

The background of the entire page is a dark blue. In the lower-left and center, there is a stylized illustration of a smartphone in a light blue-grey color. On the screen of the phone, there is a 3D bar chart with four bars of increasing height from left to right. The bars are a medium blue color. The Plus500 logo is in the top right, and the company's mission statement and annual report title are in the bottom right.

**Plus<sup>+</sup>500**

**Enabling trusted  
and intuitive  
access to financial  
opportunities**

Plus500 Ltd. Annual Report 2021

# WELCOME



Plus500 delivered an excellent operational and financial performance in 2021 and we made significant progress with our strategic roadmap to develop our position as a leading global multi-asset fintech group. Given the strong positive momentum delivered by the Group in recent years, the Board continues to expect that Plus500 will deliver sustainable growth over the medium to long-term.

David Zruia, Chief Executive Officer

[Read more in the CEO's Q&A on pages 7 – 11](#)



Plus500 Ltd. ("Plus500", the "Company" or, together with its subsidiaries, the "Group") is a global multi-asset fintech group operating proprietary technology-based trading platforms.



## 2021 headlines

### An outstanding year of positive operational and financial momentum:

- Excellent performance across all key metrics, including consistently strong levels of Customer Income<sup>1</sup>;
- Significant milestone of over 22 million registered customers achieved on Plus500's platforms;
- Major opportunity to leverage this latent customer base, through new retention, activation and monetisation activities and technology-based initiatives, including new premium account offering;
- Continued high customer engagement, driven by Plus500's market-leading technology-based offering and brand recognition; and
- Robust financial position further strengthened, with substantial improvement in cash balance.

### Excellent progress in developing Plus500's strategic position as a global multi-asset fintech group:

- Significant progress made, in line with strategic plans to broaden Plus500's product range from its single product focus, helping to diversify the Group's revenue streams and geographic footprint;
- The Group's first ever acquisitions made to establish Plus500's position in the high growth markets of futures and options on futures, to be developed through continued investment in technology integration and a multi-dimensional marketing approach;
- Successful launch of a proprietary share dealing platform, 'Plus500 Invest', with further roll-out in FY 2022; and
- On-going organic investments in marketing technologies, technology innovation and product development, supported by the established R&D centres in Israel.

### Further strategic developments achieved in Q1 2022:

- New regulatory licence granted in Estonia, which will further support the Group's business across European markets in its core product offering, complementing the Group's existing portfolio of regulatory licences globally; and

- Completed acquisition of a Type 1 regulated firm in Japan, expanding the Group's geographic footprint and representing a major growth opportunity within the substantial retail trading market in Japan.

### Further improvements on governance, regulation, social responsibility and risk management matters:

- New Independent Non-Executive Directors appointed, including Prof. Jacob A. Frenkel as Chair, expanding the range of experience of the Board of Directors of the Company ("the Board") and further diversifying its composition, as well as enabling greater access to new growth markets, in particular the US;
- Consistent focus on sustainability initiatives, including donations to local community projects and on-going emphasis on customer care and protection; and
- Targeted hedging strategy initiated to minimise market risk.

### Attractive returns continue to be delivered to shareholders, including dividends and share buybacks to the amount of \$200.2m related to FY 2021:

- Dividend payments in respect of FY 2021 of \$120.0m (\$1.1916 per share), comprising:
  - Final dividend of \$37.8m (\$0.3777 per share);
  - Special dividend of \$22.2m (\$0.2218 per share); and
  - Interim dividend of \$60.0m (\$0.5921 per share).
- Share buyback programmes in respect of FY 2021 of \$80.2m, including \$67.6m in H2 2021, comprising:
  - New programme to purchase up to \$55.0m of the Company's shares, which includes a final buyback of \$25.2m and a special buyback of \$29.8m; and
  - A programme of \$12.6m was announced in August 2021 in respect of H1 2021, with an additional programme of \$12.6m, announced in October 2021, as part of the FY 2021 final programme.



### 2021 Financial highlights

Revenue

**\$718.7m**

EBITDA Margin %

**54%**

EBITDA<sup>2</sup>

**\$387.1m**

Cash balance at year end

**\$749.5m**

### 2021 Operational highlights

New Customers<sup>3</sup>

**196,336**

ARPU<sup>5</sup>

**\$1,764**

Active Customers<sup>4</sup>

**407,374**

AUAC<sup>6</sup>

**\$877**

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1 Customer Income – Revenue from CFD Customer Income (customer spreads and overnight charges) and Non-CFD Customer Income (commissions from the Group's futures and options on futures operation and from 'Plus500 Invest', the Group's share dealing platform)

2 EBITDA – Earnings before interest, taxes, depreciation and amortisation

3 New Customers – Customers depositing for the first time

4 Active Customers – Customers who made at least one real money trade during the period

5 ARPU – Average Revenue Per User

6 AUAC – Average User Acquisition Cost

# A GLOBAL MULTI-ASSET FINTECH GROUP

## Plus500

Plus500 is a global multi-asset fintech group operating proprietary technology-based trading platforms. Plus500 offers customers a range of trading products, including Contracts for Difference (“CFDs”) and share dealing, as well as futures and options on futures. Plus500 has a premium listing on the Main Market of the London Stock Exchange (symbol: PLUS) and is a constituent of the FTSE 250 index.

**50+**

Countries where Plus500 trading platforms are available

**450+**

Employees at Plus500 globally

**22+ million**

Registered customers on Plus500 platforms globally since inception

## Our purpose

**Enabling trusted and intuitive access to financial opportunities.**

### Across financial instruments

Through broad product range.

### Across countries

Through global scale with localised services.

### Across devices

Through best-in-class technology.

[Read more on pages 20 – 21](#)



## Our strategy

Strengthening our position as a multi-asset fintech group over time by expanding our core product offering in new and existing markets, launching new trading and financial products and deepening our engagement with customers.

[Read more about our strategy on pages 22 – 23](#)



## Our values

### Technology driven

Our state-of-the-art proprietary technology enables our product leadership and agility.

### Strive for excellence

We do not compromise on the quality of our products or on the talent of our people.

### Customer-centric approach

Our customers are at the centre of every decision we make, to ensure we deliver best-in-class service.

### Committed to operating sustainably and responsibly

We are focused on carrying out a range of ESG initiatives to deliver tangible value for our stakeholders.

