FINANCIAL AND OPERATING REVIEW

"We delivered a strong financial performance, higher revenues from diversified sources and continued cost discipline in a tough environment."

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 translated using prior year foreign exchange rates.

Introduction

The Group delivered a good financial performance: revenue increased 4% to £2,191m (3% ahead in constant currency), building on the 13% growth in 2022.

In line with our expectations, following a strong performance in 2022, revenue in our largest division, Global Broking, was unchanged. Energy & Commodities delivered record revenue growth of 18%, benefitting from improved market conditions. This included double-digit growth across all the key asset classes (Oil, Power and Gas).

Liquidnet revenue (excluding Credit, now reported as part of our Credit asset class in Global Broking) declined marginally. Cash Equities revenue was 8% down, but outperformed the activity in large block market volumes – Liquidnet's key market segment. We grew our market share in the US and EMEA regions, underlining the strength of our franchise. Cash Equities revenue increased by 9% in the fourth quarter, and this positive momentum has continued so far in 2024.

Parameta Solutions, a world leader in the provision of OTC data and analytics, grew its revenue by 8% and continues to benefit from the delivery of multi-channel distribution and diversification of its client base.

Our focus on cost management (annualised Liquidnet integration cost synergies of £43m), and broker productivity (average revenue per broker +10%), increased our Group contribution margin to 38.7% (2022: 37.6%). We delivered a record adjusted EBIT of £300m (2022: £275m), up 9%, with EBIT margin increasing to 13.7% from 13.0%, despite a £11m foreign currency loss arising from the retranslation of the Group's monetary assets and liabilities (2022: £14m gain).

The Group incurred significant items of £153m post-tax in reported earnings (2022: £91m) with the year-on-year increase driven by the £76m (net of tax) in 2023 impairment of goodwill and acquired intangibles assets in Liquidnet. The impairment reflects the particularly challenging equity markets seen over the last two years, as well as an increase in the discount rate. Significant items excluding the impairment and income and costs associated with legal and regulatory matters, were lower than our previous guidance of £85m (pre-tax). Group's reported EBIT was £128m (2022: £163m).

At our Capital Markets Day in 2020, we set out our strategy to transform, grow, and diversify the Group. At the same time, we set out a range of 2023 targets which we adjusted last year to principally reflect the challenging market conditions for Liquidnet Equities, and the impact of the pandemic. We have exceeded the updated guidance for most of these targets.

Dynamic capital management is an important strategic priority for us. We freed up our targeted £100m of cash, which is being used to reduce Group debt. Our leverage ratio[1] is now 1.9 times, and is expected to reduce further, when we report our half year 2024 results in August. We delivered strong cash generation, with a cash conversion ratio of 124% (2022: 156%). We announced a second share buyback programme of £30m, following the completion of the initial £30m programme in January 2024. Finally, in line with our dividend policy, the Board is recommending a final 2023 dividend of 10.0 pence per share, representing a full year 2023 dividend of 14.8 pence per share, up 19.4%.

1. Total debt (excluding finance lease liabilities) dividend by adjusted EBITDA as defined by Rating Agency.

Robin Stewart
Executive Director and Chief Financial Officer
12 March 2024

Key financial and performance metrics

	2023 £m	2022 Reported[2] £m	2022 Constant Currency[2] £m	Reported change	Constant Currency Change
Revenue	**2,191**	2,115	2,119	4%	3%
Reported					
– EBIT	**128**	163	165	(21%)	(22%)
– EBIT margin	**5.8%**	7.7%	7.8%	(1.9%)	(2.0%)
Adjusted					
– Contribution	**848**	795	797	7%	6%
– Contribution margin	**38.7%**	37.6%	37.6%	1.1%	1.1%
– EBITDA	**373**	357	359	4%	4%
– EBIT	**300**	275	277	9%	8%
– EBIT margin	**13.7%**	13.0%	13.1%	0.7%	0.6%
Average					
– Broker headcount[1]	**2,556**	2,680	2,680	(5%)	(5%)
– Revenue per broker[1] (£'000)	**716**	652	653	10%	10%
– Contribution per broker[1] (£'000)	**268**	230	230	17%	17%
Period end					
– Broker headcount[1]	**2,523**	2,613	2,613	(3%)	(3%)
– Total headcount	**5,179**	5,161	5,161	–	–

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 broker headcount for the year. 2022 broker headcount restated to include Liquidnet Credit platform to reflect the Credit platform merger with Global Broking.

2 Prior year numbers have been restated to reflect £32m reclassification of technology costs from front office costs to management & support costs to better reflect the nature and management of these costs.

