CHAIR'S STATEMENT

We delivered a good financial performance in 2023, reflecting our focus on contribution, productivity and tight cost control.

"We have a clear strategic framework and are executing our priorities at pace. The provision of deep liquidity and unique data, our core competencies, have never been more important to the efficient functioning of many markets."

Dear fellow shareholder
2023 was a successful year for the Group. Your Board focused particularly on three areas: (a) the strategic development of our major businesses, (b) key areas of oversight and review, and (c) our Board and senior management capability. More detail on the Board's activities can be found on pages 79 and 90.

Group performance
Before dealing with these topics, I will review the main elements of our 2023 performance, including the market backdrop.

We delivered a good financial performance in 2023, reflecting our focus on contribution, productivity and tight cost control. The highlights included: a record Energy & Commodities ('E&C') performance, a continued uptick in Global Broking productivity, freeing up £100m of cash to reduce our outstanding debt, and delivering a £30m buyback programme. We also met, or exceeded, most of our revised 2023 targets. For more detail, see the CEO Review (page 6) and the Financial and Operating Review (page 34).

Market conditions are key for us. Central banks, in response to continued inflationary pressures, engaged in further monetary policy tightening. Interest rates in the UK, for example, rose to 15-year highs. Whilst this environment is a favourable one for our Rates franchise, as we expected, the exceptional volatility-driven volumes seen in 2022, did not recur at the same level this year.

Buoyant energy market conditions, following a challenging 2022, enabled E&C to leverage its market-leading position and deliver record growth in revenue and adjusted EBIT. In contrast, poor stock market conditions resulted in a difficult environment for large block trading, impacting Liquidnet. Against this backdrop, we right-sized the division's cost base. Liquidnet's enhanced operational leverage means it is well placed for when stock market conditions begin to improve for block trading, in particular. Continued growth in demand for scarce OTC data underpinned Parameta Solutions' growth. The business broadened its product offering, in areas such as benchmark administration and indices, through a range of new partnerships – for example, General Index in energy.

We delivered a 3%[1] increase in Group revenue (+4% on a reported currency basis). Group adjusted EBIT[2] (£300m) increased by 8%[1] (2022: £277m[1]) or 9% on a reported currency basis. Group reported EBIT, including a £76m Liquidnet net impairment charge (non-cash), declined by 21%, on a reported currency basis, to £128m (2022: £163m). The impairment in the carrying value of the Liquidnet goodwill and acquired intangible assets principally reflects challenging block market conditions, and an increase in the discount rate used to value the business, in line with higher interest rates.

In accordance with our dividend policy, the Board is recommending a final dividend of 10.0 pence per share to be paid on 24 May 2024, with an ex-dividend date and record date of 11 April 2024, and 12 April 2024, respectively. This brings the total dividend for the year to 14.8 pence per share, 19% ahead of 2022.

Development of key businesses
The Board focused on the strategic development of our key businesses, especially Global Broking and E&C.

Global Broking
Global Broking accounts for 57% of our total revenue (2022: 60%[1]). This year, we concentrated our efforts on driving improved contribution, including broker productivity. The Board again reviewed the rollout of our electronic platform, Fusion. The rollout is progressing well and the current programme is expected to conclude in 2025. Our focus is on client adoption, with a dedicated Fusion sales team in place. Adoption is being measured against a range of internal KPIs: pace of delivery, client usage and return on investment.

Energy & Commodities ('E&C')
We reviewed E&C's strategy, against the backdrop of the major changes the Energy Transition is generating for all of us. The division is well-positioned to capitalise on continued growth in oil and gas, and exploit new opportunities in more nascent markets. They include the trading of voluntary and mandatory carbon credits, battery metals, biofuels etc. The opportunity to monetise data is significant too. Parameta Solutions and E&C are working closely together to realise this opportunity.

1 In constant currency.
2 Refer to page 206 for Appendix – Alternative Performance Measures.

Key review areas

Your Board spent a substantial amount of time on certain key strategic issues. The areas I will focus on are: (a) strategic options for Parameta Solutions, (b) strategy and execution at Liquidnet, and (c) capital management.