[Read more in our ESG report on pages 30 – 37](#)



## Our global position



**Global operations**  
conducted from our  
local offices  
worldwide

### Plus500 licences

The Group retains operating licences and is regulated in the United Kingdom, Australia, Cyprus, Israel, New Zealand, South Africa, Singapore, the Seychelles, the United States, Estonia and Japan<sup>1</sup>

## Our competitive advantages and differentiators

### Our technology

#### Powers our products, operations and marketing

- + Proprietary, wholly owned, managed and operated by Plus500
- + Drives our customer-centric approach
- + Significant investment in R&D to drive continued innovation
- + Supports our continued compliance with regulatory standards

### Our track record

#### Strong financial performance since IPO in 2013

- + 25.7% revenue CAGR<sup>2</sup>
- + Flexible cost base with average annual EBITDA margin of c.57%
- + Strong balance sheet, highly cash generative and debt-free
- + Approximately \$1.4 billion returned to shareholders in dividends and share buybacks

### Our leadership, people and culture

#### Technological expertise embedded across the business

- + Highly skilled leadership team with long-standing experience in technology and financial services
- + Strong track record in attracting and retaining the best technology talent in Israel, the "start-up nation"
- + Entrepreneurial, high performance culture, with customers at the centre

### Our agile business model

#### Ensuring a customer-centric approach

- + Unique edge in attracting and retaining customers through multiple channels
- + Proven business model serving customers globally for over a decade
- + Strong brand and reputation
- + Continued focus on customer care and protection
- + Drives attractive ROI<sup>3</sup>

1. Estonia and Japan obtained during Q1 2022.

2. CAGR – Compound Annual Growth Rate.

3. ROI – Return on Investment.



# DELIVERING STAKEHOLDER VALUE



I look forward to continuing to lead our Board, as we ensure Plus500 delivers further value for our stakeholders in the future.

Prof. Jacob A. Frenkel, Chair

## Revenue

**\$718.7m**

2021  \$718.7m

2020  \$872.5m

2019  \$354.5m

## Total shareholder returns of approx.

**\$1.4bn**

delivered since IPO, in dividends and share buybacks

2021  \$200.2m

2020  \$278.3m

2019  \$151.7m

Read more in our Financial and Business Review on pages 38 – 40 

In my first statement as Chair of the Board of Directors of the Company (the "Board"), I would like to express my sincerest gratitude to our shareholders for approving my appointment at the Company's AGM on 4 May 2021.

It is a huge honour to be Chair of the Board of Plus500 at such an exciting time for the Group. Led by our talented management team, supported by our highly skilled people worldwide and driven by our market-leading proprietary technology, Plus500 is very well placed to access a range of growth opportunities to further diversify our business going forward.

Having been Chair for almost a year, it is clear that we also have a strong and diverse Board, which functions very effectively and collaboratively. I look forward to continuing to lead our Board, as we ensure the business delivers further value for our stakeholders in the future.

### **An outstanding performance in FY 2021, with significant strategic progress made**

FY 2021 was another year of major operational, financial and strategic success for Plus500, building on our long track record of performance since the Company's IPO in 2013. Since the IPO year, Plus500 has delivered revenue CAGR<sup>1</sup> of 25.7%, resilient EBITDA margins averaging 57% and generated cash from operations of approximately \$2.4 billion.

The Group delivered continued operational momentum in FY 2021, which translated into another outstanding financial performance across all metrics, well ahead of pre-pandemic levels. Total revenue for the year was \$718.7m, which drove EBITDA to the level of \$387.1m. The Group's balance sheet position remained very robust, with a cash balance at the end of FY 2021 of \$749.5m.

FY 2021 was a ground-breaking year for Plus500 from a strategic perspective, with excellent progress made in developing our position as a global multi-asset fintech group. We made significant headway in diversifying our product portfolio and geographic footprint during the year, with the Group making its first ever acquisitions.

1. CAGR – Compound Annual Growth Rate.

## Our investment case

These acquisitions immediately expanded our geographic footprint and product offering in the significantly growing, but under-penetrated, US retail trading market in futures and options on futures. In addition, our product range was further expanded during the year with the launch of a new share dealing platform, 'Plus500 Invest', which was developed in-house. More details on this excellent strategic progress are included in the CEO Q&A on the following pages.

In addition, our portfolio of operating licences was further expanded with the addition of a new licence in Estonia, granted by the Estonian Financial Supervision Authority in February 2022. This new licence will further support our business across European markets in our core product offering and is supported by the establishment of a new local regulated subsidiary. In March 2022, following a lengthy assessment of the market opportunity in Japan, the Company completed an acquisition of a local firm regulated by Japan's Financial Services Agency. This represents a major growth opportunity for Plus500, through an immediate presence in the substantial retail trading market in Japan. Our portfolio of licences is an increasingly valuable asset for the Group, given its scarcity and the growing complexity of obtaining new licences.

As a result of our strategic progress and operational performance in FY 2021, supported by a clear and rigorous plan to further invest in the future growth of our business, the Group has entered FY 2022 in an excellent position.

#### The growth outlook for Plus500

The Board continues to expect that Plus500 will deliver sustainable growth from all of the Group's product offerings over the medium term.

This expectation is supported by the Group's significant operational and financial momentum over recent years, which validates our clear and comprehensive strategic roadmap. Future growth will be enabled by on-going investment in developing our position as a global multi-asset fintech group, in particular through further organic investments in technology, marketing and people, by actively targeting additional acquisitions and activating potential strategic partnerships.

The positive momentum achieved by Plus500 in recent years has continued to date in FY 2022, driven by the on-going underlying strength of Customer Income. Consequently, the Board remains confident about Plus500's prospects for FY 2022.

#### Continued focus on Corporate Governance and engagement with the investment community

The Board remains focused on its key priorities in Corporate Governance, supported by our on-going engagement with shareholders and potential investors, analysts and shareholder advisory bodies.

There were a number of Independent Non-Executive Director appointments to the Board during the year, as well as my own appointment as Chair, namely Ms. Tami Gottlieb and Ms. Sigalia Heifetz, both of whom have already added great value to the Board. Also, in Q1 2022, Prof. Varda Liberman was appointed as an additional Independent Non-Executive Director.

These appointments have broadened the range of the Board's experience and expertise and further diversified its gender composition, ensuring that the representation of women on the Board is ahead of the 33% target set by the Hampton-Alexander Review on gender equality in leadership positions.



## Our purpose is supported by a robust investment case



State-of-the-art technological platforms



Strong global marketing technology capabilities



Market-leading core product offering with potential expansion into new regions and products



Supportive market environment with long-term structural growth



Long-standing, high value and diverse customer base



Robust financial profile with long term track record of growth

Furthermore, all of our Board members have built long-term, global relationship networks, which will potentially be leveraged by Plus500, to help gain greater access to new growth markets, in particular the US.

We continue to place major focus on engaging with key stakeholders within the global investment community. I met with our major shareholders during the year, while our Executive Management maintained regular dialogue with shareholders and potential investors throughout FY 2021, to ensure investors were kept up-to-date with our strategic progress and operational performance. In addition, these meetings were used to gather investors' helpful perspectives and insights on our business, on our sector and on the overall outlook for global capital markets.

We will continue to engage with the investment community going forward, by further enhancing and expanding the range, reach and focus of our investor contact programme, through additional communication channels and platforms.

### Ensuring an optimised organisational culture remains crucial

Having met many of our people within the business since joining the Board, I have been extremely impressed by their energy, dedication, expertise and skill sets. This is particularly notable, given the challenges that have been faced by our people in their daily lives and working environment, as a result of the COVID-19 pandemic over the last two years.

