Marex Financial

Annual Report and Financial Statements

Year ended 31 December 2022

Registration Number 05613061

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COMPANY INFORMATION

Country of Incorporation	England and Wales
Legal Form	Private unlimited company
Directors	S J van den Born N G W Grace P R Tonucci
Company Secretary	S Linsley
Registered Office	155 Bishopsgate, London, EC2M 3TQ
Auditor	Deloitte LLP 2 New Street Square, London, EC4A 3BZ
Bankers	HSBC Bank plc 8 Canada Square, London, E14 5HQ BMO Harris Bank N.A. 111 W. Monroe St. Chicago, Illinois 60603 Barclays Bank plc 1 Churchill Place, London, E13 5BH Lloyds Bank plc 25 Gresham Street, London, EC2V 7HN ICBC (London) plc 81 King William Street, London, EC4N 7BG

About Marex Financial

Marex Financial (the ‘Company’ or the ‘Firm’) is a leading independent global commodity specialist, providing clients with extensive access to financial and physical markets. The Firm is a private unlimited company and a subsidiary of Marex Group plc (collectively ‘Marex’, or the ‘Group’).

We provide our clients with unrivalled breadth and depth across five core services:

- Market Making
- Clearing
- Hedging and Investment Solutions
- Agency and Execution
- Corporate services

With the dominant franchise in many major metal and agriculture products, we have a broad and diverse client base that includes the largest blue-chip commodities producers, consumers and traders, as well as leading banks, hedge funds, asset managers and brokers.

Marex Financial is regulated in the UK by the Financial Conduct Authority (FCA), which also regulates the Group under consolidated supervision.

Marex is an efficient, robust and scalable business. With a comprehensive product and service offering, we are thoroughly embedded in the global commodity infrastructure. As part of the wider Group, the Company is connected to 57 major global exchanges, including the London Metal Exchange, where Marex is a Category 1 Member and Ring Dealer, the CME Group (CME) and the Intercontinental Exchange (ICE). In 2022, the Company cleared over 176 million contracts on exchange and executed over 40 million trades for our clients, compared with 154 million contracts and 29 million trades in 2021.

To succeed in our markets and to attract institutional clients, we have built an offering that is much more than just exchange access, it is also about data and intelligence. As funds and money managers increasingly rely on quantitative data, we are supporting their trading and execution decisions with innovative content, enhanced data and better technology capabilities. To enable this, we are investing in intelligence (including proprietary systems and models), content (quotes, reports and quantitative as well as fundamental research) and advanced technical systems.

CORE SERVICES

The Company is a key part of the Group, a global financial services platform which provides essential liquidity, market access and infrastructure services to clients in the energy, commodity and financial markets. Our services are highly specialised and essential for our clients to run their own businesses effectively; to manage risk and operate profitably.

The Company’s specialised services are categorised into five segments:

	Market Making	Clearing	Hedging and Investment Solutions	Agency and Execution	Corporate Services
Business Description	Provides liquidity by leveraging extensive market connectivity Acts as principal Limited market risk and overnight exposure	On exchange Clearing and Execution Acts as principal 57 exchange memberships	Bespoke hedging solutions for producers, consumers and market participants Bespoke investment solutions for individuals and asset managers	Acts as agent and not party to the transaction Utilising broad market connectivity to match buyers and sellers	As a key entity within Europe as part of the Marex Group, the Company incurs costs on behalf of other members of the Group.
Revenue Model	Spread between buying and selling prices	Commission per trade basis	Return built into pricing	Commission per trade basis	Cost plus recharge to other group entities
% of Net revenue	29%	25%	31%	1%	14%

Review of Financial performance

The Company continued to deliver strong revenue growth, against a backdrop of mixed market conditions. The net revenue continued to increase, but adjusted operating profits was broadly flat between 2022 and 2021, as the increase in net revenues were offset by an increase in costs, in particular control and support costs, which reflects the continued investment to strengthen the control and support areas of the Company to allow for controlled revenue growth in the future.

The key performance indicators (KPIs) that are the focus of senior management include Net revenue, Adjusted operating profit before tax, Adjusted operating profit before tax margin, and Adjusted operating return on equity.

From a financial management perspective Adjusted operating PBT is the key measurement of financial performance, reflecting the underlying profitability of the business. It excludes costs and revenues that are considered to be non-operating such as exceptional items, cost of investments, and business restructuring costs.

The Company delivered Net revenue growth of 24% to $327.7 million from $265 million and Adjusted operating PBT decreased by 5% to $67.8 million, from $71.3 million in 2021. This decrease was primarily driven by an increase in both front office and control support costs and a decrease in Net revenue from the Hedging and Investment Solutions business.

The growth in Net revenue was delivered owing to the increase in both commissions and trading activity aided by the improving interest rate environment.

	2022 $'m	2021 $'m	% Change
Gross Revenue	**454.9**	**392.1**	**16%**
Net Revenue	**327.7**	**265.0**	**24%**
Commissions	127.0	110.4	15%
Trading	253.6	180.4	41%
Interest & Other	(52.9)	(25.8)	105%

Net revenue is a measure that includes Gross revenue and interest income from operations after deducting cost of trades and bad debt. Net revenue for 2022 was $327.7million, an increase of 24% from 2021 where net revenues were $265.0 million. Commission and trading revenues increased year-on-year due to increased activity levels in our core metals and agriculture markets which benefits both Market Making and Clearing volumes. Interest & Other expense increased during the period due to the increase in the Hedging and Investment Solutions structured notes balance.

Performance in 2022 also benefited from the contribution of the ED&F Man Capital Markets Limited business acquired in the fourth quarter of the year. The acquisition, completed on 1 October 2022, contributed approximately $13.7 million of Net revenue.

Review of Financial performance (continued)

Adjusted operating PBT of $67.8 million for 2022 decreased by 5% from the 2021 result of $71.3 million. Adjusted return on equity decreased from 22% in 2021 to 16% in 2022.

	2022 $'m	2021 $'m	% Change
Net Revenue	**327.7**	**265.0**	24%
Front office costs	(106.6)	(91.5)	17%
Control and Support costs	(91.0)	(60.0)	52%
Other expenses	(62.3)	(42.2)	48%
Adjusted Operating Profit Before Tax	**67.8**	**71.3**	(5%)
Tax	(14.1)	(13.5)	4%
Adjusted Operating Profit After Tax	**53.7**	**57.8**	(7%)
Adjusted Operating Profit Before Tax Margin	**21%**	**27%**	
Adjusted Return on Equity (‘ROE’)	**16%**	**22%**	

Front office costs represent staff, systems and infrastructure costs associated with running our revenue generating operations. These costs increased 17% to $106.6 million in 2022, largely reflecting the increase in front office headcount during the year in addition to the increased bonus expense related to the increase in Net revenues. The increase in these costs during the year reflects investment in our Clearing business, bringing in additional front office head count to expand our coverage geographically into different asset classes to support future growth.

Control and Support costs primarily reflect staff and property related costs, along with professional fees and other administrative expenses associated with the support functions. These costs increased 52% to $91.0 million in 2022, primarily reflecting increased headcount in our Control and Support functions, in particular our Risk and Compliance functions, to ensure we continually invest in our systems and processes to support future sustainable growth.

Other expenses primarily reflect depreciation and amortisation, as well as amounts charged under transfer pricing arrangements, which has increased as we continue to invest in our systems and infrastructure to support growth in the business.

As a result of the Net revenue and cost trends noted above, Adjusted Operating Profit Before Tax decreased by 5% to $67.8 million for 2022. The performance of the business is ahead of management’s expectations at the start of the year, and the Adjusted Operating Profit Before Tax is impacted by transfer pricing, and therefore the redistribution of profits from the Company to other parts of the Group.

Adjusted Operating Profit After Tax decreased by a similar percentage, 7% year on year to $53.7 million.

Reconciliation to reported results

On a reported basis, Profit Before Tax increased 10% year-on-year to $78.3 million in 2022 from $71.3 million in 2021. This includes the impact of non-operating items, in 2022 these were $10.5 million (2021: $nil million), owing to the bargain purchase of the business of ED&F Man Capital Markets Limited, acquisition related costs and non-operating items.

The Company's effective tax rate decreased slightly year on year to 18% in 2022, from 19% in 2021, due to a change in the quantum of non-deductible expenses.

	2022 $'m	2021 $'m
Adjusted Operating Profit Before Tax	**67.8**	**71.3**
Gain on bargain purchase	12.1	-
Acquisition costs	(3.7)	-
Non-operating items	2.1	-
Profit Before Tax (reported)	**78.3**	**71.3**
Tax	(14.1)	(13.5)
Profit After Tax (reported)	**64.2**	**57.8**

Business review

Marex Financial is organised into distinct business segments: Market Making, Clearing, Hedging, Investment Solutions, Agency and Execution and Corporate Services. The following tables show the split of net revenue by segment for 2022 compared to 2021:

Net Revenue[1]	2022 $'m	2021 $'m	% Change
Market Making	94.8	83.3	14%
Clearing	82.9	72.1	15%
Hedging and Investment Solutions	100.7	87.9	15%
Agency and Execution	3.8	1.8	111%
Corporate services	45.5	19.9	129%
Total	**327.7**	**265.0**	**24%**

[1] Following the ED&F Man Capital Markets division acquisition, Group management reviewed the structure of the segments used for financial reporting. Going forward, Marex Financial will be organised into five distinct segments: Market Making (previously contained both Clearing and Execution); Clearing; Hedging and Investment Solutions (previously called Solutions); Agency and Execution (which now includes Execution, Price Discovery and Data & Advisory); and Corporate services provided to other group companies.

Review of financial performance (continued)

Business review (continued)

Market Making

Market making Net revenue grew strongly during 2022, driven primarily by the base businesses in Agriculture and Metals.

Metal market making Net revenue in 2022 was $94.8 million, up from $83.3 million in 2021, mainly due to increased flow and further trading opportunities during 2022.

Agriculture Net revenue declined year-on-year in 2022. Ukraine's position as a large producer in the global grains markets and the disruption of trade flows caused by the Russian invasion of Ukraine severely impacted the activity in agricultural markets. Net revenues in 2022 were $13.6 million from $24.4 million in 2021 a decrease of 44.2%.

Clearing

Clearing Net revenue in 2022 was $82.9 million, compared with $72.1 million in 2021, with the increase largely driven by higher commission revenues in our Agriculture and Marex Clearing Services businesses.

In Agriculture Clearing, Net revenue from cocoa, coffee, sugar and grains desks was $21.8 million in 2022, compared with $16.2 million in 2021. The increase in Net revenue for the Agriculture business was driven by increased market share during the year for the cocoa, sugar and coffee businesses. There were also increases in Net revenues from the grains execution business, which gained a significant amount of traction from targeted institutional businesses.

Marex Clearing Services Net revenue increased from $10.8 million in 2021 to $21.0 million in 2022, an increase of 96%. The increase reflects the increased investment and the acquisition of clients during the year.

Hedging and Investment Solutions

Our Hedging and Investment Solutions business provides high quality bespoke hedging and investment solutions to our clients. Tailored commodity hedging solutions allow producers and consumers to hedge their exposure to movements in commodity prices and exchange rates across different time horizons. Our financial products offering allows investors to gain exposure to particular markets or asset classes, for example equity indices, in a cost effective manner.

The segment delivered a strong performance, with Net revenues increasing by 15% to $100.7 million from $87.9 million in 2021. Demand for commodity hedging services increased significantly during the year due to the increase market volatility combined with the expanded distribution network, particularly in the US, leading to an increase in the number of active clients on the platform. Performance in the financial product area of the business was impacted by lower investor risk appetite as a result of weaker performance in the equity markets, particularly in the first half of the year, which is the main driver for the decrease in Adjusted operating profit between 2022 and 2021 for Hedging and Investment Solution.

The total structured notes issued at the end of 2022 was $1,100.6 million compared to $1,076.6 million at the end of 2021.

The business is well positioned to continue to build market share and deliver future growth due to the investment we have made in state of the art technology, resulting in an enhanced client experience and cost effective pricing of our products, giving Marex a competitive edge. The success of this business demonstrates the ability of the Company and Group to grow organically through innovation and the Hedging and Investment Solutions business is an increasingly important source of funding for the entire Group.

Review of financial performance (continued)

Balance sheet

Shareholders’ equity increased by $63.2 million in 2022 (2021: increased by $30.6 million), as a result of the profit after tax during the year.

	2022 $'m	2021 $'m	2022 vs. 2021 $'m
Shareholders’ equity	341.4	278.2	63.2
Intangible assets	(3.3)	(2.3)	(1.0)
Goodwill	(3.2)	(3.2)	—
Tangible equity	**334.9**	**272.7**	**62.2**

The Company’s liquid assets have increased by $181.0 million (28%) from $640.6 million in 2021 to $821.6 million as at 31 December 2022, primarily due to the increase in debt securities and the sale of inventory. Cash and cash equivalents have increased by $98.1 million (22%) year-on-year, from $453.9 million in 2021 to $552.0 million in 2022.

Review of financial performance (continued)

Balance sheet (continued)

	2022 $'m	2021 $'m	2022 v 2021 $'m
Cash and cash equivalents	552.0	453.9	98.1
Financial instruments – (Treasuries and Financial Institution Notes)	269.6	186.7	82.9
Liquid resources	**821.6**	**640.6**	**181.0**
Trade receivables (restated)	1,995.1	1,216.7	778.4
Trade payables (restated)	(1,576.3)	(845.6)	(730.7)
Net trade receivables	**418.8**	**371.1**	**47.7**
Derivative assets (restated)	483.7	494.8	(11.1)
Derivative liabilities (restated)	(294.5)	(198.5)	(96.0)
Net derivative instruments assets	**189.2**	**296.3**	**(107.1)**
Net tax assets	5.1	4.4	0.7
Issued debt securities	(1,100.6)	(1,076.6)	(24.0)
Lease liability	(0.1)	(0.3)	0.2
Equity instruments	5.2	8.0	(2.8)
Inventory	27.5	58.9	(31.4)
Provisions	(1.9)	(0.8)	(1.1)
Non-current assets	19.7	20.7	(1.0)
Subordinated loan payable (T2 debt)	(49.6)	(49.6)	—
Other net payables	**(1,094.7)**	**(1,035.3)**	**(59.4)**
Tangible equity	**334.9**	**272.7**	**62.2**

Overall, total assets on the balance sheet have increased by $914.1 million (37%) year-on-year. Trade receivables increased by $778.4 million (64%) from $1,216.7 million to $1,995.1 million, year on year, mainly driven by the margin requirements of exchanges. The lower investor risk appetite and weaker performance in the equity markets driving a decreased performance in financial products resulted in the overall decrease in derivative instruments.

Review of financial performance (continued)

Balance sheet (continued)

Liquidity

A prudent approach to capital and liquidity and commitment to maintaining the Company's investment grade credit rating are core principles which underpin the successful delivery of the Firm's growth strategy.

The Company’s liquidity resources consist of cash and assets that can be quickly converted to meet immediate and short-term obligations. The resources include non-segregated cash, unencumbered US Treasuries, and LME house forward profits in excess of house margin requirements. The Company also includes the undrawn portion of the Group’s committed Revolving Credit Facility (‘RCF’) in its liquidity resources. The RCF of $120 million is maintained at a the Marex Group plc level, with four participant banks: Barclays Bank, Lloyds Bank, Industrial and Commercial Bank of China Limited (London Branch) and BMO Harris Bank.

The liquidity headroom is based on Maximum Cumulative Outflow ('MCO') and the Company considers three scenarios based on systemic (market conditions), idiosyncratic (Company specific) and Combined (mixture of both systemic and idiosyncratic). Assumptions are made on various factors such as variation margin requirements and initial margin call requirements, as well as the ability to draw down on the RCF to give a total headroom over and above the Board approved trigger and limited for each factor.

The Company ended 2022 with $664.7 million of liquid resources (inclusive of the undrawn portion of the RCF), compared to the 2022 average of $484.4 million and the 2021 year-end balance of $634.3 million.

At year-end, total debt issued by the Firm was $1,150.2 million (including $49.6 million of Tier 2 debt) compared to $1,126.2 million (including $49.6 million of Tier 2 debt) at 2021 year end, with a focus on spreading out the maturity profile of the notes issued, as well as maintaining a minimum portfolio duration.

Regulatory capital

The Company is regulated by the Financial Conduct Authority ('FCA') as a MIFIDPRU investment firm under the Investment Firm Prudential Regime ('IFPR'). The minimum capital requirement as at 31 December 2022 was determined by the Own Funds Threshold Requirement ('OFTR') based on the Company assessment included within the Group's consolidated Internal Capital Adequacy and Risk Assessment ('ICARA') process.

The Company is in compliance with the regulatory requirements and is appropriately capitalised relative to the minimum requirements as set by the FCA. The Company maintained a capital surplus over its regulatory requirement at all times.

Maintaining a prudent approach to capital and liquidity in order to maintain an investment grade credit rating are core principles which underpin the successful delivery of the growth strategy. The Company manages its capital structure in order to comply with regulatory requirements, ensuring its capital base is adequate to cover the risks inherent in the business and to maximise shareholder value through the strategic deployment of capital. The Company's business model assessment, business and capital forecasting, stress testing and recovery planning are a part of the Group's ICARA process.

At 31 December 2022 the Company had a total capital ratio of 257% (2021: 332%). The decrease in the total capital ratio resulted from an increase in the OFTR resulting from the increased requirements from the acquisition of the ED&F Man Capital Markets Limited business, partially offset by increased capital resources resulting from greater profits.

The following table summarises the Firm’s capital adequacy position at the year end.

	2022	**2021**
	$'m	**$'m**
Core equity Tier 1 Capital[2]	342.3	267.0
Tier 2 Capital	53.7	55.5
Total Capital resources	**396.0**	**322.5**
K-factor Requirement	87.6	71.6
Own Funds Requirement[3]	154.3	97.2
Total Capital ratio (%) [4]	**257%**	**332%**

The K-factor requirement reflects assessment of market, credit and operational risk for the Company's operations as defined by the IFPR regulations and consist of: K-NPR (Net Position Risk); K-TCD (Trading Counterparty Default); K-CMH (Client Money Held); K-COH (Client Orders Handled); and K-DTF (Daily Trading Flow). K-NPR is the market risk arising from the open positions held by the Group at the end of day. K-TCD measures the counterparty risk in the trading book exposures when dealing on own account. K-CMH, K-COH, and K-DTF are calculated based on the daily average client money held, daily average notional of client orders, and daily average notional of transactions executed in the Company's name. The Company's OFTR is determined and included within the Group ICARA process.

[2] Total audited capital resources as at the end of the financial year
[3] Own Funds Requirement presents as Own Funds Threshold Requirement based on the latest ICARA process
[4] The ratio expresses the Company's total capital as a percentage of Own Funds Requirement

Overview of risk management

Risk management is not performed at the company level, and instead reliance is placed on the overall risk management function of the Group.

The Group's business strategy and risk appetite are linked to ensure risk taking remains within the defined boundaries to support business strategy, effective management of capital and efficient use of liquidity.

The Group's risk governance structure is articulated within its Enterprise Wide Risk Management (‘EWRM’) framework, which sets the foundations and organisational structure for implementing and reviewing risk management practices and activities across the Group.

The Group Board has overall responsibility for ensuring an appropriate governance framework for the Group. The Board maintains oversight over subsidiaries yet is cognisant of the local regulatory responsibilities applicable to boards of local operations. Group subsidiaries may develop their own risk frameworks and policies tailored to their specific business; however, in the development and approval of such frameworks and policies they should be consistent with and have regard for the principles of the Group EWRM framework and Group policies. This ensures that all separate legal entities are treated collectively for the purposes of risk identification, assessment and reporting, and that the Group has a holistic view of risk.

EWRM FRAMEWORK

The Group EWRM Framework is reviewed annually by Risk Management, or more frequently where material changes occur, and approved by the Board every three years. The framework is cascaded to relevant senior management to ensure business and risk strategies are formulated and reported consistently.

