

TP ICAP Group plc

Interim management report for the 6 months ended 30 June 2023

Nicolas Breteau, CEO of the Group, said:

“Our focus on productivity, contribution, and tight cost management, generated an uplift in profit and EBIT margin. Energy & Commodities delivered a strong performance, as energy markets normalised. Overall, Group revenue increased by 1%, following a strong performance last year, when the revenue base was up 7% (excluding the Liquidnet acquisition).

Our transformation, and diversification, initiatives are going well. The rollout of Fusion, our award-winning electronic platform, is on track, with an increasing focus on client adoption. Liquidnet now has two major banks connected to the Dealer-to-Client Credit proposition, with a third in the final stages. Parameta Solutions has launched energy-related indices, in partnership with General Index, a leader in this sector. Energy & Commodities is growing in Environmentals; there are more opportunities in the provision of energy-related data to Parameta Solutions, and voluntary and mandatory carbon credits.

Dynamic capital management is a key element of our strategy. The £100m of cash we targeted in the first half last year has been freed up 6 months ahead of schedule; it will be used to pay down debt. We are also announcing, starting today, a share buyback programme of £30m, and will continue to assess opportunities to free up cash to further invest in the business, pay down more debt, and/or return more capital to shareholders. An interim dividend of 4.8 pence per share, up 7%, will be paid to shareholders on 3 November 2023.”

Results for the Period

Statutory results:

	H1 2023	H1 2022
Revenue	£1,132m	£1,080m
EBIT	£109m	£99m
EBIT margin	9.6%	9.2%
Profit before tax	£91m	£72m
Profit for the period	£66m	£64m
Basic EPS	8.4p	8.2p
Interim dividend per share	4.8p	4.5p
Weighted average shares in issue (basic)	781.3m	778.6m

Adjusted results (excluding significant items):

	H1 2023	H1 2022	H1 2022 Constant Currency
Revenue	£1,132m	£1,080m	£1,125m
EBITDA	£200m	£185m	£196m
EBIT	£163m	£142m	£153m
EBIT Margin	14.4%	13.1%	13.6%
Profit before tax	£146m	£116m	
Profit for the period	£117m	£100m	
Basic EPS	15.0p	12.8p	
Weighted average shares in issue (basic)	781.3m	778.6m	

A table reconciling Reported to Adjusted figures is included in the Financial and Operating Review on page 12.

The percentage movements referred to in the highlights, CEO Review, and Financial and Operating Review below, are in constant currency (unless stated otherwise), 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. Approximately 60% of the Group's revenue and approximately 40% of costs are US Dollar denominated.

Financial highlights

Resilient revenues and tight cost management

- Group revenue up 1% (+5% in reported currency), following strong performance in H1 2022 when revenue base, excluding Liquidnet acquisition, grew 7%;
- Following a strong H1 2022 comparator, Global Broking (GB) revenue down 1%. FX & Money Markets generated low single digit growth; Rates marginally declined;
- GB revenue per broker increased 6%, GB contribution per broker up 24% (+9% excluding H1 2022 Russian provisions); headcount reduction and focus on contribution;
- Energy & Commodities (E&C) revenue up 12% as markets normalised. Strong performances across Oil, Gas and Power;
- Parameta Solutions revenue increased by 5%. Liquefied Natural Gas (LNG) indices launched in partnership with General Index;
- Liquidnet division revenue reduced by 6%. Cash equities revenue down 22%, in line with decline in block market volumes; mitigated by strong growth in rest of division (e.g. Relative Value), with revenue up 22%;
- Delivered £38m (annualised) Liquidnet integration cost synergies (target of at least £30m), six months ahead of schedule.

Increased margins and profitability

- Adjusted EBIT up 7% (+15% in reported currency) to £163m (H1 2022: £153m). Focus on contribution in GB, tight cost management, and strong E&C performance;
- Reported EBIT increased 10% to £109m (H1 2022: £99m);
- Adjusted EBIT margin increased to 14.4% (H1 2022: 13.6%).

Dynamic capital management: reducing debt, interim dividend up 7%, launching a £30m buyback programme

Reducing debt by £100m

- Targeted £100m of cash, generated by opportunities following Jersey re-domiciliation, freed up six months ahead of schedule; being used to reduce debt and other financing obligations. Decreases future net finance costs, increases investment grade rating headroom. Cash being used, for example, to pay the Liquidnet Vendor Loan Note (c. £40m);

Interim dividend increases by 7%

- Group is cash generative with a prudent capital management framework. Buyback sits alongside a clear dividend policy: 50% pay-out ratio of adjusted post-tax earnings for year as a whole;
- An interim dividend per share of 4.8 pence, up 7% (H1 2022: 4.5 pence), will be paid on 3 November 2023, to shareholders on the register at close of business on 27 September 2023.

£30m buyback programme:

- Group announcing, starting today, a share buyback programme of £30m. Buyback funded by a range of initiatives, following Jersey re-domiciliation, as well as cash generation;
- Alongside ongoing investment opportunities, continue to assess opportunities to free up cash to pay down more debt, and/or return further capital to shareholders.

Strategic highlights

Transforming: Fusion on track

- Fusion implemented on 44% of in-scope GB desks; dedicated focus on client adoption – number of unique client logins (Rates) up 43% in 12 months;

Diversification: Energy & Commodities, Parameta Solutions, Liquidnet

Energy & Commodities

- *Environmentals:*
 - Environmentals a significant diversification opportunity as Energy Transition progresses; first carbon credit trade executed in Brazil;
 - Greater collaboration with Parameta Solutions to bring more Energy & Commodities data solutions to market, including real-time pricing.
- *Digital Assets:*
 - Fusion Digital Assets, institutional trading venue for spot crypto assets, live in May. First Bitcoin/USD pairs trade successfully completed.

Parameta Solutions:

- Approved by European Securities and Markets Authority (ESMA) as a recognised benchmark administrator. First inter-dealer broker to administer OTC benchmarks and indices across UK/Europe;
- Launched liquified natural gas (LNG) indices, in partnership with General Index;
- Consolidation of Parameta Solutions companies well progressed: will enable Parameta to pursue a broader range of commercial options, including more external data partnerships.

Liquidnet:

- Diversifying Equities franchise: algorithmic, programme and inter-region trading. Algorithmic trading capability now includes alerts to traders of incremental block trading opportunities;
- Two major banks connected to the Dealer-to-Client (D2C) Credit proposition; Third major bank in final stages.

Outlook

Our market-leading businesses are well positioned. Central banks are committed to deploying monetary policy to combat inflation; energy markets are normalising. These trends benefit our Global Broking and Energy & Commodities divisions. Demand for Parameta Solutions' high-quality OTC data is growing. The Liquidnet division, which broke even at the half year, will continue to diversify its equities franchise and roll out the credit proposition to more major banks. More broadly, current foreign exchange effects, particularly the recent appreciation of Sterling against the US Dollar, could continue in the second half: approximately 60% of our revenues are denominated in US Dollars.

We are on track to deliver our 2023 Capital Markets Day targets, in line with our full year 2022 guidance. We will continue to seek to free up more cash to pay down more debt, and/or return capital to shareholders, subject to our balance sheet requirements and investment opportunities.

In July, in constant currency, there was strong single-digit growth in Group revenue, when compared with the corresponding period last year.

H1 2023 results presentation

The Group will hold an in-person presentation and Q&A at 09:00 BST 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/854-1116-36619/en>

Joining by telephone

United Kingdom (Toll Free): +44 800 358 1035

United Kingdom Toll: +44 20 4587 0498

United States (Toll Free): +1 855 979 6654

United States (Toll): +1 646 787 9445

Participant access code: 044967

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 be available via playback on our website after the event at <https://tpicap.com/tpicap/investors/reports-and-presentations>.

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.
- We are 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

The successful execution of our strategy enables us to deliver sustainable shareholder value in the medium term. Our strategy has three components: transformation, diversification and dynamic capital management.

Our transformation, exemplified by our focus on Fusion, is on track; client adoption is a major emphasis for us. Our diversification continues at pace, including greater collaboration in the energy-related data sector between Parameta Solutions and Energy & Commodities. We have also identified more Energy Transition opportunities in the broking of voluntary, and mandatory, carbon credits and battery metals like cobalt and lithium. Liquidnet is building out the Credit proposition and diversifying the Equities franchise, at a challenging time for stock markets.

Turning to dynamic capital management, we have freed up £100 million of cash six months ahead of schedule; this will be used to pay down debt and other financing obligations. We are announcing an interim dividend of 4.8 pence per share, up 7%. In addition, we are today commencing a £30m share buyback programme. We will continue to assess opportunities to free up more cash to continue investing in the business, pay down debt, and/or return further capital to shareholders.

Market developments

The Federal Reserve has increased rates 11 times since March 2022, from near zero to the 5% - 5.25% range. The Bank of England increased its benchmark rate 14 times in a broadly similar timeframe: the base rate is now at its highest level for 15 years. Against this backdrop, Global Broking, with its market-leading Rates franchise, is well positioned.

Energy markets normalised following a challenging 2022 when heightened geopolitical uncertainty led to a pronounced reduction in trading volumes. This year there has been greater global demand (and supply) for oil. During the first half, global oil demand increased by 1.8 million barrels a day (mbpd) to 101.6 mbpd. ICE Gasoil volatility declined from an average of 68% in H1 2022 to 39% in H1 2023. Energy & Commodities benefitted from these developments.

We see continued strong demand for oil and natural gas, key segments for our business. Recent projections from the International Energy Agency (IEA) anticipate that global oil demand will grow by 6% by 2028. The IEA also expects renewables to become the largest source of global electricity generation by early 2025. External analysis we commissioned suggests there will be material growth in the voluntary, and mandatory, carbon credit sectors. Our brokers are active across all the energy sectors, both traditional and renewables, so we expect to benefit from these trends.

Equity markets were challenging again. Whilst there was some improvement in stock market performances, many institutions maintained a "risk-off" approach. This impacted block trading activity, a key focus for Liquidnet. HSBC recently noted that US/Canada/Developed Europe (Liquidnet's main markets) had recorded combined outflows in equities of \$36bn since the beginning of the year. In June, the combined cash holdings of all equity funds were at their highest since the onset of the Covid-19 pandemic three years ago. Consequently, the latest McLagan survey (Q1 2023), found that the global equities commission wallet was 16% lower year-on-year, the lowest level since Q1 2019.

Global spending on financial market data and news increased by 4.7% to a record \$37.3 billion last year. Other key growth areas include ESG and energy-related trading data. The former is now a \$1bn market and growing rapidly, particularly in Europe which accounts for about 60% of the overall spend¹. These are growing areas of focus for Parameta Solutions, working closely with our Energy & Commodities division, and external partners like General Index (see below).

¹ Source: EY

Resilient revenues, tight cost management, and increased profitability

Following a strong H1 2022 comparator (7% ahead of H1 2021, excluding Liquidnet), Group revenue was up 1%, or 5% on a reported currency basis. Total revenue generated by Global Broking, our largest division, declined by 1%, following the revenue base increasing by 8% in the same period last year. As energy markets normalised, Energy & Commodities leveraged its market leading position with revenues up 12%. There were strong performances from the division's three main asset classes: Oil, Gas and Power.

Revenues at Liquidnet declined by 6%. Cash equities revenue decreased by 22%, in line with the reduction in large block trades², driven by the "risk-off" approach adopted by many institutions. The asset classes in the rest of the division performed strongly, with revenue up 22%, driven by growth in the Relative Value business.

Parameta Solutions recorded a 5% increase in revenue. The comparative period included strong recoveries from client data audits, which did not recur in the current period.

Global Broking has a market-leading position. Parameta Solutions is the leading provider of inter-dealer OTC data; accounting for around three quarters of this market. In Liquidnet, EMEA market share in the key 5x Large-in-Scale market declined from 35.3% in H1 2022 to 33.2% in H1 2023; share of the US market (top 5 Agency Alternative Trading Systems venues) was broadly maintained (H1 2022: 23.3%; H1 2023: 23.0%).

Tight cost control was a key feature of our performance. We delivered £38m in annualised Liquidnet integration cost synergies, substantially exceeding our target (£30m) six months ahead of schedule.

At the Group level, there was an increase in our contribution margin to 38.8% (H1 2022: 36.2%). Adjusted EBIT was up 7%; drivers included an uptick in Global Broking's EBIT through a greater focus on contribution, and a reduction in broker headcount. Global Broking revenue per broker was up 6%; contribution per broker increased by 24% (+9% when excluding Russian provisions in H1 2022). Energy & Commodities delivered a strong performance: its EBIT increased by 52%. Our overall focus on contribution, and our cost management initiatives, meant that our adjusted EBIT margin increased to 14.4% (H1 2022: 13.6%).

Transformation

Fusion: A key enabler

Fusion, our award-winning electronic platform, is at the heart of our transformation. It has a wide range of features: aggregated liquidity for specific asset classes, price discovery, seamless trade execution, and single login access. There is a growing demand for real-time analytics, compliance and risk management, and surveillance tools. Fusion will be able to meet these needs, as well as providing deep liquidity, multi-asset solutions, and post-trade services.

The Fusion rollout is in line with our plans: it is now live on 44% of in-scope Global Broking desks, including Rates (50%) and FX (57%). Work is underway to roll it out across our Credit business. Fusion is live on TP and ICAP Interest rate Options, ICAP European Government Bonds, and ICAP Inflation. In FX, Fusion has been implemented in 1-month Non-Deliverable Forwards and FX options. Key future launches include the completion of the TP ICAP Sterling Hub and FX Forwards.

In Energy & Commodities, we are embedding a new Order Management System (OMS), as a precursor to launching Fusion. Work is underway to launch Fusion Digital Assets; we expect to bring it to market in the coming months. Good progress is being made on consolidating our global environmental products liquidity onto one screen, benefitting brokers and clients alike.

² 5x Large-in-Scale (LIS) volumes declined 32% (EMEA), while US Agency Alternative Trading Systems (ATS) volumes declined 20%

Moving forward with adoption

Our brokers are at the heart of the adoption process. We have a dedicated sales team who work with our brokers, and clients, during the process. The number of unique client logins for Rates, our largest Global Broking asset class, increased by 43% in 12 months.

A key element of the adoption process is anticipating our clients' future architecture requirements. One example is the growing need for bespoke APIs, chat-based connectivity through Teams, etc, and semi-automated workflows. It is for that reason that we completed in April the purchase of a minority stake in ipushpull, the UK fintech firm and our Fusion partner. This is all about accelerating the delivery of live data, and workflow, to clients. In short, Fusion is transforming our business, and our technology.

Diversification

Our diversification strategy is focused on winning new clients, expanding into different asset classes, growing these asset classes, and generating more non-broking revenue.

Energy & Commodities

Broker for the energy transition

Energy & Commodities is the leading OTC broker in its field. The division operates a successful multi-brand approach through Tullett Prebon, ICAP and PVM.

We are well placed to maximise the continued growth in traditional energy sectors like oil and gas. There is a substantial opportunity for us to grow, and diversify, revenues through an even greater focus on Environmentals, including battery metals, biofuels, and green hydrogen. Another area that we plan to expand in is the broking of voluntary, and mandatory, carbon credit products. Research from Shell estimates that by 2030, the voluntary carbon credit market is expected to grow by at least five times (from \$2bn in 2021).