Income statement

Whilst not a substitute for IFRS, management believe adjusted figures provide relevant information to better understand the underlying business performance. These adjusted measures, and other alternative performance measures ('APMs'), are also used by management for planning and to measure the Group's performance.

2023	Adjusted £m	Significant items £m	Reported £m
Revenue	**2,191**	–	**2,191**
Employment, compensation and benefits	(1,354)	(6)	(1,360)
General and administrative expenses	(478)	(33)	(511)
Depreciation and impairment of PPE and ROUA	(45)	(11)	(56)
Amortisation and impairment of intangible assets	(28)	(130)	(158)
Operating expenses	**(1,905)**	**(180)**	**(2,085)**
Other operating income	14	8	22
EBIT	**300**	**(172)**	**128**
Net finance expense	(29)	(3)	(32)
Profit before tax	**271**	**(175)**	**96**
Tax	(67)	27	(40)
Share of net profit of associates and joint ventures	25	(5)	20
Non-controlling interests	(2)	–	(2)
Attributable Earnings	**227**	**(153)**	**74**
Basic average number of shares (millions)	777.7		777.7
Basic EPS (pence per share)	29.2p		9.5p
Diluted average number of shares (millions)	794.2		794.2
Diluted EPS (pence per share)	28.6p		9.3p

2022	Adjusted £m	Significant items £m	Reported £m
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)
Attributable Earnings	**194**	**(91)**	**103**
Basic average number of shares (millions)	779.1		779.1
Basic EPS (pence per share)	24.9p		13.2p
Diluted average number of shares (millions)	790.6		790.6
Diluted EPS (pence per share)	24.5p		13.0p

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Revenue by division

Total Group revenue in 2023 of £2,191m was 3% higher than the prior year (+4% in reported currency). Global Broking revenue was broadly in line, with the performance underpinned by another strong year for Rates and growth in FX and Money Markets. Energy & Commodities revenue increased by 18% supported by improved market activity across Oil, Power and Gas. Supply disruptions caused by the war in Ukraine receded and European gas prices returned to more normal levels, leading to an increase in trading activity. In Liquidnet revenue was down 1% due to challenging equity market conditions, particularly during H1 2023. However, an improvement in equity markets in Q4 saw Cash Equities revenue rise 13%, providing good momentum for 2024. The rest of the Liquidnet division delivered strong growth (+12%), driven by the Relative Value desks. Parameta Solutions revenue was up 8% as it continued to benefit from growing demand for high quality financial markets data. Growth accelerated to 11% in H2 2023.

By Business Division	2023 £m	2022 (restated reported currency) £m	2022 (restated constant currency) £m	Reported currency change	Constant currency change
Rates	566	567	567	–	–
FX & Money Markets	312	302	302	3%	3%
Equities	237	246	246	(4%)	(4%)
Credit[2]	121	125	125	(3%)	(3%)
Inter-division revenue[1]	22	22	22	–	–
Global Broking[3]	**1,258**	**1,262**	**1,262**	–	–
Energy & Commodities	455	384	386	18%	18%
Inter-division revenue[1]	3	3	3	–	–
Energy & Commodities	**458**	**387**	**389**	**18%**	**18%**
Liquidnet[2]	**315**	**316**	**318**	–	**(1%)**
Data & Analytics	185	175	175	6%	6%
Inter – division revenue[1]	4	–	–	n/a	n/a
Parameta Solutions[3]	**189**	**175**	**175**	**8%**	**8%**
Inter-division eliminations[1]	(29)	(25)	(25)	(16%)	(16%)
Total Revenue	**2,191**	**2,115**	**2,119**	**4%**	**3%**

1 Inter-division revenue has been recognised in Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Parameta Solutions division. The Global Broking and Energy & Commodities inter-division revenue and Parameta Solutions inter-division costs are eliminated upon the consolidation of the Group's financial results.
2 Liquidnet Credit revenue of £11m is now reported as part of Global Broking. 2023 disclosures are on this basis, with 2022 results restated, to ensure a like-for-like comparison year-on-year. £9m of Credit revenue in 2022 has been reclassified from Liquidnet to Global Broking.
3 Parameta Solutions desks transferred into Global Broking reflecting the change in focus of business activities. 2022 Revenue for Global Broking increased by £2m, Parameta Solutions reduced by £2m.

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.