Our head office is in Israel, a major global hub for technology and innovation, where there is a skilled and educated workforce which is highly trained in all elements of technological developments.

Plus500 has fostered an entrepreneurial and high-performance organisational culture, designed to drive employee attraction and retention, that reflects Israel's technology-based environment. We aim to continue to replicate this cultural mindset in each of our global operating subsidiaries, as we have done historically.

The Board continues to monitor and review the Group's culture, values and performance primarily through regular discussions with our Executive Directors, senior management and their teams. This engagement is driven by Steve Baldwin, an Independent Non-Executive Director, in his role as a workforce engagement representative on the Board.

This helps to provide a channel through which our employees worldwide can share their views and concerns directly to the Board, to help inform the Board's approach to supporting on-going improvements in our organisational culture and values.

On that note, I would like to take this opportunity, on behalf of the Board, to thank all of our people for their continued commitment and focus, as we continue to do all we can to maintain their personal development, health and well-being.

### Regulatory compliance remains a cornerstone of the Group's approach

The Group maintains a highly robust, customer-centric approach to compliance, supported by our expertise in the applicable global regulatory standards and our long-standing relationships with the regulators in the markets and industries in which we operate. We support measures introduced by regulators, with a view to ensuring better care and protection for all customers.

Global regulatory alignment has continued in the industries in which we operate, with recent regulatory changes being mirrored across various territories. The most recent regulatory changes in the CFD industry were implemented by the Australian Securities & Investment Commission in March 2021. The Group is supportive of, and compliant with, these changes, which are expected to enhance the CFD trading landscape and provide additional protection for customers. The impact of these regulatory changes on Plus500's operational and financial performance is in line with our initial expectations. With an established global regulatory network, managed by our regulated subsidiaries and overseen centrally, Plus500 remains well positioned for potential future changes to the regulatory environment across the markets in which we operate.

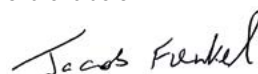
### The Board continues to ensure shareholders are rewarded with an appropriate level of returns

The Board continues to assess the availability of excess capital going forward, to ensure that an optimal balance is maintained between shareholder returns, investments in future growth and in driving business continuity, as we ensure that appropriate levels of available capital are maintained for required regulatory purposes and other factors. In current market conditions, and given the Group's strategic position and growth prospects, the Board believes that the appropriate level of required capital is approximately \$450m.

For FY 2021, total returns to shareholders amounted to \$200.2m. This includes dividend payments of \$120.0m, including an interim dividend of \$60.0m, a final dividend of \$37.8m and a special dividend of \$22.2m. Total returns for the year also include share buyback programmes of \$80.2m, including two programmes of \$12.6m each announced in August and October 2021, as well as a new programme to purchase up to \$55.0m of the Company's shares. The new programme includes a final buyback of \$25.2m and a special buyback programme of \$29.8m.

The special dividend and special buyback programme are directly related to the benefits of the change in tax rate following the Company's accreditation as a Preferred Technological Enterprise by the Israeli Tax Authority in FY 2020. Earlier in FY 2022, this accreditation was successfully extended up to and including FY 2026, which is a significant achievement, bringing additional value for the Group and our shareholders in the years to come.

Overall, since our IPO, and including shareholder returns related to FY 2021, the Company has returned approximately \$1.4 billion to shareholders.



**Prof. Jacob A. Frenkel**

Chair of the Board

22 March 2022



## Q&amp;A with the Chief Executive Officer

# TECHNOLOGY DRIVEN PERFORMANCE



Our performance in 2021 was primarily driven by our technology and our people.

David Zruia, Chief Executive Officer



Can you sum up your key highlights of FY 2021?

**A** FY 2021 was a very busy and positive year for everyone at Plus500. The hard work and dedication of our people during the year ensured that we delivered on all fronts – operationally, financially and strategically.

There were a number of highlights for the Group during the year. Firstly, we executed the Group's first ever acquisitions, which contributed to the diversification and extension of our offering into the futures and options on futures market.

Another highlight was the launch of our new proprietary share dealing platform, 'Plus500 Invest', which was fully built in-house.

We also developed and introduced a range of new customer retention, activation and monetisation technologies across our platforms, to ensure continued engagement with our customers over time.

We made strong progress in further developing our approach in the areas of Environment, Social and Governance ("ESG"), with a view to increasing the Group's resilience over the long term. This has been supported by more detailed disclosure on ESG, as outlined on pages 30 – 37 in this report, which we hope provides investors with a clear understanding of our key priorities in these areas.

Finally, of course, a major highlight was our overall operational and financial performance, which was consistently strong throughout the year.



What were the fundamental drivers of this performance?

**A** As with previous years, our performance in FY 2021 was driven by two major elements – our technology and our people.

Every element of our technology is fully and seamlessly integrated and inter-connected across our operations, systems architecture, product and marketing capabilities. This enables Plus500 to respond with agility to customer requirements, fast-emerging market developments and regulatory changes. It has taken us many years to develop this technology, with constant upgrades, continued innovation and the introduction of a range of new features, new services and new capabilities over the last decade. In FY 2021, we continued to invest in our technology infrastructure, to drive growth and scalability. As a result, Plus500 is now a highly developed business, with a long track record of innovation, and a market-leading technological capability.

Our technology is operated by highly skilled engineers and developers. Across our organisation, in areas such as marketing, operations and R&D, we have a base of talented people, which was further strengthened in FY 2021 through a major recruitment drive in a number of departments.

We aim to continue to develop our people and harness their talent by maintaining and further developing a working environment which empowers on-going improvements in employee development, through training, learning and career progression. This culture has helped to drive employee attraction and retention and has ultimately led to enhancements in the capability of the Group's technology. We are also dedicated to the well-being of our people and we aim to continue to provide them with optimal working conditions to support a healthy, safe and balanced working environment, particularly throughout the challenging period of the COVID-19 pandemic.



Can you remind us of Plus500's purpose and strategy?

**A** Our purpose is to enable trusted and intuitive access to financial opportunities for our customers, across a wide range of financial instruments, geographies and devices.

This is being driven by our continued progress as a global multi-asset fintech group, supported by organic investments and targeted acquisitions. In the future, we may also look for potential partnerships in order to achieve our strategic ambitions.

The rationale for this purpose and strategy is that, by expanding our product range from our historic single-product focus, we can meet more of our customers' needs, diversify our revenue base, broaden our geographic footprint and drive higher customer retention. This will be achieved by successfully delivering against our strategic roadmap of:

- Expanding our core product offering in new and existing markets;
- Launching new trading and financial products; and
- Deepening engagement with customers.



How are you planning to expand your core product offering and what are your future plans on this front?