Its objectives are to:

- Ensure greater consistency in the strategies and approaches used to identify business risks.
- Ensure identified risks are appropriately and consistently measured to enable their evaluation, aggregation, comparison and control.
- Assess identified risks both at the specific risk and aggregate Group level to determine approach to control or mitigation. Assessment incorporates evaluations of potential relationships or interdependencies across different risk categories and businesses.
- Ensure appropriate governance and control structures are in place.

Components of the EWRM Framework

Risk Culture

Risk culture describes the values and behaviours present throughout the organisation which shape risk decisions made by each employee. The risk culture is consistent with the Group's ethics and values, strategic and risk objectives.

Responsibility for risk management resides at all levels within the Group, from the Group Board and the Group Executive Committee down through the organisation to each business manager, employee and risk specialist. Responsibility for effective review and challenge of risk policies resides with senior managers, risk oversight committees, internal audit, independent Group risk function, the Group Board and the Risk Committee.

All individuals within the Group should understand its risk and compliance rules, which is fostered through a risk-aware culture and the embedding of risk management throughout the organisation. The Group's risk culture objective is for every employee to take personal accountability for recognising current and potential risks and managing them effectively.

Risk Governance

The Group has adopted the 'Three Lines of Defence' model in conjunction with a strong risk culture, good communication and understanding. The approved risk governance model includes the Group Board, the Group Executive Committee and the Risk Committees that form the management of risk governance within the Group. Within the risk infrastructure, key risk governance personnel are aware of their key roles.

Information flows and reporting lines are clearly communicated to the relevant personnel and are represented on the risk governance model. The model includes role and responsibility allocation between the organisation centre and business units.

1 First line of defence

Ownership and management of risk

The first line of defence for day-to-day risk management is with the business units and support functions. They are responsible for understanding and adhering to the risk and control environment. Front line employees must consider the risk/reward trade-off in the short and long term and must ensure compliance with all risk policies and limits. The first line is responsible for the ongoing assessment, monitoring and reporting of risk exposures and events.

2 Second line of defence

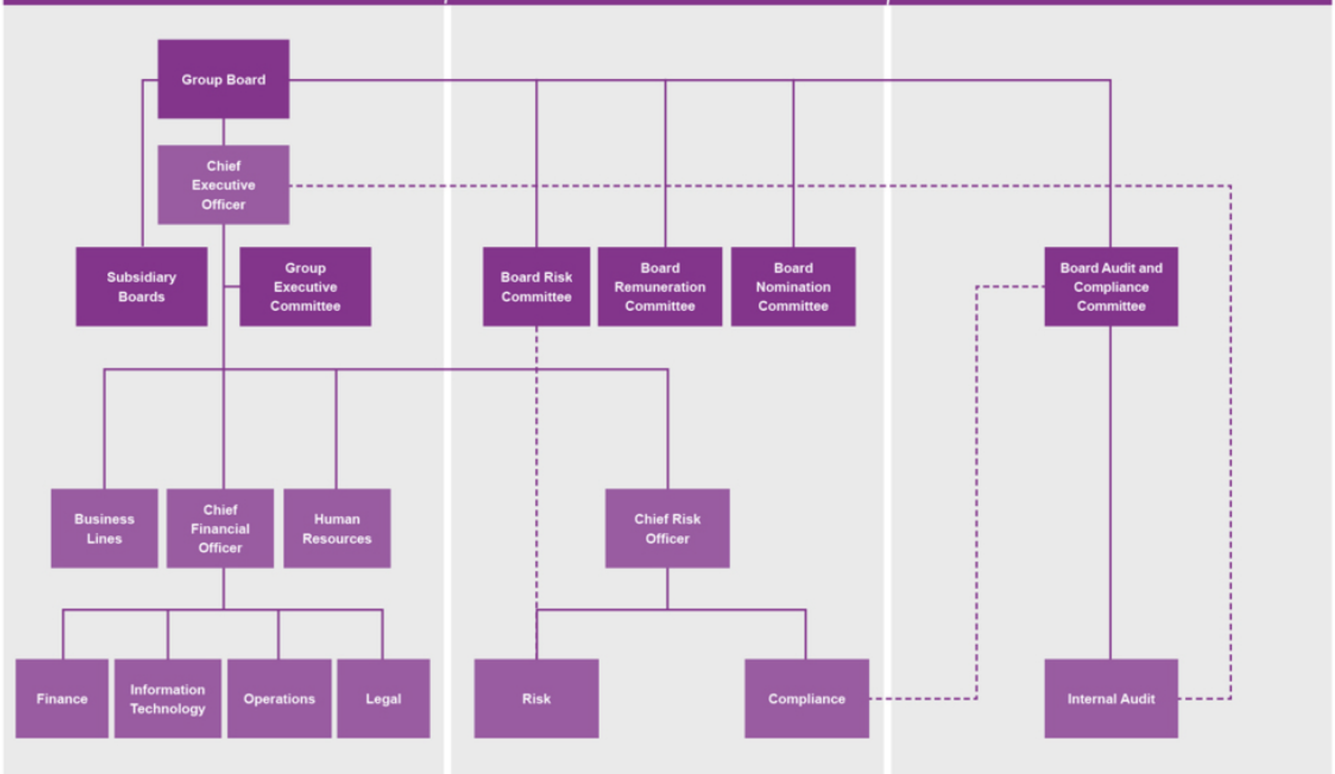
Oversight of the management of risk

The second line of defence is the internal control function, which includes the Risk Management and Compliance functions. These teams provide independent risk oversight and challenge to the first line, and supervision of the operation of the risk control framework. Responsibilities also include the formulation and maintenance of risk frameworks, policies and risk reporting.

3 Third line of defence

Systems and control assurance

The third line of defence is the Group's Internal Audit function, which provides independent assurance of the first and second lines. Internal Audit carries out an annual programme of risk-based audits covering all aspects of first and second-line risk management and risk control activities. The conclusions of each risk-based audit are reported to all three lines of defence. Internal Audit action plans are tracked through the Audit and Compliance Committee to ensure that resolutions are reached within the indicated timescales.



A high-level summary of the roles and responsibilities are included in the table below:

Function	Role and Responsibility
Board of Directors	The Board of Directors set the overarching risk culture of the Group.
Group Executive Committee	The Group Executive Committee is charged with the day to day conduct of the Group's business; developing and recommending Group objectives, strategy and budget to the Group Board; and executing the strategy approved by the Group Board.
Chief Executive Officer (CEO)	Management of risks within the parameters approved by the Group Board and changes to internal systems of control as recommended / required by Internal Audit and the Audit and Compliance Committee are appropriately implemented.
Chief Financial Officer (CFO)	The CFO is responsible for overseeing the operational and financial practices of the Group, therefore responsible for the implementation of internal controls to manage the risks identified, and responsible for the testing of these internal controls with Internal Audit. As a standing attendee of the Audit and Compliance Committee, Risk Committee and as a member of the Group Board, the CFO is able to ensure that the strategies and policies for the management of risk can be operationalised.
Chief Risk Officer (CRO)	The CRO is the senior executive accountable for enabling the efficient and effective governance of significant risks and related opportunities to our business and its various segments. He is a member of the Group Executive Committee and guides that committee and the Group Board on the formulation of risk appetite, strategies, policies, delegated authorities and limit structures for the management of risks.
Audit and Compliance Committee (ACC)	The role of the Audit and Compliance Committee is to assist the Board in ensuring the independence and effectiveness of the internal and external audit functions, the integrity of the financial and narrative statements, the effectiveness of internal financial controls, and regulatory compliance.
Risk Committee	The role of the Risk Committee is to oversee and provide advice to the Board on the Group's current risk exposures and future risk strategies (including the strategy for capital and liquidity management), the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk and the establishment of prescriptive rules and procedures in relation to risk. The Risk Committee is responsible for the oversight of risk when approving and monitoring appropriate limits on risk exposures and concentrations across the business. The focus is on risks to which the Group is exposed considering the Group Board's overall appetite of risk along with its current financial situation and resources.
Remuneration Committee	The role of the Remuneration Committee is to determine the remuneration policy and practices of the Group for executive directors and design and determine remuneration for the Chair of the Board, executive directors and senior management, having regard to statutory and regulatory requirements.
Nomination Committee	The role of the Nomination Committee is to ensure there is a formal, rigorous and transparent procedure for the appointment of new directors, to lead the process for board appointments making recommendations to the Board and ensuring plans are in place for succession to the Board and senior management positions, overseeing the development of a diverse pipeline for succession.
Mergers and Acquisitions Committee	The role of the Mergers and Acquisitions Committee is to review potential mergers, acquisitions, or disposals and if appropriate, recommend such merger, acquisition, or disposal to the Board for final approval; or to approve in accordance with the delegation of authority limits set out in the Board Terms of Reference.

Risk Appetite

Risk appetite is the level of risk the Group Board is willing to take now and over the future planning horizon, given the financial resources of the Firm to pursue the stated business and risk strategies. The risk appetite recognises a range of possible outcomes as business plans are implemented. It is set and implemented against the business and risk strategies from the 'top down', cascading from high level objectives set by the Group Board, down through the Group into the formulation of detailed risk measures by specific departments, trading desks, traders and where appropriate to individual risk exposures.

Qualitative Risk Appetite Statements (RAS) for each risk category are approved by the Board and are supplemented by various qualitative and quantitative risk metrics. The statements underpin the risk appetite and are monitored monthly to three risk appetite levels (Trigger, Limit, and Capacity) across the following areas:

- Performance Based Measures such as People, Processes, Markets and Profitability;
- Risk Based Measures such as Systems, Capital, Liquidity and Volatility; and
- Compliance Based Measures such as Regulatory / Legal, Transformation and Client Money.

The Group's risk appetite is governed by its Risk Appetite Framework which includes measures that assess risks to ensure the successful delivery of the business and risk strategies. These measures are grounded against key balance sheet and profit and loss figures, as well as other specific measures and qualitative assessments. The framework is responsive to changes in the Group's business strategy and plans, which ensures that the Risk Appetite is aligned with changes in the Group's overall strategic goals

Risk Management Tools

Risk management tools and methodologies form part of the Group's risk management toolkit and assist in fulfilling the risk mandate in understanding the risks it is exposed to, the method to control such risks and the steps to mitigate risks and how to communicate those risks.

Risk Identification and Assessments

The Group's Risk Characterisation Model, (RCM), considers a range of risks the Group faces. This model forms an integral part of the EWRM Framework and serves as an effective linkage to risk appetite. The RCM is reviewed on an ongoing basis and formally on an annual basis.

STRATEGIC REPORT (CONTINUED)

Risk Type	Description
Strategic/ Business Risk	Represents the risk from changes in the business model, including the risk that the Group may not be able to carry out its business plan and desired strategy. It also includes risks arising from the Group's remuneration policy.
Credit Risk	Potential loss incurred where a counterparty fails to perform its contractual obligations in a timely manner. The Group controls credit risk using a robust framework for the creation, use and monitoring of credit risk models. Additionally, Risk Management supports business decision-making and proactive identification of new risks.
Market Risk	Potential loss arising from fluctuations in the values of traded positions due to changes in the value of price, volatility or interest rates within the financial markets. There are robust procedures to measure and set position limits to control market risk with growth facilitated in a controlled and transparent risk management framework.
Operational Risk	Potential loss from inadequate or failed internal processes, personnel, systems or external events. This category includes Conduct Risk, Legal Risk but excludes Strategic/ Reputational risks. Operational risk is captured, assessed and reported to minimise the frequency and impact of risk events on a cost-benefit basis.
Liquidity Risk	Represents the risk that the Group, although solvent, has insufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. The Group operates extensive liquidity management processes and procedures that involve scenario stress testing.
Concentration Risk	Concentration risk can be defined as any single (direct and/or indirect) exposure or group of exposures with the potential to produce losses large enough to threaten the Group's ability to maintain its core business. Concentration risk can arise from credit concentration to a specific country, or to specific counterparty, revenue concentration, exposure concentration to a specific product or concentrations from specific suppliers. To counter such risk, the Group imposes various concentration limits, specifically within credit and market risk exposures.
Settlement Risk	Settlement risk is the risk that arises when payments are not exchanged simultaneously. It is a type of counterparty risk associated with default risk as well as timing differences between parties. Robust policies and procedures ensure that Group settlement risk is kept to a minimum.
Compliance / Legal Risk	Represents the risk to the Group arising from violations of, or non-compliance with, laws, rules and regulations. A key responsibility of the Compliance and Legal departments is to monitor and deal with such risks.
Financial Crime Risk	Financial Crime Risk encompasses five key risk areas: 'Sanctions', 'Money Laundering and Terrorist Financing', 'Bribery and Corruption', 'Tax Evasion' and 'Fraud' risks. Marex has adopted a holistic approach to financial crime and has one group-wide Financial Crime Policy that sets the minimum control requirement in the five key risk areas. This combined approach allows us to identify and manage connections between the key risk areas. Entity-level policies formally adopt the Group Financial Crime Policy and define any local regulatory requirements that apply to specific entities across the Group. Methodologies and Standards underpin the Group and Entity-Level policies. Methodologies identify, select, process, and analyse Financial Crime Risk. Standards provide the detailed guidance on how to comply with the financial crime policies. Procedures provide instructions to ensure routine and complex operations are undertaken in alignment with policies and standards. For each Financial Crime typology an overarching risk appetite statement has been produced, which is supported by qualitative statements and quantitative thresholds and limits. A set of Key Risk Indicators and Key Performance Indicators measure the quantitative thresholds and limits. These are produced on a quarterly basis in order to assess compliance standards and highlight areas of potential weaknesses. Financial Crime management information is presented to the Financial Crime Committee and Audit and Compliance Committee for review and challenge as part of their oversight responsibilities.

Risk Identification and Assessments (continued)

Risk Type	Description
Technology Risk	Technology risk, or information technology risk, is the potential for any technology to disrupt the business. Risk management includes the strategies, processes, systems and people aimed at effectively managing potential technology risks. The goal of cybersecurity risk management is to identify potential technology risks before they occur and have a plan to address those technology risks. Risk management looks at internal and external technology risk that could have an effect on the Group.
Group Risk	Group risk is the risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risks which may affect the financial position of the whole Group. For Marex, this risk is small because over 90% of the market risk and credit risk faced by the group sits within Marex Financial, the main trading entity.
Reputational Risk	Reputational risk is viewed as a secondary risk by the Group, one resulting from the impact of other risks, such as operational risk or compliance risk. It is important to note, that all departments have their own control processes and procedures in place to limit the impact of all relevant risks.

Multiple methods and tools are utilised to identify existing and emerging risks within the market, the businesses and individual instruments traded.

Risk Measurement & Control

The Group's key risks are consistently analysed and measured in accordance with approved policies and processes. Key business controls and procedures are implemented to mitigate the risks highlighted by the risk assessment. The Group uses the measures below to varying degrees.

Limit Type	Description
Sensitivity Limits	Effective and direct method for restricting the size of certain risks. It is easily implemented, simple to understand and enables management of highly granular exposure metrics such as Vega, Delta, etc.
Concentration Limits	Used where exposure to a specific segment of the market is desirable, e.g. country specific credit risk limits.
Value at Risk	The Group Board VaR limit sets the overall risk appetite in order to meet the Group's business strategy. The CRO has the delegated authority to allocate this limit across business lines (Metals, Agriculture, CSC Commodities, etc.) taking into account historic diversification of markets. Desk heads have the autonomy to allocate this VaR to their traders, allowing for diversification. VaR is immediately responsive to increases in market volatility or decreases in diversification and this will force the reduction of positions in times of stress.
Stress Testing Limits	Discussion triggers for risk personnel to engage with senior management on risk concentrations which may cause Profit and Loss events. Examines market stress events and as such have a lower probability than the risk captured by VaR. Such a limit breach (or near miss) would prompt discussion around size of actual or potential exposure, and management's view on business strategy and risk appetite.
Non-Limit Control Measures	Used to restrict undesirable risk concentrations or mitigate risk e.g. increasing margin rates required to hold exposures to a certain underlying, in times of volatility; reducing credit lines (overall / specific); exiting certain types of business or increasing capital to support a desired increase in exposure for a market segment deemed attractive.

Risk Reporting

An important part of the risk management remit is regular and appropriate reporting and communication of risk. In line with the governance structure in place, periodic reporting and risk analysis is presented to the relevant governing bodies as well as the relevant risk takers, including the Board; Risk Committee; the Group Executive Committee; and senior management. The escalation procedures for raising significant issues with managers and supervisors are clear and well embedded across the Group and are detailed within relevant policies and procedures for the business area.

The flow of information and communication across the Group relating to the management of risk and the effectiveness of the control framework within the risk governance structure is an important component of the framework. There is regular reporting on the performance and effectiveness of KRIs and formal management information relating to the risks inherent in the business. The escalation procedures for raising significant issues with managers and supervisors are clear and well embedded across the Group.

Reporting requirements include monitoring the on-going adequacy and effectiveness of the control framework, taking account of the trends and frequency of breaches of the control framework recorded on the Risk Register. Inherent risks and mitigating controls are assessed during the RCSA.

GENERAL RISKS

Market Price Volatility

The level of volatility in the markets in which we operate is a key driver for our business. High volatility does not automatically result in enhanced performance for our business, as a high degree of skill and expertise is required in order to ensure that this volatility is converted into positive revenue for the Firm; however it does provide a favourable environment for this to happen.

There is a risk to the downside for the Firm if volatilities across all asset classes decline and remain at historic lows.

Pricing pressure

Pricing pressure is a potential risk to any business. We mitigate this risk by aiming to provide best in class services to our clients, as well as by enhancing our offering to ensure we are providing more than just price discovery. Our investment in technology and our Neon platform are evidence of this.

Market prices

Whilst our market making and broking activities are driven by volatility rather than price direction, a decline in commodity prices typically results in a flow of capital out of markets we’re involved in, thereby reducing transaction numbers and volumes. As such, this potentially presents a risk to our revenues and income.

Exchange rules

Changes enforced by the exchanges are outside of our control and have the potential to impact our business are outside of our control and have the potential to impact our business.

SPECIFIC RISKS

Cyber

Information security, data confidentiality, integrity and availability of information are of critical importance to our continued effectiveness. Technology risk is inherent not only to the Group’s information technology assets, but also in people and processes inherent with them. In common with other businesses, the Group is continuing to track the cyber threat “universe” and is aware of risks from cyber-attacks seeking to undermine businesses, governments and utilities. This extends to third parties, which also pose a source threat leading to an increase in security of such relationships. The Group maintains active links with peer associations and government agencies to keep abreast of developments as well as, having timely access to cyber threat intelligence.

Climate change

With growing concerns over the climate crisis, we are aware of the importance of understanding the potential impacts of climate change on our business. The Group recognises climate change as both a risk and an opportunity for the business. It fully supports the implementation of the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD'). The Firm is voluntarily aligning ahead of the UK's requirement as a Large Company. Climate change poses both challenges and upsides to the Group's business model and products, as well as to employees and customers, and as such the Group has begun to address this across the four pillars of TCFD: Governance, Strategy, Risk Management and Metrics and Targets. Detail of how this is being addressed is outlined in the Group's Annual Report.

Geopolitical

There are many uncertainties in the geopolitical and societal environment due to the impact of political activities. These include the Ukraine situation, Brexit, the wider economic climate (which remains impacted by the Coronavirus Covid-19), digital disruption and societal change.

Terrorism

The current terror threat in the UK is substantial meaning "an attack is likely". Attacks by lone wolves and small groups against soft targets have become more common. Our London office is situated in a targeted location and in the event of such an act, and if deemed necessary, the Group would engage its Business Continuity Plan while ensuring staff welfare at all times.

Regulation

Regulation continues to add cost to the Firm both for compliance as well as capital. The new IFPR regime began in January 2022, and the Group submitted its first ICARA risk capital assessment in September 2022 (for the 2021 financial year). This 'living' document, finalised jointly with our internal audit function, now forms the centrepiece of the Group's risk framework, anchoring the Group's three lines of defence to the identification, remediation and optimisation of harms that the Group faces itself, to clients and to the market at large. This approach has focused efforts to ensure potential harms to clients and the wider market are well understood and then avoided, remediated, or minimised. Where residual potential harm does remain, capital is assessed, apportioned and ring-fenced to ensure the Group is conservatively capitalised for all corresponding scenarios.