	2023 £m	2022 (restated[1] reported currency) £m	2022 (restated[1] constant currency) £m	Reported Currency Change	Constant Currency Change
Front office costs					
– Global Broking	761	798	799	(5%)	(5%)
– Energy & Commodities	304	263	264	16%	15%
– Liquidnet	207	197	197	5%	5%
– Parameta Solutions	71	62	62	15%	15%
Total front office costs[2]	**1,343**	**1,320**	**1,322**	**2%**	**2%**
Management and support costs					
– Employment costs	319	297	297	7%	7%
– Technology and related costs	93	93	93	–	–
– Premises and related costs	29	28	28	4%	4%
– Depreciation and amortisation	73	82	82	(11%)	(11%)
– Other administrative costs	37	46	46	(20%)	(20%)
Total management and support costs	**551**	**546**	**546**	**1%**	**1%**
– FX (gains)/losses	11	(14)	(14)	n/a	n/a
Total management & support costs (incl. FX losses/(gains)	**562**	**532**	**532**	**6%**	**6%**
Total adjusted operating costs	**1,905**	**1,852**	**1,854**	**3%**	**3%**
Significant items	180	130	128	38%	41%
Total operating expenses	**2,085**	**1,982**	**1,982**	**5%**	**5%**

1 Prior year numbers have been restated to reflect £32m reclassification of technology costs from front office costs to management & support costs to better reflect the nature of these costs. The reclassification impacts Liquidnet, Global Broking and the Group.
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 £1,343m increased by 2% on reported and constant currency basis compared with 2022, in line with increase in revenue. In 2022 there was a £21m P&L charge, net of recoveries relating to Russian exposures. Excluding this charge, the front office costs increased by 3%, Total management & support costs (excluding FX (gains)/losses) of £551m remained broadly in line compared with the previous period. The FX impact from the retranslation of monetary assets and liabilities reversed from a £14m gain in 2022, to an £11m loss in 2023. We maintained tight cost discipline and the impact of ongoing inflationary pressures and continuing investment in Liquidnet Credit was largely offset by the delivery of further cost savings, which has strengthened our operating leverage. We have now delivered £43m of annualised Liquidnet integration cost synergies, exceeding our target of £30m.

Total operating expenses of £2,085m, increased by 5% compared with 2022. During 2023, we incurred total strategic IT investment spend amounting to £26m (2022: £22m) comprising £7m of operating expenses and £19m of capital expenditure. (2022: £8m operating expenses and £14m capital expenditure).

Capital and liquidity management

Capital management

The Group achieved its target of freeing up c.£100m of cash, six months ahead of schedule. It is being used to reduce Group debt, thereby reducing our future net finance costs, and increasing our investment grade headroom.

In April 2023, we issued £250m Sterling Notes maturing in 2030 under the Group's Euro Medium Term Note ('EMTN') programme. The proceeds were used to repay £210m of the outstanding Sterling Notes, in 2023 and the balance at maturity, in January 2024.

Free cash flow generation was strong at £281m (2022: £302m), representing a 124% cash conversion (free cash flow divided by adjusted attributable earnings).

We announced a share buyback programme of up to £30m in August 2023 which was executed during the second half of 2023 and completed in the first week of January 2024. We have announced a second buyback of £30m. The Board remains 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

The Group extended the £350m syndicated Revolving Credit Facility ('RCF') for a further year to May 2026. In January 2024 the Yen10bn RCF with a Japanese strategic partner has also been extended to February 2026.

Significant items

Items that distort comparisons due to their size, nature or frequency, are excluded in order to provide additional understanding, comparability and predictability of the underlying trends of the business, to arrive at adjusted operating and profit measures.

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 contained in both the reported and adjusted results as these are considered to be core to supporting the operations of the business.

Impairment

The Group conducts its goodwill and intangible asset impairment test annually in September, or more frequently if indicators of impairment exist. Impairment assessments are performed by comparing the carrying amount of a cash generating unit ('CGU'), to its recoverable amount. Judgement is involved in estimating the future cash flows of the cash-generating units and the rates used to discount these cash flows.

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 2023 vs 2022, of which around 85% of the total 2023 costs are non-cash.