Recent developments include the completion of our first carbon credit trade in Brazil. Brazil could account for almost half the global growth in the voluntary carbon market in the next ten years³. We rolled out our Fusion platform in Norway for their green certificates market and in Europe for the voluntary carbon credit market. Fusion will be integral to the accelerated collaboration between Parameta Solutions and Energy & Commodities.

Digital Assets

It has been an eventful period for the emerging digital assets sector, especially given the well-publicised collapses in the retail sector. As we are solely focused on the institutional market and operate a segregated model, we expect to benefit from this trend. The underlying movement towards digitalisation is in place. Recent research from Goldman Sachs suggests that up to 10% of global GDP will be stored, and transacted, by 2025-27, with the help of blockchain technology.

Having obtained FCA registration late last year as a crypto asset exchange provider, we successfully completed in May our first live trade (an XBT/USD pairs trade) through Fusion Digital Assets. We also see opportunities in the tokenisation of various asset classes, particularly bonds. Work is underway in this space, involving our Global Broking, Liquidnet, and Energy & Commodities divisions.

Parameta Solutions

Parameta Solutions is a key part of our diversification strategy. The division is expanding its product range, moving into new client segments, and broadening its distribution channels. Parameta Solutions has been approved as an ESMA-recognised benchmark administrator: the first inter-dealer broker to administer OTC benchmarks, and indices, across Europe and the UK. There is real scope for us to introduce more competition into this market for the benefit of clients.

³ Source: ICC-WayCarbon study, November 2022

Another feature of Parameta’s business model is the development of a range of external partnerships. In this way, the division can expand its proposition and reach new client segments. A good example is the launch of Liquified Natural Gas Indices in collaboration with Energy & Commodities and General Index, a leading energy and commodities data provider. We aim to source real time energy-related pricing through Energy & Commodities and provide our Parameta clients with a range of relevant data products. Our expansion into the brokered voluntary and mandatory carbon credits markets should provide another fruitful stream of data to market to our clients.

Parameta Solutions generates considerable value for the Group. The division is a significant enabler for our diversification and a major source of high-quality, recurring revenue and cash flow. Substantial value will be delivered for our shareholders through the successful execution of our Parameta strategy.

Our Parameta growth strategy is about harnessing the valuable data generated by our businesses and external partners. Operationally, Parameta Solutions is already separate from the Group with, for example, its own management team. New internal agreements are now in place, to enhance the effective sharing of data between Parameta Solutions, Global Broking, and Energy & Commodities. Work is well progressed on the consolidation of the Parameta Solutions’ companies. When complete, this will enable Parameta Solutions to pursue a broader range of commercial options, including more partnerships with third party data providers.

Liquidnet

Liquidnet is a global, multi-asset, technology-led agency execution specialist. The division provides execution in 49 markets across the equity and fixed income sectors. A leading buy-side player, Liquidnet provides the group with client (buy-side) and product (cash equities and primary/secondary credit markets) diversification.

We continue to invest in the Credit rollout whilst rightsizing the Equities cost base and ensuring its franchise is ready for market normalisation. Taking all these factors in the round, the Liquidnet division broke even in the first half, despite ongoing investment in the Credit proposition.

In Equities, Liquidnet has been pursuing an “all market conditions” strategy. This means growing its client base, and product capabilities, in algorithmic trading, programme trading, and inter-region trading. Developments included adding new features to our algorithm offering. We added Surge Opportunity, enabling our clients to identify block trading opportunities more easily through regular alerts. Progress is being made in programme trading where revenue increased by 14%.

Credit: A strategic opportunity

Electronification continues to develop in the credit markets. In the US and European markets, electronic activity is estimated to account for between 40-50% of the market. In APAC, around 5-10% of the market is currently electronic. Liquid products are transitioning more easily to electronic trading. Complex products, however, often require the use of request-for-quote protocols, which account for the bulk of the electronic activity.

Our strategy is to provide a broad Credit proposition covering the primary and secondary markets. We are seeking, as a challenger in these markets, to generate as much liquidity as possible. Greater liquidity encourages more market participants to use our platform: a win-win for the client and Liquidnet. We have leveraged our unique Blotter Sync technology – the automatic daily download of buy-side orders – by deploying it in Credit; it was originally developed by Liquidnet for the equities market.

Our proposition covers buy and sell side clients, the key trading protocols (RFQ, Dark Pool etc), and the main market structures (Dealer-to-Dealer (D2D), Dealer-to-Client (D2C) etc.). Our presence and liquidity, is growing. The buy-side network, for example, has increased by 27% in 12 months; trade volumes are up 40%. We are seeing growing use of the ecosystem by dealers: they are central to growing liquidity. We now have two major banks on our D2C protocol, with a third major bank in the final stages of certification - a key liquidity driver.

Dynamic capital management – significant progress

Dynamic capital management is an important strategic priority. This means reducing our debt, and returning surplus capital to shareholders, subject to our ongoing business investment opportunities and balance sheet requirements.

Freeing up cash; paying down debt

The re-domiciliation of the Group in 2021 has enabled our dynamic capital management strategy. We committed to freeing up £100m of cash before the end of 2023, which we have achieved ahead of time. Sources of the £100m include the remittance of the pension surplus, following the wind down of our Defined Benefit Scheme, and the capital released from the consolidation of broker-dealer entities in the US.

This cash is being used to pay down debt and other financing obligations over the next 12 months, reducing our future net finance costs, and increasing our investment grade headroom. It will be used, for example, to pay the Liquidnet Vendor Loan Note (c. £40m), maturing in March 2024.

Clear dividend policy

We remain committed to our dividend policy: a 50% pay-out ratio of adjusted post-tax earnings for the year as a whole. An interim dividend of 4.8 pence, up 7%, will be paid on 3 November 2023 to eligible shareholders.

Launching a £30m buyback programme

Today, we have announced a share buyback programme of £30m. A separate RNS is available on our website at [\[link\]](#). The buyback is being funded by a range of initiatives, following the Jersey re-domiciliation, and cash generation. In commencing the buyback programme, we believe we have struck the appropriate balance between our continued, and substantial investment, in our organic prospects e.g. Fusion, Liquidnet Credit, and Parameta Solutions, reducing our debt at a time when interest rates are high, and our well-defined dividend policy. Subject to our balance sheet and business investment opportunities, we will continue to assess opportunities to free up cash and pay down more debt, and/or return further capital to shareholders.

Nicolas Breteau

Executive Director and Chief Executive Officer
9 August 2023

Financial and operating review

Introduction

In the first six months of 2023, the Group delivered a good financial performance, with continued business momentum. Group revenue increased 5% to £1,132m from increased market volatility (1% in constant currency).

Global Broking, our largest and market leading division continued to benefit from volatility during the first half driven by strong secondary market volumes. Rates had another strong period benefiting from market volatility, interest rate rises and the high inflationary backdrop in the first six months.

In Energy & Commodities, the first half reflected improved market conditions following a challenging 2022. European gas and power prices normalised during the period which lowered client margin requirements resulting in improved trading volumes.

In Liquidnet, the Equities platform experienced a continuation of the challenging market conditions encountered last year with revenue declining in line with the market. The high interest rate environment has kept investors underweight in equities resulting in low activity levels in block trading: Liquidnet's key market segment. The relative value business performed strongly. We continue to invest in the credit platform opportunity and are making good progress.

Parameta Solutions, our market-leading provider of inter-dealer OTC data, delivered strong revenue growth leveraging increased demand for high quality financial markets data. The comparative period included substantial one-off revenue items relating to client data audits.

We continue to work on broker productivity and are pleased with the improved performance in the first half in which we delivered a contribution margin of 38.8% compared with 35.9% in H1 2022.

The Group's management and support costs (excluding FX losses) remained broadly flat compared to prior period, with the impact of the ongoing inflationary pressures largely offset by the delivery of further cost synergy savings on the integration of Liquidnet into the Group. We have now delivered £38m of annualised integration cost synergies since the acquisition of Liquidnet, exceeding our target of at least £30m, six months ahead of schedule.

The Group's adjusted EBIT margin increased from 13.1% to 14.4% in reported currency. The Group reported EBIT of £109m increased by 10% from £99m in H1 2022 benefitting from the strength of our broking franchise.

The Group incurred significant items of £55m pre-tax (H1 2022: £44m), of which around two thirds are non-cash, in reported earnings. Further details on significant items are on page 15.

The Group has freed up c.£100m of cash, six months ahead of schedule, that will be used to reduce debt. The Board has also announced its intention to implement an ordinary share buyback programme of up to £30m which will commence today. In addition, the Board is announcing an interim ordinary dividend of 4.8 pence per share, up 7% that will be paid to shareholders on 3 November 2023.

Robin Stewart

Executive Director and Chief Financial Officer

9 August 2023

Key financial and performance metrics

£m	H1 2023	H1 2022 Reported ²	H1 2022 Constant Currency ²	Reported change	Constant Currency Change
Revenue	1,132	1,080	1,125	5%	1%
Reported					
- EBIT	109	99	108	10%	1%
- EBIT margin	9.6%	9.2%	9.6%		
Adjusted					
- Contribution	439	388	407	13%	8%
- Contribution margin	38.8%	35.9%	36.2%	nm	nm
- EBITDA	200	185	196	8%	2%
- EBIT	163	142	153	15%	7%
- EBIT margin	14.4%	13.1%	13.6%	nm	nm
Average:					
- Broker headcount ³	2,496	2,672	2,672	-7%	
- Revenue per broker ¹ (£'000)	379	332	344	14%	10%
- Contribution per broker ¹ (£'000)	148	113	118	31%	25%
Period end:					
- Broker headcount ³	2,467	2,641	2,641	-7%	-
- Total headcount	5,170	5,153	5,153	0%	-

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.
2. Prior year numbers are restated to reflect change in management of Technology costs which are now part of the Corporate support costs base.
3. Post Trade Solutions revenue associated costs and headcount has been reclassified from Parameta Solutions to Global Broking and Liquidnet from October 22 onwards.

Income Statement

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

H1 2023	Adjusted	Significant items	Reported
£m			
Revenue	1,132	-	1,132
Employment, compensation and benefits	(697)	(3)	(700)
General and administrative expenses	(239)	(19)	(258)
Depreciation and impairment of PPE and ROUA	(22)	(12)	(34)
Amortisation and impairment of intangible assets	(15)	(22)	(37)
Operating expenses	(973)	(56)	(1,029)
Other operating income	4	2	6
EBIT	163	(54)	109
Net finance expense	(17)	(1)	(18)
Profit before tax	146	(55)	91
Tax	(40)	9	(31)
Share of net profit of associates and joint ventures	12	(5)	7
Non-controlling interests	(1)	-	(1)
Earnings	117	(51)	66
Basic average number of shares (millions)	781.3	781.3	781.3
Basic EPS (pence per share)	15.0p	(6.5)p	8.4p
Diluted average number of shares	796.0	796.0	796.0
Diluted EPS	14.7p	(6.4)p	8.3p

H1 2022	Adjusted	Significant items	Reported
£m			
Revenue	1,080	-	1,080
Employment, compensation and benefits	(658)	(11)	(669)
General and administrative expenses	(241)	(19)	(260)
Depreciation and impairment of PPE and ROUA	(28)	(8)	(36)
Amortisation and impairment of intangible assets	(15)	(21)	(36)
Operating expenses	(942)	(59)	(1,001)
Other operating income	4	16	20
EBIT	142	(43)	99
Net finance expense	(26)	(1)	(27)
Profit before tax	116	(44)	72
Tax	(29)	8	(21)
Share of net profit of associates and joint ventures	14	-	14
Non-controlling interests	(1)	-	(1)
Earnings	100	(36)	64
Basic average number of shares	778.6	778.6	778.6
Basic EPS	12.8p	(4.6p)	8.2p
Diluted average number of shares	787.1	787.1	787.1
Diluted EPS	12.7p	(4.6p)	8.1p

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 H1 2023 of £1,132m was 1% higher than the prior period (5% in reported currency). Global Broking revenue was down 1%, against a very strong performance in the prior period. Energy & Commodities revenue increased by 12%, supported by improved market activity particularly in power and gas. In Liquidnet, revenue was 6% lower than prior period, due to the continued challenging market conditions affecting Liquidnet's key market segments in equities. The relative value business performance was strong. In credit, we continue to invest in the platform to capitalise on the opportunities offered by a shift to electronic trading. Parameta Solutions was up 5%, as it continued to benefit from growing demand for high quality financial markets data.

£m	H1 2023	H1 2022 (restated ¹ reported currency)	H1 2022 (restated ¹ constant currency)	Reported currency change	Constant currency change
By Business Division					
Rates	299	294	302	2%	-1%
Credit	60	59	62	2%	-3%
FX & Money Markets	159	149	155	7%	3%
Equities	127	128	133	-1%	-5%
Inter-division revenue	11	10	11	10%	0%
Total Global Broking	656	640	663	3%	-1%
Energy & Commodities	229	195	205	17%	12%
Inter-division revenue ²	2	2	2	n/m	n/m
Total Energy & Commodities	231	197	207	17%	12%
Total Liquidnet³	169	173	180	-2%	-6%
Data & Analytics	89	82	87	9%	2%
Inter-division revenue ²	2	-	-	n/m	n/m
Total Parameta Solutions⁴	91	82	87	11%	5%
Inter-division eliminations ²	(15)	(12)	(12)	25%	25%
Total Revenue	1,132	1,080	1,125	5%	1%

1. *Post Trade Solutions revenue associated costs and headcount has been reclassified from Parameta Solutions to Global Broking and Liquidnet from October 22 onwards.*
2. *Inter-division charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Parameta Solutions division. The Global Broking inter-division revenue and Parameta Solutions inter-division costs are eliminated upon the consolidation of the Group's financial results.*
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 1 October 2022 onwards, MidCap Partners following the transfer from Global Broking).*
4. *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 in the relevant business divisions. 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	H1 2023	H1 2022 (restated ¹ reported currency)	H1 2022 (restated ¹ constant currency)	Reported change	Constant currency change
Front office costs					
- Global Broking ²	384	415	430	-7%	-11%
- Energy & Commodities ²	152	133	139	14%	9%
- Liquidnet ²	124	115	119	8%	4%
- Parameta Solutions ²	33	29	30	14%	10%
Total front office costs	693	692	718	0%	-3%
Management and support costs					
- Employment costs	151	136	139	11%	9%
- Technology and related costs	45	44	45	2%	0%
- Premises and related costs	13	13	13	0%	0%
- Depreciation and amortisation	37	43	44	-14%	-16%
- Other administrative costs	26	26	29	0%	-10%
Total management & support costs	272	262	270	4%	1%
- FX (gains)/losses	8	(12)	(12)	-167%	-167%
Total management & support costs incl. FX (gains)/losses	280	250	258	12%	9%
Total adjusted operating costs	973	942	976	3%	0%
Significant items	56	59	59	-5%	-5%
Total operating expenses	1,029	1,001	1,035	3%	-1%

1. Post Trade Solutions revenue was reclassified from Parameta Solutions to Global Broking and Liquidnet from October 22 onwards.
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 £693m are predominantly variable with revenue, and reduced by 3% compared with H1 2022 (costs remained flat in reported currency). Total management & support costs excluding FX (gains)/losses of £272m remained broadly flat versus the prior period. The FX impact from retranslating cash and financial assets reversed a £12m gain in the prior period to an £8m loss in the first half.