**A** Our core product, CFDs, remains an attractive offering for customers around the world, enabling trading on leverage and access to market liquidity, while being protected by high levels of customer-focused regulation. Our product offering is fully aligned with regulatory requirements in the countries in which we operate, ensuring customer protection through elements like our free unlimited demo account and negative balance protection. With our offering, customers have the comfort that they are trading on attractive commercial terms and they can access everything they need through one multi-channel solution. With a long track record in innovating our CFD platform, we offer customers a choice of over 2,500 financial instruments across a wide range of asset classes, countries and languages. We continued to add more instruments, features and analysis tools to our core product offering during FY 2021, to help further deepen customer engagement. Future growth of our core product offering will be driven by further expansion of our reach and footprint in new markets, continued enhancement of our technological capabilities and the launch of new instruments to enhance our offering.

With substantial untapped customer demand potentially available outside of our current geographic footprint, we will continue to target new potential markets to launch our core product offering, through obtaining operating licences in those markets, either organically or via acquisitions. As evidence of this, in February 2022, we obtained a new licence in Estonia to further support our business across Europe in our core product offering. In March 2022, we made our first acquisition in Japan, which also represents our first footprint in this new market and will allow us to offer our services locally. I am very excited about the opportunities in the substantial Japanese market and I am confident that we will be able to maximise those opportunities over the medium to long-term.

Current target markets include various countries in the Americas, Asia and the Middle East, with new regulated markets in which we do not currently operate, and where there is huge growth potential, being a particular focus.



We're expanding our core product offering in new and existing markets

# Expanding



**Can you talk about progress on, and future plans for, how you are launching new trading and financial products?**

**A** I was particularly pleased with our progress in this area in FY 2021, as it enabled us to strengthen our position as a multi-asset fintech group. There were two major milestones for Plus500 in this area.

Firstly, we executed our first ever acquisitions – Cunningham Commodities LLC., a regulated Futures Commission Merchant, and Cunningham Trading Systems LLC., a technology trading platform provider, which established our position in the futures and options on futures market.

Through these transactions, we immediately expanded our geographic footprint and product offering in the significantly growing, but under-penetrated, retail trading market in futures and options on futures.

In line with our strategic roadmap, the integration of these acquisitions is well underway, with a number of R&D recruitments during FY 2021 specifically focused on leveraging Plus500's best-in-class technology to optimise the acquired businesses. Ultimately, this will help to deliver market access to the millions of potential customers looking for new trading opportunities. We believe that this represents a major strategic opportunity for Plus500, as we look to expand in this significant market, which is being driven by substantial management focus and continued investment in technology and people. There were record derivatives volumes traded in 2021 and crypto currency continued to move into the mainstream within the industry, with, for example, the launch of Ether, Micro-Ether and Micro-Bitcoin Futures by the CME in 2021.

Supported by a clear regulatory framework, Plus500 has a real opportunity to be a technology disruptor in this market, where the competitive environment is fragmented, the utilisation of technology is relatively limited and the range of asset classes for customers to access is becoming increasingly broad and accessible.



**We've expanded our geographic footprint and product offering in the significantly growing, but under-penetrated, US retail trading market in futures and options on futures.**

The second major milestone for us on new products during the year was the successful launch of our new share dealing platform, 'Plus500 Invest', in over 15 countries across Europe. At the start of FY 2022, it is available through a Web app and a mobile app on both Android and iOS. The platform, which was developed in-house by Plus500, includes a wide range of around 1,500 financial instruments comprising of the world's most popular equities, with a high quality, user-friendly and intuitive customer experience.

'Plus500 Invest' will be rolled out in additional target markets in FY 2022, with new equities and ETFs to be added to the product offering, helping to drive our expanded product range and geographic footprint.



**Can you discuss your progress on, and future plans for, how you are deepening customer engagement?**

**A** During FY 2021, we laid out our plans to incrementally invest approximately \$50m in our R&D capability between FY 2021 and FY 2023. During FY 2021, we initiated a major re-organisation of our R&D department, including the establishment of a new R&D centre in Tel-Aviv, and this investment will support the on-going recruitment of talented engineers, programmers, web designers and product managers at our R&D centres in Israel. In addition, this investment will continue, alongside our investment in marketing technologies, to support innovation and product development, as well as driving major customer-focused initiatives around retention, monetisation and activation.

During FY 2021, we have placed an increased emphasis and investment on developing new retention and monetisation technologies. These include tailored and multi-channel customer notification strategies to drive retention, conversion and build trust with customers.

We have also launched a new premium account for customers, which offers benefits such as professional trading webinars, weekly analysis emails and additional tools. We also make sure customers have sight of important news and market events, which can present them with compelling trading opportunities.

With a base of over 22 million registered customers, to which such initiatives are being targeted, we have a significant opportunity to utilise this investment. This will be achieved by re-activating the users who are not current Active Customers, through monetisation initiatives, as well as targeting users who have never been Active Customers.



**Can you talk about Plus500's operational performance in FY 2021?**

**A** I am really proud of our operational performance in FY 2021, particularly on the back of a record year in FY 2020, which was driven by our investment in marketing technologies to drive customer engagement.

Our strong performance during the year was well ahead of pre-pandemic levels and driven by our on-going success in customer retention, monetisation and activation. This ensured that we maintained continued high customer engagement, including a high level of Active Customers, on our platforms.

This was fundamentally achieved as a result of the scalability of our business and our robust systems architecture, which enables our platforms to handle tens of millions of transactions every year. In 2021, for example, we seamlessly and efficiently managed over 57 million customer trades on our platforms, with consistent service delivery maintained for our customers, despite many significant waves of demand which ramped up at very short notice.

We on-boarded a total of 196,336 New Customers in FY 2021 and our base of Active Customers was 407,374. Both of these metrics were well ahead of pre-pandemic levels. The heightened level of New Customers on-boarded in the prior year drove Customer Churn<sup>1</sup> in FY 2021 to 51.4%. To illustrate the long-term value creation being delivered by our business model, around \$493m of revenue in the years 2016 to 2021, has been delivered from customers who registered in 2016, following marketing investment of \$125m in that year. This represents a 294% return on initial marketing investment, demonstrating the long-term revenue potential being driven by Plus500's technology and operating model.

Customer loyalty remained strong, with 79% of our FY 2021 revenues derived from customers trading on the platforms for more than a year, 35% for more than three years and 16% for more than five years.

This high level of customer loyalty gives us great confidence that our customers are using our platforms on a sustainable, long-term basis, and is the consequence of our continuous investment in our product offering, our consistently innovative mindset and our on-going customer-centric approach. With these factors in mind, we see significant long-term potential from the 2021 customer cohort going forward.

Client deposits, another key measure of customer loyalty, remained high in FY 2021 at \$2.1 billion, further highlighting the continued high level of confidence that customers have in Plus500.

<sup>1</sup> Customer Churn:  $\frac{[(\text{Active Customers (T)} + \text{New Customers (T+1)}) - \text{Active Customers (T+1)}]}{\text{Active Customers (T)}}$



**The high quality, commitment and focus of our talented people ensures that Plus500 remains extremely well positioned for sustainable growth**



**Finally, what are your thoughts on the future for Plus500?**

**A** I am very excited about the future of our business, particularly following our outstanding performance in recent years and the great progress we have made against our strategic roadmap to develop our position as a global multi-asset fintech group. We are now very well placed to access a number of major growth opportunities, driven by our market-leading proprietary technology platforms, with an increasingly diversified and actively expanding product portfolio and geographic footprint.