	2023 Gross Expense £m	2023 Tax Relief £m	2023 Net Amount £m	2022 Gross Expense £m	2022 Tax Relief £m	2022 Net Amount £m
Restructuring & related costs						
– Property rationalisation[1]	15	(3)	12	16	(3)	13
– Liquidnet integration	9	(2)	7	9	(1)	8
– Group cost saving programme	–	–	–	21	(3)	18
– Business restructuring[2]	2	–	2	2	–	2
– Remeasurement of employee group income protection ('GIP') provision	–	–	–	(7)	1	(6)
Subtotal	**26**	**(5)**	**21**	**41**	**(6)**	**35**
Disposals, acquisitions and investment in new business						
– Amortisation of intangible assets arising on consolidation	44	(11)	33	45	(10)	35
– Liquidnet acquisition related[3]	10	(2)	8	(15)	(6)	(21)
– Foreign exchange losses	(2)	1	(1)	5	–	5
– Adjustment to deferred consideration[4]	(3)	–	(3)	8	–	8
– Strategic project costs	–	–	–	3	–	3
Subtotal	**49**	**(12)**	**37**	**46**	**(16)**	**30**
Impairment[5]						
– Liquidnet goodwill	47	–	47	–	–	–
– Liquidnet customer relationships	39	(10)	29	20	–	20
Subtotal	**86**	**(10)**	**76**	**20**	–	**20**
Legal & regulatory matters[6] – Subtotal	**11**	**–**	**11**	**5**	**–**	**5**
Total pre-financing cost	**172**	**(27)**	**145**	**112**	**(22)**	**90**
– Financing interest expense on Vendor Loan Notes, amortisation of discount on deferred consideration and GIP provision	3	–	3	1	–	1
Total post-financing cost	**175**	**(27)**	**148**	**113**	**(22)**	**91**
Associate impairment[7]	5	–	5	–	–	–
Total	**180**	**(27)**	**153**	**113**	**(22)**	**91**

1 £12m Property rationalisation costs include costs relating to exiting Liquidnet's Hong Kong and New York office.
2 £2m of Business restructuring costs include the ongoing work to simplify the Group's legal entity structure and free up capital.
3 £8m of Liquidnet acquisition related costs relating to settling commercial and regulatory matters arising from the Liquidnet acquisition.
4 £(3)m adjustment to deferred consideration includes the reduction of deferred consideration on the Liquidnet earnout in the light of lower performance in the equities business.
5 £76m recognised impairment of the carrying values of goodwill and acquired customer relationships in Liquidnet as a result of prolonged adverse changes in equity market conditions, and an increase in the discount rate that is applied to cash flow projections.
6 £11m Legal & regulatory matters includes costs related to proceedings issued by the Frankfurt and Cologne Prosecutors, civil claims relating to 'cum-ex', the defence of LIBOR actions and settlement, costs related to the Company bringing a warranty claim against NEX Group and costs related to ongoing regulatory investigations.
7 £5m relates to the impairment of the Group's carrying value of an associate company on disposal – Corretaje e Informacion Monetaria Y de Divisas SA ('CIMD').

Net finance expense

The adjusted net finance expense of £29m (reported net finance expense £32m), is comprised of £46m interest expense and £14m of net interest on finance leases, offset by £31m interest income. The net finance expense is £20m lower compared with £49m in 2022. This is mainly due to:

> £26m increase in interest income following concerted effort to maximise the interest rate yield on increasing cash balances;
> £7m increase in interest expense from 2030 Sterling Notes refinanced at higher rate (7.875%) compared with the 2024 Sterling Notes repaid (5.25%); and
> £1m decrease in net financing leasing costs.

Tax

The effective rate of tax on adjusted profit before tax is 24.7% (2022: 25.7%). The effective rate of tax on reported profit before tax is 41.7% (2022: 31.9%).

Basic EPS

The average number of shares used for the 2023 Basic EPS calculation is 777.7m (2022: 779.1m). This reflects the 788.7m shares in issue as at 31 December 2022, less the 8.8m shares held in trust as at 31 December 2022, adjusted for the time-apportioned movements in shares during 2023. Time-apportioned movements during the year were an increase of 0.5m in respect of own shares held in trust and a decrease of 2.7m in respect of treasury shares acquired through the share buyback.

The TP ICAP plc Employee Benefit Trust has waived its rights to dividends.

The reported Basic EPS for 2023 was 9.5p (2022: 13.2p) and adjusted Basic EPS for 2023 was 29.2p (2022: 24.9p).

Dividend

The Board is recommending a final dividend for 2023 of 10.0p, which, when added to the interim dividend of 4.8p, results in a total dividend for the year of 14.8p, an increase of 19% from the previous 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 24 May 2024 to shareholders on the register at close of business on 12 April 2024. The ex-dividend date will be 11 April 2024.

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 02 May 2024.

Targets for 2023 and Guidance for 2024

At the Capital Markets Day ('CMD') in December 2020 we set out financial targets for the end of 2023 and subsequently updated guidance to reflect the impact of the pandemic and the challenging equity market conditions for the Liquidnet platform. As we often highlight, it is difficult to predict future levels of market activity, given the highly uncertain macro and geopolitical outlook.