The total operating expenses of £1,029m, reduced by 1% compared with H1 2022 (3% higher in reported currency).

We have maintained tight cost discipline and the Group's management and support costs (excluding FX losses) remained broadly flat compared to prior period. The impact of the ongoing inflationary pressures and our continuing investment in the credit opportunity in Liquidnet have been largely offset by the delivery of further cost synergy savings on the integration of Liquidnet into the Group. We have now delivered £38m of annualised integration cost synergies since the acquisition of Liquidnet, exceeding our target of at least £30m, six months ahead of schedule.

During H1 2023, we incurred total strategic IT investment spend of £10m (H1 2022 £17m), of which £7m (H1 2022 £11m) was capitalised.

Capital and liquidity management

Capital management

Following the TP ICAP successful domiciliation from the UK to Jersey, Channel Islands in February 2021, the Group identified opportunities to unlock approximately £100m of cash from the business by the end of 2023.

We made significant progress in the first half and have now accomplished our target of freeing up c.£100m, six months ahead of schedule.

The cash generated or freed up from this initiative will enable the Group to reduce its overall debt and other liabilities by the end of Q1 2024 as previously announced.

In line with strategic emphasis on dynamic capital management, 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. In that regard, we are announcing today a share buyback programme of up to £30m. The buyback is being funded by the release of further cash. We will continue to assess opportunities to free up more cash to pay down more debt, and/or initiate further buybacks.

Liquidity management

In April of this year, we issued a £250m Sterling Notes maturing 2030 under the Group's EMTN programme. The proceeds were used to partially repay £210m of the outstanding Sterling Notes maturing in 2024, with the surplus funds carried forward to meet the balance that matures in Q1 2024. The Group has also extended the £350m syndicated Revolving Credit Facility (RCF) for a further year to 31 May 2026. The Yen10bn RCF we have with our JV partner in Japan has also been extended to 19 August 2025, subsequent to 30 June 2023.

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 enough in size and nature to warrant exclusion from adjusted measures. Costs for other smaller scale restructuring are included within 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. They 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. They 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 estimations involved, the costs and recoveries of which could vary significantly year-on-year.

The table below shows the significant items in H1 2023 vs H1 2022, of which around two thirds of the total costs are non-cash.

£m	H1 2023	H1 2022
	Total	Total
Restructuring & related costs		
- Property rationalisation ¹	15	10
- Liquidnet integration	3	3
- Group cost saving programme	-	11
- Business restructuring ²	2	-
Subtotal	20	24
Disposals, acquisitions and investment in new business		
- Amortisation of intangible assets arising on consolidation	22	21
- Liquidnet acquisition related ³	6	(15)
- Foreign exchange	(2)	4
- Adjustment to deferred consideration ⁴	(5)	8
Subtotal	21	18
Legal & regulatory matters⁵	13	1
Total pre-financing and tax	54	43
- Financing: Liquidnet interest expense on Vendor Loan Notes	1	1
Total post-financing cost	55	44
Tax relief	(9)	(8)
Associate write down ⁶	5	-
Total	51	36

1. £15m Property rationalisation costs include costs relating to exiting the remaining floor in Liquidnet's 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. £6m of Liquidnet acquisition costs relating to settling commercial and regulatory matters arising from the Liquidnet acquisition.
4. £(5)m adjustment to deferred consideration includes the reversal of deferred consideration on the Liquidnet earnout in the light of recent performance in the equities business.
5. £13m 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.
6. £5m write down relates to the impairment of the Group's carrying value of an associate company - Corretaje e Informacion Monetaria Y de Divisas SA (CIMD).

Net finance expense

The adjusted net finance expense of £17m (reported net finance expense £18m), is comprised of £21m interest expense and £8m of lease financing costs, offset by £12m interest income. This is a £9m reduction compared with £26m in H1 2022 reflecting the following:

- £10m increase in interest income from higher interest on cash balances.
- £2m reduction in interest on finance leases liabilities and on RCF, offset by a £1m increase in other interest expense.
- £2m net interest expense increase from the £4m interest on the new £250m 2030 Sterling Notes partly offset by £2m reduction in the interest expense on the 2024 Sterling Notes, £210m of which were repaid during the period, (refer Debt finance section for further details).

Group Tax

The effective rate of tax on adjusted profit before tax is 27.4% (H1 2022: 25.0%). The increase in the effective rate of tax on adjusted profit is primarily due to the increase in the UK corporation tax rate from 19% to 25% in 2023. The effective rate of tax on reported profit before tax is 34.1% (H1 2022: 29.2%).

Basic EPS

The average number of shares used for the H1 2023 basic EPS calculation is 781.3m (H1 2022: 778.6m) which reflects 788.7m shares in issue less 8.8m shares held by the TP ICAP plc Employee Benefit Trust ('EBT') at 31 December 2022 plus 1.4m of time-apportioned movements in shares in 2023 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 H1 2023 was 8.4p (H1 2022: 8.2p) and adjusted Basic EPS for H1 2023 was 15.0p (H1 2022: 12.8p).

Dividend

An interim dividend of 4.8 pence per share, up 7%, (H1 2022: 4.5 pence) will be paid on 3 November 2023 to shareholders on the register, at close of business on 27 September 2023.

The Group targets a dividend cover of approximately two times on adjusted post-tax earnings, whilst maintaining the flexibility to return surplus capital through buybacks or special dividends.

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 13 October 2023.

Group Guidance

Based on our strategy and business model, as well as our current macroeconomic assumptions, for FY 2023 the Group maintains the guidance provided at our FY 2022 preliminary results on 15 March 2023 with the exception of net finance expense which is now expected to be lower at c.£43m from previously guided £49m. This is the result of higher interest income as we manage our cash more efficiently.

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.

H1 2023						
£m	GB^{2,5}	E&C	LN^{2,5}	PS^{2,5}	Corp/ Elim	Total
Revenue:						
- External	645	229	169	89	-	1,132
- Inter-division ^{1,6}	11	2	-	2	(15)	-
	656	231	169	91	(15)	1,132
Total front office costs:						
- External	(384)	(152)	(124)	(33)	-	(693)
- Inter-division ^{1,6}	(2)	-	-	(13)	15	-
	(386)	(152)	(124)	(46)	15	(693)
Contribution	270	79	45	45	-	439
<i>Contribution margin</i>	41.2%	34.2%	26.6%	49.5%	-	38.8%
Net management and support costs:						
- Management & support costs	(124)	(37)	(35)	(6)	(41)	(243)
- Other operating income	1	-	-	-	3	4
Adjusted EBITDA⁴	147	42	10	39	(38)	200
<i>Adjusted EBITDA margin</i>	22.4%	18.2%	5.9%	42.9%	n/m	17.7%
- Depreciation and amortisation	(14)	(4)	(9)	(1)	(9)	(37)
Adjusted EBIT⁴	133	38	1	38	(47)	163
<i>Adjusted EBIT margin</i>	20.3%	16.5%	0.6%	41.8%	n/m	14.4%
Average broker headcount	1,774	599	123	n/a	n/a	2,496
Average sales headcount	-	-	306	n/a	n/a	306
Revenue per broker (£'000) ³	364	382	593	n/a	n/a	379
Contribution per broker (£'000) ³	152	132	163	n/a	n/a	148

H1 2022 (reported currency)

£m	GB ^{2,5}	E&C	LN ^{2,5}	PS ^{2,5}	Corp/ Elim	Total
Revenue:						
- External	630	195	173	82	-	1,080
- Inter-division ^{1,6}	10	2	-	-	(12)	-
	640	197	173	82	(12)	1,080
Total front office costs:						
- External	(415)	(133)	(116)	(29)	-	(693)
- Inter-division ^{1,6}	-	-	-	(12)	12	-
	(415)	(133)	(116)	(41)	12	(693)
Contribution	225	64	57	41	-	387
<i>Contribution margin</i>	35.2%	32.5%	32.9%	50.0%	-	35.8%
Net management and support costs:						
- Management & support costs	(99)	(34)	(32)	(4)	(37)	(206)
- Other operating income	-	-	-	-	4	4
Adjusted EBITDA⁴	126	30	25	37	(33)	185
<i>Adjusted EBITDA margin</i>	19.7%	15.2%	14.5%	45.1%	-	17.1%
- Depreciation and amortisation	(19)	(5)	(15)	(1)	(3)	(43)
Adjusted EBIT⁴	107	25	10	36	(36)	142
<i>Adjusted EBIT margin</i>	16.7%	12.7%	5.8%	43.9%	n/m	13.1%
Average broker headcount	1,895	638	139	n/a	n/a	2,672
Average sales headcount			311	n/a	n/a	311
Revenue per broker (£'000) ³	332	306	424	n/a	n/a	332
Contribution per broker (£'000) ³	119	100	86	n/a	n/a	113

H1 2022 (constant currency)

£m	GB ^{2, 5}	E&C	LN ^{2, 5}	PS ^{2, 5}	Corp/ Elim	Total
Revenue:						
- External	652	206	180	87	-	1,125
- Inter-division ^{1,6}	11	1	-	-	(12)	-
	663	207	180	87	(12)	1,125
Total front office costs:						
- External	(430)	(139)	(119)	(30)	-	(718)
- Inter-division ^{1,6}	-	-	-	(12)	12	-
	(430)	(139)	(119)	(42)	12	(718)
Contribution	233	68	61	45	-	407
<i>Contribution margin</i>	35.1%	32.9%	33.9%	51.7%	-	36.2%
Net management and support costs:						
- Management & support costs	(103)	(35)	(36)	(6)	(34)	(214)
- Other operating income	-	-	-	-	4	4
Adjusted EBITDA⁴	130	33	25	39	(30)	197
<i>Adjusted EBITDA margin</i>	19.5%	15.9%	13.9%	44.8%	n/m	17.5%
- Depreciation and amortisation	(18)	(6)	(15)	(1)	(4)	(43)
Adjusted EBIT⁴	112	27	10	38	(34)	153
<i>Adjusted EBIT margin</i>	16.9%	13.0%	5.6%	43.7%	-	13.6%
Average broker headcount	1,895	638	139	n/a	n/a	2,672
Average sales headcount			311	n/a	n/a	311
Revenue per broker (£'000) ³	344	323	439	n/a	n/a	344
Contribution per broker (£'000) ³	123	107	94	n/a	n/a	118

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 H1 2022 of £9m has been reclassified as follows: Rates (Global Broking): £4m & Liquidnet Platform: £5m. Post Trade Solutions front office costs reported in H1 2022 of £6m has been reclassified as follows: Rates (Global Broking): £(3)m & Liquidnet Platform: £(3)m.*
3. *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.*
4. *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.*
5. *Wrightsons and Paris Research desks were transferred from Parameta Solutions into Global Broking and Liquidnet divisions respectively, reflecting the change in focus of business activities.*
6. *Market data service agreement and benchmark administration service agreement between Parameta Solutions and Global Broking & Energy & Commodities have been formalised effective 1 Jan 2023 whereby Parameta provides services to these divisions.*

Global Broking

Global Broking revenue of £656m (which represents 58% of total Group revenue) was 1% lower than the prior period (3% higher in reported currency), with the performance underpinned by another strong period for Rates, and was only 1% lower than the exceptional H1 we saw in 2022. Market volatility remained high during the first half of the year driving strong secondary market volumes due to high inflation and further monetary policy tightening by Central Banks across our main markets.

Revenue in Rates (our most profitable asset class comprising 46% of Global Broking revenue and 26% of total Group revenue) slightly decreased by 1% to £299m, although 2022 was an exceptionally strong year for Rates with the return of interest rate rises and an inflationary backdrop. Revenue increased in FX & Money Markets by 3%, while we saw declines in Credit Equities of 3% and 5% respectively.

The Americas revenues were up 2% driven by Rates and Equities asset classes outperforming. Conversely, EMEA revenues were down 4% driven by Rates and Equities underperformance. APAC revenues were stable, dropping 1% against H1 2022.

Revenue per broker increased by 6%, reflecting a reduction in the average number of brokers and stable revenue. Contribution per broker increased by 24% albeit H1 2022 figures contained Russian losses. Excluding these losses contribution per broker was up 9%.

Front office costs were 10% lower in the period, due to the non-recurrence of the £31m P&L charge relating to Russian exposures in H1 2022, and a reduction in revenue combined with a lower number of average brokers. In constant currency, the contribution margin was 41.2% compared with 35.1% in the prior period (35.2% in reported currency) and 39.8% before the impact of Russia related provision in H1 2022.

Management and support costs (including depreciation and amortisation and net of other operating income) increased by 13% to £137m and the adjusted EBIT was £133m, with a margin of 20.3% (H1 2022: £112m, 16.9% in constant currency and £107m, 16.7% in reported currency). Before the impact of Russian losses, the H1 2022 adjusted EBIT margin was 21.6%.

Energy & Commodities (E&C)

E&C revenue of £231m, which represents 20% of total Group revenue was 12% higher than prior period (17% higher in reported currency), with increases across most asset classes and in particular, power and gas.

Benchmark oil and gas prices converged towards long-term averages during the period. Notably, following a mild winter, European gas and power prices returned to normal ranges which facilitated the return of market participants, and improved trading volumes. EMEA revenue were up 17%. The Americas and Asia businesses also performed well, delivering a 7% increase respectively against prior period.

Front office costs, which are variable with revenue were 9% higher than the prior year. This resulted in a contribution margin of 34.2% compared with 32.9% in prior period (H1 2022: 32.9% in constant and 32.5% in reported currency).

Management and support costs (including depreciation and amortisation and net of other operating income) were flat at £41m compared to prior period. Resulting adjusted EBIT was £38m in H1 2023, with an adjusted EBIT margin of 16.5% (H1 2022: £27m, 13.0% in constant currency and £25m, 12.7% in reported currency).

Liquidnet Division¹

Liquidnet's revenue of £169m, which represents 15% of total Group revenue was down 6% (2% lower in reported currency).

The Liquidnet equities platform saw a continuation of the challenging market conditions with revenue down 22% versus the prior period. The high interest rate environment kept investors underweight in equities with low activity levels in dark trading, block trading and larger block trading, which is Liquidnet's key market segment. US ATS block market volume amongst its top five competitors was down 20%, while in EMEA the Large-in-Scale market volumes reduced by 25% and the 5x Large-in-Scale market volumes reduced by 32%. Despite this lower revenue the equities platform was broadly breakeven in the period. Liquidnet's market share in its core block segments remained relatively stable.

The rest of the division, including the Relative value business, Rates, Futures, FX and Credit, had a strong performance, with revenue up 22% compared to H1 2022. We continue to invest in the credit platform, which has seen growth in the first half. Credit platform offers substantial opportunity and its unique offering will give us a strong competitive advantage.