Movement to screens

There is a risk that more volume moves from voice to screens in the most liquid products, or entire exchanges, (e.g., the LME proposal to close the ring). To mitigate this, we continually evolve our business entering new markets, enabling capacity on less liquid segments and investing further in technology.

Section 172 - Companies Act 2006 statement

The directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the requirements of Section 172 (1) (a) to (f) of the Companies Act 2006 as set out below. The Directors recognise the importance of stakeholder engagement and its contribution to the success of the Company and their interests are taken into consideration by the Directors during Board discussions and decision-making. This report sets out how the Directors have met these responsibilities during the financial year.

(a) the likely consequences of any decision in the long term

Strategy, risk and financial and operational resilience of the Company are managed at a Group level. The Group Board held its annual 'Strategy Day' in February 2022. At this meeting, the overarching strategy of the Group (including the Company) was reviewed and the 2022 budget, three-year plan and capital plan were approved. The discussions on strategy included planned growth in the Americas and Asia-Pacific regions, particularly to provide existing clients with a further diversified product set, access to an increased number of markets, and to strengthen local culture, expertise and support. The meeting also focused on the Group's continued expansion into renewable energy, potentially involving all of the Group's service segments but initially focusing on the hiring plans for environmental product market-makers in voluntary carbon markets, renewable energy certificates, and guarantees of origin. The Group Board also discussed 2021 financial performance, potential further acquisitions for the Group and other areas for increased diversification by both product and geography. The Directors continue to identify opportunities, innovation, creativity and ambition, and to evolve and diversify the Group in line with agreed risk appetite and long-term strategy. This was particularly evidenced in 2022 by the acquisition of ED&F Man Capital Markets division which has expanded the size of the Group, its employees and locations, and has both added to, and enhanced, its product set.

Section 172(1) Companies Act 2006 (continued)

(b) the interests of the Company's employees

The Directors continued to support the annual employee engagement survey, which was undertaken in July. The number of respondents increased year-on-year by approximately 50%, reflecting the growth of the Group, and results showed an increase in overall scores and an improvement in all measures, with the largest increases in areas identified as focus areas following the 2021 survey: environment, organisational fit, collaboration and diversity. The results evidenced progress in many dimensions, including elimination of the rating gap between men and women, and closing of the rating gap between Control & Support staff and Front Office staff. Management, supported by the Group Board, will continue to focus on building a strong Group with increasingly satisfied employees, and on maintaining high levels of engagement following the recent acquisitions. Further details of the Group Board's approach to remuneration, to leadership and how this cascades through the business to the workforce and employee engagement, can be found in the Group's Corporate Governance report in the Group Annual Report.

(c) the need to foster the Company's business relationships with suppliers, customers and others

The Directors support promotion of the Group's cultural values, ensuring they are understood by all and embedded into the fabric of the Group, its actions, how it conducts business, and how it supports appropriate behaviours. This ensures that good business relationships are maintained. The Directors are committed to ensuring high standards are met when it comes to supplier relationships; as such, all suppliers are required to meet the Marex Supplier Code of Conduct and abide by both relevant national and international standards, including those set out by the International Labour Organization, the UK Bribery Act 2010 and the UK Equality Act 2010. The Group's Modern Slavery and Human Trafficking Statement sets out the commitment of the Directors to their corporate responsibility and to maintaining a culture within which ethical behaviour is promoted, in addition to setting out the steps taken to minimise the risk of modern slavery existing in the Group's business or supply chains. The Group Board recognises its financial regulators across the globe as key relationships and Directors are committed to ensuring regular open dialogue and compliance with regulatory requirements.

d) the impact of the Company's operations on the community and the environment

The Company acknowledges its responsibility to minimise the impact of the business on the community and the environment. The Directors continue to support the Group's focus on ESG, which includes activities in biofuels, renewable energy certificates, emissions futures and options, environmental consulting services and the launch of a bespoke renewables desk. The Directors also remain committed to the Group's carbon sequestration project with Oxford University spin-off OxCarbon and the Global Mangrove Trust; and the Group was able to achieve carbon neutral status by the end of 2022. Further details of the Group's approach can be found in the ESG report in the Group Annual Report. In addition, supported by the Directors, the Group's approach to taxation is one of transparency and disclosure, paying its fair share of tax, ensuring a cooperative approach to working with tax authorities, no aggressive tax planning and alignment with best market practices.

e) the desirability of the Company maintaining a reputation for high standards of business conduct

The Directors understand the importance of promoting the Group's cultural values, ensuring they are understood by all and embedded into the fabric of the Group, its actions, how it conducts business, and how it supports appropriate behaviours. These are as follows:

- Integrity: We pride ourselves on our honesty and high ethical standards. We apply these values when working with all clients, colleagues and other stakeholders.

- Respect: Our people and clients are at the heart of our business. We strive to provide impeccable service and results combined with fair treatment and respect.

- Developing our people: Our people are the basis of our competitive advantage. We look to 'grow our own' and make Marex the place ambitious, hardworking and talented people choose to build their career.

- Adaptable and nimble: We are proactive. We embrace change as markets evolve to constantly increase our efficiency and create innovative solutions for our clients.

- Collaborative: By working together across the organisation, we foster teamwork, can better respond to challenges and successfully deliver for our clients.

Section 172(1) Companies Act 2006 (continued)

(f) the need to act fairly as between members of the Company.

As a wholly owned subsidiary of Marex Group plc, the shareholder's interests are represented by the Directors, one of whom also serves on the Group Board and is therefore responsible for setting the direction of the Group as a whole.

N G W Grace
Director
26 April 2023

The Directors present their report and audited financial statements of Marex Financial (the 'Company' or the 'Firm') for the year ended 31 December 2022. The Company is a private unlimited company and a subsidiary of Marex Group plc (collectively 'Marex', or the 'Group').

Directors

The following Directors have held office throughout the year and to the date of this report, except where noted:

S J van den Born

N G W Grace

P R Tonucci

Indemnity of directors

Each Director is indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by them in the proper exercise of their duties. Directors who have resigned during the year also benefit from the same indemnity arrangement. In addition, the Directors are covered by an insurance policy.

Directors' statement as to disclosure of information to the Auditor

Each of the persons, who is a Director at the date of approval of this report, confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Foreign exchange

The following foreign exchange rates have been used in the preparation of these financial statements:

	2022		2021	
	Average Rate	**Year-end Rate**	**Average Rate**	**Year-end Rate**
GBP / USD	1.2372	1.2099	1.3317	1.3531
EUR / USD	1.0538	1.0704	1.1307	1.1370

Going concern

The Company's business activities and financial position, the factors likely to affect its future development and performance, its objectives and policies in managing the financial risks to which it is exposed and its capital, are discussed in the Strategic report. The Company's regulatory capital resources, significant developments in 2022 and anticipated future developments are detailed in the liquidity and regulatory capital section on pages 10 and 11. This section also describes the Company's funding and liquidity profile, including changes in key metrics and the build-up of liquidity reserves. As detailed in note 3(c) of the accounting policies, it is concluded that the Company has adequate resources to continue to operate for the foreseeable future and for at least twelve months from the date of signing of the statement of financial position and confirm that the Company can operate as a going concern. It is for this reason that the Directors continue to prepare the financial statements on a going concern basis.

Events after the reporting period

Events since the statement of financial position date are disclosed in note 35.

Overseas branches

As at 31 December 2022, the Company had branches in Australia and Israel.

Dividends

No dividends were paid during the year ended 31 December 2022 (2021: $25 million).

Financial risk management

Financial risk management objectives are included in the Strategic Report.

Future developments

Future developments are included in the Strategic Report.

Research and development

The Company produces commodity research across Energy, Agriculture Base Metals and Ferrous Metals markets and has developed key partnerships in this field.

Engagement with Employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Group website. Further statements regarding actions taken by the Company during the financial year are set out in the Strategic Report.

Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Suppliers, customers and others

In accordance with the Reporting on Payment Practices and Performance Regulations 2017, the Company submits biannual reports on payment practices and performance to the Department for Business, Energy and Industrial Strategy. The average time taken to make payments from the Company under qualifying contracts was 18.5 days (2021: 18.5 days). Relationships with suppliers, customers and others are not managed at company level, as the directors of the Company's immediate parent manage the operations of Marex on a Group-wide basis. Further statements regarding how the Group's relationships with suppliers, customers and others are managed, are contained in the Marex Group plc Annual Report (which does not form part of this report and is available on the Group's website).

Streamlined Energy Carbon Reporting (SECR)

Greenhouse gas emission estimates are produced for the Group as a whole and are contained in the Annual Report of Marex Group plc, which does not form part of this report.

Corporate governance arrangements

For the year ended 31 December 2022, in accordance with the guidance provided in the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles'), the application of such principles is set out in Marex Group plc's Annual Report, covering the governance procedures of the Group as a whole, including the Company.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). In accordance with company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard ('IAS') 1 requires Directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 statements may differ from legislation in other jurisdictions.

Auditor

The auditor, Deloitte LLP, has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor pursuant to sections 485 – 488 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

N G W Grace
Director
26 April 2023

Report on the audit of the financial statements

1. Opinion

In our opinion, the financial statements of Marex Financial (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the statement of profit and loss;
- the statement of other comprehensive income;
- the statement of financial position;
- the statement of the changes in equity and movements in reserves;
- the cash flow statement and;
- the related notes 1 to 37.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Day 1 profit recognition on issuance of structured notes
Materiality	The materiality that we used for the financial statements was $5.18 million which was determined based on net assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- using our knowledge of the Company, the financial services industry, the financial services regulatory environment and the general economic environment, including macroeconomic pressures affecting the Company's operations, to identify inherent risks in the business model and how such risks might affect the financial resources or ability to continue operations over the going concern period;
- making inquiries of management about the assumptions, used in their going concern models, and assessing the reasonableness of those assumptions and historical forecasting accuracy;
- evaluating the Company's strategic plans in light of the changing macroeconomic environment, short and longer term financial budgets, funding, liquidity and capital adequacy plans including internal stress tests;
- evaluating the Company's operational resilience by inspecting the crisis management and business continuity plans in place and the Company's readiness to respond to catastrophic events;
- reviewing regulatory correspondence to assess whether there are any matters that may impact the going concern assessment; and
- evaluating the Company's disclosures on going concern against the requirements of IAS 1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Day 1 profit recognition on issuance of structured notes

Key audit matter description	As disclosed in note 5 to the financial statements, the Company generates revenue from its 'Hedging and Investment Solutions' business which totalled $70.8 million (2021: $82.0 million). This revenue stream comprises of the 'Day 1' profit recognised on the issuance of the structured notes. The profit is the difference between the modelled fair value of the note estimated by the Company at initial recognition and the proceeds received on issuance. In order to recognise the Day 1 profit in the income statement, IFRS requires that modelled fair value on Day 1 be based on observable inputs. However, the profit can also be recognised if the unobservable inputs used, are insignificant relative to the profit calculated. If observability cannot be adequately demonstrated then the Day 1 profit should be reserved and recognised at a future point, typically when the input becomes observable, or the note expires. The complex nature of the notes issued by the Company means that their valuation is frequently reliant on inputs which are not readily observable in the market. As such, there is judgement whether Day 1 profit should be recognised on issuance where there are unobservable inputs used in the valuation. For further details, refer to note 3(e) significant accounting policies, note 4 critical accounting estimates and judgements and note 5.

5.1 Day 1 profit recognition on issuance of structured notes (continued)

How the scope of our audit responded to the key audit matter	We have performed the following procedures, which respond to risk of material misstatements: • Involved a valuation specialist to evaluate management's methodology and key assumptions over pricing inputs which have an impact on Day 1 profit or loss, including those that lack adequate market data to support observability; • Tested a sample of Day 1 profit or loss, including performing assessment of key relevant inputs; • Assessed the significance and observability or pricing inputs used in the valuation of underlying financial instruments and calculation of Day 1 profit or loss; and • Obtained independent confirmations of the underlying notes and traced through to pricing supplements.
Key observations	Based on the procedures performed, we concluded that the Day 1 profit recognition on the issuance of structured notes is appropriate.

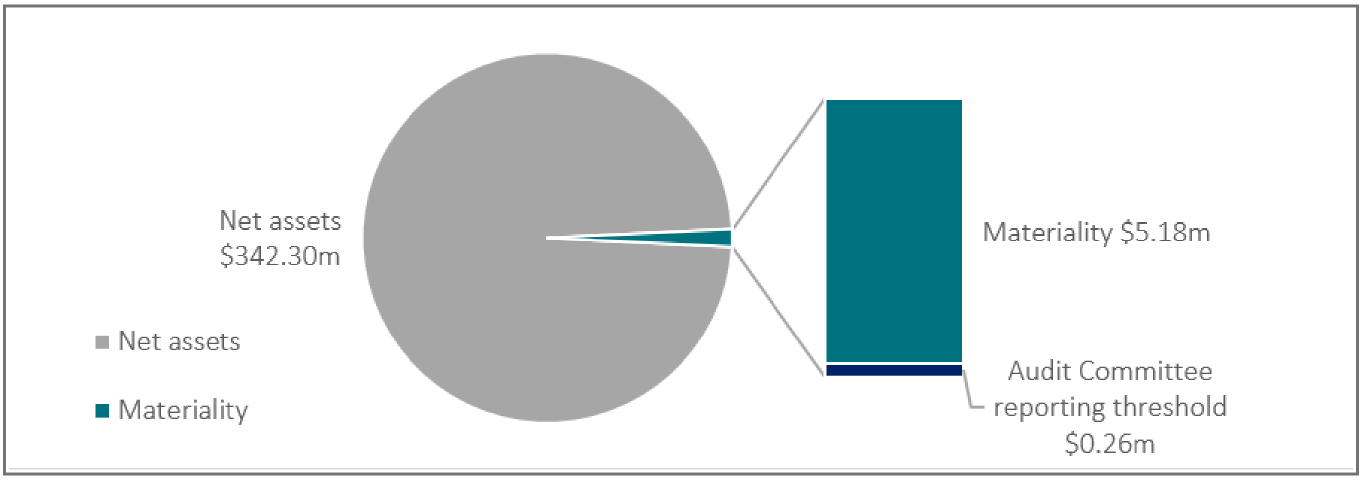
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	$5.18 million
Basis for determining materiality	3% of net assets was used as the basis to determine materiality, which is then capped at 90% of Group materiality. The determined materiality represents 1.5% of net assets.
Rationale for the benchmark applied	The Company acts as the treasury function for the Group. The balance sheet is the key measure of financial health that is important to shareholders, therefore we determined net assets to be the most appropriate benchmark.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

Performance materiality	70% of materiality
Basis and rationale for for determining performance materiality	In determining performance materiality, we considered the following factors: • The quality of the control environment and whether we were able to rely on controls; • The uncertain economic environment; • The nature, volume and size of uncorrected misstatements arising in the previous audit; and the management’s willingness to correct misstatements in the current year.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $258k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2 Our consideration of the control environment

The Company uses a number of different IT systems, and we worked with our IT specialists to test the General IT controls for relevant systems. We relied on controls for transfer pricing and further improvements are required in order for us to adopt a wider controls-reliant approach.

7.3 Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Company’s business and its financial statements. The Company continues to develop its assessment of and response to the potential impacts of environmental, social and governance (‘ESG’) related risks, including climate change, as outlined in the Strategic Report on page 20.

We held discussions with management to understand the process for identifying climate-related risks, the consideration of mitigating actions and the impact on the Company’s financial statements which we found in the Strategic Report. Management do not expect any material climate change-related financial impact on their business. We performed our own qualitative risk assessment of the potential impact of climate change on the Company’s account balances and classes of transactions based on our understanding of the nature of the Company’s underlying operations through inquiries of management and review of the minutes and regulatory correspondence.

We evaluated the climate-related disclosure in note 4 of the financial statements and we read the climate-related disclosures included in the Strategic Report section in the annual report and considered whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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.

10. Responsibilities of directors

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- Results of our enquiries of the Directors, management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities including those that are specific to the Company's sector;

11.1 Identifying and assessing potential risks related to irregularities (continued)

- Any matters we identified having obtained and reviewed the Company’s documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- The matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the Day 1 profit recognition on the issuance of structured notes. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FCA regulations, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company’s ability to operate or to avoid a material penalty.

11.2 Audit response to risks identified

As a result of performing the above, we identified Day 1 profit recognition on issuance of structured notes as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter. Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and regulators, including the FCA; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Opinion on other matters prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 37 to the financial statements for the financial year ended 31 December 2022 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

15. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Roberts, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
London, United Kingdom
26 April 2023

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $m	2021 $m
Revenue	5	454.9	392.1
Operating expenses	7	(417.4)	(318.2)
Impairment allowance charged on trade and other receivables	7	(8.6)	(1.3)
Finance income	10	49.6	2.0
Finance expense	10	(15.0)	(5.2)
Operating profit		**63.5**	**69.4**
Other income	11	14.8	1.9
Profit before taxation		**78.3**	**71.3**
Tax	12	(14.1)	(13.5)
Profit after taxation		**64.2**	**57.8**

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $m	2021 $m
Profit after taxation		64.2	57.8
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss when specific conditions are met:			
Gain/(loss) on cash flow hedge reserve	30	2.7	(2.4)
Deferred tax on cash flow hedge reserve		(0.5)	—
Items that will not be recycled to profit and loss:			
Change in fair value due to own credit risk		(3.0)	(0.3)
Deferred tax on change in own credit risk	12(b), 22	0.8	—
Loss on revaluation of investments	17(a)	(0.5)	(0.1)
Deferred tax on revaluation of investments	12(b), 22	0.4	(0.2)
Other comprehensive loss net of tax		**(0.1)**	**(3.0)**
Total comprehensive income		**64.1**	**54.8**

All operations are continuing for the current and prior years. The notes on pages 39 to 116 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 $m	2021 $m Restated	2020 $m Restated
Assets				
Non-current assets				
Goodwill	14	3.2	3.2	3.2
Intangible assets	15	3.3	2.4	1.0
Property, software and equipment	16	2.4	2.7	2.7
Investments	17(a)	4.3	4.8	4.9
Investments in subsidiaries	17(b)	7.3	7.3	7.3
Investments in associates	17(c)	5.6	5.9	5.6
Financial instruments – unpledged	18(a)	—	69.0	23.5
Financial institution notes		—	1.0	—
Financial instruments – pledged as collateral	18(b)	65.3	61.7	14.0
Deferred tax asset	22	2.9	—	—
Total non-current assets		**94.3**	**158.0**	**62.2**
Current assets				
Financial instruments – unpledged	18(a)	—	25.9	52.1
Financial instruments – pledged as collateral	18(b)	204.3	29.1	88.5
Inventory	19	27.5	58.9	—
Trade and other receivables	20	1,995.1	1,216.7	697.7
Derivative instruments	21	483.7	494.8	241.4
Equity instruments	31	5.2	8.0	—
Corporation tax		2.2	4.9	3.8
Cash and cash equivalents		552.0	453.9	132.3
Total current assets		**3,270.0**	**2,292.2**	**1,215.8**
Total assets		**3,364.3**	**2,450.2**	**1,278.0**

The notes on pages 39 to 116 form part of these financial statements. Refer to notes 3(b) and 34 for the 2021 and 2020 Company balances that have been restated.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (CONTINUED)

	Notes	2022 $m	2021 $m Restated	2020 $m Restated
Liabilities				
Current liabilities				
Derivative instruments	21	294.5	198.5	173.8
Trade and other payables	23	1,576.3	845.6	477.1
Lease liability	30	—	0.4	1.2
Debt securities	31	346.2	463.6	130.0
Corporation tax		—	—	0.2
Provisions	24	1.9	0.8	0.3
Total current liabilities		**2,218.9**	**1,508.9**	**782.6**
Deferred tax	22	—	0.5	0.2
Debt securities	31	754.4	613.0	246.8
Subordinated loan payable	25	49.6	49.6	—
Lease liability	30	—	—	0.8
Total non-current liabilities		**804.0**	**663.1**	**247.8**
Total liabilities		**3,022.9**	**2,172.0**	**1,030.4**
Total net assets		**341.4**	**278.2**	**247.6**
Equity				
Share capital	27, 28	160.1	160.1	160.1
Share premium	28	5.9	5.9	5.9
Capital contribution	28	—	0.9	—
Retained earnings	28	176.5	112.3	79.5
Revaluation reserve	28	(2.7)	(0.4)	0.3
Cash flow hedge reserve	28,29	1.6	(0.6)	1.8
Total equity		**341.4**	**278.2**	**247.6**

The notes on pages 39 to 116 form part of these financial statements. Refer to notes 3(b) and 34 for the 2021 and 2020 Company balances that have been restated.