We have met most of our guidance.

	Total Group	GB[1]	E&C	PS	LN[1]
Contribution Margin					
Latest guidance		39% to 40%	33% to 35%	>50%	c.30%
2023 Reported		**39.8%**	**33.6%**	**49.2%**	**22.4%**
Adjusted EBIT Margin					
Latest guidance	c.14%	17% to 19%	13% to 15%	>45%	
2023 Reported	**13.7%**	**17.8%**	**15.5%**	**40.7%**	
Cash Conversion					
Latest guidance	c.80%				
2023 Reported	**124%**				

1 For comparison with 2023 latest guidance, Liquidnet Credit is excluded from Global Broking, to ensure a like-for-like basis. The contribution margin also excludes the 2023 reclassification of technology costs (£6m) from front office costs into management & support costs for Global Broking and (£26m) for Liquidnet.

Our guidance for 2024 is as follows:

> Significant items in 2024 are expected to be c.£65m (pre-tax), excluding potential income and costs associated with legal and regulatory matters;
> Group net finance expense of c.£25m;
> Management & support costs (excluding FX gains or losses) are expected to grow in line with inflation; and
> 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.

2023	GB[3,4] £m	E&C £m	LN[4] £m	PS[3] £m	Corp/ Elim £m	Total £m
Revenue:						
– External	1,236	455	315	185	–	2,191
– Inter-division[1]	22	3	–	4	(29)	–
	1,258	**458**	**315**	**189**	**(29)**	**2,191**
Total front office costs:						
– External	(761)	(304)	(207)	(71)	–	(1,343)
– Inter-division[1]	(4)	–	–	(25)	29	–
	(765)	**(304)**	**(207)**	**(96)**	**29**	**(1,343)**
Contribution	**493**	**154**	**108**	**93**	–	**848**
Contribution margin	*39.2%*	*33.6%*	*34.3%*	*49.2%*	–	*38.7%*
Net management and support costs:						
– Management and support costs	(259)	(75)	(87)	(14)	(54)	(489)
– Other operating income	3	1	–	–	10	14
Adjusted EBITDA	**237**	**80**	**21**	**79**	**(44)**	**373**
Adjusted EBITDA margin	*18.8%*	*17.5%*	*6.7%*	*41.8%*	*n/a*	*17.0%*
– Depreciation and amortisation	(31)	(9)	(11)	(2)	(20)	(73)
Adjusted EBIT	**206**	**71**	**10**	**77**	**(64)**	**300**
Adjusted EBIT margin	*16.4%*	*15.5%*	*3.2%*	*40.7%*	*n/a*	*13.7%*
Average broker headcount	1,815	599	142			2,556
Average sales headcount	–	–	107			107
Revenue per broker (£'000)[2]	681	759	972			716
Contribution per broker (£'000)[2]	272	257	262			268

2022 (reported currency)	GB[3,4,5] £m	E&C £m	LN[4,5] £m	PS[3] £m	Corp/ Elim £m	Total[5] £m
Revenue:						
– External	1,240	384	316	175	–	2,115
– Inter-division[1]	22	3	–	–	(25)	–
	1,262	**387**	**316**	**175**	**(25)**	**2,115**
Total front office costs:						
– External	(798)	(263)	(197)	(62)	–	(1,320)
– Inter-division[1]	–	–	–	(25)	25	–
	(798)	**(263)**	**(197)**	**(87)**	**25**	**(1,320)**
Contribution	**464**	**124**	**119**	**88**	–	**795**
Contribution margin	*36.8%*	*32.0%*	*37.7%*	*50.3%*	–	*37.6%*
Net management and support costs:						
– Management and support costs	(242)	(65)	(93)	(7)	(43)	(450)
– Other operating income	2	–	–	–	10	12
Adjusted EBITDA[3]	**224**	**59**	**26**	**81**	**(33)**	**357**
Adjusted EBITDA margin	*17.7%*	*15.2%*	*8.2%*	*46.3%*	*n/a*	*16.9%*
– Depreciation and amortisation	(36)	(10)	(25)	(2)	(9)	(82)
Adjusted EBIT[3]	**188**	**49**	**1**	**79**	**(42)**	**275**
Adjusted EBIT margin	*14.9%*	*12.7%*	*0.3%*	*45.1%*	*n/a*	*13.0%*
Average broker headcount	1,908	632	139			2,680
Average sales headcount	–	–	119			119
Revenue per broker (£'000)[2]	650	607	894			652
Contribution per broker (£'000)[2]	243	196	200			230

