of £548m (2021: £582m), of which £122m relate to a Liquidnet client-relationship intangible asset. As a result of reduced revenue due to lower market volumes in equity block trading, an impairment of £20m was recognised on the Liquidnet client-relationship intangible asset, decreasing the balance from £144m to £122m. As detailed in the Group's accounting policy acquisition-related intangible assets are reviewed for indicators of impairment at each balance sheet date and, if an indicator of impairment exists, an impairment assessment is performed. Goodwill is assessed for impairment at least annually, irrespective of whether or not indicators of impairment exist. Impairment assessments are performed by comparing the carrying amount of each cash generating unit ("CGU"), or Groups of CGUs, to its recoverable amount, using the higher of the value in use ("VIU") or fair value less costs to dispose ("FVLCD"). The VIU approach was used to estimate the recoverable amount of the Global Broking, Energy and Commodities, Parameta Solutions and Agency Execution Groups of CGUs while the FVLCD approach was used to assess the recoverable amount of the Liquidnet CGU and the related customer relationships. The impairment assessment requires management judgement in the estimation of future cash flows, including revenue growth, contribution margin, 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.

	Goodwill and acquisition-related intangible assets' disclosures are included in the Significant Items section of the Financial and Operating Review Report on page 14, the Report of the Audit Committee in the 2022 Annual Report and Accounts on page 109 and Notes 3, 4 and 13 to the Consolidated Financial Statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls in relation to the impairment review process for goodwill and acquisition-related intangible assets. We challenged the assumptions used in the impairment reviews, in particular the forecast revenue and contribution growth rates for Liquidnet and Agency Execution, and discount rates used by the Group in its impairment tests of the divisional Groups of CGUs. For budgeted revenue and contribution growth rate assumptions, we challenged management's assumptions with reference to recent performance, including comparing growth rates to those achieved historically and to external market data, where available. Working with our valuations specialists, we independently derived discount rates and compared these to the rates used by the Group. Additionally, we benchmarked the discount rates used by the Group to external peer data. We performed scenario analysis; stressed key assumptions with reference to historical performance; and assessed for impairment triggers between 30 September 2022 and 31 December 2022. 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 note 13. We evaluated the impact of climate related risks on the forecasts prepared by management. For acquisition related intangible assets, we specifically tested the assumptions used by management as part of the impairment review exercise to assess whether they meet the requirements of IAS 36 "Impairment of Assets". We challenged the key assumptions around the impairment triggers identified for the Liquidnet client-relationship, which we have assessed for reasonableness, and we evaluated the accuracy of the inputs used by management.
Key observations	We concur with management's conclusion to recognise a £20m impairment with respect to the Liquidnet customer relationships. We concur with the directors' conclusion that no goodwill impairment was required for any of the divisional Groups of CGUs or the Liquidnet CGU in the current year and concluded that the disclosures are reasonable.

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
14 March 2023