Front office costs of £124m increased by £5m or 4% over prior period. The resulting contribution was £45m (H1 2022: £61m in constant currency and £57m in reported currency) with a contribution margin of 26.6% (H1 2022: 33.9% in constant currency and 32.9% in reported currency).

Management and support costs (including depreciation and amortisation and net of other operating income) of £44m in H1 2023 reduced 14% compared with prior period (H1 2022: £51m in constant currency and £47m in reported currency), mainly from cost management actions in the first half.

As a result the Liquidnet division was marginally profitable in H1 compared with the significant loss we reported for full year 2022 that was driven by adverse market conditions we saw in the second half of the year.

Parameta Solutions²

Revenue of £91m, which represents 8% of total Group revenue, was 5% higher than the prior period (11% in reported currency). Over 96% of total revenue in the period was subscription-based and, therefore, recurring. Net new recurring sales together with one-off sales contributed to revenue growth, however, recoveries from client data audits were lower than the strong prior period.

ClearConsensus, our independent price verification tool that provides clients greater efficiency, improved measurement of fair value, enhanced risk management and potential capital optimisation, continues to make good progress.

We also launched new indices covering Liquified Natural Gas (LNG) markets, in partnership with General Index, a challenger benchmark provider in commodity markets.

Front office costs of £46m increased by 10% resulting in contribution of £45m (H1 2022: £42m in constant currency and £41m in reported currency) with a contribution margin of 49.5% (H1 2022: 51.7% in constant currency and 50.0% in reported currency).

Management and support costs (including depreciation and amortisation and net of other operating income) of £7m was flat compared with prior period and adjusted EBIT also held flat at £38m compared to the prior period. Adjusted EBIT margin was 41.8% (H1 2022: 43.7% in constant currency and 43.9% in reported currency)

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.

Cash Flow

The table below shows the changes in cash and debt for the year ending 30 June 2023 and 30 June 2022.

	H1 2023	H1 2022
EBIT reported	109	99
Depreciation, amortisation and other non-cash items	73	92
Operating cash flow before movement in working capital	182	191
Change in Net Matched Principal balances and balances with clearing organisations	(8)	(154)
Movements in working capital	47	(19)
Taxes and Interest paid	(80)	(45)
Operating cash flow	141	(27)
Capital expenditure	(23)	(22)
Deferred consideration paid on prior acquisitions	(1)	(4)
Receipt of UK pension surplus	46	-
Other investing activities	18	6
Investing activities	40	(20)
Dividends paid to shareholders	(62)	(43)
Sterling Notes refinancing	39	-
Net fund (paid) from drawdowns of facilities	-	(22)
Other financing activities	(21)	(24)
Financing activities	(44)	(89)
Change in cash	137	(136)
Foreign exchange movements	(46)	44
Cash at the beginning of the period	888	767
Cash at the end of the period	979	675

The Group's net cash balance of £979m, increased by £91m in the first half.

Operating cashflow in H1 2023 of £141m was driven mainly by a lower change in net matched principal balances arising on failed trades, but also a working capital inflow of £47m (2022: £19m outflow) that reflects a significant improvement in collection of trade receivables. The operating cashflow also includes an additional £16m of tax arising on the repayment of the £46m surplus cash received from the wind-up process of the defined benefit pension scheme in the UK shown within Investing activities.

The Financing activities outflow of £44m includes the increased final dividend for 2022 of £62m (H1 2022: £43m) and a £39m net cash inflow being the residual proceeds of the 2030 £250m Sterling Note issued to refinance most of the £250m note maturing in January 2024. (Refer Debt finance section for further details). The strengthening of GBP, particularly against the USD, resulted in a foreign exchange loss of £46m (H1 2022: gain of £44m).

Debt finance

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

	At 30 June 2023 £m	At 31 December 2022 £m	At 30 June 2022 £m
5.25% £247m Sterling Notes January 2024 ¹	37	253	252
5.25% £250m Sterling Notes May 2026 ¹	250	250	250
2.625% £250m Sterling Notes November 2028 ¹	249	248	248
7.875% £250m Sterling Notes April 2030 ¹	251	-	-
Loan from related party (RCF with Totan)	-	-	-
Revolving credit facility drawn – banks	-	-	25
Sub Total	786	751	775
3.2% Liquidnet Vendor Loan Notes	40	43	41
Overdrafts	4	-	113
Debt (used as part of net (funds)/debt)	831	794	929
Lease liabilities	261	279	302
Total debt	1,092	1,073	1,231

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 of £831m as of the 30th June 2023, increased compared to £794m as at 31st 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 will be repaid at maturity early next year.

The Group extended the maturity of its main bank revolving credit facility by 12 months to May 2026; as at 30th June 2023 this facility was undrawn. The Group also has access to a Yen10bn Totan facility that, as at 30th June 2023, was undrawn and subsequently has been extended to August 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 had a mixed impact on the Group's P&L in 2023. The average rate for the period is lower than H1 2022 for both USD and EUR against GBP, which has had an absolute benefit for Group trading performance period on period, with approximately 60% of Group revenue and approximately 40% of costs in USD. However, the overall strengthening of GBP over the six month period has generated a significant loss in the P&L that reflects the retranslation of non-GBP cash and financial assets at the period end. In H1 2022 this impact generated a profit.

	Average			Period End		
	H1 2023	H1 2022	FY 2022	H1 2023	H1 2022	FY 2022
US Dollar	\$1.23	\$1.31	\$1.24	\$1.27	\$1.21	\$1.20
Euro	€1.14	€1.19	€1.18	€1.17	€1.16	€1.13

Pensions

The defined benefit pension scheme (the Scheme) in the UK is currently in the final stages of being wound up and is expected to be completed in H2 2023. During 2022 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, and the remaining Scheme's obligations were discharged in H1 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.

During the wind-up period, benefits that were augmented represented a past service cost and were recorded as a significant item in the Income Statement. Costs associated with the settlement of the Scheme's liabilities are also recorded as a significant item in the Income Statement and these amounted to less than £1m in the first half (H1 2022: less than £1m).

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 might affect financial performance (e.g., revenue, costs) and financial position (e.g., assets, liabilities) and to have that understanding inform our business plans.

Condensed Consolidated Income Statement

for the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Revenue	5	1,132	1,080	2,115
Employment, compensation and benefits	6	(700)	(669)	(1,320)
General and administrative expenses	6	(258)	(260)	(506)
Depreciation and impairment of PPE and ROUA	6	(34)	(36)	(58)
Amortisation and impairment of intangible assets	6	(37)	(36)	(98)
Total operating costs	6	(1,029)	(1,001)	(1,982)
Other operating income	7	6	20	30
EBIT/operating profit		109	99	163
Finance income	8	12	2	8
Finance costs	9	(30)	(29)	(58)
Profit before tax		91	72	113
Taxation		(31)	(21)	(36)
Profit after tax		60	51	77
Share of results of associates and joint ventures		7	14	29
Profit for the period		67	65	106
Attributable to:				
Equity holders of the parent		66	64	103
Non-controlling interests		1	1	3
		67	65	106
Earnings per share				
- Basic	10	8.4p	8.2p	13.2p
- Diluted	10	8.3p	8.1p	13.0p

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2023

Notes	Six months ended 30 June 2023 (unaudited) £m	Six months ended 30 June 2022 (unaudited) £m	Year ended 31 December 2022 £m
Profit for the period	67	65	106
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	25	46	-
Equity investments at FVTOCI – net change in fair value		(1)	-
Taxation relating to items not reclassified	25	(16)	-
	29	-	-
Items that may be reclassified subsequently to profit or loss:			
Effect of changes in exchange rates on translation of foreign operations		(93)	129
Taxation		2	(4)
		(91)	125
Other comprehensive (loss)/ income for the period		(62)	148
Total comprehensive income for the period		5	190
Attributable to:			
Equity holders of the parent		5	189
Non-controlling interests		-	1
		5	190

Condensed Consolidated Balance Sheet

as at 30 June 2023

	Notes	30 June 2023 (unaudited) £m	30 June 2022 (unaudited) £m	31 December 2022 £m
Non-current assets				
Intangible assets arising on consolidation	12	1,711	1,809	1,780
Other intangible assets		96	93	97
Property, plant and equipment		103	124	110
Investment properties	13	12	-	-
Right-of-use assets		143	187	165
Investment in associates		45	50	63
Investment in joint ventures		40	34	34
Other investments		22	22	23
Deferred tax assets		12	7	15
Retirement benefit assets	25	-	1	1
Other long-term receivables	14	33	56	51
		2,217	2,383	2,339
Current assets				
Trade and other receivables	14	1,949	2,414	2,198
Financial assets at fair value through profit or loss	15	367	863	264
Financial investments	20	169	132	174
Cash and cash equivalents	20	983	788	888
		3,468	4,197	3,524
Total assets		5,685	6,580	5,863
Current liabilities				
Trade and other payables	16	(1,961)	(2,265)	(2,149)
Financial liabilities at fair value through profit or loss	15	(351)	(702)	(255)
Interest bearing loans and borrowings	17	(87)	(146)	(9)
Lease liabilities	18	(37)	(33)	(29)
Current tax liabilities		(38)	(46)	(37)
Short-term provisions	21	(16)	(12)	(9)
		(2,490)	(3,204)	(2,488)
Net current assets		978	993	1,036
Non-current liabilities				
Interest bearing loans and borrowings	17	(744)	(783)	(785)
Lease liabilities	18	(224)	(269)	(250)
Deferred tax liabilities		(76)	(97)	(85)
Long-term provisions	21	(34)	(38)	(31)
Other long-term payables		(6)	(59)	(60)
Retirement benefit obligations	25	(2)	(1)	(3)
		(1,086)	(1,247)	(1,214)
Total liabilities		(3,576)	(4,451)	(3,702)
Net assets		2,109	2,129	2,161
Equity				
Share capital	24	197	197	197
Other reserves	24	(939)	(877)	(854)
Retained earnings	24	2,834	2,792	2,800
Equity attributable to equity holders of the parent		2,092	2,112	2,143
Non-controlling interests	24	17	17	18
Total equity		2,109	2,129	2,161

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023

	Equity attributable to equity holders of the parent (Note 24)							Non-controlling interests	Total equity
	Share capital	Re-organisation reserve	Re-valuation reserve	Hedging and translation	Own shares	Retained earnings	Total		
	£m	£m	£m	£m	£m	£m	£m		
30 June 2023 (unaudited)									
Balance at 1 January 2023	197	(946)	5	109	(22)	2,800	2,143	18	2,161
Profit for the period	-	-	-	-	-	66	66	1	67
Other comprehensive income/(loss) for the period	-	-	(1)	(90)	-	30	(61)	(1)	(62)
Total comprehensive income for the period	-	-	(1)	(90)	-	96	5	-	5
Dividends paid	-	-	-	-	-	(62)	(62)	(1)	(63)
Share settlement of share-based payment awards	-	-	-	-	8	(9)	(1)	-	(1)
Own shares acquired for employee trusts	-	-	-	-	(2)	-	(2)	-	(2)
Credit arising on share-based payment awards	-	-	-	-	-	9	9	-	9
Balance at 30 June 2023	197	(946)	4	19	(16)	2,834	2,092	17	2,109
30 June 2022 (unaudited)									
Balance at 1 January 2022	197	(946)	5	(38)	(26)	2,769	1,961	17	1,978
Profit for the period	-	-	-	-	-	64	64	1	65
Other comprehensive income/(loss) for the period	-	-	-	125	-	-	125	-	125
Total comprehensive income for the period	-	-	-	125	-	64	189	1	190
Dividends paid	-	-	-	-	-	(43)	(43)	(1)	(44)
Share settlement of share-based payment awards	-	-	-	-	6	(6)	-	-	-
Own shares acquired for employee trusts	-	-	-	-	(3)	-	(3)	-	(3)
Credit arising on share-based payment awards	-	-	-	-	-	8	8	-	8
Balance at 30 June 2022	197	(946)	5	87	(23)	2,792	2,112	17	2,129
31 December 2022									
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 payment awards	-	-	-	-	7	(7)	-	-	-
Own shares acquired for employee trusts	-	-	-	-	(3)	-	(3)	-	(3)
Credit arising on share-based payment awards	-	-	-	-	-	13	13	-	13
Balance at 31 December 2022	197	(946)	5	109	(22)	2,800	2,143	18	2,161

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2023

		Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Year ended 31 December 2022
	Notes	£m	£m	£m
Cash flows from operating activities	19	141	(27)	324
Investing activities				
Sale/(purchase) of financial investments	20	4	(10)	(50)
Interest received		10	2	7
Dividends from associates and joint ventures		9	13	15
Expenditure on intangible fixed assets		(17)	(14)	(35)
Purchase of property, plant and equipment		(6)	(8)	(18)
Sale of property, plant and equipment		-	-	12
Deferred consideration paid		(1)	(4)	(10)
(Investment)/disposal in associates and joint ventures		(5)	1	1
Receipt of pension scheme surplus ²	25	46	-	-
Net cash flows from investment activities		40	(20)	(78)
Financing activities				
Dividends paid	11	(62)	(43)	(78)
Dividends paid to non-controlling interests		(1)	(1)	(3)
Own shares acquired for employee trusts		(2)	(3)	(3)
Dividend equivalent paid on equity share-based awards		(1)	-	-
Net borrowing of bank loans ¹		-	25	-
Net repayment to related party ¹		-	(47)	(47)
Funds received from issue of Sterling Notes	17	249	-	-
Repurchase of Sterling Notes	17	(210)	-	-
Bank facility arrangement fees and debt issue costs		(2)	(3)	(3)
Payment of lease liabilities	20	(15)	(17)	(29)
Net cash flows from financing activities		(44)	(89)	(163)
Net increase/(decrease) in cash and overdrafts	20	137	(136)	83
Cash and cash equivalents at the beginning of the period		888	767	767
Effect of foreign exchange rate changes	20	(46)	44	38
Net cash and cash equivalents at the end of the period	20	979	675	888
Cash and cash equivalents	20	983	788	888
Overdrafts	20	(4)	(113)	-
Net cash and cash equivalents at the end of the period	20	979	675	888

1. The Group utilises credit facilities throughout the year, entering into numerous short term bank and other loans where maturities are less than three months. The turnover is quick and the volume is large and resultant flows are presented net. Further details are set out in Note 17.
2. Represents the cash inflow resulting from the repayment of the UK pension scheme surplus by the Trustees. £16m of associated tax is included in "income taxes paid", reported in cash flows from operating activities.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

1. General information

The condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with the Disclosure and Transparency Rules ('DTR') of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted and endorsed by the UK Endorsement Board. This condensed financial information should be read in conjunction with the statutory Group Financial Statements of TP ICAP Group plc for the year ended 31 December 2022 (the '2022 Group Financial Statements') which were prepared in accordance with UK adopted International Financial Reporting Standards ('IFRSs').

The Group Financial Statements have been reported on by the Company's auditors, Deloitte LLP, and have been delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Article 113A of the Companies (Jersey) Law 1991.