2022 (constant currency)	GB[3,4,5] £m	E&C £m	LN[4,5] £m	PS[3] £m	Corp/ Elim £m	Total[5] £m
Revenue:						
– External	1,240	386	318	175	–	2,119
– Inter-division[1]	22	3	–	–	(25)	–
	1,262	**389**	**318**	**175**	**(25)**	**2,119**
Total front office costs:						
– External	(799)	(264)	(197)	(62)	–	(1,322)
– Inter-division[1]	–	–	–	(25)	25	–
	(799)	**(264)**	**(197)**	**(87)**	**25**	**(1,322)**
Contribution	**463**	**125**	**121**	**88**	–	**797**
Contribution margin	*36.7%*	*32.1%*	*38.1%*	*50.3%*	–	*37.6%*
Net management and support costs:						
– Management and support costs	(240)	(66)	(94)	(7)	(43)	(450)
– Other operating income	2	–	–	–	10	12
Adjusted EBITDA	**225**	**59**	**27**	**81**	**(33)**	**359**
Adjusted EBITDA margin	*17.8%*	*15.2%*	*8.5%*	*46.3%*	*n/a*	*16.9%*
– Depreciation and amortisation	(35)	(10)	(25)	(2)	(10)	(82)
Adjusted EBIT	**190**	**49**	**2**	**79**	**(43)**	**277**
Adjusted EBIT margin	*15.1%*	*12.6%*	*0.6%*	*45.1%*	*n/a*	*13.1%*
Average broker headcount	1,908	632	139			2,680
Average sales headcount	–	–	119			119
Revenue per broker (£'000)[2]	650	610	895			653
Contribution per broker (£'000)	243	198	199			230

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 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.
3 Parameta Solutions desks transferred into Global Broking reflecting the change in focus of business activities. 2022 Revenue for Global Broking increased by £2m, Parameta Solutions reduced by £2m. Front Office costs for Global Broking increased by £1m, Parameta Solutions reduced by £1m.
4 Liquidnet Credit is now reported as part of Global Broking. 2023 disclosures are on this basis, with 2022 results restated, to ensure a like-for-like comparison year-on-year. 2022 Revenue for Global Broking increased by £9m, Liquidnet reduced by £9m. Front Office costs for Global Broking increased by £17m, Liquidnet reduced by £17m.
5 Prior year numbers have been restated to reflect £32m reclassification of technology costs from front office costs to management & support costs to better reflect the nature of these costs. The reclassification impacts Liquidnet, Global Broking and the Group.

Global Broking[1]

Global Broking revenue of £1,258m (which represents 57% of total Group revenue) was broadly in line with the strong prior period that saw 7% increase compared with 2021 (in line in reported currency). Interest rates and market volatility remained high supporting macro trading activity in Rates and FX & Money Markets.

Revenue in Rates (comprising 45% of Global Broking revenue and 26% of total Group revenue) was in line with 2022, as market volatility remained high. FX & Money Markets revenue increased by 3% driven by strong growth in emerging markets, while we saw declines in Equities and Credit of 4% and 3% respectively. In 2023, Liquidnet Credit was merged with Global Broking to form a new, Group-wide, Credit offering. This new arrangement will enable us to leverage our deep sell-side relationships and deepen and accelerate connectivity as well as drive efficiencies through a shared support infrastructure. 2023 revenue from Liquidnet Credit was £11m (2022: £9m).

Revenue per broker increased by 5%, reflecting the delivery of the same year-on-year revenue with 5% fewer brokers. Contribution per broker increased by 12%, or by 7% when excluding the P&L charge related to Russian exposures in 2022.

Front office costs were 4% lower, due to the non-recurrence of the £20m P&L charge relating to Russian exposures in 2022 and lower average broker headcount. The contribution margin increased to 39.2% compared with 36.7% in the prior period.

Management and support costs (including depreciation and amortisation and net of other operating income) of £287m increased by 5% due to increased investment in the roll out of Fusion, our electronic platform. Adjusted EBIT was £206m, with a margin of 16.4% (2022: £190m, 15.1% in constant currency, £188m and 14.9% in reported currency).

Energy & Commodities ('E&C')

E&C revenue of £458m in 2023, representing 21% of total Group Revenue, was 18% higher, benefitting from buoyant market conditions. Double-digit growth was delivered across the key asset classes: Oil, Power and Gas. Trading volumes increased in European gas and power as the impact of the supply disruptions caused by the war in Ukraine were mitigated and prices returned to more normal levels. ICE oil market volumes were up 19% and gas market volumes up 16%, as the overall macro environment led to price volatility and increased trading.