What makes me most optimistic about our future is the high quality, commitment and focus of our talented people in each of our global locations. I am very grateful to all of them for their excellent efforts and dedication in ensuring that Plus500 remains extremely well positioned for sustainable growth in the future.

*David*

**David Zruia**  
Chief Executive Officer  
22 March 2022





"We achieved a major milestone in reaching a total of over 22 million registered customers, since Plus500's inception, on our platforms across our global operations.

"This achievement reflects our market-leading offering and has been driven by continued investment in marketing technologies and platform development. This substantial latent registered customer base represents a major opportunity for Plus500 through continued customer retention, activation and monetisation initiatives.

"Ultimately, this will enable us to achieve further growth in our Active Customer base, thereby increasing revenue and EBITDA over time."

**David Zruia, Chief Executive Officer**

# 22+ MILLION REGISTERED CUSTOMERS



# MARKET- LEADING PROPRIETARY TECHNOLOGY

Plus500's market-leading proprietary technology enables it to respond with agility to customer requirements, fast-emerging market developments and regulatory changes. The Group's technology is fully integrated and inter-connected across its operations, systems architecture, product and marketing capabilities.

Read more in Our Technology on pages 16 – 19 





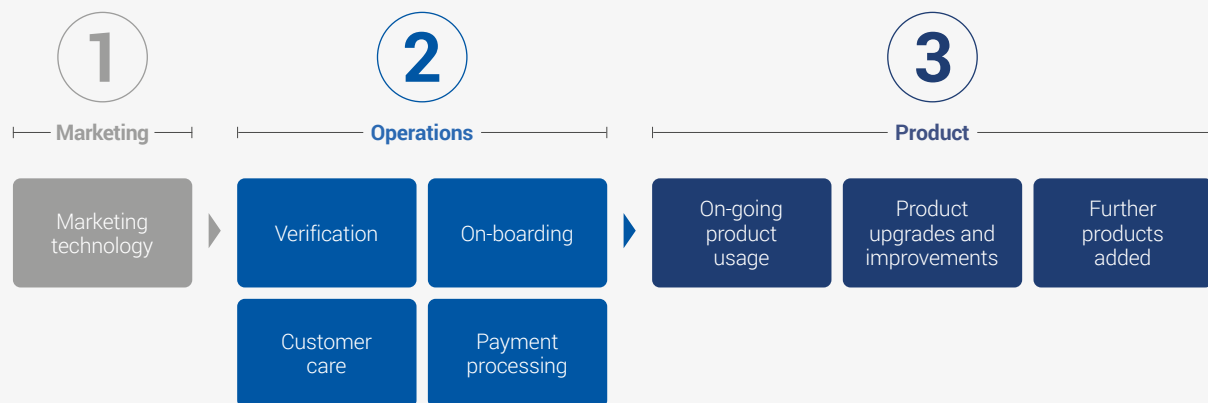
# 83%

Over 83% of the Group's CFD-related revenue is generated through mobile or tablet devices

\*For illustrative purposes

# PLUS500'S PROPRIETARY TECHNOLOGY

Our proprietary technology stack supports our customers in every step of their journey with us:



## ① Marketing

Our marketing technology efficiently positions our online marketing campaigns at an attractive return-on-investment. The marketing technology includes artificial intelligence characteristics and its optimisation process is made thanks to its big data capabilities.

## ② Operations

Once a customer has decided independently to open an account on our platforms, the operational element of our technology is initiated.

At that point, customers go through a stringent, rigorous verification and on-boarding process, in accordance with the applicable regulation, supported by 24/7 localised customer care and a best-in-class payment processing service, utilising a range of possible payment methods for our customers. This is all achieved "behind the scenes", ensuring the customer experience remains efficient and seamless.

## ③ Product

Once on-boarded, the next stage of the customer journey is the on-going product experience, including a range of educational and training tools, which is being continuously updated and upgraded, through new features, new analysis tools, new products and new financial instruments. All of these dynamics ensure that we can drive customer retention and value over time.

# Agile



Our market-leading technology enables us to respond with agility to customer requirements



## Supported by a robust systems infrastructure:



**In-house, tailored technological solutions, equivalent to market-leading SaaS and platform offerings**

### Systems infrastructure

This customer journey is supported and secured by a robust systems infrastructure, with a powerful CRM platform, cyber security and anti-fraud protection features and a robust risk management framework. These elements are a crucial part of our wholly owned and managed technology platform. Also, it is important to note that we have scalable and reliable system architecture and platforms capabilities which cater for our customers' trading activities.



### Plus500 technology developments during FY 2021

There were a number of important developments made during the year across each element of Plus500's proprietary technology stack.

#### Marketing

Plus500 continues to invest in targeted and efficient marketing technology initiatives, including big data and artificial intelligence (AI) technologies, as well as data analytics. Plus500 continued to invest in these initiatives during FY 2021, to drive customer acquisition, activation, retention and long-term monetisation. In particular, the Group now has a base of over 22 million registered customers, to which such initiatives are being targeted, with the aim of activating and re-activating the customers who are not current Active Customers.

Such initiatives included multiple customer notification strategies and a new premium account for customers, including features such as professional trading webinars, weekly analysis emails and additional tools.

Through such initiatives, the Group's unique and wholly-owned marketing technology remains a fundamental driver to the prospects and performance of the Group, driving customer retention and cohort value over the long-term.

#### Operations

The Group's technology powers its operations, with a consistent focus on cutting-edge customer service, customer on-boarding, payment processing and fraud management. During FY 2021, the operations team implemented additional technologies to enable new payment methods and developed additional tools

to support product launches and further improvements in customer service.

These actions helped to improve customer engagement, drive internal efficiency, support the Group's focus on people excellence and provided an on-going operational platform for future growth.

#### Product

During FY 2021, Plus500 expanded its range of proprietary trading solutions into new markets, new platforms and new products.

'Plus500 Invest' is now available as a fully mobile-compatible iOS, Web App and Android product, with a user interface consistent with the existing trading experience on Plus500's core product offering, and a wide range of financial instruments for customers to trade.

This ensures that 'Plus500 Invest' has an appropriate and attractive pricing structure, with advanced charting and analysis tools.

#### Systems architecture

The Company continued to invest in its systems architecture during the year, to support customer requirements. The implementation of Google Cloud Services provides further flexibility, security and scale to the platform, additional server capacity and redundancy, as well as enhanced data analysis, data processing and business intelligence capabilities.

The strength of the Company's IT infrastructure has ensured that the core platform has consistently delivered the capacity to support significant volumes, including the multiple volume spikes which have rapidly, and sometimes instantly, arisen on demand in recent years.