The financial statements on pages 33 to 116 were approved and authorised for issue by the Board of Directors on 26 April 2023 and signed on its behalf by:

N Grace
Director
26 April 2023
Registration Number: 05613061

STATEMENT OF THE CHANGES IN EQUITY AND MOVEMENTS IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital $m	Share premium $m	Capital contrib -ution reserve $m	Retained earnings $m	Reval- uation reserve $m	Cash flow hedge reserve $m	Total $m
At 1 January 2021		**160.1**	**5.9**	**—**	**79.5**	**0.3**	**1.8**	**247.6**
Profit for the period		—	—	—	57.8	—	—	57.8
Loss on revaluation of investments	17(a)	—	—	—	—	(0.1)	—	(0.1)
Deferred tax on revaluation of investments	22	—	—	—	—	(0.2)	—	(0.2)
Capital contribution	28	—	—	0.9	—	—	—	0.9
Dividends paid	13	—	—	—	(25.0)	—	—	(25.0)
Own credit adjustment		—	—	—	—	(0.4)	—	(0.4)
Loss on revaluation of hedge	29	—	—	—	—	—	(2.4)	(2.4)
At 31 December 2021 and 1 January 2022		**160.1**	**5.9**	**0.9**	**112.3**	**(0.4)**	**(0.6)**	**278.2**
Profit for the period		—	—	—	64.2	—	—	64.2
Loss on revaluation of investments	17(a)	—	—	—	—	(0.5)	—	(0.5)
Deferred tax on revaluation of investments	22	—	—	—	—	1.2	(0.5)	0.7
Capital contribution	28	—	—	(0.9)		—	—	(0.9)
Own credit adjustment		—	—	—	—	(3.0)	—	(3.0)
Gain on revaluation of hedge	29	—	—	—	—	—	2.7	2.7
At 31 December 2022		**160.1**	**5.9**	**—**	**176.5**	**(2.7)**	**1.6**	**341.4**

The notes on pages 39 to 116 form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $m	2021 $m Restated
Profit before tax		78.3	71.3
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property software and equipment	16	1.1	0.9
Amortisation of intangible assets	15	0.9	0.5
Increases in provisions	24	1.1	0.5
Finance income	10	(49.6)	(2.0)
Finance expense	10	15.0	5.2
Impairment of trade and other receivables	20	8.6	1.3
Bargain purchase gain on acquisitions	33	(12.1)	—
Share based payment expense	36(e)	—	0.9
Other revaluations		0.3	(0.1)
Revaluation of investment in associate	17(c)	0.3	(0.3)
Operating cash flows before changes in working capital		**43.9**	**78.2**
Working capital adjustments:			
Increase in trade and other receivables (restated)		(369.4)	(364.9)
Increase in trade and other payables (restated)		427.9	385.4
Increase in amounts due from group undertakings		(201.8)	(154.6)
Decrease/(increase) in financial instruments – unpledged		94.9	(19.3)
(Increase) / decrease in financial instruments – pledged as collateral		(178.8)	11.7
Decrease/(increase) in financial institution notes		1.0	(1.0)
Decrease/(increase) in derivative instruments – assets (restated)		11.1	(255.8)
Increase in derivative instruments – liabilities (restated)		96.0	24.7
Decrease/(increase) in equity instruments (restated)		2.8	(8.0)
Decrease/(increase) in inventory		31.4	(58.9)
Decrease/(increase) in amounts due to group undertakings		12.6	(17.0)
Cash outflow from operating activities		**(28.4)**	**(379.5)**
Corporation tax paid		(11.2)	(14.7)
Net cash outflow from operating activities		**(39.6)**	**(394.2)**

The notes on pages 39 to 116 form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Notes	2022 $m	2021 $m Restated
Investing activities			
Interest received		25.8	1.2
Purchase of intangible assets	15	(1.8)	(1.9)
Net cash from acquisitions	33	106.0	—
Purchase of property, software and equipment	16	(0.5)	(1.0)
Net cash inflow/(outflow) from investing activities		**129.5**	**(1.7)**
Financing activities			
Issue of debt securities		24.0	699.5
Capital payment of lease liability	30	(0.4)	(1.7)
Issuance of subordinated loan	25	—	49.6
Dividends paid	13	—	(25.0)
Interest paid		(15.4)	(4.9)
Net cash inflow from financing activities		**8.2**	**717.5**
Net increase in cash and cash equivalents		**98.1**	**321.6**
Cash and cash equivalents			
Cash available on demand and short-term deposits at 1 January		453.9	132.3
Increase in cash		98.1	321.6
Cash and cash equivalents at 31 December		**552.0**	**453.9**

The notes on pages 39 to 116 form part of these financial statements. Refer to notes 3(b) and 34 for the 2021 Company balances that have been restated.

1 GENERAL INFORMATION

Marex Financial (the 'Company') is an unlimited company incorporated in England and Wales under the Companies Act. The address of the registered office is 155 Bishopsgate, London, EC2M 3TQ. The principal activities of the Company and the nature of the Company's operations are set out in Note 5 and in the Strategic Report.

References to the 'Group' are to the group of companies headed by Marex Group plc, of which Marex Financial is a part.

The Company financial statements are presented in US Dollars ('USD') which is also the currency of the primary economic environment in which the Company operates.

In preparing these financial statements, the directors have taken the exemption from preparing consolidated financial statements afforded in IFRS 10 *Consolidated financial statements* as the company is included in the consolidated financial statements of the Group that are available on the Group's website.

2 ADOPTION OF NEW AND REVISED STANDARDS

(a) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

<u>Amendments to IFRS 3 Reference to the Conceptual Framework</u>

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

<u>Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use</u>

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit and loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the Statement of Comprehensive Income include(s) such proceeds and cost.

<u>Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract</u>

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

(a) Amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

(b) New and revised IFRSs in issue, but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued, but are not yet effective and, in some cases, had not yet been adopted:

Amendment to IAS 1	Clarification in the definition of current and non-current liabilities, effective on or after 1 January 2023.
IFRS 17: Insurance contracts	Application of IFRS 17 to insurance contracts, replacing IFRS 4 and sets out principles for the recognition, presentation and disclosure of insurance contracts within the scope of IFRS 17. Effective on or after 1 January 2023.
Amendments to IFRS 4	Extension to the temporary exemption from applying IFRS 9. Effective 1 January 2023.
Amendments to IAS 1 and IFRS Practice Statement 2	Introduction of disclosure requirements of material accounting policies. Effective on or after 1 January 2023.
Amendments to IAS 12	Clarification to the accounting treatment of deferred tax assets arising from a single transaction. Effective on or after 1 January 2023.
Amendments to IAS 8	Update to definition of accounting estimates. Effective on or after 1 January 2023.
Amendments to IFRS10 and IAS 28	Update to treatment of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The effective date of the amendments has yet to be set by the IASB.

Whilst the directors do not expect that the adoption of the above standards will have a material impact on the Company's financial statements, owing to the fact that the majority of these standards are due for implementation significantly into the future, the precise impact of implementation is unknown, and the directors do not intend to adopt the standards early.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (‘IASB’) as well as interpretations issued by the IFRS Interpretations Committee (‘IFRIC’) as endorsed by the United Kingdom Endorsement Board (‘UKEB’).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

(b) Restatement

During the year ended 31 December 2022 management identified two adjustment relating to prior years which were accounting errors as defined under IAS 8. Accordingly, two adjustments were made to the prior year comparatives as discussed below.

(i) Presentation of client money held at exchanges, clearing houses and brokers
Previously, segregated client funds at exchanges, clearing houses and brokers governed by the UK FCA’s Client Assets Sourcebook (‘CASS’) rules (which comprise client funds held in segregated client money accounts) were held on the Statement of Financial Position within Trade and other receivables.
The corresponding liabilities to clients and counterparties were included within Trade and other payables. These segregated client funds have been excluded from the Company’s Statement of Financial Position to better reflect the statutory trust status of such monies, including the restrictions placed on the Company’s ability to control the funds, as well as increase comparability with the Company’s peers.

This has had a material effect on the information reported in the Statement of Financial Position at the beginning of the preceding period and additional comparative information detailing the quantitative impacts and impact on prior year comparatives are set out for each financial statement line item that has been affected. Refer to the restated balances within note 34 which impacts client money, Trade and other receivables and Trade and other payables.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Restatement (continued)

(ii) Presentation of amounts due to/from a prime broker

The Company enters into synthetic derivative transactions in the normal course of business through a Prime Brokerage account held with another financial institution. This account has a single daily settlement requirement and should there be a default or should all underlying positions be liquidated, the account balance would be settled with a single cash flow. In prior years, the synthetic derivative transactions were partially grossed up on the balance sheet and disclosed in the derivative note 20, however, since the balance on the Prime Broker account represents a single right it is presented as a single asset under derivative assets. This has had a material effect on the information reported on the balance sheet at the beginning of the preceding period, additional comparative information detailing the quantitative impacts and impact on prior year comparatives are set out within note 33.

(c) Going concern

In considering going concern, the directors have reviewed the capital, liquidity and financial position of the Company and concluded that the going concern basis is still appropriate. As a part of this conclusion the directors took into consideration the financial impact of the Russian war in Ukraine (including the resulting volatility in the markets and resulting increased levels of counterparty and operational risks), Covid-19, and the potential impact on the capital, liquidity and financial performance as noted within the Group's pandemic stress tests. The results of the stress tests highlighted that the Group and the Company have sufficient capital and liquidity to satisfy their regulatory requirements. As funding is managed on a Group basis the directors considered the Group stress tests in determining their assessment for the Company. At the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue to satisfy its regulatory obligations as well as its liabilities for the foreseeable future. Thus, the Company continues to adopt the going concern basis of accounting in preparing these financial statements.

(d) Goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the cost of the acquisition (including the fair value of deferred and contingent consideration) of a business combination, over the share in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed, and equity instruments issued, plus any direct costs of acquisition.

Goodwill has an indefinite useful economic life and is measured at cost less any accumulated impairment losses. It is tested for impairment annually and whenever there is an indicator of impairment. Where the carrying value exceeds the higher of the value in use or fair value less cost to sell, an impairment loss is recognised in the Statement of Profit and Loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts and volume rebates granted by the Company.

The Company generates revenue from the following segments:

- Market making revenues are where the Company acts as the principal, typically recognised on a fair value basis whereby movements in fair values of the positions are recognised in the income statement.

- Clearing revenue is recognised on a trade date basis. Interest income directly attributed to the trading activities of the Group which is earned on balances held at exchanges, clearing houses and brokers and on overdrawn client balances is also included in Clearing revenue and is recorded on an accruals basis.

- Agency and Execution revenue is where the Group acts as an agent and earns a commission and is recognised on a trade date basis.

- Hedging and Investment Solutions revenue is derived from derivatives and structured notes. Financial assets and liabilities (including derivatives and issued structured notes) are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value. All derivatives and structured notes (financial liabilities) are classified as fair value through profit and loss.

  The differences between the fair value (or model value) and the transaction price is referred to as Day 1 P&L. The Company recognises Day 1 P&L on initial recognition where one or more of the below conditions are satisfied:

  - Day 1 gain is insignificant, currently assessed on a trade by trade basis,
  - fair valuation is based on observable prices/inputs,
  - fair valuation is based on observable and unobservable input provided the unobservable input(s) is insignificant to the Day 1 gain.

  In all other cases, the instrument is initially recognised at transaction prices and the recognition of Day 1 P&L is deferred. The deferred Day 1 P&L is generally amortised through the term of the deal or to the date when unobservable inputs become observable (if sooner) unless specific factors relevant to the trade requires a specific recognition pattern.

- Corporate services revenues are generated by recharging services to other group entities and are recognised on an accruals basis as the services are performed.

- other income primarily comprises exchange rebates and is recognised on an accruals basis.

Financial instruments held for trading purposes are fair valued and subsequent gains and losses are recognised in the Statement of Profit and Loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Dividend income

Dividend income from investments is recognised when the shareholders rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

(g) Finance income and expense

Finance income is earned on balances held at exchanges, clearing houses, banks and brokers, and on overdrawn client balances. Finance expenses are paid on overdrawn accounts with brokers and exchanges, client and counterparty balances and short-term borrowings. Finance income and expenses are recognised on an amortised cost basis using the effective interest rate ('EIR') method.

Interest income earned on balances held at exchanges, clearing houses, brokers and on overdrawn client balances is included in Clearing revenue.

Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds and are expensed in the Statement of Profit and Loss over the period of the borrowing facility.

(h) Foreign currency translation

The Company financial statements are presented in US Dollars ('USD'), which is also the currency of the primary economic environment (the functional currency) and the presentational currency of the Company.

Transactions entered into by the Company in a currency other than USD are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of monetary assets and liabilities are similarly recognised immediately in the Statement of Profit and Loss.

(i) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement benefits: defined contribution schemes

The Company operates defined contribution pension schemes. Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Property, software and equipment

Property, software and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses.

As well as the purchase price, cost includes the directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the remaining length of the lease or 20% per annum straight-line, where appropriate
Computer equipment	20% to 50% per annum straight-line
Furniture, fixtures and fittings	20% to 50% per annum straight-line
Software	20% to 50% per annum straight line

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An item of property, software and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Software

The classification relates to internally generated software (such as Neon) which is only capitalised if it can be demonstrated that it is technically feasible for it to be used; can and will be developed, expected to generate future economic benefits, and the expenditure can be reliably measured. The requirement for recognising this type of software as Property, software and equipment is that it is essential for the operation of the hardware already capitalised as computer equipment on the balance sheet. Amortisation is calculated on a straight-line basis over an estimated economic useful life of 2 to 5 years, representing the period that the Company expects to benefit from using or selling the products developed.

(l) Intangible assets

Software

The software which is classified as an intangible asset, relates specifically to the software which is not essential to the operation of the hardware that is already capitalised on the balance sheet. Typically, this relates to hosted software solutions. This software has finite useful economic life of between 2 to 5 years and is amortised in the Statement of Profit and Loss on a straight-line basis over the period of the license.

The intangible asset relating to this software is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the Statement of Profit and Loss when the asset is derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful lives are undertaken annually. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The impairment test is carried out on the asset's cash generating unit (i.e., the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows).

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Where the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the Statement of Profit and Loss.

(n) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading; and
- expected to be realised within 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading; and
- it is due to be settled within 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(o) Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate or joint venture since the acquisition date. The statement of profit and loss reflects the Company's share of the results of operations of the associate. The aggregate of the Company's share of profit or loss of an associate is recorded within revenue. The financial statements of the associate are prepared for the same reporting period as the Company.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

Effective interest method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate ('EIR') is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet both of the following conditions and have not been designated as at fair value through profit and loss ('FVTPL') are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet both of the following conditions and have not been designated as at FVTPL are measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

Financial assets (continued)

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The Company may make the following irrevocable election and/or designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The following accounting policies apply to the subsequent measurement of financial assets.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the contrary, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

Financial assets (continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss will not be reclassified to profit and loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition; and
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

Financial assets (continued)

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit loss (‘ECL’) for trade receivables. ECLs are a probability-weighted estimate of credit losses based on both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and forward-looking expectation.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increases in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating; and
- significant deterioration in external market indicators of credit risk for a particular financial instrument.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk, based on all of the following; (1) the financial instrument has a low risk of default, (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (3) adverse changes in economic and business conditions in the long term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria is capable of identifying significant increase in credit risk before the amount becomes past due.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

Financial assets (continued)

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company) or partially.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit and loss.

Impairment of financial assets

Measurement and recognition of expected credit losses

At the reporting date, an allowance is required for the 12 month (Stage 1) expected credit losses. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

Impairment of financial assets (continued)

Measurement and recognition of expected credit losses (continued)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments; and
- external credit ratings where available.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit and loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit and loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit and loss but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

The Company classifies its financial liabilities into the following categories, depending on the purpose for which the liability was assumed:

- FVTPL: this category includes financial instruments held for trading as well as debt securities in issue. They are carried in the balance sheet at fair value with changes in fair value recognised in the Statement of Profit and Loss or in the case of changes in fair value due to own credit changes, through other comprehensive income; or
- other financial liabilities include the following items: trade and other payables, subordinated loans payable and other short-term monetary liabilities which are recognised at amortised cost; and bank borrowings, such interest-bearing liabilities are subsequently measured at amortised cost using the EIR method, which ensures that any interest expense over the period to repayment is recognised at a constant rate on the balance of the liability carried in the statement of financial position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. In circumstances where a financial liability is replaced by the same lender, yet the contractual terms are substantially different or modified, the original financial liability will be derecognised at the point of contractual exchange and the new financial liability recognised.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise the assets and liabilities simultaneously.

Derivative instruments

The Company, uses derivative financial instruments, such as forward currency contracts, over-the-counter ('OTC') precious and base metal contracts, agriculture contracts, energy contracts and equities, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company utilises the services of a Prime Broker to enter into derivative contracts that are used to hedge its structured notes issuance business. The agreement provides for net settlement of daily margin calls and in addition, should there be a default event, this would also be settled on a net basis. are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(q) Hedge accounting

The Company designates foreign exchange forward contracts as hedging instruments in respect of foreign currency risk on all of the the non-USD denominated costs which represent firm commitments. Hedges of foreign currency risk on firm commitments are accounted for as cash flow hedges. The foreign exchange forward contract balances vary dependent upon the known costs and their payment schedules, thus impacting the timing of the currency purchases and thus changes in foreign exchange forward rates.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The effective portion of changes in the fair value of foreign currency forward contracts that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods when the hedged item is recognised in profit and loss, in the same line of the Statement of Profit and Loss as the recognised hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.
Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit and loss.

(r) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short-term deposits.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Inventory

The Company has holdings of carbon credits held for trading purposes. These are held at fair value less costs to sell and relate to the Hedging and Investment Solutions operating segment.

The Company also holds cryptocurrencies, both for its own account in order to generate a treasury return, and to complement its client structured note business, where the Firm issues certificates linked to the performance of cryptocurrencies, such as Bitcoin and Ethereum. The Company classifies cryptocurrency holdings as inventories on the balance sheet measured at fair value less costs to sell, in accordance with the broker-trader exemption (IAS 2.3). The fair values of cryptocurrencies held as assets are determined based on generally accepted prices and are classified as a Level 1 valuation.

The cost of inventories including the changes in their fair value is recognised in the Statement of Profit and Loss within the line ‘Operating expenses’.

(t) Client money

As required by the UK FCA’s Client Assets Sourcebook (‘CASS’) rules, the Company maintains certain balances on behalf of clients with banks, exchanges, clearing houses and brokers in segregated accounts. These amounts and the related liabilities to clients, whose recourse is limited to segregated accounts, are not included in the statement of financial position as the Company is not beneficially entitled thereto.

(u) Debt securities

Debt securities are the Company’s issued debt instruments which contain hybrid financial instruments. Hybrid financial instruments are composed of debt components and embedded derivatives. In accordance with IFRS 9, financial liabilities may be designated at fair value, with gains and losses taken in the Statement of Profit and Loss within revenue (note 5).

(v) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (assets including, but not limited to, tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Property, Software and Equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit and loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(x) Share-based payments

Equity awards in the equity instruments of the Company's Parent, Marex Group plc are awarded to specified Company employees. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis and revisions to accounting estimates are recognised in the period in which the estimate is revised. Significant judgement and estimates are necessary in relation to the following matters:

(a) Judgments

The following are critical judgements, apart from those involving estimations, that the Directors have made in the process of preparing the financial statements.