Revenue per broker increased by 24% and contribution per broker increased by 30%.

Front office costs which are variable with revenue, were 15% higher at £304m. Contribution margin increased to 33.6% (2022: 32.1%).

Management and support costs (including depreciation and amortisation and net of other operating income) of £83m increased by 9% due to higher direct management costs and the adjusted EBIT was £71m, up 45% on the prior year with a margin of 15.5% (2022: £49m, 12.6% in constant currency and 12.7% in reported currency).

Liquidnet[1]

Liquidnet's revenue of £315m, which represents 14% of total Group revenue was 1% lower in constant currency compared with 2022 (in line with reported) with strong performance in the Relative Value businesses offset by continued challenges in Equities.

Liquidnet Equities continued to experience challenging market conditions particularly in the first half of 2023. We took further action on our cost base and have now delivered £43m of annualised integration synergies (vs our £30m target), and strengthened our operational leverage significantly. In the US, block market volumes by the top five Agency Alternative Trading System ('ATS') venues were down 13% compared with 2022 however, Liquidnet's market share increased from 23.2% to 24.0%. In Europe, 5x Large in Scale transactions ('LIS') volumes were down 15% in 2023 compared with 2022. In this challenging environment, Liquidnet's market share increased in 2023 to 35.9% compared with 34.3% in Q4 2022. Liquidnet showed an improving growth trajectory in the second half of 2023 as investor expectations for a reduction in global interest rates brought about a higher allocation of funds flow into Equities, and an increase in institutional block activity as a result. Cash equities revenue grew 13% in the fourth quarter of 2023.

The Relative Value businesses performed well as a result of the US regional banking crisis in Q1 2023, and rising interest rates throughout the year.

Front office costs of £207m were 5% higher. This resulted in a contribution margin of 34.3% (2022: 38.1%).

Management and support costs (including depreciation and amortisation and net of other operating income) of £98m reduced by 18% mainly from cost management actions and the adjusted EBIT increased to £10m, at 3.2% margin (2022: £2m, 0.6% in constant currency and £1m, 0.3% in reported currency).

Parameta Solutions[2]

Revenue of £189m, which represents 9% of total Group revenue, was 8% higher compared with 2022. Revenue in the second half was 11% higher compared with the prior period, providing positive momentum for the year ahead. Subscription-based recurring revenue represents over 96% of total revenue.

Parameta Solutions continues to benefit from the successful delivery of its strategy focussed on product development, multi-channel distribution and further diversification of its client base. Thirty new clients were onboarded in 2023, 80% of which were non-sell-side clients including buy-side, corporates, professionals' services and energy & commodities firms. In addition, we launched two benchmark indices focused on interest rate swap volatility and the global Liquefied Natural Gas market.

Management and support costs (including depreciation and amortisation and net of other operating income) of £16m increased by £7m from 2022 and the adjusted EBIT was £77m, with a margin of 40.7% (2022: £79m, 45.1% in reported & constant currency).

1 Liquidnet Credit is now reported as part of Global Broking. 2023 disclosures are on this basis, with 2022 results restated, to ensure a like-for-like comparison year-on-year. £9m of Credit revenue in 2022 have been reclassified from Liquidnet to Global Broking.

2 Parameta Solutions desks transferred into Global Broking reflecting the change in focus of business activities. 2022 Revenue for Global Broking increased by £2m, Parameta Solutions reduced by £2m. Front Office costs for Global Broking increased by £1m, Parameta Solutions reduced by £1m.

Cash flow

The table below shows the changes in cash and debt for the year ending 31 December 2023 and 31 December 2022.

£m	2023 £m	2022 £m
EBIT reported	**128**	**163**
Depreciation, amortisation and other non-cash items	226	178
Disposal of property, plant and equipment	–	12
Movement in working capital		
– changes in net Matched Principal balances	(20)	27
– change in other working capital balances	104	62
Income taxes paid		
– periodic tax paid	(57)	(51)
– accelerated tax paid	(32)	–
Net interest and loan facility fees paid	(33)	(48)
Capital expenditure	(55)	(53)
Dividends received from associates and joint ventures	22	15
Dividends paid to non-controlling interests	(2)	(3)
Free cash flow	**281**	**302**
Receipt UK pension surplus, net of pension tax payment	30	–
Purchase of financial assets	(19)	(50)
Net other investing activities	7	(9)
Dividend paid to TP ICAP shareholders	(99)	(78)
Share buyback	(29)	–
Net borrowings	39	(47)
Payment of lease liabilities	(29)	(29)
Other financing activities	(10)	(6)
Total other investing and financing activities	**(110)**	**(219)**
Change in cash	**171**	**83**
Foreign exchange movements	(40)	38
Cash at the beginning of the year	888	767
Cash at the end of the year	**1,019**	**888**

The Group's net cash balance of £1,019m, increased by £131m in the year.