### A multi-layered and multi-channel marketing approach, driven by Plus500 technologies



Paid search



Media partners



Organic search



Content marketing



PR, brand, sponsorships

Performance marketing, supported by major global technology partners, such as Google

Partnerships with leading financial websites and portals

Alongside paid search campaigns

Technology-driven educational, training and news updates

Brand recognition through targeted PR campaigns and leading sports sponsorships

#### DRIVEN BY OUR SOPHISTICATED PROPRIETARY MARKETING TECHNOLOGIES

Artificial Intelligence (AI)

Big data

Data analytics

# 10m<sup>+</sup>

Plus500 app installs  
on Google Play<sup>6</sup>



## Key market trends in FY 2021 and Plus500's market position

Market volatility across global markets reduced during FY 2021, compared to the prior year, but remained relatively high, compared to pre-pandemic levels. This ensured continued trading opportunities for customers, evidenced by the level of usage on Plus500's CFD platform, with over 57 million customer trades being executed in FY 2021.

Continued automation and digitalisation across the global trading industry drove further accessibility to, and popularity of, online channels by customers. To illustrate this, over 83% of the Group's CFD-related revenue being generated from mobile or tablet devices with over 79% of CFD-related customer trades taking place on mobile or tablet devices in FY 2021.

These factors supported a continued expansion in size of the addressable global trading market, across geographies, product types and asset classes.

Regulatory scrutiny continued, ensuring on-going customer protection and creating barriers to entry for smaller, non-compliant new operators. This ensured a highly compliant and high quality service was delivered for customers across the industry as a whole.

In this market environment, Plus500, supported by its technological capabilities and its committed and skilled workforce, remained well positioned to support its customers. This is highlighted by the Group maintaining its market-leading positions in key strategic markets, including Germany<sup>1</sup> and Spain<sup>2</sup>, its ranking as the fastest-growing trading platform in the UK<sup>3</sup>, and as the most chosen CFD platform for its Mobile App in Australia<sup>4</sup> and in Singapore<sup>5</sup>. In addition, the Plus500 app has now achieved over 10 million installs on Google Play<sup>6</sup> and achieved a "Top 100 finance apps" ranking in 36 countries on Google Play and in 35 countries on the Apple Store<sup>7</sup>.

1. By total number of customer relationships. Investment Trends 2021 Germany Leverage Trading Report.
2. By total number of customer relationships. Investment Trends 2021 Spain Leverage Trading Report.
3. Year on year active trader numbers. Investment Trends 2021 UK Leverage Trading Report.
4. Investment Trends 2021 Australia Leverage Trading Report.
5. Investment Trends 2021 Singapore Leverage Trading Report.
6. Google Play as at 2 February 2022.
7. App Annie as at 20 December 2021.

# DELIVERING ON OUR PURPOSE

Our purpose is to enable trusted and intuitive access to financial opportunities for our customers, across a wide range of financial instruments, countries and devices. This strengthens our position as a global multi-asset fintech group and is supported by four key differentiators:

1



## Our powerful proprietary technology

Our proprietary technology remains our fundamental competitive advantage, enabling Plus500 to respond with agility to customer requirements, fast-emerging market developments and regulatory changes. It has taken many years to develop this technology, enabling Plus500 to build a long track record of innovation and a market-leading technological capability.

Plus500 trading platforms available in

**50+** countries

[Read more on pages 16 – 19](#)



2



## Our long track record

We have built a long track record of financial performance, with over 25% CAGR in revenue since the IPO year, and an average EBITDA margin of approximately 57% in that time. We have remained debt free since the business was established and have continued to be highly cash generative since that time.

Shareholder returns of

**\$1.4 billion**

since IPO in 2013

[Read more on pages 38 – 40](#)



## Our strategic roadmap

These differentiators ensure that Plus500 is well positioned to continue diversifying its revenue streams, product range and geographic footprint, based on our strategic roadmap of:

- Expanding our core product offering in new and existing markets;
- Launching new trading and financial products; and
- Deepening engagement with customers.

To access these opportunities, the Group will continue to invest in future growth, through further organic investments and by actively targeting additional acquisitions, as well as by activating potential strategic partnerships, to strengthen our position as a global multi-asset fintech group.

3



### Our leadership, people and culture

Our operating track record and technology development are testament to the quality of our people. We have fostered a high-performance organisational culture, reflecting Israel's technology-based and innovative environment. This has been led by a highly skilled management team, with specialist expertise and experience in technology.

Plus500 people

# 450+

at the end of FY 2021

[Read more on pages 30 – 33](#)



4



### Our agile business model

Our agile, customer-centric business model, with its unique edge in attracting and retaining customers through multiple channels, strong brand and reputation, and continued focus on customer care and protection, has ensured that we have consistently driven an attractive Return on Investment ("ROI") over time and will continue to do so.

Registered customers on the platforms globally, since Plus500's inception

# 22+ million

[Read more on pages 24 – 25](#)





# DELIVERING ON OUR STRATEGY



## LAUNCHING NEW PRODUCTS

### Acquisitions of Cunningham and CTS

During FY 2021, Plus500 executed the US acquisitions of Cunningham Commodities LLC. ("Cunningham"), a regulated Futures Commission Merchant, and Cunningham Trading Systems LLC. ("CTS"), a technology trading platform provider, which established the Group's position in the futures and options on futures markets. Through these transactions, Plus500 immediately expanded its geographic footprint and product offering in the significantly growing, but under-penetrated, retail trading market in futures and options on futures.

The integration of these acquisitions is underway, in line with our strategic roadmap, with a number of R&D recruitments during FY 2021 specifically focused on leveraging Plus500's best-in-class technology to optimise the acquired businesses. Ultimately, this will help to deliver market access to the millions of potential customers looking for new trading opportunities and ideas.

Plus500 aims to be a technology disruptor in this market, where the competitive environment is fragmented, the utilisation of technology platforms is relatively limited and the range of asset classes for customers to access is becoming increasingly broad and accessible. Consequently, by applying Plus500's best-in-class technology and expertise, the Group is confident that it will be able to offer accessible futures and options on futures products to a mass retail audience, thereby delivering on a major market opportunity.







**We believe that the global futures market is a major strategic opportunity for Plus500, as we look to expand in this significant potential market, which is being driven by substantial management focus and continued investment in technology and people.**

David Zruia, Chief Executive Officer



# AN AGILE, CUSTOMER-CENTRIC BUSINESS

## Resources and relationships

### Financial position

The Group has built a strong financial track record, maintaining a debt-free balance sheet since inception, with a lean and flexible cost structure. **Read more on page 38**

### Regulators

Continued compliance with appropriate global regulatory standards. **Read more on page 28**

### People

Our people are crucial in the on-going optimisation and management of the Group's technology platforms and its ability to attract and retain customers. **Read more on pages 30 – 33**



### Technology

Plus500 operates its robust and agile trading platforms which are based on its proprietary technology. **Read more on page 16**

### Marketing Partnerships

Plus500 has marketing partnerships and sponsorship agreements to support its efforts in attracting customers and driving brand awareness in strategic markets. **Read more on page 29**

## How we create and maximise value

### Responding to market trends...



**Market environment:** volatility drives opportunities for customers to trade



**Continued growth in popularity of trading:** size of the addressable market continues to grow



**Further automation across the industry:** greater accessibility to digital channels by customers



**On-going regulatory scrutiny:** ensures continued customer protection

### With a clear purpose and strategy...

Our purpose is to enable trusted and intuitive access to financial opportunities for our customers, across a wide range of financial instruments, countries and devices, to drive our continued progress as a global multi-asset fintech group.