- Accounting for an entity where the Group owns more than 50% of its shares

The Company considers that it does not control Cambridge Machines Gemini Fund Limited, a fund incorporated in the Isle of Man, although its initial investment of $5.2 million represented a stake of approximately 80%, and the Company is the single largest shareholder, the shares that it holds do not contain any voting rights. Whilst it can be demonstrated that the Company has significant influence, owing to the Board and governance structure in place for the Fund, it does not have control, resulting in the Company applying the equity method of accounting for the investment.

The Company does not expect climate-related risks to have a material impact on the financial statements.

(b) Estimates

- Impairment of non-financial assets

The Company's impairment testing for goodwill and non-financial assets with indefinite useful lives is based on the fair value less costs of disposal. The fair value less costs of disposal calculation is based on available data from similar assets or observable market prices less incremental costs for disposing of the assets and is estimated by using the pre-tax price earnings multiples derived from adjusting comparative peer multiples. This multiple is applied to the pre-tax earnings of each cash generating units ('CGUs') arising in the period. note 13 describes the assumptions used together with an analysis of sensitivity to changes in key inputs.

- Day 1 Profit and Loss ('P&L') deferral

The differences between the fair value (or model value) and the transaction price is referred to as Day 1 P&L. Significant unobservable market parameters are periodically used to determine the fair value at inception. Where significant unobservable parameters are used in the fair value, the difference between the transaction price and fair value is amortised over the life of the transaction and fully recognised when the inputs become observable or when the position is derecognised. The Company estimates these unobservable input parameters using market information and historical data.

The main risk sensitivities associated with the Day 1 deferred trades are $0.4 million Vega risk and $(0.1) million Correlation risk, per a 1% change in risk. This suggests that for a 1% increase in volatility the portfolio value for the Day 1 deferred trades will increase by $0.4 million, and for a 1% increase in correlation the portfolio value will drop by $0.1m.

- Own credit spread

The Company determines its own credit spread regularly based on a model using observable market inputs. Management estimates the own credit spread through using market observable credit spreads and paid credit spreads for public distributed products of the Company. The estimated own credit sensitivity to a 1 basis point move in credit spread is $0.2 million. Hence an increase in own credit spread of 1 basis point will lead to a charge of $0.2 million recognised in other comprehensive income.

5 REVENUE

An analysis of the Company's revenue by type is as follows:

31 December 2022	Commission $m	Financial trading $m	Interest income $m	Other income $m	Total $m
Market Making	5.0	102.5	—	—	107.5
Clearing	204.6	6.5	7.9	16.0	235.0
Agency and Execution	3.5	0.5	—	—	4.0
Hedging and Investment Solutions	—	70.8	—	—	70.8
Corporate Services	0.1	—	17.5	20.0	37.6
Revenue	**213.2**	**180.3**	**25.4**	**36.0**	**454.9**

31 December 2021	Commission $m	Financial trading $m	Interest income $m	Other income $m	Total $m
Market Making	4.8	89.0	—	—	93.8
Clearing	175.6	6.5	3.9	3.7	189.7
Agency and Execution	1.6	0.5	—	—	2.1
Hedging and Investment Solutions	—	82.0	—	—	82.0
Corporate Services	—	1.8	3.6	19.1	24.5
Revenue	**182.0**	**179.8**	**7.5**	**22.8**	**392.1**

5 REVENUE (CONTINUED)

An analysis of the Company's revenue by geographic location is as follows:

31 December 2022	North America $m	Europe $m	Asia $m	Total $m
Market Making	—	103.8	3.7	107.5
Clearing	0.8	203.4	30.8	235.0
Agency and Execution	—	4.0	—	4.0
Hedging and Investment Solutions	—	65.9	4.9	70.8
Corporate Services	—	37.6	—	37.6
Revenue	**0.8**	**414.7**	**39.4**	**454.9**

31 December 2021	North America $m	Europe $m	Asia $m	Total $m
Market Making	—	93.8	—	93.8
Clearing	0.4	169.0	20.3	189.7
Agency and Execution	—	2.1	—	2.1
Hedging and Investment Solutions	—	80.8	1.2	82.0
Corporate Services	—	24.5	—	24.5
Revenue	**0.4**	**370.2**	**21.5**	**392.1**

6 SEGMENTAL ANALYSIS

For management purposes, the Company is organised into separate operating segments, based on the services provided, as follows:

- Market Making provides liquidity to counterparties across the metals, energy and agricultural markets, where the Company acts as a principal, buying and selling commodities on its own account.
- Clearing provides clients with clearing services in metals, agricultural products and financial futures and options.
- Agency and Execution is where the Company acts as an agent to OTC trades, using specialist knowledge and relationships of the brokers to match buyers and sellers in the OTC market, specifically in the Energy business.
- Hedging and Investment Solutions is a client service business providing tailored hedging and investment solutions. The objective of the business is to serve clients' requirements and effectively manage risk via traded markets (internal and external). The performance and risks of the portfolio are managed, evaluated and reported on a fair value basis (IFRS 9).
- Corporate Services relates to the cost plus recharge to other group entities, as a key entity within Europe as part of the Marex Group, the Company incurs costs on behalf of other members of the Group.

Operating segments and reporting segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance, has been identified as the Group's Executive Committee. The CODM regularly reviews the Company's operating results in order to assess performance and to allocate resources. The CODM considers the business from an offering perspective further bifurcated by product. There is a judgement in relation to the methodology by which costs are allocated between the Corporate services segment to the various front office businesses.

Net revenue consists of revenue plus net finance income less cost of trade and bad debt expense. Cost of trade mainly represents clearing fees, commission expenses and purchases of physical metals. For the purposes of management reporting, Net revenue does not contain the implied interest cost relating to the issued debt securities.

Non-operating exclusions represent impairment charges, transaction costs, management fees, adjustments to contingent consideration, one-off significant legal matters and share disposals.

Reconciliation of 2022 Net revenue to Profit before taxation:

	Market Making	Clearing	Agency and Execution	Hedging and Investment Solutions	Corporate Services	Totals
	$m	$m	$m	$m	$m	$m
Net revenue[1]	**94.8**	**82.9**	**3.8**	**100.7**	**45.5**	**327.7**
Other direct costs	(3.1)	(1.7)	(1.7)	(8.1)	(26.0)	(40.6)
Compensation	(29.6)	(23.0)	(4.6)	(34.1)	(69.7)	(161.0)
Allocations	(9.0)	(18.5)	2.3	(18.4)	(12.7)	(56.3)
Operating expenses	**(41.7)**	**(43.2)**	**(4.0)**	**(60.6)**	**(108.4)**	**(257.9)**
Depreciation and amortisation	—	(0.1)	—	—	(1.9)	(2.0)
Adjusted operating PBT[1]	**53.1**	**39.6**	**(0.2)**	**40.1**	**(64.8)**	**67.8**
Gain on bargain purchase						12.1
Acquisition costs						(3.7)
Non-operating items						2.1
Profit before taxation (as reported)						**78.3**

[1]Net revenue and Adjusted operating profit before tax are alternate performance measures used in the Company's KPIs.

6 SEGMENTAL ANALYSIS (continued)

Reconciliation of 2021 net revenue to profit before taxation:

	Market Making	Clearing	Agency and Execution	Hedging and Investment Solutions	Corporate Services	Totals
	$m	$m	$m	$m	$m	$m
Net revenue[1]	**83.3**	**72.1**	**1.8**	**87.9**	**19.9**	**265.0**
Other direct costs	(3.2)	(2.5)	(1.6)	(4.4)	(10.3)	(22.0)
Compensation	(23.5)	(19.6)	(4.2)	(32.6)	(50.4)	(130.3)
Allocations	(8.0)	(15.0)	3.1	(10.5)	(9.6)	(40.0)
Operating expenses	**(34.7)**	**(37.1)**	**(2.7)**	**(47.5)**	**(70.3)**	**(192.3)**
Depreciation and amortisation	—	(0.1)	—	—	(1.3)	(1.4)
Adjusted operating PBT[1]	**48.6**	**34.9**	**(0.9)**	**40.4**	**(51.7)**	**71.3**
Non-operating items						—
Profit before taxation (as reported)						**71.3**

[1]Net revenue and Adjusted operating profit before tax are alternate performance measures used in the Company's KPIs.

A reconciliation to the 2022 Statement of Profit and Loss is given below:

	Revenue	Operating expenses	Finance income	Finance expense	Operating profit	Other income	Other expense	Profit before taxation
	$m	$m	$m	$m	$m	$m	$m	$m
Revenue	**489.8**	—	—	**(0.4)**	**489.4**	—	—	**489.4**
Cost of trade	—	(150.0)	—	—	(150.0)	—	—	(150.0)
Interest (expense)/ income	(34.7)	(4.9)	49.6	(14.6)	(4.6)	—	—	(4.6)
Bad debt	—	(7.1)	—	—	(7.1)	—	—	(7.1)
Net revenue[1]	**455.1**	**(162.0)**	**49.6**	**(15.0)**	**327.7**	—	—	**327.7**
Other direct costs	(0.1)	(96.8)	—	—	(96.9)	—	—	(96.9)
Compensation	—	(161.0)	—	—	(161.0)	—	—	(161.0)
Depreciation and amortisation	—	(2.0)	—	—	(2.0)	—	—	(2.0)
Adjusted operating PBT[1]	**455.0**	**(421.8)**	**49.6**	**(15.0)**	**67.8**	—	—	**67.8**
Non-operating exclusions	(0.1)	(4.2)	—	—	(4.3)	14.8	—	10.5
Profit before tax (as reported)	**454.9**	**(426.0)**	**49.6**	**(15.0)**	**63.5**	**14.8**	—	**78.3**

[1]Net revenue and Adjusted operating profit before tax are alternate performance measures used in the Company's KPIs.

6 SEGMENTAL ANALYSIS (continued)

A reconciliation to the 2021 Statement of Profit and Loss is given below:

	Revenue $m	Operating expenses $m	Finance income $m	Finance expense $m	Operating profit $m	Other income $m	Other expense $m	Profit before taxation $m
Revenue	**400.7**	**—**	**—**	**(2.3)**	**398.4**	**—**	**—**	**398.4**
Cost of trade	—	(121.9)	—	—	(121.9)	—	—	(121.9)
Interest (expense)/ income	(8.6)	(2.6)	2.0	(2.9)	(12.1)	—	—	(12.1)
Bad debt	—	(1.4)	—	—	(1.4)	—	—	(1.4)
Other income	—	0.2	—	—	0.2	1.8	—	2.0
Net revenue[1]	**392.1**	**(125.7)**	**2.0**	**(5.2)**	**263.2**	**1.8**	**—**	**265.0**
Other direct costs	—	(62.0)	—	—	(62.0)	—	—	(62.0)
Compensation	—	(130.3)	—	—	(130.3)	—	—	(130.3)
Depreciation and amortisation	—	(1.4)	—	—	(1.4)	—	—	(1.4)
Adjusted operating PBT[1]	**392.1**	**(319.4)**	**2.0**	**(5.2)**	**69.5**	**1.8**	**—**	**71.3**
Non-operating exclusions	—	(0.1)	—	—	(0.1)	0.1	—	—
Profit before tax (as reported)	**392.1**	**(319.5)**	**2.0**	**(5.2)**	**69.4**	**1.9**	**—**	**71.3**

[1]Net revenue and Adjusted operating profit before tax are alternate performance measures used in the Company's KPIs.

7 OPERATING EXPENSES

Operating expenses include the following charges / (credits):

	Notes	2022 $m	2021 $m
Staff costs	9	161.0	130.6
Costs of trade		153.3	124.5
Depreciation of property, software and equipment	16	1.1	0.9
Amortisation of intangible assets	15	0.9	0.5
Impairment allowance charged on trade and other receivables	20	8.6	1.3
Management recharges - in		60.5	41.0
Management recharges - out		(0.8)	(0.9)
Foreign exchange gains		(0.6)	(0.2)

8 AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration is as follows:

	2022 $m	2021 $m
Fees payable to the Company's auditor for the audit of the Company's annual accounts:		
Audit of the Company's annual accounts	0.8	0.7
Total audit fees	**0.8**	**0.7**

	2022 $m	2021 $m
Fees payable to the Company's auditor for other services comprise:		
Audit-related services	0.1	0.1
Total non-audit fee	**0.1**	**0.1**

9 STAFF COSTS

	2022 Number	2021 Number
Front office	197	168
Control & support	375	315
Average monthly number of staff	**572**	**483**

	2022 $m	2021 $m
Aggregate wages and salaries	129.3	114.3
Share-based compensation expense	12.3	0.9
Employer's national insurance contributions and similar taxes	15.8	12.6
Short-term monetary benefits	0.1	0.4
Defined contribution pension cost	2.2	1.7
Apprenticeship levy	0.4	0.3
Redundancy payments	0.9	0.4
Total staff costs	**161.0**	**130.6**

As at 31 December 2022, there were contributions totalling $518,710 (2021: $nil) payable to the defined contribution pension scheme from the Company.

10 FINANCE INCOME AND EXPENSE

	2022 $m	2021 $m
Finance income		
Bank interest income	27.5	0.2
Interest income on financial instruments	14.9	1.8
Client margin financing interest	7.2	—
	49.6	**2.0**

	2022 $m	2021 $m
Finance expense		
Bank interest expense	(11.4)	(2.2)
Subordinated loan interest	(3.6)	(2.3)
Credit facility interest expense	—	(0.6)
	(15.0)	**(5.2)**

For further details of the subordinated loan refer to note 25.

11 OTHER INCOME AND EXPENSE

	Notes	2022 $m	2021 $m
Other income			
Dividends received		—	0.1
R&D tax expenditure credit		1.2	1.8
Bargain purchase gain	33	12.1	—
Other Income		1.5	—
		14.8	**1.9**

During 2022 Marex undertook a full review of activities undertaken in 2021 that would potentially qualify for HMRC's Research & Development Expenditure Credit. The result of this review is that c. $9.3m of qualifying expenditure was identified. At the applicable rates of 13% for 2021 , this has resulted in a taxable credit to Profit and loss of $1.2m. The net of tax credit is then used to reduce Marex's UK corporation tax liability.

12 TAXATION

(a) Tax charge

	Notes	2022 $m	2021 $m
Current tax			
UK corporation tax on profit for the year		16.7	13.3
Adjustment in respect of prior years		—	0.3
		16.7	**13.5**
Deferred tax			
Origination and reversal of temporary differences		(2.7)	—
Adjustment in respect of prior years – other		0.1	—
	22	**(2.6)**	**—**
Tax charge for the year	12(b)	**14.1**	**13.5**
Tax charge relating to items recognised directly in OCI			
Deferred tax charge on revaluation		**0.7**	**0.2**

12 TAXATION

(b) Reconciliation between tax charge and profit before tax

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). This is driven by the change in the rate at which deferred tax is recognised in the UK due to the enacted increase of UK corporation tax to 25% from 1 April 2023 and a group relief claim being made between UK group companies. Taxation for non-UK jurisdictions is calculated at the prevailing rate. No country has implemented any corporate tax rate increases that have impacted the non-UK tax charge reported in 2022.

Taxation for other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

	Notes	2022 $m	2021 $m
Profit before tax		**78.4**	**71.3**
Expected tax expense based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)		14.9	13.5
Difference explained by:			
Expenses not deductible for tax purposes		0.2	(0.3)
Tax rate change		(0.7)	—
Prior year adjustments		0.1	0.3
Group relief received for no consideration		(0.4)	—
Tax charge for the year	12(a)	**14.1**	**13.5**

13 DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the year ended 31 December 2022 (2021: $25,000,000 paid).

14 GOODWILL

	2022 $m	2021 $m
Cost		
At 1 January and 31 December	**12.9**	**12.9**
Accumulated impairment losses	(9.7)	(9.7)
Net book value		
At 31 December	**3.2**	**3.2**

14 GOODWILL (CONTINUED)

(a) Goodwill impairment testing

For the purpose of impairment testing, goodwill arising on the acquisition of a business has been allocated to one cash generating unit ('CGU'): Marex Clearing Services ('MCS').

The Company performed the annual impairment test as at 30 September 2022 and 31 December 2021. In assessing whether impairment is required, the carrying value of the CGU is compared with the recoverable amount which is determined by calculating both fair value less cost of disposal ('FVLCD') and the value in use ('VIU'). The higher of these two amounts is compared to the carrying value of the CGU. If either the VIU or the FVLCD is higher than the carrying value, no impairment is necessary.

(b) Key assumptions

- The fair value less cost of disposal is determined by applying a price earnings multiple to the post-tax earnings of each CGU arising in the period, after adjusting for exceptional items and for the effect of any organisational changes to the CGU. The price earnings multiples applied are derived from comparable peer companies.
- Comparable peers are those against whom our stakeholders evaluate our performance, whilst the price earnings multiples are obtained from third party market data providers. The provision of data from third party data sources, such as Bloomberg, would suggest that this data and therefore any valuation conducted using this data would contain only observable market data. However, as management applies a level of judgement in the application of this data and in determining the price earnings multiple.
- In assessing the VIU, a discounted cash flow model is used covering a five-year projected period, which drives the valuation of the CGUs. VIU was calculated using post-tax discount rates, using post-tax cash flows and an equivalent pre-tax discount rate was determined. Future projections are based on the most recent financial projections considered by the Board as at the valuation date which are used to project pre-tax cash flows, after this period a steady state cash flow is used to derive a terminal value for the CGU.

The following inputs represent key assumptions for the VIU calculation:

- Net revenue growth was 7.93% based on historic growth or the expectation of growth of the CGU.
- Total direct costs are expected to grow by 3.2% over the five-year projected period for all CGUs; driven by inflation in the near term.
- The stable growth rate is expected to be 2%, has been used to approximate an inflationary increase.
- Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the market assessment of the weighted average cost of capital derived from observable inputs at the valuation date. The post-tax discount rate based on the location of the underlying operations of the CGU was 11.3% and pre-tax discount rate was 14.3%.

Assuming that all other inputs remain constant, for the CGUs' values to equate to their carrying values:

- Post-tax discount rates would have to be increased by 9.7%
- Terminal growth rates factored in the terminal value would have to turn into a contraction rate in excess of 18%.
- Revenue growth over the forecasted period would have to reduce by 4.1%.

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

15 INTANGIBLE ASSETS

	Software $m	Internally generated software $m	Total $m
Cost			
At 1 January 2021	7.1	0.3	7.4
Additions	1.9	—	1.9
At 1 January 2022	**9.0**	**0.3**	**9.3**
Additions	1.8	—	1.8
At 31 December 2022	**10.8**	**0.3**	**11.1**
Impairment provisions and amortisation			
At 1 January 2021	6.2	0.2	6.4
Charge for the year	0.5	—	0.5
At 1 January 2022	**6.7**	**0.2**	**6.9**
Charge for the year	0.8	0.1	0.9
At 31 December 2022	**7.5**	**0.3**	**7.8**
Net book value			
At 31 December 2022	**3.3**	**—**	**3.3**
At 31 December 2021	2.3	0.1	2.4

The classification of software within Intangible assets relates to software which is not critical to the operation of hardware (refer to Accounting Policies notes 3(k) and 3(l)). Software that is critical to the operation of associated hardware is classified within Property, Software and Equipment (‘PSE’).

16 PROPERTY, SOFTWARE AND EQUIPMENT

	Leasehold improvements $m	Computer equipment $m	Furniture, fixtures and fittings $m	Software $m	Total $m
Cost					
At 1 January 2021	3.7	12.8	3.2	3.2	22.9
Additions	—	—	—	0.9	0.9
At 1 January 2022	**3.7**	**12.8**	**3.2**	**4.1**	**23.8**
On acquisitions	—	0.3	—	—	0.3
Additions	—	0.2	—	0.3	0.5
At 31 December 2022	**3.7**	**13.3**	**3.2**	**4.4**	**24.6**
Depreciation					
At 1 January 2021	3.7	12.7	3.1	0.7	20.2
Charge for the year	—	—	—	0.9	0.9
At 1 January 2022	**3.7**	**12.7**	**3.1**	**1.6**	**21.1**
Charge for the year	—	0.1	—	1.0	1.1
At 31 December 2022	**3.7**	**12.8**	**3.1**	**2.6**	**22.2**
Net book value					
At 31 December 2022	**—**	**0.5**	**0.1**	**1.8**	**2.4**
At 31 December 2021	—	0.1	0.1	2.5	2.7

The classification of software within Intangible assets relates to software which is not critical to the operation of hardware (refer to Accounting Policies notes 3(k) and 3(l)). Software that is critical to the operation of associated hardware is classified within Property, Software and Equipment ('PSE').