Free cash flow is presented to show a more sustainable view of cash generation and to enable the conversion of adjusted earnings into cash to be better understood. This measure reflects the cash and working capital efficiency of the Group's operations, and aligns tax with underlying items and interest received with the operations of the group.

Free cash flow of £281m (2022: £302m) represents 124% conversion of adjusted attributable earnings into cash (2022: 156%). This includes temporary cash outflow of £20m on changes in Matched Principal balances (2022: £27m inflow) that arose on delayed settlement of trades and accelerated tax paid of £32m (2022: £nil) from the UK tax relief, that is expected to reverse in 2024 and 2025. Adjusting for these 2 items gives a free cash flow of £333m (2022: £275m) and a conversion of adjusted attributable earnings into cash of 147% (2022: 142%) caused principally by the cash inflow on working capital of £104m (2022: £62m) from a significant improvement in collection of trade receivables.

Total other investing and financing activities includes the net receipt of UK pension surplus being, the gross amount of £46m less the 35% tax levied of £16m, following the wind-up of the defined benefit pension schemes, a £29m outflow from the £30m share buyback programme announced in August 2023, a £99m outflow from increased dividend paid in 2023 and a £39m net cash inflow from the refinancing of the 2024 Sterling Notes.

The strengthening of GBP, particularly against the USD, resulted in a foreign exchange loss of £40m (2022: gain of £38m).

Debt finance

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

	At 31 December 2023 £m	At 31 December 2022 £m
5.25% £247m Sterling Notes January 2024[1]	37	253
5.25% £250m Sterling Notes May 2026[1]	250	250
2.625% £250m Sterling Notes November 2028[1]	249	248
7.875% £250m Sterling Notes April 2030[1]	251	–
Subtotal	**787**	**751**
Loan from related party (RCF with Totan)[2]	–	–
Revolving credit facility drawn – banks[2]	–	–
3.2% Liquidnet Vendor Loan Notes	40	43
Overdrafts	10	–
Debt (used as part of net (funds)/debt)	**837**	**794**
Lease liabilities	251	279
Total debt	**1,088**	**1,073**

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

2 £350m committed revolving facility ('RCF') and Yen10bn committed facility with The Tokyo Tanshi Co., Ltd were undrawn as at 31 December 2023.

The Group's gross debt, excluding lease liabilities, temporarily increased to £837m compared with 31 December 2022. In April 2023, the Group issued a £250m Sterling Note maturing in April 2030, the proceeds of which were used to repay £210m of the January 2024 Sterling Notes. The residual proceeds of the new issue are held as cash and the remaining £37m of the outstanding 2024 Notes were repaid at maturity in January 2024.

The Group's £350m main bank revolving credit facility, maturing in May 2026 and Yen10bn Totan facility, maturing in February 2026 were undrawn as at 31 December.

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 had a mixed impact on the Group's P&L in 2023. The average USD:GBP rate for the year is unchanged compared with 2022 and hence had a minimal impact to the Group's revenue and costs. Approximately 60% of revenue and 40% of costs are in USD. The overall strengthening of GBP over the 12-month period has generated a significant foreign exchange loss of £11m at the end of the year compared with a £14m gain in 2022, on the retranslation of monetary assets and liabilities at the year end.

Average	2023	2022
US Dollar	**$1.24**	$1.24
Euro	**€1.15**	€1.18

Period End	2023	2022
US Dollar	**$1.27**	$1.19
Euro	**€1.15**	€1.16

Pensions

The defined benefit pension scheme (the Scheme) in the UK completed wind-up in H2 2023. Following the settlement of the Scheme's liabilities, the Trustee distributed the cash surplus in the Scheme to the Group of £30m, representing £46m of remaining Scheme assets less applicable taxes at 35% amounting to £16m.

Regulatory capital

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

This year, we have completed a detailed qualitative, and quantitative, climate scenario analysis to deepen our understanding of how climate-related issues could affect the Group and its finances. The analysis concludes that the Group is not expected to be materially financially impacted by climate change over the timeframes and climate scenarios considered. We are committed to the ongoing assessment and management of climate risks and opportunities. As part of this work, we incorporate climate change considerations into our financial planning processes to monitor the impacts of climate-related issues on our financial performance and position.