### Underpinned by...



#### Comprehensive risk management

Proprietary risk management that incorporates real-time functionality risk management systems and trading threshold triggers to reduce risk



#### Sound governance

The Plus500 Board is comprised of a diversified and highly experienced group of individuals with extensive knowledge across a number of disciplines, in particular financial services and technology

**Our robust and scalable business model creates value for our stakeholders**

## Value created in FY 2021

EBITDA

**\$387.1m**

Basic earnings per share

**\$3.06**Operating cash conversion<sup>1</sup>**99%**

Shareholder returns

**\$200.2m**

Customer deposits

**\$2.1bn**

## How we share value

**Shareholders and investors**

The Group has delivered attractive returns through ordinary and special dividends as well as ordinary and special share buybacks. Total returns in dividends and share buybacks since IPO in 2013 amount to approximately \$1.4 billion

**Regulators**

The Group engages with regulators to ensure the integrity of the industry remains robust, contributing to round table discussions within the industry and holding regular dialogue with global and regional regulators

**People**

Plus500 offers rewarding and interesting careers, with opportunities for our people to achieve long term development and career progression

**Customers**

Customers enjoy highly rated, robust and scalable, user-friendly trading platforms, which are tailored for mobile usage. Intuitive navigation and consistency minimises the learning curve between devices and improves user experience

**Marketing partners**

The cooperation of the Company with its marketing partners provides all parties with economic value and synergy



1. Operating cash conversion: Cash generated from operations / EBITDA.

# MEASURING OUR PERFORMANCE

Our Key Performance Indicators (“KPIs”) can be used to benchmark the Group’s performance and our ability to drive returns on investment over time.

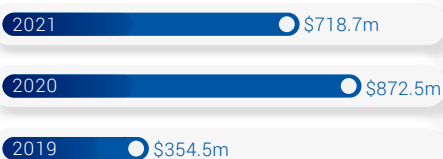
## Financial KPIs

### REVENUE

Revenue

**\$718.7m**

in FY 2021



#### What it is

The Group’s revenue is the income it generates through Customer Income and Customer Trading Performance.<sup>1</sup>

#### Why we measure it

Revenue is a measure of the Group’s ability to maximise the strength of its technology, representing the total income generated from customer transactions in the relevant financial period.

[Read more on pages 38 – 40](#)

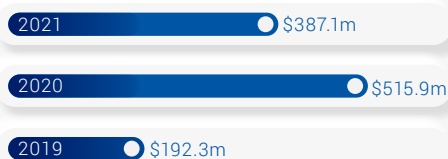


### EBITDA

EBITDA

**\$387.1m**

in FY 2021



#### What it is

EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

#### Why we measure it

EBITDA is a measure of the Group’s profitability and can be used to directly compare the Group’s profitability to that of other companies and other sectors.

[Read more on pages 38 – 40](#)





## Non-financial KPIs

## ARPU

2021 \$1,764

2020 \$2,009

2019 \$1,775

**What it is**

ARPU is calculated by dividing the revenue by the number of Active Customers in the relevant period.

**Why we measure it**

This measure helps to provide an understanding of the average revenue we are generating on a customer-by-customer basis. This helps us to identify and optimise our customer acquisition strategies to deliver an attractive return-on-investment over time.

## AUAC

2021 \$877

2020 \$750

2019 \$1,046

**What it is**

AUAC shows the average cost of attracting a new customer and is calculated by dividing our total marketing expenses by the number of New Customers in the relevant period.

**Why we measure it**

AUAC is a reflection of the marketing cost of recruiting new customers in the relevant period.

## ACTIVE CUSTOMERS

2021 407,374

2020 434,296

2019 199,720

**What it is**

Active Customers are customers who made at least one trade using real money (rather than trading through a demo account) on the trading platform in the relevant period.

**Why we measure it**

This measure reflects the level of customer activity on the trading platform during the relevant period. It is an indicator of how successful the Group is in attracting and retaining customers, with a view to delivering sustainable revenue and profits.

## NEW CUSTOMERS

2021 196,336

2020 294,728

2019 91,388

**What it is**

New Customers are customers who have deposited real money into their trading account for the first time.

**Why we measure it**

This metric tracks the number of new customers the Group attracts on a year-on-year basis. This helps us to understand the success of our technological capabilities and effectiveness of marketing initiatives.

# ENGAGING WITH OUR STAKEHOLDERS

The Group aims to develop long-lasting and valuable relationships with its key stakeholders through open and consistent engagement and communication, with a view to ensuring their perspectives and concerns are clearly understood by the Board and fully incorporated into the Board's discussions and decision-making.



## Customers

### Why we engage

We aim to ensure that Plus500 continues to provide a consistent, best-in-class service to our customers and that we continue to listen to our customers about their requirements and interests. This approach helps Plus500 to retain existing customers and attract new customers. In addition, we aim to ensure our customer care and protection is maintained, through educational tools and risk management features.

### How we engage

We engage with customers through an omni-channel customer-centric approach. We provide 24/7 customer support, which is available in multiple languages across a number of channels.

We also provide customers with a range of educational and training tools to support them with their trading activities. CFD customers are able to use our free demo account on an unlimited basis, through which they can try our service in a risk-free environment.

In addition, we conduct customer surveys to better understand their views on Plus500's service, so that we can continue to innovate and develop our product, based on customer feedback.

### Key focus areas

- Consistent level of service delivery;
- Continued 24/7 customer service availability;
- Further expansion of range of educational and training tools;
- Provision of negative balance protection and other embedded risk management features, to ensure customer care and protection is maintained; and
- On-going customer surveys to ensure we remain cognisant of customer requirements.



## People

### Why we engage

Organisational culture and employee well-being are critical in ensuring that our service is delivered to customers, through the on-going development of our technology by our people, on a consistent, long-term basis. With this in mind, the Group regards its talented and committed people as its key asset to enable its technology.

### How we engage

The Group undertakes regular evaluation processes for our people and provides competitive reward packages to attract and retain high quality people. We encourage our people to participate in training, learning and development, and make them aware of possible career progression opportunities within the Group.

We provide our people with a dynamic work environment, with high quality office facilities, including a number of new offices opened during the year, and the opportunity to engage in a number of social activities and community engagement programmes. In addition, we supported our people to work remotely throughout the COVID-19 pandemic.

One of our Non-Executive Directors, Steve Baldwin, is the workforce engagement representative on the Board to provide a channel through which our people can raise their views directly to the Board, informing the Board's approach to supporting improvements in organisational culture.