The condensed consolidated financial information for the six months ended 30 June 2023 has been prepared using accounting policies consistent with the 2022 Group Financial Statements, with the addition of the accounting policy on Investment Properties disclosed in Note 13. The interim information, together with the comparative information contained in this report for the year ended 31 December 2022, does not constitute statutory financial statements within the meaning of Article 105 of the Companies (Jersey) Law 1991. The financial information is unaudited but has been reviewed by the Company's auditor, Deloitte LLP, and their report appears at the end of the Interim Management Report.

2. Basis of preparation

(a) Basis of accounting

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and Investment Properties held at fair values at the end of each reporting period.

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 Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements are rounded to the nearest million pounds (expressed as £m), except where otherwise indicated.

(b) Basis of consolidation

The Group's Condensed Consolidated Financial Statements incorporate the financial information of the Company and entities controlled by the Company made up to each reporting period. 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) Accounting policies

Except as described below and for Investment Properties as described in Note 13, the accounting policies applied in these Condensed Consolidated Financial Statements are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2022.

The following new Standards and Interpretations have been endorsed by the UK Endorsement Board and are effective from 1 January 2023 but they do not have a material effect on the Group's financial statements:

- IFRS 17 'Insurance Contracts' including Amendments to IFRS 17;
- Amendments to IAS 12 'Income Taxes', Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 8 'Accounting policies', Changes in Accounting Estimates and Errors - Definition of Accounting Estimates;
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - 'Disclosure of Accounting policies'; and
- Amendments to IAS 12 'Income Taxes', International Tax Reform—Pillar Two Model Rules. In respect of this amendment the Group has applied the mandatory exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes.

(d) Use of estimates and judgements

For the year ended 31 December 2022 the Group's critical accounting estimates and judgements, which are stated on pages 109 and 163 to 164 of the Annual Report and Accounts 2022, were those that relate to provisions for liabilities, and the impairment of goodwill and intangible assets.

3. Related party transactions

The total amount included in trade receivables due from related parties as at 30 June 2023 was £4m (31 December 2022: £4m) and the amount included in trade payables due to related parties as at 30 June 2023 was £4m (31 December 2022: £3m). Loans from a related party amounted to £nil as at 30 June 2023 (31 December 2022: £nil).

4. Principal risks and uncertainties

Robust risk management is fundamental to the achievement of the Group's objectives. The Group identifies the risks to which it is exposed as a result of its business objectives, strategy and operating model, and categorises those risks into five 'risk objectives': Financial position, Operational effectiveness and resilience, Regulatory standing, Reputation, and Business strategy. The risks identified within each of these categories, along with an explanation of how the Group seeks to manage or mitigate these risk exposures can be found on pages 76 to 81 of the latest Annual Report which is available at www.tpicap.com. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2022. Risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year are discussed in the Interim Management Report.

5. 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 reflecting individual entities region of incorporation.

The balance of the CODM review of operating activity and allocation of the Group's resources is primarily focused on business division and this is considered to represent the most appropriate view for the assessment of the nature and financial effects of the business activities in which the Group engages.

Whilst the Group's Primary Operating Segments are 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 that further strengthen the independence and judgement of the governance framework.

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

Analysis by primary operating segment

Six months ended 30 June 2023	Global Broking	Energy & Commodities	Liquidnet	Parameta Solutions	Corporate	Total
	£m	£m	£m	£m	£m	£m
Revenue						
External	645	229	169	89	-	1,132
Inter-divisional	11	2	-	2	(15)	-
	656	231	169	91	(15)	1,132
Total front office costs						
External	(384)	(152)	(124)	(33)	-	(693)
Inter-divisional	(2)	-	-	(13)	15	-
	(386)	(152)	(124)	(46)	15	(693)
Contribution	270	79	45	45	-	439
Net management and support cost	(124)	(37)	(35)	(6)	(41)	(243)
Other operating income	1	-	-	-	3	4
Adjusted EBITDA	147	42	10	39	(38)	200
Depreciation and impairment of PPE and ROUA	(10)	(3)	(2)	(1)	(6)	(22)
Amortisation and impairment of intangibles	(4)	(1)	(7)	-	(3)	(15)
Adjusted EBIT	133	38	1	38	(47)	163

5. Segmental analysis (continued)

Six months ended 30 June 2022	Global Broking (restated)	Energy & Commodities	Liquidnet (formerly Agency Execution) (restated)	Parameta Solutions (restated)	Corporate (restated)	Total
	£m	£m	£m	£m	£m	£m
Revenue						
External ¹	630	195	173	82	-	1,080
Inter-divisional	10	2	-	-	(12)	-
	640	197	173	82	(12)	1,080
Total front office costs						
External ²	(415)	(133)	(116)	(29)	-	(693)
Inter-divisional	-	-	-	(12)	12	-
	(415)	(133)	(116)	(41)	12	(693)
Contribution ³	225	64	57	41	-	387
Net management and support cost ⁴	(99)	(34)	(32)	(4)	(37)	(206)
Other operating income	-	-	-	-	4	4
Adjusted EBITDA ⁵	126	30	25	37	(33)	185
Depreciation and impairment of PPE and ROUA ⁶	(12)	(3)	(9)	(1)	(3)	(28)
Amortisation and impairment of intangibles ⁷	(7)	(2)	(6)	-	-	(15)
Adjusted EBIT ⁸	107	25	10	36	(36)	142

June 2022 divisional results have been restated to reflect the divisional changes reported in the 2022 Annual Report, together with the additional desk changes reported for H1 2023. The restatements are as follows:

1. Revenue for Global Broking increased by £4m, Liquidnet increased by £5m and Parameta Solutions reduced by £9m. There is no restatement of Group Total revenues.
2. Total front office costs for Global Broking have increased by £3m, Liquidnet have increased by £3m and Parameta Solutions reduced by £6m. There is no restatement of Group Total front end costs.
3. As a result of the restatements in footnotes 1 and 2 above, divisional contribution for Global Broking increased by £1m, Liquidnet increased by £2m and Parameta Solutions reduced by £3m. There is no restatement of Group contribution.
4. As a result of the restatements in footnotes 1 and 2 above, divisional net management and support costs for Global Broking decreased by £4m, Liquidnet decreased by £1m, Parameta Solutions decreased by £3m and Corporate increased by £8m. There is no restatement of Group Net management and support costs.
5. As a result of the above restatements Adjusted EBITDA for Global Broking increased by £5m, Liquidnet increased by £3m and Corporate reduced by £8m. There is no restatement to the consolidated Group Adjusted EBITDA.
6. Divisional depreciation and impairment of PPE and ROUA for Global Broking increased by £3m, Liquidnet increased by £1m and Corporate decreased by £4m. There is no restatement of Group depreciation and impairment.
7. Divisional amortisation and impairment of intangible for Global Broking increased by £1m and Corporate decreased by £1m. There is no restatement of Group amortisation.
8. As a result of the above restatements Adjusted EBIT for Global Broking increased by £1m, Liquidnet increased by £2m and Corporate reduced by £3m. There is no restatement to the consolidated Group Adjusted EBIT.

5. Segmental analysis (continued)

Year ended 31 December 2022	Global Broking ¹ (restated) £m	Energy & Commodities ¹ £m	Liquidnet ¹ (restated) £m	Parameta Solutions ¹ (restated) £m	Corporate (restated) £m	Total £m
Revenue						
External ¹	1,231	384	325	175	-	2,115
Inter-divisional	22	3	-	-	(25)	-
	1,253	387	325	175	(25)	2,115
Total front office costs						
External ²	(782)	(263)	(244)	(61)	-	(1,350)
Inter-divisional	-	-	-	(25)	25	-
	(782)	(263)	(244)	(86)	25	(1,350)
Contribution³	471	124	81	89	-	765
Net management and support cost ⁴	(224)	(65)	(80)	(8)	(43)	(420)
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

As a consequence of desk moves in H1 2023, divisional results for December 2022 have been restated as follows:

1. Revenue for Global Broking increased by £2m and Parameta reduced by £2m. There is no restatement for Group Total revenues.
2. Front office costs for Global Broking increased by £2m, Liquidnet reduced by £2m and Parameta reduced by £2m. There is a £2m restatement for Group Total front-office costs.
3. As a result of the restatements in 1 and 2 above, divisional contribution for Liquidnet increased by £2m and Group contribution increased by £2m.
4. Divisional net management and support costs for Liquidnet increased by £2m and Group net management and support costs increased by £2m.

5. Segmental analysis (continued)

Analysis of significant items

Six months ended 30 June 2023	Restructuring and other related costs	Disposals, acquisitions and investment in new businesses	Legal and regulatory matters	Total
	£m	£m	£m	£m
Employment, compensation and benefits costs	3	-	-	3
Premises and related costs	3	-	-	3
Deferred consideration	-	(5)	-	(5)
Charge relating to significant legal and regulatory settlements	-	-	15	15
Net foreign exchange gains	-	(2)	-	(2)
Other general and administration costs	2	6	-	8
Total included within general and administration costs	5	(1)	15	19
Depreciation and impairment of PPE and ROUA	12	-	-	12
Amortisation and impairment of intangible assets	-	22	-	22
Total included within operating costs	20	21	15	56
Other operating income	-	-	(2)	(2)
Net finance cost	-	1	-	1
Total significant items before tax	20	22	13	55
Taxation of significant items				(9)
Total significant items after tax				46
Impairment of investment in associates (included within Share of results of associates and joint ventures)				5
Total significant items				51

Six months ended 30 June 2022	Restructuring and other related costs	Disposals, acquisitions and investment in new businesses	Legal and regulatory matters	Total
	£m	£m	£m	£m
Employment, compensation and benefits costs	12	-	(1)	11
Premises and related costs	2	-	-	2
Deferred consideration	-	8	-	8
Acquisition costs	-	1	-	1
Net foreign exchange losses	-	4	-	4
Other general and administration costs	2	-	2	4
Total included within general and administration costs	4	13	2	19
Depreciation and impairment of PPE and ROUA	8	-	-	8
Amortisation and impairment of intangible assets	-	21	-	21
Total included within operating costs	24	34	1	59
Other operating income	-	(16)	-	(16)
Net finance cost	-	1	-	1
Total significant items before tax	24	19	1	44
Taxation of significant items				(8)
Total significant items after tax				36

5. Segmental analysis (continued)
Analysis of significant items (continued)

Year ended 31 December 2022	Restructuring and other related costs	Disposals, acquisitions and investment in new businesses	Legal and regulatory matters	Total
	£m	£m	£m	£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 losses	-	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 of significant items				(22)
Total significant items after tax				91

Adjusted profit reconciliation

Six months ended 30 June 2023	Adjusted	Significant items	Reported
	£m	£m	£m
EBIT/operating profit	163	(54)	109
Net finance costs	(17)	(1)	(18)
Profit before tax	146	(55)	91
Taxation	(40)	9	(31)
Profit after tax	106	(46)	60
Share of profit from associates and joint ventures	12	(5)	7
Profit for the period	118	(51)	67

Six months ended 30 June 2022	Adjusted	Significant items	Reported
	£m	£m	£m
EBIT/operating profit	142	(43)	99
Net finance costs	(26)	(1)	(27)
Profit before tax	116	(44)	72
Taxation	(29)	8	(21)
Profit after tax	87	(36)	51
Share of profit from associates and joint ventures	14	-	14
Profit for the period	101	(36)	65

5. Segmental analysis (continued)

Adjusted profit reconciliation (continued)

Year ended 31 December 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 period	197	(91)	106

Revenue by type

Six months ended 30 June 2023	Global Broking £m	Energy & Commodities £m	Liquidnet £m	Parameta Solutions £m	Eliminations £m	Total £m
Name Passing brokerage	480	200	11	-	-	691
Executing Broker brokerage	24	26	43	-	-	93
Matched Principal brokerage	141	3	72	-	-	216
Introducing Broker brokerage	-	-	43	-	-	43
Data & Analytics price information fees	11	2	-	91	(15)	89
	656	231	169	91	(15)	1,132

Six months ended 30 June 2022	Global Broking (restated) £m	Energy & Commodities £m	Liquidnet (formerly Agency Execution) (restated) £m	Parameta Solutions (restated) £m	Eliminations £m	Total £m
Name Passing brokerage ¹	492	172	8	-	(1)	671
Executing Broker brokerage ²	19	22	29	-	-	70
Matched Principal brokerage ³	106	2	88	-	-	196
Introducing Broker brokerage ⁴	13	-	48	-	-	61
Data & Analytics price information fees ⁵	10	1	-	82	(11)	82
	640	197	173	82	(12)	1,080

June 2022 divisional revenue and associated classification by type have been restated to reflect the divisional changes reported in the 2022 Annual Report, together with the additional desk changes reported for H1 2023. The restatements are as follows:

1. Total name passing brokerage for Global Broking increased by £4m, Liquidnet increased by £4m and Parameta Solutions decreased by £8m.
2. Total executive broker brokerage for Global Broking decreased by £1m, Liquidnet increased by £1m.
3. Total matched principal brokerage for Global Broking decreased by £13m and Liquidnet increased by £13m.
4. Total introducing broker brokerage for Global Broking increased by £13m for Liquidnet decreased by £13m.
5. Total Data & Analytics price information fees for Global Broking increased by £1m and for Parameta decreased by £1m.

5. Segmental analysis (continued)

Year ended 31 December 2022	Global Broking (restated) £m	Energy & Commodities £m	Liquidnet £m	Parameta Solutions (restated) £m	Eliminations £m	Total £m
Name Passing brokerage	949	337	16	-	-	1,302
Executing Broker brokerage	40	42	64	-	-	146
Matched Principal brokerage	240	5	155	-	-	400
Introducing Broker brokerage	-	-	90	-	-	90
Data & Analytics price information fees	24	3	-	175	(25)	177
	1,253	387	325	175	(25)	2,115

As a consequence of desk moves in H1 2023, divisional revenue and associated classification by type for December 2022 have been restated as follows:

1 Data & Analytics price information fees for Global Broking increased by £2m and Parameta decreased by £2m.

Revenue by country

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 (restated) £m
United Kingdom and Channel Islands ¹	416	430	814
United States of America	419	386	779
Rest of the world ¹	297	264	522
	1,132	1,080	2,115

1. December 2022 restated to reclassify £71m relating to the Channel Islands.

6. Operating costs

	Six months ended 30 June 2023	Six months ended 30 June 2022 (restated)	Year ended 31 December 2022 (restated)
	£m	£m	£m
Broker compensation costs ¹	531	507	1,033
Other staff costs ¹	156	153	267
Share-based payment charge	13	9	20
Employment compensation and benefits	700	669	1,320
Technology and related costs	107	104	216
Premises and related costs	17	15	28
Gains on disposal of property, plant and equipment	-	-	(3)
Gains on derecognition of right-of-use assets/lease liabilities	-	-	(3)
Adjustments to deferred consideration	(5)	8	8
Charge relating to significant legal and regulatory settlements	15	-	7
Pension scheme past service and settlement costs	-	-	1
Remeasurement of long-term employee benefits	-	-	(7)
Acquisition costs	-	1	6
Impairment losses on trade receivables	-	2	5
Net foreign exchange losses/(gains)	3	(17)	(21)
Net loss on FX derivative instruments	3	9	11
Other administrative costs	118	138	258
General and administrative expenses	258	260	506
Depreciation of property, plant and equipment	11	12	23
Impairment of property, plant and equipment	5	6	5
Depreciation of right-of-use assets	11	16	26
Impairment of right of use asset	7	2	4
Depreciation and impairment of PPE and ROUA	34	36	58
Amortisation of other intangible assets	15	15	33
Amortisation of intangible assets arising on consolidation	22	21	45
Impairment of intangible assets arising on consolidation	-	-	20
Amortisation and impairment of intangible assets	37	36	98
	1,029	1,001	1,982

1. Broker compensation costs and other staff costs in June 2022 have been increased and decreased respectively by £6m, and in December 2022 by £1m,, reflecting a reclassification of certain staff as broking.