17 INVESTMENTS

(a) Investments

	2022 $m	2021 $m
Cost		
At 1 January	4.8	4.9
Revaluation	(0.5)	(0.1)
At 31 December	**4.3**	**4.8**
Listed investments	1.5	1.6
Unlisted investments	2.8	3.2
	4.3	**4.8**

Investments comprise shares and seats held in clearing houses which are deemed relevant to the Company's trading activities and are classified as FVTOCI financial assets and recorded at fair value with changes in fair value reported in equity. The fair value for these investments is determined based on the latest available traded price.

(b) Investment in subsidiaries

	2022 $m	2021 $m
Cost		
At 1 January and 31 December	**7.3**	**7.3**

The investment in subsidiaries of $7.3m (2021: $7.3m) relates to the investments in Carlton Commodities 2004 LLP. At the end of each reporting period an impairment review is undertaken in respect of investment in subsidiaries. Impairment is required where the investment exceeds the recoverable amount. Refer to note 3 and note 14 for the methodology of the impairment test.

<u>Subsidiaries held directly</u>

Name / Registered office	Country of incorporation / Principal place of business	Class	Proportion of ownership interest	Nature of business
Carlton Commodities 2004 LLP 155 Bishopsgate, London, EC2M 3TQ	England and Wales	Partnership interest	100%	Commodity and option trading

Carlton Commodities 2004 LLP has a year end of 31 March.

17 INVESTMENTS (CONTINUED)

(c) Investments in associates

	2022 $m	2021 $m
Cost		
At 1 January	5.9	5.6
Revaluation	(0.3)	0.3
At 31 December	**5.6**	**5.9**

	Share of net assets $m	Share of net assets $m
Current assets	10.4	10.1
Current liabilities	(0.3)	(0.1)
Equity	**10.1**	**10.0**
Share in equity	56%	59%
Carrying amount of the investment	**5.6**	**5.9**

The investment in an associate relates to the investment in Cambridge Machines Gemini Fund Limited. During the period. The revaluation of the investment relates to the increase in the Net Asset Value (NAV) of the fund during the period.

18 FINANCIAL INSTRUMENTS - PLEDGED AND UNPLEDGED

(a) Unpledged

Unpledged financial instruments comprise of $nil (2021: $94,870,000) US Treasuries.

	2022 $m	2021 $m
Treasury instruments (non-current)	—	69.0
Treasury instruments (current)	—	25.9
	—	**94.9**

(b) Pledged as collateral

Financial instruments pledged as collateral are comprised of US Treasuries which will fully mature by 31 July 2025.

During the year, the Company has pledged $269,589,047 (2021: $90,768,787) US Treasuries to counterparties as collateral for financing transactions. Financial instruments which have been pledged in this way are held under certain terms and conditions set out in specific agreements with each counterparty. In these agreements it is generally stated that whilst the US Treasury is pledged at the counterparty the Company cannot:

- sell or transfer the financial instrument;
- dispose of the financial instrument; or
- have any third-party rights associated with the financial instrument whereby it can be used as security towards any further financing activities.

	2022 $m	2021 $m
Treasury instruments (non-current)	65.3	61.7
Treasury instruments (current)	204.3	29.1
	269.6	**90.8**

19 INVENTORY

	2022	2021
	$m	$m
Cryptocurrencies - trading	1.5	45.3
Carbon emissions certificates - trading	26.0	13.6
Total inventories at fair value less cost to sell	**27.5**	**58.9**

All inventories are held at fair value less cost to sell. The fair value movements charged to profit and loss are as follows:

Cryptocurrency and carbon emission certificates	Cost 2022 $m	Fair value movement $m	Inventory 2022 $m
Ethereum, USD Coin and other cryptocurrencies	5.8	(4.3)	1.5
EUA emission	24.6	1.4	26.0
	30.4	**(2.9)**	**27.5**

Cryptocurrency and carbon emission certificates	Cost 2021 $m	Fair value movement $m	Inventory 2021 $m
Bitcoin	34.0	(11.8)	22.2
Ethereum	28.1	(5.0)	23.1
	62.1	(16.8)	45.3
EUA emission	10.0	3.6	13.6
	72.1	**(13.2)**	**58.9**

20 TRADE AND OTHER RECEIVABLES

	2022 $m	2021 $m
Amounts due from exchanges, clearing houses and other counterparties (restated)	1,197.6	728.0
Trade debtors	4.6	3.0
Amounts due from group undertakings	590.7	388.9
Default funds and deposits	159.4	87.9
Loans receivable	0.3	0.5
Social security and other taxation	1.7	2.3
Other debtors	39.2	4.2
Prepayments	1.6	1.9
	1,995.1	**1,216.7**

Trade and other receivables are assessed on an individual basis for impairment, with a provision of $12,631,871 (2021: $5,089,000) recognised for the Company's entire exposure to impaired debtors. The provision is inclusive of specific provisions and amounts recognised under expected credit losses. The directors consider that the carrying amount of trade and other receivables is not materially different to their fair value.

Included in other debtors is $1,883,503 (2021: $748,286) which is due in more than one year, relating to sign-on bonuses which are awarded to employees and amortised over the term of the contract.

Restatement

2021 comparative balances have been restated as indicated in the above table. Segregated client funds at exchanges, clearing houses and brokers governed by the UK FCA's Client Assets Sourcebook ('CASS') rules have been excluded from the Company's Statement of Financial Position.

Additional comparative information detailing the quantitative impacts and impact on prior year comparatives is set out in note 34.

(b) Ageing of past due, but not impaired, trade debtors

	2022 $m	2021 $m
Less than 30 days	0.4	0.4
31 to 60 days	0.4	0.4
61 to 90 days	0.2	0.3
91 to 120 days	0.1	0.1
More than 120 days	1.4	1.0
	2.5	**2.2**

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Reconciliation of the movement in impairment allowance

	2022			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
At 1 January	—	—	5.1	5.1
Bad debts written off	—	—	(1.1)	(1.1)
Charged to the Statement of Profit and Loss	0.6	—	8.0	8.6
At 31 December	0.6	—	12.0	**12.6**

	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
At 1 January	—	—	4.3	4.3
Bad debts written off	—	—	(0.5)	(0.5)
Charged to the Statement of Profit and Loss	—	—	1.3	1.3
At 31 December	**—**	**—**	**5.1**	**5.1**

21 DERIVATIVE INSTRUMENTS

Derivative assets and derivative liabilities comprise of exchange traded and over-the-counter foreign exchange, precious metal, agriculture and energy contracts.

	2022	2021
	$m	$m
Financial assets		**Restated**
Held for trading derivatives carried at fair value through profit and loss ('FVTPL') that are not designated in hedge accounting relationships:		
Prime broker balance (restated)	125.3	249.8
Agriculture forward contracts	142.8	141.5
Agriculture option contracts	30.7	33.0
Energy forward contracts	35.9	9.0
Energy options contracts	1.1	0.8
Foreign currency forward contracts (restated)	65.6	16.4
Foreign currency option contracts	3.8	2.5
Metal forward contracts	10.3	8.9
Metal option contracts	—	0.1
Credit default swaps	1.2	2.0
Interest rate forwards	5.1	0.2
Equity forwards (restated)	0.2	1.2
Equity options (restated)	57.3	29.4
Precious metal forwards	0.8	—
Precious metal options	0.1	—
Held for trading derivatives that are designated in hedge accounting relationships:		
Foreign currency forward contracts	3.5	—
	483.7	**494.8**

21 DERIVATIVE INSTRUMENTS (CONTINUED)

Financial liabilities	2022 $m	2021 $m Restated
Held for trading derivatives carried at fair value through profit and loss ('FVTPL') that are not designated in hedge accounting relationships:		
Agriculture forward contracts	113.4	107.9
Agriculture option contracts	16.6	15.4
Energy forward contracts	18.8	5.6
Energy options contracts	0.2	0.6
Foreign currency forward contracts	52.0	20.0
Foreign currency option contracts	3.2	0.9
Metals forward contracts	5.4	—
Precious metal forward contracts	29.8	16.4
Precious metal option contracts	0.1	0.1
Credit default swaps	4.0	0.6
Interest rate forward contracts (restated)	9.1	2.2
Equity forward contracts (restated)	11.5	9.8
Equity option contracts (restated)	27.9	17.4
Crypto forwards	0.9	1.0
Held for trading derivatives that are designated in hedge accounting relationships:		
Foreign currency forward contracts	1.6	0.6
	294.5	**198.5**

Refer to note 34 for the 2021 Company balances that have been restated.

22 DEFERRED TAX

	2022 $m	2021 $m
Revaluation of investments	(0.2)	(0.8)
Depreciation in excess of capital allowances	(0.7)	0.5
Share based payments	3.7	—
Other	0.1	(0.1)
31 December	**2.9**	**(0.4)**

	2022 $m	2021 $m
At 1 January	(0.4)	(0.2)
Credited to the Statement of Profit and Loss (note 12(a))	2.6	—
Credited/(charged) to other comprehensive income	0.7	(0.2)
31 December	**2.9**	**(0.4)**

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

The Finance Act 2021 enacted on 10 June 2021 increases the headline rate of UK corporation tax from 19% to 25% from 1 April 2023. UK deferred tax assets and liabilities have been recognised at 25% where they are expected to unwind after 1 April 2023.

Unrecognised deferred tax assets

The Company has unrecognised deferred tax assets in respect of employee compensation deductions of $4,948,350 (2021: $4,948,350). The potential deferred tax asset at 25% (2021: 19%) is $1,237,088 (2021: $940,187 at 19%). These assets have not been recognised as it is not foreseeable when a tax deduction will arise.

23 TRADE AND OTHER PAYABLES

	2022 $m	2021 $m
Amounts due to exchanges, clearing houses and other counterparties	421.8	144.2
Trade payables (restated)	1,063.7	612.0
Amounts due to group undertakings	4.4	17.0
Other tax and social security taxes	4.2	2.3
Other creditors	0.3	0.1
Accruals	81.9	69.9
Deferred income	—	0.1
	1,576.3	**845.6**

The Directors consider that the carrying amount of trade and other payables is not materially different to its fair value.

Restatement

2021 comparative balances have been restated as indicated in the above table. Segregated client funds at exchanges, clearing houses and brokers governed by the UK FCA's Client Assets Sourcebook ('CASS') rules have been excluded from the Company's Statement of Financial Position.

Additional comparative information detailing the quantitative impacts and impact on prior year comparatives is set out in note 34.

24 PROVISIONS

	Onerous Contracts 2022 $m	Leasehold dilapidations 2022 $m	Total 2022 $m
At 1 January	—	0.8	0.8
Movement in the year:			
Provision on acquisition	3.8	—	3.8
Utilised during the period	(2.0)	(0.7)	(2.7)
At 31 December	**1.8**	**0.1**	**1.9**

24 PROVISIONS (CONTINUED)

	Leasehold dilapidations 2021 $m
Leasehold dilapidations	
At 1 January	0.3
Movement in the year:	
Provided for in the year	0.5
At 31 December	**0.8**

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The lease associated lease has been terminated and dilapidation costs remain payable.

25 SUBORDINATED LOANS DUE FROM GROUP UNDERTAKINGS

In 2021, the Company was extended a subordinated loan of $49,625,000 by its parent, Marex Group plc. The facility has a maturity date of 1 June 2031 and an optional call date of 1 June 2026. The total credit line is $49,625,000. The subordinated borrowings of $49,625,000 are unsecured and carry interest at a fixed rate of 8%.

The subordinated borrowings qualify as Tier 2 equity capital under prudential regulations (Financial Conduct Authority or FCA).

26 CONTINGENT LIABILITIES

From time to time the Company is engaged in litigation in relation to a variety of matters, and it is required to provide information to regulators and other government agencies as part of informal and formal enquiries or market reviews.

The Company's reputation may also be damaged by any involvement, or that 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.

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, there are no individual matters which are considered to pose a significant risk of material adverse financial impact on the Company's results or net assets.

27 SHARE CAPITAL

	Issued and fully paid		Issued and fully paid	
	2022 Number	2022 $m	2021 Number	2021 $m
Ordinary shares of $1.65 each	97,000,001	160.1	97,000,001	160.1
	97,000,001	**160.1**	**97,000,001**	**160.1**

The rights of the shares are as follows:

Class of share	Rights
Ordinary shares	Full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

28 RESERVES

The following describes the nature and purpose of each reserve within total equity:

Reserves	Description
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount of consideration received over and above the par value of shares.
Capital contribution	Additional capital contributed.
Retained earnings	Cumulative net gains and losses recognised in the Statement of Profit and Loss or Statement of Other Comprehensive Income.
Revaluation reserve	Cumulative unrealised gains on investments in exchanges that are held as FVTOCI and recognised in equity, as well as changes in own credit risk.
Cash flow hedge reserve	Cumulative unrealised gains and losses on hedging instruments deemed effective cash flow hedges.

29 CASH FLOW HEDGE RESERVE

	2022 $m	2021 $m
At 1 January	(0.6)	1.8
Gain / (loss) on revaluation	2.2	(2.4)
At 31 December	**1.6**	**(0.6)**

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit and loss only when the hedged transaction impacts the profit and loss or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

30 LEASES

(d) Lease liabilities and right-of-use assets

Lease liabilities:	**Lease liability 2022 $m**	**Lease liability 2021 $m**
As at 1 January:	0.4	2.1
Payment of lease liabilities	(0.4)	(1.7)
At 31 December:	**—**	**0.4**

All leasing contracts and associated assets and liabilities relate to office space.

Other Operating lease expenses including service charges, utilities, property insurance and maintenance amounted to $175,053 during 2022 (2021: $552,687).

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.23%.

31 FINANCIAL INSTRUMENTS

Capital risk management

For the purpose of the Company's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Company as disclosed in notes 27 and 28. The primary objective of the Company's capital management is to maximise shareholder value.

As at 31 December 2022 and 31 December 2021 the Company had capital resources in excess of the external requisite minimum requirements. These requirements are driven by European legislation (Capital Requirements Regulation 'CRR') to ensure the Company has an adequate capital base to support the nature and scale of its operations. Management of regulatory capital forms an important part of the Company's risk governance structure. A robust programme of regular monitoring and review takes place to ensure the Company is in adherence with local rules and has capital in excess of external and internal limits. Regular submissions are made and constantly maintained with internal limits assessed against the Company's risk appetite, as determined by the Board.

Debt securities

Debt securities are structured notes issued by the Company that offer investors returns that are linked to the performance of a variety of asset classes. The market risk associated with these instruments is economically hedged through futures, options, cryptocurrencies and equity instruments in the underlying products. The costs and revenues resulting from the implicit interest costs and the derivative elements within this portfolio are all recognised in Revenue.

Equity instruments

Equity instruments relate to equities purchased to offset the economic exposure arising from the non-host derivative component of the Company's issued debt securities.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments

Set out below is an analysis of the Company categories of financial assets as at 31 December.

	FVTPL $m	FVTOCI $m	Amortised cost $m	Total $m
Financial assets:				
Cash and cash equivalents	—	—	552.0	552.0
Equity instruments	5.2	—	—	5.2
Treasury instruments	—	—	269.6	269.6
Amounts due from exchanges, clearing houses and other counterparties	—	—	1,197.6	1,197.6
Trade debtors	—	—	4.6	4.6
Amounts due from group undertakings	—	—	590.7	590.7
Default funds and deposits	—	—	159.4	159.4
Loans receivable	—	—	0.3	0.3
Other debtors	—	—	39.2	39.2
Investments	—	4.3	—	4.3
Derivative instruments	480.2	3.5	—	483.7
Inventory	27.5	—	—	27.5
31 December 2022	**512.9**	**7.8**	**2,813.4**	**3,334.1**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	FVTPL $m	FVTOCI $m	Amortised cost $m	Total $m
Financial assets:				
Cash and cash equivalents	—	—	453.9	453.9
Equity instruments (restated)	8.0	—	—	8.0
Treasury instruments	—	—	185.7	185.7
Financial institution notes	1.0	—	—	1.0
Amounts due from exchanges, clearing houses and other counterparties (restated)	—	—	728.0	728.0
Trade debtors	—	—	3.0	3.0
Amounts due from group undertakings	—	—	388.9	388.9
Default funds and deposits	—	—	87.9	87.9
Loans receivable	—	—	0.5	0.5
Other debtors	—	—	4.2	4.2
Investments	—	4.8	—	4.8
Derivative instruments (restated)	494.8	—	—	494.8
Inventory	58.9	—	—	58.9
31 December 2021	**562.7**	**4.8**	**1,852.1**	**2,419.6**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

Set out below is an analysis of the Company's categories of financial liabilities as at 31 December.

	FVTPL $m	FVTOCI $m	Amortised cost $m	Total $m
Financial liabilities:				
Trade payables	—	—	1,063.7	1,063.7
Amounts due to exchanges, clearing houses and other counterparties	—	—	421.8	421.8
Amounts due to group undertakings	—	—	4.4	4.4
Subordinated loan payable	—	—	49.6	49.6
Derivative instruments	292.9	1.6	—	294.5
Other creditors	—	—	0.3	0.3
Issued debt securities	1,100.6	—	—	1,100.6
31 December 2022	**1,393.5**	**1.6**	**1,539.8**	**2,934.9**

	FVTPL $m	FVTOCI $m	Amortised cost $m	Total $m
Financial liabilities:				
Trade Payables (restated)	—	—	612.0	612.0
Amounts due to exchanges, clearing houses and other counterparties	—	—	144.2	144.2
Amounts due to group undertakings	—	—	17.0	17.0
Subordinated loan payable	—	—	49.6	49.6
Derivative instruments (restated)	197.9	0.6	—	198.5
Other creditors	—	—	0.1	0.1
Deferred income	—	—	0.1	0.1
Lease liability	—	—	0.4	0.4
Issued debt securities (restated)	1,076.6	—	—	1,076.6
31 December 2021	**1,274.5**	**0.6**	**823.4**	**2,098.5**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

As a member of the LME, the Company is subject to the settlement and margining rules of LME Clear. The majority of products transacted by the Company are LME forward contracts. LME forwards that are in-the-money do not settle in cash until maturity ('prompt') date, while the Firm is required to post margin to cover loss-making contracts daily. In accordance with the LME Clear rules, the Company is able to utilise forward profits to satisfy daily margin requirements and are set-off against loss-making contracts. Consequently, amounts due from exchanges, clearing houses and other counterparties are presented on a net basis in the balance sheet.

The effect of offsetting is disclosed, below:

31 December 2022	**Gross amount $m**	**Amounts set-off $m**	**Net amount presented $m**	**Non-cash collateral rec'd / (pledged) $m**	**Cash collateral rec'd / (pledged) $m**	**Net amount $m**
Financial assets						
Amounts due from exchanges, clearing houses and other counterparties	1,984.0	(786.4)	1,197.6	—	—	1,197.6
Financial liabilities						
Trade payables	1,850.1	(786.4)	1,063.7		—	1,063.7

31 December 2021	**Gross amount $m**	**Amounts set-off $m**	**Net amount presented $m**	**Non-cash collateral rec'd / (pledged) $m**	**Cash collateral rec'd / (pledged) $m**	**Net amount $m**
Financial assets						
Amounts due from exchanges, clearing houses and other counterparties (restated)	1,298.5	(570.5)	728.0	—	—	728.0
Financial liabilities						
Trade payables (restated)	1,182.5	(570.5)	612.0	(90.8)	—	521.2

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives

The Company's activities expose it to a number of financial risks including market risk, operational risk, credit risk and liquidity risk as discussed in the Strategic Report.

The Company manages these risks through various control mechanisms and its approach to risk management is both prudent and evolving.