Parameta Solutions

Parameta Solutions is a highly valuable asset: the global leader in the provision of OTC data and analytics. The division has high-quality, recurring revenue streams and excellent client retention. A key emphasis for us has been how we optimise Parameta's growth potential, including enhanced value recognition. For example, the consolidation of the various Parameta Solutions companies under a single legal structure[3], will enable us to more easily enter into third-party data partnerships.

Parameta Solutions is a valuable contributor to our future growth, and a key generator of cash and profits. The Board believes that the value of the asset is not being appropriately reflected in the Group's share price. Accordingly, we are exploring options to unlock value for shareholders, which include a potential IPO of a minority stake in Parameta.

Liquidnet

Your Board focused on three areas in relation to Liquidnet. First, the cost management programme. We exceeded our 2023 integration cost synergies target (£30m), ahead of schedule, enhancing our operational leverage and ensuring the business is ready for any market normalisation. Second, overseeing the growth and diversification strategy of the Equities franchise. Third, reviewing the significant opportunity in Liquidnet Credit[4], specifically the rollout of the Dealer-to-Client ('D2C') platform. Pleasingly, the division delivered an adjusted EBIT of £10m for the year (2022: £2m).

In Equities, our focus is on diversifying our offering, by pursuing an 'all weathers' strategy. This means growing the client base, and product capabilities, in algorithmic trading, programme trading, and inter-region trading. In the fourth quarter of the year, Equities revenue grew by 13%[5] (+9% in reported currency): our diversification strategy is beginning to bear fruit.

Developing real scale in our Credit business is important. As a market challenger, we are seeking to generate as much liquidity as possible. Connecting dealers to our platform is key to achieving this. We now have seven sell-side institutions live across the various secondary market protocols on the platform. Building on this momentum, Liquidnet Credit, including the D2C proposition, is now led by Global Broking[4]. This will enable the business to more effectively leverage Global Broking's deep sell-side relationships, and further accelerate connectivity, and therefore, more liquidity.

Dynamic capital management

As previously mentioned, we freed up £100m of cash and completed our first buyback programme. In addition, we successfully refinanced our 2024 maturing debt, with £250m of new issuance, which was five times over-subscribed.

Alongside our clear dividend policy, we are commencing a second buyback programme of £30m. Subject to our balance sheet and investment needs, we are assessing opportunities to free up more cash and pay down more debt, and/or return additional capital to shareholders.

Your senior management and Board

Before discussing matters related to your senior management and Board, I would like to share some observations on the current challenges being faced by the UK stock market. Let me start by noting that London is the world's leading financial centre in many key asset classes such as, for example, FX, OTC derivatives and international bond issuance. But, as we also know, over the last 20 years, London's share of global stock market capitalisation has fallen from 11% to 4%.[6]

A particular concern is the decline in liquidity in the UK stock market, especially the FTSE 250, of which your Company is a constituent member. FTSE 250 liquidity declined in fact, from 0.27% in 2015, to 0.21%[7] in 2023. European liquidity declined over the same period too: Euro STOXX mid-cap liquidity fell from 0.56% to 0.33%[7]. So, the phenomenon extends well beyond the UK. But, the US market has, by contrast, seen liquidity increase; over the same period, Nasdaq small-cap liquidity increased from 0.35% to 0.39%.[7]

The decline in FTSE 250 liquidity is important. We are all familiar with the arguments and the proposed solutions, which have been well publicised. Policymakers need to ensure those reforms have a meaningful, and positive impact on liquidity. As a UK-listed company (and one whose primary function is to source OTC liquidity for its clients), we monitor liquidity in our stock closely, and are increasingly concerned about the quality of the mid-cap traded market in the UK.

3 Subject to regulatory approvals.
4 Liquidnet Credit (both primary and secondary market trading protocols, including Dealer-to-Client ('D2C')) is now reported as part of Global Broking. FY 2023 disclosures are on this basis, with FY 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.
5 In constant currency.
6 Measured as a percentage of the MSCI World benchmark 2000-2023; source: Financial Times, February 2023.
7 Based on average daily volumes of the FTSE 250/Euro STOXX mid-cap/Nasdaq small-cap indices, as a percentage of free float, during the period 2015-2023; source: Bloomberg, data as at 31 December 2023.