7. Other operating income

Other operating income comprises:

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Acquisition-related income ¹	-	16	16
Business relocation grants	1	1	2
Employee-related insurance receipts	1	1	4
Management fees from associates	1	1	1
Legal settlement receipts	2	-	4
Other receipts	1	1	3
	6	20	30

1. 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.

8. Finance income

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Interest receivable and similar income	11	1	6
Interest receivable on finance lease receivables	1	1	2
	12	2	8

9. Finance costs

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Fees on bank and other loan facilities	1	1	2
Interest on bank and other loans	-	1	2
Interest on Sterling Notes January 2024	4	6	13
Interest on Sterling Notes May 2026	7	7	13
Interest on Sterling Notes November 2028	3	3	7
Interest on Sterling Notes April 2030	4	-	-
Interest on Liquidnet Vendor Loan Notes	1	1	1
Other interest	1	-	1
Amortisation of debt issue and bank facility costs	1	1	2
Borrowing costs	22	20	41
Interest on lease liabilities	8	9	17
	30	29	58

10. Earnings per share

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Basic	8.4p	8.2p	13.2p
Diluted	8.3p	8.1p	13.0p

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

	Six months ended 30 June 2023 No. (m)	Six months ended 30 June 2022 No. (m)	Year ended 31 December 2022 No. (m)
Basic weighted average shares	781.3	778.6	779.1
Contingently issuable shares	14.7	8.5	11.5
Diluted weighted average shares	796.0	787.1	790.6

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

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Earnings for the period	67	65	106
Non-controlling interests	(1)	(1)	(3)
Earnings attributable to equity holders of the parent	66	64	103

11. Dividends

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2021 of 5.5p per share	-	43	43
Interim dividend for the year ended 31 December 2022 of 4.5p per share	-	-	35
Final dividend for the year ended 31 December 2022 of 7.9p per share	62	-	-
	62	43	78

An interim dividend of 4.8 pence per share will be paid on 3 November 2023 to all shareholders on the Register of Members on 27 September 2023.

As at 30 June 2023 the TP ICAP plc EBT held 6,971,159 TP ICAP Group plc 25p ordinary shares (31 December 2022: 8,803,320) and has waived its rights to dividends.

12. Intangible assets arising on consolidation

	Goodwill	Other	Total
	£m	£m	£m
As at 1 January 2023	1,232	548	1,780
Amortisation of acquisition related intangibles	-	(22)	(22)
Effect of movements in exchange rates	(30)	(17)	(47)
As at 30 June 2023	1,202	509	1,711

As at 30 June 2023 the gross cost of goodwill and other intangible assets arising on consolidation amounted to £1,452m and £811m respectively (31 December 2022: £1,482m and £833m). Cumulative amortisation and impairment charges amounted to £250m for goodwill and £302m for other intangible assets arising on consolidation (31 December 2022: £250m and £285m).

Other intangible assets at 30 June 2023 represent customer relationships of £508m (31 December 2022: £546m), business brands, and trademarks of £1m (31 December 2022: £2m) that arise through business combinations.

Goodwill

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

	30 June 2023	31 December 2022
	£m	£m
Goodwill allocated to CGU grouping		
Global Broking	481	489
Energy & Commodities	152	156
Parameta Solutions	335	342
Liquidnet - Agency Execution	40	40
Liquidnet platform (formerly Liquidnet - acquired business)	194	205
	1,202	1,232

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 April 2023 impairment triggers were identified for the Liquidnet - Platform CGU (formerly Liquidnet - acquired business) which is discussed below. There were no new impairment triggers as at 30 June 2023.

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.

- Liquidnet platform (formerly Liquidnet - acquired business)

The Liquidnet platform was previously tested for impairment as at 30 September 2022. As a result of the continued fall in the equity markets, resultant downward pressure on the business and expected delay in the recovery, management revised the forecasts downward for the equities business.

12. Intangible assets arising on consolidation (continued)

Goodwill (continued)

Owing to these factors, Liquidnet's financial performance triggered an impairment review as at 30 April 2023. The impairment assessment was performed based on estimating the FVLCD of the CGU, using the Income Approach, which did not identify an impairment. The key assumptions for the Income Approach are those regarding expected revenue and terminal growth rates, and the discount rate. Future projections are based on the most recent financial budgets considered by the Board which are then used to project cash flows for the next five years and for the terminal value. 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:

	Valuation discount rates	Breakeven discount rates	Valuation revenue growth rates	Breakeven revenue growth rates	Valuation terminal value growth rates	Breakeven terminal value growth rates
Liquidnet platform	%	%	%	%	%	%
April 2023	10.0%	11.2%	13.4%	12.4%	2.4%	0.7%
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 calculations have been subject to stress tests reflecting reasonably possible changes in key assumptions in the growth rates and the discount rate as indicated in the table above. 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 Income Approach valuation is based on management forecasts which are unobservable and is therefore a Level 3 fair value.

As shown in the table above, a 1.2% rise in the discount rate from 10.0% as at the assessment date to 11.2% would eliminate the excess of the recoverable amount of the CGU compared to its carrying value and a further 1% rise in the discount rate to 12.2% would result in a £40m reduction of the carrying value of the CGU, to be recognised as an impairment charge to the income statement.

The expected compound annual revenue growth rate has decreased from 14.7% as at September 2022 to 13.4% as at April 2023.

For the Equities business, management expects revenue to return to pre-Covid levels by 2028. A combination of new management initiatives and forecast 4% annual growth in the existing business is expected to result in an overall annual revenue growth rate in the Equities business of 6.9% (September 2022: 6.7%).

Given the increased estimation uncertainty in forecasting for new business lines, there is an increased risk that the management is not able to achieve the expected levels of income from the new initiatives and as a result the excess of the recoverable amount of the CGU may reduce. A 14% success rate in achieving new initiatives would eliminate the excess of the recoverable amount, and without the initiatives there would be a reduction of £10m in the carrying value of the CGU, to be recognised as an impairment charge to the income statement.

The existing business has continued to perform below forecasts in 2023, with a recovery expected from 2024. Below table shows sensitivity to the annual growth rate in the existing equities business. In a scenario of no growth in existing business would result in a £49m reduction of the carrying value of the CGU, to be recognised as an impairment charge to the income statement. The table below shows the sensitivities to change in growth rate assumptions on existing business. These stresses assume all other assumptions including margins remain unchanged.

	Breakeven revenue growth rate	(Surplus) /Impairment at 2% growth rate	Impairment at 1% growth rate	Impairment at no growth
Liquidnet existing equities business	%	£m	£m	£m
April 2023	1.8%	(6)	22	49

12. Intangible assets arising on consolidation (continued)

Goodwill (continued)

For the Credit platform, the valuation includes revenue growth from the roll-out of the platform, resulting in a compound annual growth rate of 47% (September 2022: 61%) over five years. A 5% reduction in growth rate from 47% to 42% would eliminate the excess of the recoverable amount of the CGU compared to its carrying value.

Other intangible assets

Other intangible assets at 30 June 2023 represent customer relationships, business brands and trademarks that arise through business combinations.

Customer relationships are amortised over a period of 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 April 2023, the Liquidnet customer relationships were subject to a full impairment review. Impairment assessment did not identify an impairment. 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. As these inputs are unobservable, this is a Level 3 valuation.

Following the adjustment to the customer relationships' 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 £20m, and a 1% increase in the discount rate would impair the asset by £7m.

13. Investment properties

Reconciliation of carrying amount:		£m
Balance as at 1 January 2023		-
Reclassification from finance lease receivables		6
Reclassification from right-of-use-assets		6
Effect of movements in exchange rates		-
Balance as at 30 June 2023		12

As at 30 June 2023 all investment properties remained unlet. An unlet property was reclassified from finance lease receivables during the period.

Amounts recognised in profit or loss:		£m
Direct operating expenses from property that did not generate rental income		2
Fair value (gains)/losses recognised in operating costs		-

Accounting for Investment Properties

Investment properties, principally office buildings, are held for long-term rental yields and are not occupied by the Group. When the use of a property changes from owner-occupied to unlet, or sub-let under an operating lease, it is classified as an investment property.

Where the Group is an intermediate lessor, it is required to account for its interests in the head lease and the sub-lease separately. The Group assesses the classification of each sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. Sub-leases classified as operating leases are included within investment properties and those classified as finance leases are reported as finance lease receivables.

When a right-of-use-asset is reclassified to investment property, the right-of-use-asset is first remeasured to fair value then reclassified. Any gain or loss arising on this remeasurement of the right-of-use asset is recognised in profit or loss.

13. Investment properties (continued)

Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. Fair value is based on valuation methods, such as recent prices or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

14. Trade and other receivables

	30 June 2023	30 June 2022 (restated)	31 December 2022
	£m	£m	£m
Non-current receivables			
Finance lease receivables	26	38	38
Other receivables	7	18	13
	33	56	51
Current receivables			
Trade receivables ¹	348	449	382
Amounts due from clearing organisations	54	58	77
Deposits paid for securities borrowed	1,375	1,734	1,575
Finance lease receivables	5	1	2
Other debtors ¹	45	49	30
Accrued income	12	15	15
Owed by associates and joint ventures	4	5	4
Prepayments	102	99	109
Corporation tax	4	4	4
	1,949	2,414	2,198

1. Trade receivables have been reduced by £11m and other debtors increased by £11m from that reported in June 2022 as a result of a reclassification of certain non-trading balances due from brokers.

Deposits paid for securities borrowed arise on collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The above analysis reflects the receivable side of such transactions. Corresponding deposits received for securities loaned are shown in 'Trade and other payables'. The Group measures loss allowances for these balances under the general approach reflecting the probability of default based on the credit rating of the counterparty together with an assessment of the loss, after the sale of collateral, that could arise as a result of default. As at 30 June 2023, the provision for expected credit losses amounted to less than £1m (2022: less than £1m).

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
Financial assets at fair value through profit or loss			
Matched Principal financial assets	19	167	9
Fair value gains on unsettled Matched Principal transactions	348	696	255
	367	863	264
Financial liabilities at fair value through profit or loss			
Matched Principal financial liabilities	(2)	(6)	-
Fair value losses on unsettled Matched Principal transactions	(349)	(696)	(255)
	(351)	(702)	(255)
Notional contract amount of unsettled Matched Principal transactions			
Unsettled Matched Principal transactions	87,022	57,812	209,762

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.

16. Trade and other payables

	30 June 2023	30 June 2022 (restated)	31 December 2022
	£m	£m	£m
Trade payables ¹	44	46	24
Amounts due to clearing organisations	25	31	46
Deposits received for securities loaned	1,361	1,710	1,573
Deferred consideration	49	4	1
Other creditors ¹	93	102	108
Accruals	359	338	369
Owed to associates and joint ventures	4	4	3
Tax and social security	23	26	22
Deferred income	3	4	3
	1,961	2,265	2,149

1. Trade payables have been reduced by £88m and other creditors increased by £88m from those reported in June 2022 as a result of certain non-trading balances due to customers being reclassified.

17. Interest bearing loans and borrowings

	Current	Non-current	Total
	£m	£m	£m
30 June 2023			
Overdrafts	4	-	4
Sterling Notes January 2024	37	-	37
Liquidnet Vendor Loan Notes March 2024	40	-	40
Sterling Notes May 2026	1	249	250
Sterling Notes November 2028	1	248	249
Sterling Notes April 2030	4	247	251
	87	744	831
31 December 2022			
Sterling Notes January 2024	6	247	253
Liquidnet Vendor Loan Notes March 2024	1	42	43
Sterling Notes May 2026	1	249	250
Sterling Notes November 2028	1	247	248
	9	785	794

All amounts are stated after unamortised transaction costs.

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 agents finances the purchase through the provision of an overdraft secured against the securities and any collateral placed at the settlement agents. As at 30 June 2023, overdrafts for the provision of settlement finance amounted to £4m (December 2022: £nil).

Loans from related party

In August 2020, the Group entered into a Yen 10bn committed revolving credit facility with The Tokyo Tanshi Co., Ltd, a related party, that matures in August 2025. As at 30 June 2023, the 10bn Yen committed facility equated to £54m. Facility commitment fees of 0.64% on the undrawn balance are payable on the facility.

As at 30 June 2023, the facility was undrawn. During the period, the maximum amount drawn was Yen 8bn (£44m at June closing rates), and the average amount drawn was Yen 6.8bn (£37m at June closing rates). The Group used the credit facility for most of the period, entering into several short term bank loans with maturities of 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'.

Bank credit facilities and bank loans

The Group has a £350m committed revolving facility that matures in May 2026. Facility commitment fees of 0.7% on the undrawn balance are payable on the facility. Arrangement fees of £3m were paid in 2022 and are being amortised over the maturity of the facility.

As at 30 June 2023, the revolving credit facility was undrawn. During the period, the maximum amount drawn was £40m (June 2022: £140m), and the average amount drawn was £4m (June 2022: £50m). The Group utilises the credit facility throughout the period, 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 to 30 June 2023 (June 2022: less than £1m).

17. Interest bearing loans and borrowings (continued)

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, in November 2021 the Group repurchased £184m of the Notes and in April 2023 a further £210m of the Notes were repurchased. Accrued interest at 30 June 2023 amounted to £1m. Issue costs of less than £1m were written off following the repurchase in April 2023. No unamortised issue costs remain.

At 30 June 2023, the fair value of the Notes (Level 1) was £36m (December 2022: £241m).

Interest of £4m was incurred in the period (June 2022: £6m). The amortisation expense of issue costs in the period was less than £1m (June 2022: 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 (£39m at period end exchange rates) unsecured Loan Notes due March 2024. The Notes have a fixed coupon of 3.2% paid annually. Accrued interest at 30 June 2023 was less than £1m.

At 30 June 2023, the fair value of the Notes (Level 2) was \$45m (£35m) (December 2022: \$44m (£37m)).

Interest of £1m was incurred in the period (June 2022: £1m).

Sterling Notes: Due May 2026

In May 2019 the Group issued £250m unsecured Sterling Notes due May 2026. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. Accrued interest at 30 June 2023 was £1m. Unamortised issue costs were £1m.

At 30 June 2023, the fair value of the Notes (Level 1) was £231m (December 2022: £232m).

Interest of £7m was incurred in the period (June 2022: £7m). The amortisation expense of issue costs in the period was less than £1m (June 2022: 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. Accrued interest at 30 June 2023 was £1m. Unamortised discount and issue costs were £2m.