Overall responsibility for risk management rests with the Board. Dedicated resources within the Risk Department control and manage the exposures of the Company's own positions, the positions of its clients and its exposures to its counterparties as well as operational exposures, within the risk appetite set by the Board.

Credit risk

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. Credit risk in the Company principally arises from cash and cash equivalents deposited with third party institutions, exposures from transactions and balances with exchanges and clearing houses, and exposures resulting from transactions and balances relating to customers and counterparties, some of which have been granted credit lines.

The Company only makes treasury deposits with banks and financial institutions that have received approval from the Group's Executive Credit and Risk Committee. These deposits are also subject to counterparty limits with respect to concentration and maturity.

The Company's exposure to customer and counterparty transactions and balances is managed through the Company's credit policies and, where appropriate, the use of initial and variation margin credit limits in conjunction with overall position limits for all customers and counterparties. These exposures are monitored both intraday and overnight. The limits are set by the Group's Executive Credit and Risk Committee through a formalised process.

Credit quality

The table below does not take into account collateral held. All collateral held is in the form of cash received from clients.

	2022 $m	2021 $m
AA and above	1,967.7	1,137.1
AA-	210.4	6.9
A+	39.2	18.4
A	—	273.1
A-	354.2	228.2
BBB+	6.2	6.6
Lower and unrated	756.4	749.2
	3,334.1	**2,419.6**

The Company has received collateral in respect of its derivative assets during the year ended 31 December 2022 amounting to $218,719,772 (2021: $126,025,641). Collateral was recognised in amounts due to exchanges, clearing houses and other counterparties as at 31 December 2022. All collateral received from clients is in the form of cash.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Market risk

The Company's activities expose it to financial risks primarily generated through foreign exchange, interest rate and commodity market price exposures which are outlined in the Strategic Report.

Market risk sensitivity

As principally an intermediary (excluding the Solutions business unit), the Company's market risk exposure is modest. It manages this market risk exposure using appropriate risk management techniques within pre-defined and independently monitored parameters and limits.

The Company uses a range of tools to monitor and limit market risk exposures. These include Value-at-Risk ('VaR'), sensitivity analysis and stress testing.

Value at risk ('VaR')

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence.

The VaR model used by the Company is based upon the Monte Carlo simulation technique. This model derives plausible future scenarios from past series of recorded market rates and prices, taking account of inter-relationships between different markets and rates, including interest rates and foreign exchange rates. The model also incorporates the effect of option features on the underlying exposures.

The Monte Carlo simulation model used by the Company incorporates the following features:

- 5,000 simulations using a variance covariance matrix;
- simulations generated using geometric Brownian motion;
- an exceptional decay factor is applied across an estimation period of 250 days; and
- VaR is calculated to a 1-day, 99.75% one tail confidence level.

The Company validates VaR by comparing to alternative risk measures, for example, scenario analysis and exchange initial margins as well as the back testing of calculated results against actual profit and loss.

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations, for example:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- the use of a one-day holding period assumes that all positions can be liquidated or hedged in one-day. This may not fully reflect the market risk arising at times of severe liquidity stress, when a one-day holding period may be insufficient to liquidate or hedge all positions fully;
- the use of a 99.75% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence;
- the VaR, disclosed below, is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intra-day exposure;
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market moves; and
- The Company recognises these limitations by augmenting its VaR limits with other position and sensitivity limit structures. The Company also applies a wide range of stress testing, both on individual portfolios and on the Company's consolidated positions. The VaR as at 31 December 2022 was $1,478,393 (2021: $1,579,167) and the average monthly VaR for the year ended 31 December 2022 was $1,970,504 (2021: $1,532,974).

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Value at risk ('VaR') (continued)

The VaR calculation encompasses the activities of the Market Making desks of Metals, Ags, CSC Commodities and Equities. Marex Solutions (see below) and the remaining Market Making desks are not yet governed within the VaR methodology. This is mainly due to the complexity of the products within them that the Company finds cannot be captured within VaR, or as newer desks, they have not been integrated yet into the existing VaR infrastructure. Separate stress-based frameworks, and suites of risk sensitivity limits, have been designed and implemented to control these businesses within the Risk Appetite of the Board.

The Company is not yet required to calculate an Economic VaR for capital purposes however we endeavour to bring all desks within a VaR framework for consistency of risk management.

Marex Solutions' market risk profile is managed via risk sensitivities according to the prevailing risk factors of the business. This is monitored and controlled daily on a net risk profile for the desk, but additional concentration and scenario-based analyses are carried out.

Traded market risks are monitored by the dedicated risk team for Marex Solutions, and are monitored per asset class and determined by their respective price movements:

- Commodity risk
- Equity risk
- Foreign exchange risk
- Interest rate risk
- Credit spread risk
- Crypto currency market risk

Risk sensitivity calculations are made using a dedicated Risk Engine, whose models have been independently validated by a third-party. They are calculated by altering a risk factor and repricing all products to observe the profit and loss impact of the change - as defined below:

- Delta risk measures the impact of +1% relative change in price of the reference asset.
- Vega risk measures the impact of +1% absolute change in implied volatility of the reference asset, applied in parallel across the entire surface.
- Correlation risk measures the impact of a +1% change to implied correlations between reference assets.
- Dividend risk measures the impact of a +1% change to the expected dividend of equity reference assets.
- Foreign exchange risk measures the impact of a +1% relative change in price of the reference currency asset against the US Dollar.
- Interest Rate delta risk measures the impact of a +1 basis point change to the yield curve of the reference asset, applied in parallel across the entire curve.
- Credit Spread delta risk measures the impact of a +1% relative change in price of the reference credit spread.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Value at risk ('VaR') (continued)

Please see below for risk sensitivity exposures for the Solutions business as of 31 December:

	2022 $'000	2021 $'000
Commodity		
Delta- agriculture	0.8	0.8
Delta- energy	5.4	4.0
Delta- metals	1.6	3.8
Vega- agriculture	3.7	9.7
Vega- energy	6.4	(6.0)
Vega- metals	—	(0.9)
Equity		
Delta	22.1	(15.8)
Vega	397.0	498.6
Correlation	(583.0)	(667.9)
Dividend	28.4	28.3
Foreign exchange		
FX G10 delta	51.0	9.7
FX EM Delta	39.0	2.1
Rates		
Interest Rates delta	13.5	(3.6)
Credit spread delta	6.3	2.0
Cryptocurrency		
Delta	(1.2)	2.4
Vega	25.0	45.3

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Foreign currency risk

The Company's policy is to minimise volatility as a result of the translation of foreign currency exposure. As such management monitors currency exposure on a daily basis and buys or sells currency to minimise the exposure, in addition to the hedging of material future dated GBP commitments through the use of derivative instruments. It is the policy of the Company to enter into foreign exchange forward contracts to cover these specific future dated GBP commitments.

The associated gains and losses on derivatives hedging GBP commitments are recognised in other comprehensive income and will be removed when the anticipated commitments take place and included in the initial cost of the hedged commitments. In the current year, the Company has designated certain foreign exchange forward contracts as hedging instruments.

'The following table details the foreign currency forward contracts, held within derivatives on the statement of financial position, that are designated in hedging relationships as at 31 December.

	2022			
Outstanding contracts	**Average forward rates ($/£)**	**Foreign currency $m**	**Notional value $m**	**Fair value assets $m**
Derivative designated as Cash flow hedges				
Less than 3 months	1.1357	19.5	17.2	1.3
3 to 6 months	1.1357	19.5	17.2	1.3
6 to 12 months	1.1513	16.5	14.3	0.9
		55.5	**48.7**	**3.5**

	2022			
Outstanding contracts	**Average forward rates ($/£)**	**Foreign currency $m**	**Notional value $m**	**Fair value liabilities $m**
Derivative designated as Cash flow hedges				
Less than 3 months	1.3407	16.1	12.0	(1.6)
		16.1	**12.0**	**(1.6)**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Foreign currency risk (continued)

	2021			
Outstanding contracts	**Average forward rates ($/£)**	**Foreign currency $m**	**Notional value $m**	**Fair value Assets $m**
Derivative designated as Cash flow hedges				
Less than 3 months	1.3422	2.5	3.2	—
		2.5	**3.2**	**—**

	2021			
Outstanding contracts	**Average forward rates ($/£)**	**Foreign currency $m**	**Notional value $m**	**Fair value liabilities $m**
Derivative designated as Cash flow hedges				
Less than 3 months	1.3641	13.4	9.4	(0.2)
3 to 6 months	1.3657	14.3	10.5	(0.1)
6 to 12 months	1.3644	28.7	21.0	(0.3)
		56.4	**40.9**	**(0.6)**

The Company has future foreign currency exposure related to material future dated GBP commitments. The Company has entered into foreign exchange forward contracts (for terms not exceeding 12 months) to hedge the exchange rate risk arising from these anticipated future commitments, which are designated as cash flow hedges.

As at 31 December 2022, the aggregate amount of losses under foreign exchange forward contracts deferred in the cash flow hedge reserve relating to the exposure on these anticipated future commitments is a gain of $2,069,152 (2021: $594,967). It is anticipated that these commitments will come due monthly over the course of the next 12 months, at which time the amount deferred in equity will be reclassified to profit or loss.

As at 31 December 2022, no ineffectiveness (2021: $nil) has been recognised in profit and loss arising from the hedging of these future dated GBP commitments.

Foreign exchange sensitivity

The majority of the Company's net assets are in US Dollars which minimises the effect exchange rate fluctuations will have on overall net assets.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Interest rate risk

The Company is exposed to interest rate risk on cash, investments, derivatives, client balances and bank borrowings.

The main interest rate risk is derived from interest-bearing deposits in which the Company invests surplus funds and bank borrowings.

The Company's exposure to interest rate fluctuations is limited through the offset that exists between the bulk of its interest bearing assets and interest bearing liabilities. Since the return paid on client liabilities is generally reset to prevailing market interest rates on an overnight basis, the Company is only exposed for the time it takes to reset its investments which are held at rates fixed for a maturity which does not exceed three months, with the exception of US Treasuries which have a maturity of up to two years.

During 2020 and 2021 the Company reviewed all key contracts with respect to the transition away from IBORs to alternate reference rates. Material risk areas of focus for the Company's IBOR transition activities included:

- client agreements, including OTC ISDA agreements;
- external and internal funding agreements;
- pricing activities; and
- operations and systems changes to cater for a transition to risk free rates (see Operational risk below)

A working group headed up by the Legal department reviewed each of these areas and changes have been made to contracts that referenced IBORs as required. Client agreements now reference alternate risk free rates as appropriate and for ISDA agreements the new ISDA Protocol has been implemented. In some cases where IBOR rates will continue to be readily available for some time no changes were required by year end. All significant issues were satisfactorily dealt with ahead of the 31 December 2021 transition deadline.

Operational risk

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events. It is inherent in every business organisation and covers a wide spectrum of issues. Operational risk is managed through systems and procedures in which processes are documented, authorisation is independent, and transactions are monitored and reconciled. Treasury systems and other systems were updated during 2021 to fully manage the transition to alternative benchmark rates though there is a risk that not all systems were identified and updated. To mitigate this the Company has plans in place for alternate manual procedures with relevant controls to address any issues that arise.

The Company maintains disaster recovery or contingency facilities to support operations and ensure business continuity. The invocation of these facilities is regularly tested.

Compliance or Regulatory risk arises from a failure or inability to comply with the laws, regulations or codes applicable specifically to the Company. Non-compliance can lead to fines, public reprimands, enforced suspensions of services, or in extreme cases, withdrawal of authorisation to operate.

The Company is subject to authorisation by the LME, DGCX, London Stock Exchange, SGX, Euronext, ICE Futures and Eurex. The Company is regulated in the UK by the FCA (which regulates our Group).

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Concentration risk

To mitigate the concentration of credit risk exposure to a particular single customer, counterparty or group of affiliated customers or counterparties, the Company monitors these exposures carefully and ensures that these remain within pre-defined limits. Large exposure limits are determined in accordance with appropriate regulatory rules.

Further concentration risk controls are in place to limit exposure to clients or counterparties within single countries of origin and operation through specific country credit risk limits as set by the Board Risk Committee.

The largest concentration of cash balances as at 31 December 2022 was 82% (2021: 38%) to a UK-based, A-rated global banking group (2021: UK-based, A+ rated global banking group).

The largest concentration of exposures to exchanges, clearing houses and other counterparties as at 31 December 2022 was 44% (2021: 36%) to the InterContinental Exchange (‘ICE’) (2021: ICE).

Liquidity risk

The Company defines liquidity risk as the failure to meet its day-to-day capital and cash flow requirements. Liquidity risk is assessed and managed under the Individual Capital and Risk Assessment (ICARA) and Liquidity Risk Framework. To mitigate liquidity risk, the Company has implemented robust cash management policies and procedures that monitor liquidity daily to ensure that the Company has sufficient resources to meet its margin requirement at clearing houses and third party brokers. In the event of a liquidity issue arising, the Company has recourse to existing global cash resources after which, support can be provided by the Group, which has access a $429 million (2021: $120m) committed revolving credit facility held by the Group as an additional contingency funding.

There are strict guidelines followed in relation to products and duration into which excess liquidity can be invested. Excess liquidity is invested in highly liquid instruments, such as cash deposits with financial institutions for a period of less than three months and US Treasuries with a maturity of up to two years.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Liquidity risk (continued)

Liquidity risk exposures

The following table details the Company's expected undiscounted contractual maturity for non-derivative financial liabilities. Debt securities are presented discounted based on earliest expected call dates. Lease liabilities are undiscounted and contractual.

	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Greater than 5 years $m	Total $m
Trade payables	1,063.7	—	—	—	—	1,063.7
Amounts due to exchanges, clearing houses and other counterparties	421.8		—	—	—	421.8
Amounts due to group undertakings	4.4	—	—	—	—	4.4
Subordinated loan payable	—	—	—	49.6	—	49.6
Other creditors	—	0.3	—	—	—	0.3
Issued debt securities	—	62.2	284.0	696.2	58.2	1,100.6
31 December 2022	**1,489.9**	**62.5**	**284.0**	**745.8**	**58.2**	**2,640.4**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Liquidity risk (continued)

Liquidity risk exposures

The following table details the Company's expected undiscounted contractual maturity for non-derivative financial liabilities. Debt securities are presented discounted based on earliest expected call dates. Lease liabilities are undiscounted and contractual.

	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Greater than 5 years $m	Total $m
Trade payables (restated)	612.0	—	—	—	—	612.0
Amounts due to exchanges, clearing houses and other counterparties	144.1	0.1	—	—	—	144.2
Amounts due to group undertakings	17.0	—	—	—	—	17.0
Subordinated loan payable	—	—	—	49.6	—	49.6
Other creditors	—	0.1	—	—	—	0.1
Deferred income	—	0.1	—	—	—	0.1
Lease liability	—	0.4	—	—	—	0.4
Issued debt securities (restated)	—	103.1	360.4	612.4	0.7	1,076.6
31 December 2021	**773.1**	**103.8**	**360.4**	**662.0**	**0.7**	**1,900.0**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Liquidity risk (continued)

Shown below is the Company's expected undiscounted contractual maturity for non-derivative financial assets:

	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Total $m
Cash and cash equivalents	552.0	—	—	—	552.0
Equity instruments	5.2	—	—	—	5.2
Treasury instruments	96.4	77.4	48.1	47.7	269.6
Amounts due from exchanges, clearing houses and other counterparties	1,197.6	—	—	—	1,197.6
Trade debtors	—	4.6	—	—	4.6
Amounts due from group undertaking	590.7	—	—	—	590.7
Default funds and deposits	—	159.4	—	—	159.4
Loans receivable	—	—	0.3	—	0.3
Other debtors	—	39.2	—	—	39.2
Inventory	27.5	—	—	—	27.5
31 December 2022	**2,469.4**	**280.6**	**48.4**	**47.7**	**2,846.1**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Liquidity risk (continued)

	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Total $m
Cash and cash equivalents	453.9	—	—	—	453.9
Equity instruments (restated)	8.0	—	—	—	8.0
Treasury instruments	90.7	1.0	25.2	68.8	185.7
Financial institution notes	—	—	—	1.0	1.0
Amounts due from exchanges, clearing houses and other counterparties (restated)	728.0	—	—	—	728.0
Trade debtors	—	3.0	—	—	3.0
Amounts due from group undertaking	388.9	—	—	—	388.9
Default funds and deposits	—	87.9	—	—	87.9
Loans receivable	0.5	—	—	—	0.5
Other debtors	—	2.2	—	—	2.2
Inventory	58.9	—	—	—	58.9
31 December 2021	**1,728.9**	**94.1**	**25.2**	**69.8**	**1,918.0**

Both assets and liabilities are included to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Liquidity risk (continued)

The following table details the Company's expected contractual maturity for derivative financial assets and derivative financial liabilities:

Derivative instruments	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Total $'000
Assets	—	128.6	154.7	200.4	483.7
Liabilities	—	(134.2)	(124.9)	(35.4)	(294.5)
At 31 December 2022	**—**	**(5.6)**	**29.8**	**165.0**	**189.2**

Derivative instruments	On demand $m	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	Total $m
Assets (restated)	—	134.8	86.8	273.2	494.8
Liabilities (restated)	—	(93.1)	(60.5)	(44.9)	(198.5)
At 31 December 2021	**—**	**41.7**	**26.3**	**228.3**	**296.3**

The derivative asset and liability do not meet the offsetting criteria in IAS 32, but the Company has the right of offset in the case of default, insolvency or bankruptcy. Consequently, the gross amount of the derivative asset $483,700,000 (2021: $494,800,000) and gross amount of the derivative liability of $294,500,000 (2021: $198,500,000) are presented separately in the Company's statement of financial position.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) **Financial risk management objectives (continued)**

Fair value measurement

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of 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).

The Level 2 pricing for investments is based on the latest traded price. The Level 2 pricing for derivative instruments is based on counterparty information which provides daily valuations.

The Level 3 pricing for derivative instruments are determined using quantitative models that require the use of multiple market inputs including commodity prices, interest and foreign exchange rates to generate continuous yield or pricing curves and volatility factors, which are used to value the position.

Own credit

Under IFRS 9, changes in fair value related to own credit risk for other financial liabilities designated at fair value through profit or loss are recognised in other comprehensive income. The changes in own credit risk recognised in other comprehensive income are subsequently transferred within equity to retained earnings in the same period as the sales fee income is deemed earned.

The Company determines its own credit spread regularly based on a model using observable market inputs. Management compared the determined credit spread with observable and paid credit spreads for public distributed products of the Company and, given current market developments, adjusted the Company's own credit spread during 2022.

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Fair value measurement (continued)

The following table shows an analysis of the financial assets and liabilities recorded at fair value shown in accordance with the fair value hierarchy. No assets or liabilities have been transferred between levels within the fair value hierarchy during 2022 or 2021.

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets – FVTPL:				
Equity instruments	5.2	—	—	5.2
Amounts due from exchanges, clearing houses and other counterparties	1,197.6	—	—	1,197.6
Derivative instruments	—	481.1	2.6	483.7
Financial assets – FVTOCI:				
Investments	1.5	2.8	—	4.3
Derivative instruments	—	3.5	—	3.5
Financial liabilities – FVTPL:				
Derivative instruments	—	(289.7)	(4.8)	(294.5)
Issued debt securities	—	(1,100.6)	—	(1,100.6)
Financial liabilities – FVTOCI:				
Derivative instruments	—	(1.6)	—	(1.6)
At 31 December 2022	**1,204.3**	**(904.5)**	**(2.2)**	**297.6**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Fair value measurement (continued)

	Level 1 $m	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets – FVTPL:				
Equity instruments (restated)	8.0	—	—	8.0
Amounts due from exchanges, clearing houses and other counterparties (restated)	1,197.6	—	—	1,197.6
Derivative instruments (restated)	—	494.6	0.2	494.8
Treasury instruments	—	2.3	—	2.3
Financial assets – FVTOCI:				
Investments	1.6	3.3	—	4.9
Financial liabilities – FVTPL:				
Derivative instruments (restated)	—	(198.5)	—	(198.5)
Issued debt securities (restated)	—	(1,076.6)	—	(1,076.6)
At 31 December 2021	**1,207.2**	**(774.9)**	**0.2**	**432.5**

The following table summarises the movements in the Level 3 balances during the period.

Asset and liability transfers between Level 2 and Level 3 are primarily due to either an increase or decrease in observable market activity related to an input or a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant. No transfers have taken place between Level 2 and Level 3.

Reconciliation of Level 3 fair value measurements of financial assets

	2022 $m	2021 $m
Balance at 1 January	1.4	0.2
Purchases	0.9	0.9
Settlements	(0.6)	(0.6)
Total gains or losses in the period recognised in the Statement of Profit and Loss:		
Market making	0.9	0.9
Balance at 31 December	**2.6**	**1.4**

31 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management objectives (continued)

Fair value measurement (continued)

The following table summarises the movements in the Level 3 balances during the period.

Asset and liability transfers between Level 2 and Level 3 are primarily due to either an increase or decrease in observable market activity related to an input or a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant. No transfers have taken place between Level 2 and Level 3.

Reconciliation of Level 3 fair value measurements of financial liabilities

	2022 $m	2021 $m
Balance at 1 January	2.4	—
Purchases	1.6	(1.6)
Settlements	(0.1)	0.1
Total gains or losses in the period recognised in the Statement of Profit and Loss:		
Market making	0.9	(0.9)
Balance at 31 December	**4.8**	**(2.4)**

The Company's management believes, based on the valuation approach used for the calculation of fair values and the related controls, that the Level 3 fair values are appropriate. The impact of reasonably possible alternative assumptions from the unobservable input parameters shows no significant impact on the Company's net profit, comprehensive income or shareholder's equity.

32 CLIENT MONEY

As required by the UK FCA's Client Assets Sourcebook rules, the Company maintains certain balances on behalf of clients with banks, exchanges, clearing houses and brokers in segregated accounts. These amounts and the related liabilities to clients, whose recourse is limited to segregated accounts, are not included in the statement of financial position as the Company is not beneficially entitled thereto.

	2022 $m	2021 Restated $m
Segregated assets at banks (not recognised on the Company balance sheet)	1,790.5	668.1
Segregated assets at exchanges, clearing houses and other counterparties (not recognised on the Company balance sheet)	3,410.8	1,460.3
	5,201.3	**2,128.4**

Further details of this restatement of 2021 balances are given in note 34.

33 BUSINESS COMBINATIONS

Acquisition of the business and selected assets of ED&F Man Capital Markets Limited
On 1 October 2022, the Company acquired the business clients (clearing, metals, FF&O and FX), certain staff and selected assets of ED&F Man Capital Markets Limited, which is a limited liability company incorporated in England and Wales.

	2022 $m
Cash consideration	43.9
Total consideration	**43.9**
Recognised amounts of identifiable net assets:	
Tangible fixed assets	0.3
Right-of-use assets	0.1
Cash and cash equivalents	149.9
Trade and other receivables	4.2
Prepayments and accrued income	3.9
Other debtors	8.4
Margins with brokers, exchanges and clearing houses	115.4
Receivable secured on default funds	60.0
Lease liabilities	(0.1)
Margins due to brokers, exchanges and clearing houses	(2.5)
Trade and other payables	(283.6)
Total identifiable assets and liabilities	**56.0**
Bargain purchase gain	**12.1**

Receivables
The fair value of the receivables approximates to their book value. The gross contractual amounts of trade receivables are $4,430,000. The best estimate at the acquisition date of the contractual cash flows not expected to be collected is $200,000.

Acquisition-related costs
Acquisition-related costs (included in administrative expenses) amount to $3,785,000.

Contribution to the Company's results
The business and assets acquired from ED&F Man Capital Markets Limited contributed $33,107,000 revenue and $12,825,000 to the Company’s profit for the period between the date of acquisition and the reporting date. If the acquisition of the business and assets had been completed on the first day of the financial year, Company revenue for the year would have increased by $84,451,000 and Company profit would have increased by $3,357,000.

Provisional accounting
The initial accounting for the acquisition of certain assets and liabilities of ED&F Man Capital Markets Limited has only been provisionally determined at the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations had not been finalised.

Bargain purchase gain
A bargain purchase gain of $12,129,000 was recognised as a result of the business and asset purchase. The transaction resulted in a gain due to the discount applied of $12,129,000 to the tangible net assets acquired and has been recognised within the Company's profit and loss in other income. The transaction resulted in a gain due to the desire of the seller to exit the capital markets business segment.

34 RESTATEMENT

As detailed in note 3(b), during the year ended 31 December 2022 management identified two adjustments relating to prior years which were accounting errors as defined under IAS 8. Accordingly, adjustments have been made to the prior year comparatives as detailed in this note.

(1) Previously segregated client funds at exchanges, clearing houses and brokers governed by the UK FCA’s Client Assets Sourcebook rules (which comprise client funds held in segregated client money accounts) were held on the Statement of Financial Position within Amounts due from exchanges, clearing houses and other counterparties. This has had a material effect on the information reported in the balance sheet at the beginning of the preceding period, additional comparative information detailing the quantitative impacts and impact on prior year comparatives are set out below for the affected financial statement line items.

(2) The Company enters into synthetic derivative transactions in the normal course of business through a Prime Brokerage account held with another financial institution. This account has a single daily settlement requirement and should there be a default or should all underlying positions be liquidated, the account balance would be settled with a single cash flow. In prior years, the synthetic derivative transactions were partially grossed up on the balance sheet and disclosed in the derivative note 21, however, since the balance on the Prime Broker account represents a single right it is presented as a single asset under derivative assets. This has had a material effect on the information reported on the balance sheet at the beginning of the preceding period, additional comparative information detailing the quantitative impacts and impact on prior year comparatives are set out below for the affected financial statement line items.

The following shows the relevant line items in the statement of financial position that have changed as a result of the restatement.

	31 December 2021 As reported	Change in Prime brokerage	Change in Segregated client funds	31 December 2021 Restated
Assets	**$m**	**$m**	**$m**	**$m**
Equity instruments	92.2	(84.2)	—	8.0
Derivative instruments	825.4	(330.6)	—	494.8
Trade and other receivables	2,729.1	(52.1)	(1,460.3)	1,216.7
Total current assets	**4,219.4**	**(466.9)**	**(1,460.3)**	**2,292.2**
Total assets	**4,377.4**	**(466.9)**	**(1,460.3)**	**2,450.2**
Liabilities				
Derivative instruments	690.6	(492.1)	—	198.5
Trade and other payables	2,287.8	18.1	(1,460.3)	845.6
Total current liabilities	**3,443.2**	**(474.0)**	**(1,460.3)**	**1,508.9**
Debt securities	605.9	7.1	—	613.0
Total non-current liabilities	**656.0**	**7.1**	**—**	**663.1**
Total liabilities	**4,099.2**	**(466.9)**	**(1,460.3)**	**2,172.0**

34 RESTATEMENT (CONTINUED)

	31 December 2020 As reported	Change in Prime brokerage	Change in Segregated client funds	31 December 2020 Restated
Assets	**$m**	**$m**	**$m**	**$m**
Equity instruments	52.0	(52.0)	—	—
Derivative instruments	199.0	42.4	—	241.4
Trade and other receivables	1,341.3	(1.0)	(642.6)	697.7
Total current assets	**1,869.0**	**(10.5)**	**(642.6)**	**1,215.8**
Total assets	**1,931.2**	**(10.5)**	**(642.6)**	**1,278.0**
Liabilities				
Derivative instruments	234.3	(60.5)	—	173.8
Trade and other payables	1,069.7	50.0	(642.6)	477.1
Total current liabilities	**1,435.7**	**(10.5)**	**(642.6)**	**782.6**
Total liabilities	**1,683.5**	**(10.5)**	**(642.6)**	**1,030.4**

Trade and other receivables

	31 December 2021 Restated $m	31 December 2021 As reported $m	1 January 2021 Restated $m	1 January 2021 As reported $m
Amounts due from exchanges, clearing houses and other counterparties	728.0	2,240.5	399.5	1,043.1
Trade debtors	3.0	3.0	1.2	1.2
Amounts due from group undertakings	388.9	388.9	234.2	234.2
Default funds and deposits	87.9	87.9	55.0	55.0
Loans receivable	0.5	0.5	0.6	0.6
Social security and other taxation	2.3	2.3	1.6	1.6
Other debtors	4.2	4.2	3.3	3.3
Prepayments	1.9	1.9	2.3	2.3
	1,216.7	**2,729.2**	**697.7**	**1,341.3**

Trade and other payables

	31 December 2021 Restated $m	31 December 2021 As reported $m	1 January 2021 Restated $m	1 January 2021 As reported $m
Amounts due to exchanges, clearing houses and other counterparties	144.2	144.2	22.5	22.5
Trade payables	612.0	2,054.2	403.1	995.7
Amounts due to group undertakings	17.0	17.0	—	—
Other tax and social security taxes	2.3	2.3	1.9	1.9
Other creditors	0.1	0.1	0.1	0.1
Accruals	69.9	69.9	49.4	49.4
Deferred income	0.1	0.1	0.1	0.1
	845.6	**2,287.8**	**477.1**	**1,069.7**

34 RESTATEMENT (CONTINUED)

Derivatives

	31 December 2021 Restated	31 December 2021 As reported	1 January 2021 Restated	1 January 2021 As reported
Financial assets	**$m**	**$m**	**$m**	**$m**
Held for trading derivatives carried at fair value through profit and loss ('FVTPL') that are not designated in hedge accounting relationships:				
Prime broker balance (restated)	249.8	—	51.8	—
Agriculture forward contracts	141.5	141.5	94.9	94.9
Agriculture option contracts	33.0	33.0	37.5	37.5
Energy forward contracts	9.0	9.0	6.1	6.1
Energy options contracts	0.8	0.8	4.3	4.3
Foreign currency forward contracts (restated)	16.4	16.6	28.3	28.3
Foreign currency option contracts	2.5	2.5	3.6	3.6
Metal forward contracts	8.9	8.9	4.3	4.3
Metal option contracts	0.1	0.1	0.6	0.6
Credit default swaps	2.0	2.0	—	—
Interest rate forwards (restated)	0.2	0.2	0.7	0.8
Equity forwards (restated)	1.2	9.6	1.1	3.8
Equity options (restated)	29.4	606.9	6.4	12.3
Equity CFD (restated)	—	1.3	—	0.7
Valuation reserve (restated)	—	(7.0)	—	—
Held for trading derivatives that are designated in hedge accounting relationships:				
Foreign currency forward contracts	—	—	1.8	1.8
	494.8	**825.4**	**241.4**	**199.0**

34 RESTATEMENT (CONTINUED)

Derivatives (continued)

Financial liabilities	**31 December 2021 Restated $m**	**31 December 2021 As reported $m**	**1 January 2021 Restated $m**	**1 January 2021 As reported $m**
Held for trading derivatives carried at fair value through profit and loss ('FVTPL') that are not designated in hedge accounting relationships:				
Agriculture forward contracts	107.9	107.9	95.9	95.9
Agriculture option contracts	15.4	15.4	12.5	12.5
Energy forward contracts	5.6	5.6	3.9	3.9
Energy options contracts	0.6	0.6	0.5	0.5
Foreign currency forward contracts (restated)	20.0	20.0	26.8	26.8
Foreign currency option contracts	0.9	0.9	2.6	2.6
Precious metal forward contracts	16.4	16.4	16.2	16.2
Precious metal option contracts	0.1	0.1	0.3	0.3
Credit default swaps	0.6	0.6	1.9	2.0
Interest rate forward contracts (restated)	2.2	2.3	0.1	0.1
Equity forward contracts (restated)	9.8	13.0	9.8	15.6
Interest rate options	—	—	—	—
Equity CFD (restated)	—	1.4	—	0.8
Equity option contracts (restated)	17.4	504.7	3.3	57.1
Crypto forwards	1.0	1.0	—	—
Valuation reserve (restated)	—	0.1	—	—
Held for trading derivatives that are designated in hedge accounting relationships:				
Foreign currency forward contracts	0.6	0.6	—	—
	198.5	**690.6**	**173.8**	**234.3**

35 EVENTS AFTER THE BALANCE SHEET DATE

No events have taken place between 31st December 2022 and the date of release of this report which would have a material impact on either the financial position or operating results of the Company.

36 RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The immediate parent undertaking is Marex Group plc, a public limited company incorporated in England and Wales, in whose consolidated financial statements the Company's results are included.
These consolidated financial statements are available from its registered office at 155 Bishopsgate, London, EC2M 3TQ.

In the Directors' opinion, the ultimate parent and ultimate controlling party of the Company is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.

(b) Key Management Personnel

The remuneration paid to key management personnel for their services to the Company was as follows:

	2022 $m	2021 $m
Aggregate wages and salaries	23.9	24.2
Short-term monetary benefits	—	0.1
Defined contribution pension cost	—	—
	23.9	**24.3**

The remuneration of the highest paid director for their services to the Company was $4,288,521 (2021: $2,440,320). As at 31 December 2022, there were 2 directors in the Company's defined contribution pension scheme (2021: 2).

(c) Transactions with entities having significant influence over the Company

During the year, the Company received consortium relief amounting to $nil, from entities that have significant influence over the Company (2021: $22,449). The consortium relief payable balance at 31 December 2022 was $nil (2021: $22,449).

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances and transactions with other group undertakings

	Amounts owed from related parties 2022 $m	Amounts owed from related parties 2021 $m	Amounts owed to related parties 2022 $m	Amounts owed to related parties 2021 $m	Amounts included in operating profits 2022 $m	Amounts included in operating profits 2021 $m
Carlton Commodities 2004 LLP	—	—	(2.6)	(7.6)	—	—
Marex Hong Kong Limited	—	—	(3.8)	(4.3)	6.3	5.5
Marex Spectron Asia Pte Limited	—	—	(2.9)	(1.7)	12.2	4.8
Marex Group plc	348.7	—	—	—	4.8	—
Marex Spectron International Limited	8.1	—	(8.9)	(7.2)	(22.1)	(20.0)
Volcap Trading Partners	14.1	—	—	—	13.0	—
Spectron Energy (Asia) Pte Limited	3.2	2.9	—	—	(2.2)	(1.7)
Spectron Services Limited	247.8	28.9	—	—	41.5	34.9
Marex North America LLC	—	237.7	(2.8)	(238.0)	7.0	11.0
Spectron Energy Inc.	4.2	0.2	—	—	(0.6)	(0.3)
Tangent Trading Holdings Limited	12.5	—	—	—	—	—
Marex Spectron Europe Limited	—	—	(5.4)	—	0.5	—
CSC Commodities (UK) Limited	—	—	(20.9)	(0.1)	38.2	—
Marex Spectron USA LLC	17.2	12.6	—	—	0.5	0.3
Tangent Trading Limited	—	4.2	—	—	—	—
X-Change Financial Access LLC	0.9	0.8	—	—	—	—
MNA Holdings Inc.	139.8	36.8	—	—	—	—
Marex France SAS	—	—	(1.9)	—	—	—
Marex Capital Markets	24.8	—	—	—	4.1	—
Marex Trading International Limited	21.8	—	—	—	—	—

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) **Balances and transactions with other group undertakings (continued)**

	Amounts due from related parties 2022 $m	Amounts due from related parties 2021 $m	Amounts owed to related parties 2022 $m	Amounts owed to related parties 2021 $m	Amounts included in operating profits 2022 $m	Amounts included in operating profits 2021 $m
Starsupply Petroleum Europe B.V.	0.8	—	—	—	(1.4)	—
Marex Brazil	0.1	—	—	—	—	—
Marex MENA Ltd	2.1	—	—	—	0.1	—
Volatility Performance Fund S.A.	2.9	3.5	—	—	—	—
Marex Australia Pty Ltd	0.2	—	—	—	—	—
Marex Client Service Inc	—	—	(3.9)	—	—	—
Marex Derivative Products Inc	—	—	(4.1)	—	—	—
Marex Holdings Limited	10.8	—	—	—	—	—
Marex International Holdings Limited	—	—	(172.9)	—	—	—
Marex North America Securities LLC	0.9	—	—	—	—	—
Marex Services Inc	—	—	(43.9)	—	—	—
	860.6	**327.4**	**(274.3)**	**(258.9)**	**101.9**	**34.5**

All balances owed to and from related parties listed above are repayable on demand.

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Share based payments

During 2021, the Group headed by Marex Group plc introduced two equity settled share-based remuneration schemes for executive directors and certain senior management of the Group, of whom a number are employed by Marex Financial. Both of these are United Kingdom tax authority unapproved schemes.

The cost of the employee services received in respect of the shares granted is recognised in the Statement of Profit and Loss over the period that employees provide services. The cost of the services is calculated by reference to the fair value of shares at the grant date, the number of shares expected to vest under the schemes, and the probability that the performance and service conditions will be met. The fair value of the shares was estimated by taking the earnings per share and multiplying by a suitable price-earnings multiple, after taking into consideration the multiples observed by listed companies with similar characteristics to the Group.

Under the Deferred Bonus Plan, the members of the scheme are awarded a fixed number of shares vesting in three equal tranches over the three years following the date of grant. As the awards were based on the employees' annual performance, the grant date has been deemed to be the year for which the bonus had been awarded; as such, the 2022 deferred bonus scheme grant date was 2022 (and the 2021 deferred bonus scheme grant date was 2021).

Under the Retention Long Term Incentive Plan, the members of the scheme are awarded a variable number of shares three years after the grant date. The number of shares awarded is determined by reference to a hurdle return on equity of the Group and to growth targets for the profit after tax of the Group over the three-year period. As the service conditions and performance years begin in 2022, no cost has been recognised in 2021.

The charge for the year arising from share-based payment schemes was as follows:

	2022 $m	2021 $m
Deferred Bonus Plan	4.6	0.9
Retention Long Term Incentive Plan	7.7	—
Total equity settled share-based payments	**12.3**	**0.9**

Share award plans

The weighted average fair value per award granted and number of awards at the balance sheet date were as follows:

	2022 $	2022 Number	2021 $	2021 Number
	Weighted average fair value per award granted in the year	Number of awards outstanding	Weighted average fair value per award granted in the year	Number of awards outstanding
Deferred bonus plan	7.92	1,896,513	4.33	591,603
Retention long term incentive plan	N/A	2,315,152	5.41	2,361,362

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(e) **Share based payments (continued)**

Deferred bonus plan

	2022 No.	2021 No.
Outstanding at the beginning of the year	591,603	—
Granted during the year	1,304,910	591,603
Outstanding at the end of the year	**1,896,513**	**591,603**

The weighted average fair value of the awards granted under the deferred bonus plan shares at the year end was $6.80.

Retention Long Term Incentive Plan

	2022 No.	2021 No.
Outstanding at the beginning of the year	2,361,362	—
Granted during the year	—	2,361,362
Forfeited during the year	(46,210)	—
Outstanding at the end of the year	**2,315,152**	**2,361,362**

The weighted average fair value of the awards granted under the retention long term incentive plan at the year end was $5.41.

37 COUNTRY BY COUNTRY REPORTING

The disclosure has been prepared in accordance with The Capital Requirements (Country by Country Reporting) Regulation 2013, which came into effect on 1 January 2014. Marex Financial is the only institution (as defined by the EU Capital Requirement Regulation) within the Marex Group. Marex Financial is regulated by the FCA on a solo basis and has the following subsidiaries:

- Carlton Commodities 2004 LLP (unregulated)

Legal entity / Registered office	Country of incorporation / Principal place of business	Nature of business
Carlton Commodities 2004 LLP 155 Bishopsgate, London, EC2M 3TQ	England and Wales	Commodity and option trading

Summary Profit and loss on a consolidated basis:

For the year ended 31 December 2022

Legal entity on a consolidated basis	Employees No.	Revenue $m	Profit before tax $m	Taxation paid / (received) $m	Public subsidies received $m
Marex Financial	572	462.6	78.9	11.3	-

For the year ended 31 December 2021

Legal entity on a consolidated basis	Employees No.	Revenue $m	Profit before tax $m	Taxation paid / (received) $m	Public subsidies received $m
Marex Financial	483	404.1	71.3	14.7	-