At 30 June 2023, the fair value of the Notes (Level 1) was £185m (December 2022: £184m).

Interest of £3m was incurred in the period (June 2022: £3m). The amortisation expense of discount and issue costs in the period was less than £1m (June 2022: less than £1m).

Sterling Notes: Due April 2030

In April 2023 the Group issued £250m unsecured Sterling Notes due April 2030. The Notes were issued at a discount of £1m, raising £249m before issue costs. The Notes have a fixed coupon of 7.875% paid semi-annually, subject to compliance with the terms of the Notes. Accrued interest at 30 June 2023 was £4m. Unamortised discount and issue costs were £3m.

At 30 June 2023, the fair value of the Notes (Level 1) was £238m.

Interest of £4m was incurred in the period. The amortisation expense of discount and issue costs in the period was less than £1m.

18. Lease liabilities

The maturity analysis of lease liabilities is as follows:

	30 June 2023	31 December 2022
	£m	£m
Year 1	38	46
Year 2	37	40
Year 3	36	37
Year 4	34	35
Year 5	29	30
Onwards	155	172
	329	360
Less: future interest expense	(68)	(81)
	261	279
Included in current liabilities	37	29
Included in non-current liabilities	224	250
	261	279

19. Reconciliation of operating result (EBIT) to net cash from operating activities

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
EBIT/operating profit	109	99	163
Adjustments for:			
- Share-based payment charge	9	8	13
- Pension scheme administration costs	-	-	1
- Pension scheme past service and settlement costs	-	-	1
- Depreciation of property, plant and equipment	11	12	23
- Gain on disposal of property, plant and equipment	-	-	(3)
- Impairment of property, plant and equipment	5	6	5
- Gain on derecognition of right-of-use asset/lease liability	-	-	(3)
- Depreciation of right-of-use assets	11	16	26
- Impairment of right-of-use assets	7	2	4
- Amortisation of intangible assets	15	15	33
- Amortisation of intangible assets arising on consolidation	22	21	45
- Impairment of intangible assets arising on consolidation	-	-	20
- Remeasurement of deferred consideration	(5)	8	8
- Unrealised foreign exchange (gain)/loss of Vendor Loan Notes	(2)	4	5
Operating cash flows before movement in working capital	182	191	341
Decrease/(increase) in trade and other receivables	28	(53)	(24)
(Increase)/decrease in net Matched Principal related balances	(8)	(154)	27
Decrease/(increase) in net balances with Clearing Organisations	1	3	(1)
(Increase)/decrease in net stock lending balances	(13)	(2)	12
Increase in trade and other payables	20	26	76
Increase/(decrease) in provisions	11	5	(4)
Increase in non-current liabilities	-	2	3
Cash generated from operations	221	18	430
Income taxes paid	(49)	(17)	(51)
Fees paid on bank and other loan facilities	(1)	(1)	(2)
Interest paid	(22)	(19)	(36)
Interest paid – finance leases	(8)	(8)	(17)
Net cash from operating activities	141	(27)	324

20. Analysis of net funds/(debt) including lease liabilities

	1 January 2023 £m	Cash flow £m	Non-cash items £m	Exchange differences £m	30 June 2023 £m
Cash and cash equivalents	888	141	-	(46)	983
Overdrafts	-	(4)	-	-	(4)
	888	137	-	(46)	979
Financial investments	174	(4)	-	(1)	169
Sterling Notes January 2024	(253)	220 ¹	(4)	-	(37)
Sterling Notes May 2026	(250)	7 ²	(7)	-	(250)
Sterling Notes November 2028	(248)	3 ²	(4)	-	(249)
Sterling Notes April 2030	-	(247) ³	(4)	-	(251)
Liquidnet Vendor Loan Notes	(43)	1 ²	-	2	(40)
Total debt excluding leases liabilities	(794)	(16)	(19)	2	(827)
Lease liabilities	(279)	23 ⁴	(15)	10	(261)
Total financing liabilities	(1,073)	7	(34)	12	(1,088)
Net funds/(debt)	(11)	140	(34)	(35)	60

1. Relates to principal repurchased of £210m reported as a cash outflow from financing activities plus £10m of interest paid reported as a cash outflow from operating activities.

2. Relates to interest paid reported as a cash outflow from operating activities.

3. Relates to principal received of £249m less £2m of debt issue costs reported as a cash outflow from financing activities.

4. Relates to interest paid of £8m reported as a cash outflow from operating activities and principal paid of £15m reported as a cash outflow from financing activities.

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less. As at 30 June 2023 cash and cash equivalents, net of overdrafts, amounted to £979m (December 2022: £888m) of which £115m (December 2022: £104m) 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 government debt securities, term deposits and restricted funds held with banks and clearing organisations.

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

21. Provisions

	Property	Re- structuring	Legal and other	Total
	£m	£m	£m	£m
At 1 January 2023	13	7	20	40
Charge to income statement	-	-	16	16
Utilisation of provisions	-	(1)	(4)	(5)
Effect of movements in exchange rates	(1)	-	-	(1)
At 30 June 2023	12	6	32	50
Included in current liabilities				16
Included in non-current liabilities				34
				50

Property provisions outstanding as at 30 June 2023 relate to provisions in respect of building dilapidations and represent the estimated cost of making good dilapidations and disrepair on various leasehold buildings.

Restructuring provisions outstanding as at 30 June 2023 relate to termination and other employee related costs. It is expected that these obligations will continue to be discharged by 2024.

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 19 years.

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. The Group has entered into settlement agreements to resolve this matter. On May 16, 2023, the United States District Court granted preliminary approval of those settlements. Pending final approval by the class, which the Group believes to be probable, the legacy "Tullett" defendants have paid \$2.1m (£1.6m) into escrow having provided for this amount. Separately and consistent with its indemnity obligations, Nex International Limited (formerly known as ICAP plc) has, in order to resolve claims against the four "ICAP" broker defendants (ICAP Europe Limited, ICAP Securities USA LLC, NEX Group plc and Intercapital Capital Markets LLC) paid \$2.1m (£1.6m) into escrow pending final class approval. This has been recorded as a provision and settlement, together with the receipt of an indemnification asset from NEX.

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 remains open and the Group is co-operating with the CFTC in its enquiries. Whilst it is not possible to predict the ultimate outcome of the investigation, the Group has made a provision reflecting management's best estimate as at this date of the cost of settling the investigation. The actual outcome may differ significantly from management's current estimate. 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 legal proceedings against ICAP's successor company, NEX Limited, for breach of warranty in respect of the ICAP entities.

21. Provisions (continued)

Supplier contractual dispute

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. In respect of one such matter the Group has provided £5m (US\$6.8m), reflecting the Group's settlement offer, pending the conclusion of ongoing commercial negotiations. Negotiations were concluded in July 2023 and the matter will be settled at the amount of the offer. As the settlement is commercially sensitive no further disclosure is considered to be appropriate.

22. Contingent liabilities

Contingent liabilities represent material cases, investigations or other matters where the Group considers the risk of a material outflow is possible, but not probable, or where the Group assesses and reports the risk to be probable, but are unable to make a reliable estimate to establish a provision.

Bank Bill Swap Reference Rate case

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

Labour claims – ICAP Brazil

ICAP do Brasil Corretora De Títulos e Valores Mobiliários Ltda ('ICAP Brazil') is a defendant in 8 (31 December 2022: 7) 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 39.0m (£6.4m) (31 December 2022: BRL 31.7m (£5.3m)). The Group is the beneficiary of an indemnity from NEX in relation to any liabilities in respect of four of the 8 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 28.0m (£4.6m). Apart from an estimated loss of £0.1m which has 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.

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 384m (£62.6m) (31 December 2022: BRL 354m (£59.1m)). 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 and awaiting the commencement of expert testimony.

22. Contingent liabilities (continued)

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 judgement dismissing the Foundation's claims in their entirety. In March 2021, the Foundation filed a writ to appeal this final judgement which remains pending. The Group is covered by an indemnity from NEX in relation to any outflow in respect of the ICAP entities with regard to these matters. It is not possible to estimate any potential financial impact in respect of this matter at this time.

(ii) 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 the 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' favor. 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 sometime 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.

22. Contingent liabilities (continued)

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

On 19 December 2018, ICAP Securities Limited, Frankfurt branch ('ISL') (now TP ICAP Markets Limited) 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.

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 plc

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. The plaintiff's motion for reconsideration was denied and the plaintiffs have appealed the dismissal of its claims. 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 AG 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 plus 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

22. Contingent liabilities (continued)

Securities Exchange Commission Information Request

In October 2022, Liquidnet Inc. received an information request from the SEC Division of Enforcement seeking documents and information relating to the operation of Liquidnet Inc.'s three ATS systems. The information request covers the period of 1 October 2019 to date. Liquidnet Inc. is fully cooperating with the SEC staff. It is not possible to predict the outcome of this early stage of the matter.

General note

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of complex regulatory, corporate and tax laws and practices of those territories. Accordingly, and as part of its normal course of business, the Group is required to provide information to various authorities as part of informal and formal enquiries, investigations or market reviews. From time to time the Group's subsidiaries are engaged in litigation in relation to a variety of matters. The Group's reputation may also be damaged by any involvement or the involvement of any of its employees or former employees in any regulatory investigation and by any allegations or findings, even where the associated fine or penalty is not material.

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

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

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

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.

23. Financial instruments

(a) Categorisation of financial assets and liabilities

	FVTPL trading instruments £m	FVTOCI debt instruments £m	FVTOCI equity instruments £m	Amortised cost £m	Total carrying amount £m
Financial Assets					
30 June 2023 (unaudited)					
Non-current financial assets measured at fair value					
Equity securities	-	-	20	-	20
Corporate debt securities	-	2	-	-	2
Non-current financial assets not measured at fair value					
Finance lease receivables	-	-	-	26	26
Other receivables	-	-	-	7	7
	-	2	20	33	55
Current financial assets measured at fair value					
Matched Principal financial assets	19	-	-	-	19
Fair value gains on unsettled Matched Principal transactions	348	-	-	-	348
Government debt securities	-	102	-	-	102
Current financial assets Not measured at fair value					
Term deposits	-	-	-	67	67
Other debtors	-	-	-	45	45
Accrued income	-	-	-	12	12
Owed to associates and joint ventures	-	-	-	4	4
Trade receivables	-	-	-	348	348
Amounts due from clearing organisations	-	-	-	54	54
Deposits paid for securities borrowed	-	-	-	1,375	1,375
Finance lease receivables	-	-	-	5	5
Cash and cash equivalents	-	-	-	983	983
	367	102	-	2,893	3,362
Total financial assets	367	104	20	2,926	3,417

23. Financial instruments (continued)

(a) Categorisation of financial assets and liabilities (continued)

Financial Liabilities	Mandatorily at FVTPL		Other financial liabilities		Total carrying amount
	Non-current £m	Current £m	Non-current £m	Current £m	
30 June 2023 (unaudited)					£m
Financial liabilities measured at fair value					
Matched Principal financial liabilities	-	2	-	-	2
Fair value losses on unsettled Matched Principal transactions	-	349	-	-	349
Deferred consideration	1	49	-	-	50
	1	400	-	-	401
Financial liabilities Not measured at fair value					
Overdrafts	-	-	-	4	4
Loans from related party	-	-	-	-	-
Bank loans	-	-	-	-	-
Liquidnet Vendor loan Notes	-	-	-	40	40
Sterling Notes January 2024	-	-	-	37	37
Sterling Notes May 2026	-	-	249	1	250
Sterling Notes November 2028	-	-	248	1	249
Sterling Notes April 2030	-	-	247	4	251
Other creditors	-	-	-	93	93
Accruals ¹	-	-	2	108	110
Owed to associates and joint ventures	-	-	-	4	4
Trade payables	-	-	-	44	44
Amounts payable to clearing organisations	-	-	-	25	25
Deposits received for securities loaned	-	-	-	1,361	1,361
Lease liabilities	-	-	224	37	261
	-	-	970	1,759	2,729
Total financial liabilities	1	400	970	1,759	3,130

1. Accruals of £249m are not recorded as financial liabilities

23. Financial instruments (continued)

(b) Maturity profile of financial liabilities

As at 30 June 2023, the contractual maturities, including future interest obligations, of the Group's financial liabilities were as follows:

Contractual maturities of financial and lease liabilities 30 June 2023 (unaudited)	Less than 3 months £m	Between 3 and 12 months £m	Between 1 and 5 years £m	Over 5 years £m	Total contractual cash flows £m
Matched Principal financial liabilities	2	-	-	-	2
Settlement of open Matched Principal purchases ¹	43,510	-	-	-	43,510
Deposits received for securities loaned	1,361	-	-	-	1,361
Trade payables	44	-	-	-	44
Amount due to clearing organisations	25	-	-	-	25
Other creditors	93	-	-	-	93
Accruals	108	-	2	-	110
Owed to associates and joint venture	4	-	-	-	4
Lease liabilities	10	28	136	155	329
Overdrafts	4	-	-	-	4
Liquidnet Vendor Loan Note March 2024	-	41	-	-	41
Sterling Notes January 2024	-	38	-	-	38
Sterling Notes May 2026	-	13	276	-	289
Sterling Notes November 2028	-	7	26	253	286
Sterling Notes April 2030	-	20	79	289	388
Deferred consideration	-	49	1	-	50
	45,161	196	520	697	46,574

1. Settlement of open Matched Principal purchases represents the payment in exchange for Matched Principal financial assets pending their onward sale. The onward sale results in inflows from the settlement of related open Matched Principal sales.

23. Financial instruments (continued)

(c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2023 (unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets measured at fair value				
Matched Principal financial assets	19	-	-	19
Fair value gains on unsettled Matched Principal transactions	348	-	-	348
Equity instruments	-	11	9	20
Corporate debt securities	-	-	2	2
Government debt securities	102	-	-	102
Investment Properties	-	-	12	12
Financial liabilities measured at fair value				
Matched Principal financial liabilities	(2)	-	-	(2)
Fair value losses on unsettled Matched Principal transactions	(349)	-	-	(349)
Deferred consideration	-	-	(50)	(50)
	118	11	(27)	102

There were no transfers between Level 1 and 2 during the Period.

Reconciliation of Level 3 fair value movements:

	Equity instruments (at FVTOCI) £m	Debt securities (at FVTOCI) £m	Deferred consideration (at FVTPL) £m	Investment Properties (at FVTPL) £m	Total £m
Balance as at 1 January 2023	10	2	(56)	-	(44)
Additions during the period	-	-	-	12	12
Amounts settled during the period	-	-	1	-	1
Net change in fair value ¹	-	-	5	-	5
Effect of movements in exchange rates	(1)	-	-	-	(1)
Balance as at 30 June 2023	9	2	(50)	12	(27)

1. Included in 'administrative expenses' for items at FVTPL.

24. Reconciliation of shareholders' funds

(a) Share capital, Share premium account.

The following table shows an analysis of the changes in share capital, share premium and merger reserve attributable to the equity shareholders of TP ICAP Group plc.

	Share capital £m	Total £m
Balance as at 1 January and 30 June 2023	197	197

(b) Other reserves

	Re- organisation reserve £m	Re- valuation reserve £m	Hedging and translation £m	Own shares £m	Total £m
Balance as at 1 January 2023	(946)	5	109	(22)	(854)
Exchange differences on translation of foreign operations	-	-	(92)	-	(92)
Equity investments at FVTOCI – net change in fair value	-	(1)	-	-	(1)
Taxation on components of other comprehensive income	-	-	2	-	2
Total comprehensive income/(loss)	-	(1)	(90)	-	(91)
Share settlement of share-based payment awards	-	-	-	8	8
Own shares acquired for employee trusts	-	-	-	(2)	(2)
Balance as at 30 June 2023	(946)	4	19	(16)	(939)

(c) Total equity

	Attributable to the equity holders of the parent				Non- controlling interests £m	Total equity £m
	Total from 24(a) £m	Total from 24(b) £m	Retained earnings £m	Total £m		
Balance as at 1 January 2023	197	(854)	2,800	2,143	18	2,161
Profit for the period	-	-	66	66	1	67
Remeasurement of defined benefit pension schemes	-	-	46	46	-	46
Exchange differences on translation of foreign operations	-	(92)	-	(92)	(1)	(93)
Equity investments at FVTOCI – net change in fair value	-	(1)	-	(1)	-	(1)
Taxation on components of other comprehensive income	-	2	(16)	(14)	-	(14)
Total comprehensive income/(loss)	-	(91)	96	5	-	5
Dividends paid	-	-	(62)	(62)	(1)	(63)
Share settlement of share-based payment awards	-	8	(9)	(1)	-	(1)
Own shares acquired for employee trusts	-	(2)	-	(2)	-	(2)
Credit arising on share-based payment awards	-	-	9	9	-	9
Balance as at 30 June 2023	197	(939)	2,834	2,092	17	2,109

25. Retirement benefits

(a) Defined benefit schemes

The Group has a defined benefit pension scheme in the UK and a small number of schemes operated in other countries. The overseas schemes are not significant in the context of the Group.

	30 June 2023	31 December 2022
	£m	£m
Balance Sheet		
UK Scheme	-	-
Overseas schemes – retirement benefit assets	-	1
Overseas schemes – retirement benefit obligations	(2)	(3)
Other comprehensive income		
UK Scheme		
- credit arising on the application of the asset ceiling	(46)	(1)
- taxation	16	-
Overseas scheme remeasurements	-	1
	(30)	-

(b) UK Defined benefit scheme

The Group has one defined benefit pension scheme, the Tullett Prebon Pension Scheme (the 'Scheme'), in the UK that is currently in the final stages of being wound up, the wind-up having commenced in 2019. The Principal Employer is TP ICAP Group Services Limited.

During 2022 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, and the remaining Scheme's obligations (less than £1m) were discharged during the first half of 2023. Following the settlement of the Scheme's liabilities, the Trustee repaid a net £30m to the Group, representing £46m of remaining Scheme assets less applicable taxes at 35%, amounting to £16m. The wind-up of the Scheme will be completed by the end of 2023.

The Trustee's agreement to repay the surplus removed the previous requirement to apply IFRIC 14's asset recognition ceiling. Changes as a result of the removal of the asset ceiling have been recorded in Other Comprehensive Income. In 2022 the Group applied the asset ceiling restricting the recognition of the Scheme's surplus.

During the wind-up period benefits that were augmented represented a past service cost and were recorded as a significant item in the Income Statement. Costs associated with the settlement of the Scheme's liabilities are also recorded as a significant item in the Income Statement as and when incurred. Settlement costs incurred in the period were less than £1m (June 2022: £1m).

Movements in the Scheme's retirement benefit asset during the period, including the impact of the asset ceiling were as follows:

	Fair value of Scheme assets	Present value of Scheme liabilities	Application of asset ceiling	Balance Sheet carrying value
	£m	£m	£m	£m
Balance as at 1 January 2023	45	-	(45)	-
Deemed interest	1	-	(1)	-
Reversal of 'asset ceiling'	-	-	46	46
Balance prior to repayment of surplus	46	-	-	46
Repayment of surplus (pre-tax)	(46)	-	-	(46)
Balance as at 30 June 2023	-	-	-	-

26. Events after the balance sheet date

On 9 August 2023, TP ICAP Group plc announced that it will commence a share buyback programme of its ordinary shares for a maximum consideration of £30m.

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## Statement of Directors' Responsibilities

Each of the Directors who are Directors as at the date of this Statement of Directors' Responsibilities confirm to the best of their knowledge that:

- the condensed set of financial statements has been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting', IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB') and IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by DTR 4.2.4R; and
- the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

By order of the Board



Robin Stewart  
*Chief Financial Officer*

9 August 2023



# INDEPENDENT REVIEW REPORT TO TP ICAP Group plc

## Conclusion

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2023 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related Notes 1 to 26..

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted international accounting standards as issued by the IASB. The condensed set of financial statements included in this interim financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

## Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

## Responsibilities of the directors

The directors are responsible for preparing the interim financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the interim financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the review of the financial information**

In reviewing the interim financial report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the interim financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## **Use of our report**

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP  
Statutory Auditor  
London, UK  
9 August 2023

## GLOSSARY

### APM

#### ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures ('APMs') are complementary to measures defined within International Financial Reporting Standards ('IFRS') and are used by management to explain the Group's business performance and financial position. They include common industry metrics, as well as measures management and the Board consider are useful to enhance the understanding of its performance and allow meaningful comparisons between periods, Regions and Business Segments. The APMs reported are monitored consistently across the Group to manage performance on a monthly basis.

APMs, defined below, are considered important in measuring the delivery of the Group's strategic priorities. Detailed reconciliations of APMs to their nearest IFRS Income Statement equivalents and adjusted APMs can be found in this section, if not readily identifiable elsewhere within this Interim Statement.

The APMs the Group uses are:

| <b>Term</b>                    | <b>Definition</b>                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adjusted EBIT                  | Earnings before net interest, tax, significant items and share of equity accounted investments' profit after tax. Used interchangeably with adjusted operating profit.                                                                                                                                                                             |
| Adjusted EBIT margin           | Adjusted EBIT margin is adjusted EBIT expressed as a percentage of reported revenue and is calculated by dividing adjusted EBIT by reported revenue for the period.                                                                                                                                                                                |
| Adjusted EBITDA                | Earnings before net interest, tax, depreciation, amortisation of intangible assets, significant items and share of equity accounted investments' profit after tax.                                                                                                                                                                                 |
| Adjusted performance           | Measure of performance excluding the impact of significant items.                                                                                                                                                                                                                                                                                  |
| Constant Currency              | Comparison of current period results with the prior year will be impacted by movements in foreign exchange rates versus GBP, the Group's presentation currency. In order to present a better comparison of underlying performance in the period, the Group retranslates foreign denominated prior period results at current period exchange rates. |
| Contribution                   | Contribution represents revenue less the direct costs of generating that revenue. Contribution is calculated as the sum of Broking contribution and Parameta Solutions contribution.                                                                                                                                                               |
| Contribution margin            | Contribution margin is contribution expressed as a percentage of reported revenue and is calculated by dividing contribution by reported revenue.                                                                                                                                                                                                  |
| Divisional contribution        | Represents Divisional revenues less Divisional front office costs, inclusive of the revenue and front office costs internally generated between Global Broking, Energy & Commodities and Parameta Solutions.                                                                                                                                       |
| Divisional contribution margin | Divisional contribution margin is Divisional contribution expressed as a percentage of Divisional revenue and is calculated by dividing Divisional contribution by Divisional revenue.                                                                                                                                                             |
| Earnings                       | Used interchangeably with Profit for the period or year.                                                                                                                                                                                                                                                                                           |
| EBIT                           | Earnings before net interest and tax.                                                                                                                                                                                                                                                                                                              |

| <b>Term</b>         | <b>Definition</b>                                                                                                                                                                                                                       |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EBITDA              | Earnings before net interest, tax, depreciation, amortisation of intangible assets and share of equity accounted investments' profit after tax.                                                                                         |
| Net finance expense | Finance income less finance costs.                                                                                                                                                                                                      |
| Significant Items   | Items that distort period-on-period or year-on-year comparisons, which are excluded in order to improve predictability and understanding of the underlying trends of the business, to arrive at adjusted operating and profit measures. |

## A.1 Operating costs by type

| <b>H1 2023</b>                                   | <b>IFRS<br/>Reported<br/>£m</b> | <b>Significant<br/>items<br/>£m</b> | <b>Adjusted<br/>£m</b> | <b>Allocated as<br/>Front Office<br/>£m</b> | <b>Allocated as<br/>Support<br/>£m</b> |
|--------------------------------------------------|---------------------------------|-------------------------------------|------------------------|---------------------------------------------|----------------------------------------|
| Employment costs                                 | <b>700</b>                      | <b>(3)</b>                          | <b>697</b>             | <b>531</b>                                  | <b>166</b>                             |
| General and administrative expenses              | <b>258</b>                      | <b>(19)</b>                         | <b>239</b>             | <b>162</b>                                  | <b>77</b>                              |
|                                                  | <b>958</b>                      | <b>(22)</b>                         | <b>936</b>             | <b>693</b>                                  | <b>243</b>                             |
| Depreciation and impairment of PPE and ROUA      | <b>34</b>                       | <b>(12)</b>                         | <b>22</b>              | <b>-</b>                                    | <b>22</b>                              |
| Amortisation and impairment of intangible assets | <b>37</b>                       | <b>(22)</b>                         | <b>15</b>              | <b>-</b>                                    | <b>15</b>                              |
|                                                  | <b>1,029</b>                    | <b>(56)</b>                         | <b>973</b>             | <b>693</b>                                  | <b>280</b>                             |

| <b>H1 2022</b>                                   | <b>IFRS<br/>Reported<br/>£m</b> | <b>Significant<br/>items<br/>£m</b> | <b>Adjusted<br/>£m</b> | <b>Allocated as<br/>Front Office<br/>(restated)<br/>£m</b> | <b>Allocated as<br/>Support<br/>(restated)<br/>£m</b> |
|--------------------------------------------------|---------------------------------|-------------------------------------|------------------------|------------------------------------------------------------|-------------------------------------------------------|
| Employment costs <sup>1</sup>                    | 669                             | (11)                                | 658                    | 522                                                        | 136                                                   |
| General and administrative expenses <sup>2</sup> | 260                             | (19)                                | 241                    | 170                                                        | 71                                                    |
|                                                  | 929                             | (30)                                | 899                    | 692                                                        | 207                                                   |
| Depreciation and impairment of PPE and ROUA      | 36                              | (8)                                 | 28                     | -                                                          | 28                                                    |
| Amortisation and impairment of intangible assets | 36                              | (21)                                | 15                     | -                                                          | 15                                                    |
| Operating expenses <sup>3</sup>                  | 1,001                           | (59)                                | 942                    | 692                                                        | 250                                                   |

June 2022 divisional operating expenses have been restated to reflect the divisional changes reported in the 2022 Annual Report, together with the additional desk changes reported for H1 2023. The restatements are as follows:

1. Employment costs for front office decreased by £2m and for support increased by £2m.
2. General and administrative expenses for front office increased by £1m and for support decreased by £1m.
3. Total operating expenses for front office decreased by £1m and for support increased by £1m.

| Year end 2022                                       | IFRS<br>Reported<br>£m | Significant<br>items<br>£m | Adjusted<br>£m | Allocated as<br>Front Office<br>(restated)<br>£m | Allocated as<br>Support<br>(restated)<br>£m |
|-----------------------------------------------------|------------------------|----------------------------|----------------|--------------------------------------------------|---------------------------------------------|
| Employment costs <sup>1</sup>                       | 1,320                  | (24)                       | 1,296          | 1,029                                            | 267                                         |
| General and administrative<br>expenses <sup>2</sup> | 506                    | (32)                       | 474            | 321                                              | 153                                         |
|                                                     | 1,826                  | (56)                       | 1,770          | 1,350                                            | 420                                         |
| Depreciation and impairment of PPE<br>and ROUA      | 58                     | (9)                        | 49             | -                                                | 49                                          |
| Amortisation and impairment of<br>intangible assets | 98                     | (65)                       | 33             | -                                                | 33                                          |
| <b>Operating expenses<sup>3</sup></b>               | <b>1,982</b>           | <b>(130)</b>               | <b>1,852</b>   | <b>1,350</b>                                     | <b>502</b>                                  |

As a consequence of desk moves in H1 2023, divisional operating expenses for December 2022 have been restated as follows:

1. Employment costs for front office increased by £1m and for support decreased by £1m.
2. General and administrative expenses for front office decreased by £3m and for support increased by £3m.
3. Total operating expenses for front office decreased by £2m and for support increased by £2m.

## A2. Adjusted earnings per share

|                                                               | Six months<br>ended<br>30 June<br>2023<br>£m | Six months<br>ended<br>30 June<br>2022<br>£m | Year<br>ended<br>31 December<br>2022<br>£m |
|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------|
| <b>Adjusted profit (Note 5)</b>                               | <b>118</b>                                   | 101                                          | 197                                        |
| Non-controlling interests                                     | (1)                                          | (1)                                          | (3)                                        |
| <b>Adjusted earnings</b>                                      | <b>117</b>                                   | 100                                          | 194                                        |
| Weighted average number of shares (for Basic EPS – Note 10)   | 781.3                                        | 778.6                                        | 779.1                                      |
| <b>Adjusted Basic EPS</b>                                     | <b>15.0p</b>                                 | 12.8p                                        | 24.9p                                      |
| Weighted average number of shares (for Diluted EPS – Note 10) | 796.0                                        | 787.1                                        | 790.6                                      |
| <b>Adjusted Diluted EPS</b>                                   | <b>14.7p</b>                                 | 12.7p                                        | 24.5p                                      |

## A3. Adjusted EBITDA and Contribution

|                                                              | Six months<br>ended<br>30 June<br>2023<br>£m | Six months<br>ended<br>30 June<br>2022<br>£m | Year<br>ended<br>31 December<br>2022<br>(restated)<br>£m |
|--------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------------------|
| <b>Adjusted EBIT (Note 5)</b>                                | <b>163</b>                                   | 142                                          | 275                                                      |
| Add: Depreciation of PPE and ROUA (Note 6 and A1)            | 22                                           | 28                                           | 49                                                       |
| Add: Amortisation of intangibles (Note 6 and A1)             | 15                                           | 15                                           | 33                                                       |
| <b>Adjusted EBITDA</b>                                       | <b>200</b>                                   | 185                                          | 357                                                      |
| Less: Operating income (Note 7)                              | (6)                                          | (4)                                          | (30)                                                     |
| Add: Operating income reported as significant items (Note 5) | 2                                            | -                                            | 18                                                       |
| Add: Management and support costs (A1) <sup>1</sup>          | 243                                          | 206                                          | 420                                                      |
| <b>Contribution</b>                                          | <b>439</b>                                   | 387                                          | 765                                                      |

1. Management and support costs and contribution increased by £2m (see A1 above).