### Key focus areas

- Consistent internal communication on developments within the Group and across our industry;
- Continued opportunities for training, learning, development and career progression; and
- Continued communication of people matters to the Board.



## Regulators

### Why we engage

Regulatory oversight is an integral part of the Group's business, as its regulated subsidiaries retain operating licences and are supervised by various regulators around the world, to ensure that we are offering our service within the appropriate regulatory rules and guidelines. Regulatory compliance procedures are constantly reviewed and enhanced, with a culture of compliance embedded within the business, including open and constructive communications with relevant regulatory bodies.

### How we engage

The Group communicates with regulators on an on-going, constructive and open basis and we participate in a number of regulators' co-ordination groups. In addition, we contribute to public consultations issued by regulators on relevant industry matters.

### Key focus areas

- Continued monitoring of and compliance with appropriate laws, global regulatory standards and industry best practices;
- Rapid implementation of regulatory changes, driven by our proprietary technology; and
- On-going communication with, and support of, regulators in current and potential future regulatory jurisdictions.



## Communities

### Why we engage

Engagement with local communities is crucial from social welfare and sustainability perspectives and, with this in mind, the Group continues to support its local communities.

### How we engage

The Group participates in a number of projects to support and assist local communities and charities. These include on-going monetary contributions and the provision of resources and equipment to a number of charities, non-profit organisations, community centres and disadvantaged families in local communities.

The Group also maintains strategic partnerships and alliances with community partners, including our on-going collaboration with top tier academic institutions, for example the Technion – Israel Institute of Technology, through which we participate in several innovation and entrepreneurship initiatives.

### Key focus areas

- Continued financial donations;
- On-going supply and provision of resources and equipment;
- Further employee engagement in local community projects; and
- Continued focus on strategic partnerships with top tier academic institutions.



## Investors

### Why we engage

Plus500 aims to provide fair, balanced and understandable information to investors and shareholders, to ensure their continued support of the Company. Maintaining a close connection to its shareholders through clear and transparent dialogue continues to be a major focus for the Group. The Company continues to seek ways in which to enhance its relationship with investors.

### How we engage

An open dialogue with investors is achieved through meetings, results presentations, conference attendance and group meetings, such as the Annual General Meeting. In addition, the Company produces a variety of investor-focused material, including annual reports, news published on the Regulatory News Service and investor presentations. These are available on a recently refreshed and updated dedicated Investor Relations website.

### Key focus areas

- On-going transparent dialogue with investors;
- Open lines of communication for shareholders;
- Regular collection of investor feedback and dissemination to the Board; and
- Executive management participation in investor-focused events and activities.



## Marketing partners

### Why we engage

Plus500 works with various marketing partners, including sports sponsorship partners, who support the Group with various activities.

### How we engage

We build strong partnerships with marketing partners through an open dialogue to ensure we can develop long-term valuable relationships.

Our relationships with our marketing partners include the on-going review and monitoring of their performance levels, to ensure that the Group is achieving quality and value from its partnerships. Ultimately, this helps to build mutually beneficial relationships with our marketing partners.

### Key focus areas

- On-going dialogue with our marketing partners;
- Continued fair treatment of marketing partners in our dealings with them; and
- Consistent focus on innovation and new initiatives to help deliver enhanced value from marketing partnerships.

# Connected



We create an open dialogue with our stakeholders to ensure their perspectives and concerns are clearly understood.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group's approach to ESG is aligned to its purpose of enabling trusted and intuitive access to financial opportunities, supported by on-going engagement with its customers and also with shareholders and potential investors, analysts, shareholder advisory bodies, ESG ratings agencies, employees and other stakeholders.

## Introduction

The Board established an ESG Committee in FY 2020 to oversee and support the Group's approach in this area, and this Committee's report for FY 2021, presented by its Chair, Daniel King, can be found on pages 71 – 73 of this Annual Report. The Committee is supported by an ESG working group, comprising of the Company Secretary and Head of Investor Relations, with on-going input from a specialist ESG consultancy.

The Group remains committed to operating responsibly and sustainably in all aspects of its business, carrying out a range of ESG initiatives to deliver tangible value for our stakeholders. The Group's core ESG values are:

- Creating long-term value for our stakeholders;
- Putting our customers first by leading the industry in which we operate in and by delivering innovative and high quality products;
- Maintaining a dynamic and creative work environment for our people around the world, which promotes diversity and equal opportunity, protects human rights and eliminates discrimination; and
- Minimising any impact of the Group's operations on the environment.

In FY 2021, the ESG Committee commissioned a materiality assessment to identify the key ESG priorities and risk factors for the Group, based on a series of detailed interviews with a number of key internal and external stakeholders. The objective of this assessment was to help establish a framework for the Group's future approach in key ESG areas and, ultimately, to increase the Group's resilience over the long term.

This assessment identified several ESG priority areas for Plus500. These areas were: customer care and protection, organisational culture, cyber security, systems infrastructure and leadership and governance.

This year's ESG report covers the Group's progress in each of these areas in FY 2021, as well as other important related priority areas. In addition, this report includes new information and data about the Group's approach to the potential environmental impact of its operations and incorporating the Group's initial reporting in relation to the Task Force on Climate-related Financial Disclosures (TCFD).

Plus500 continues to take steps to mitigate the risks associated with each of these priority areas, supported by on-going engagement with key stakeholders. The Key Stakeholder Relationships and Risk Management Framework sections on pages 28 – 29 and 41 – 45 of this Annual Report outline how the Group is mitigating these risks in more detail.

## Leadership and governance

It is crucial for Plus500 to remain in compliance with applicable governance requirements, in particular ensuring the appropriate Board composition and diversity (including gender diversity), and maintaining a remuneration policy for directors and executives which is aligned to long-term shareholder interests.

In addition, the Board is cognisant that it must continue to attract and retain high quality Board membership and Executive Management leadership, to ensure the Group continues to deliver a consistently strong operational performance and achieve its strategic objectives.

More details on the Board's approach to governance, covering each of these priority areas, can be found in the Governance section of this Annual Report, on pages 54 – 58, with biographies of each Board member on pages 52 – 53.

## Customer care and protection

Customer care and protection, in particular ensuring customers remain protected from, and well informed of, the risks of trading, remains a critical priority for the Group, in line with regulatory requirements in this area. This is not only a specific risk to Plus500, but also across the entire industry.

Measures such as negative balance protection and maintenance margin protection on the Group's CFD trading platform remain crucial in ensuring customers are well protected, having been embedded in Plus500's technology since its inception.

In addition, a free demo account is available on an unlimited basis for CFD platform customers, while sophisticated risk management tools are provided free of charge for customers to manage leveraged exposure, including measures such as stop losses.

In FY 2021, the Group continued to develop its range of educational and training tools and features on its platforms, to help inform customers of the inherent potential risks involved in trading, as well as ensuring risk warnings are prominent on its platforms and marketing materials.

The Group continues to ensure compliance with global regulatory standards in this area and remains well positioned for any potential future regulatory changes. This is supported by the Group's established global regulatory network, which is managed by its regulated subsidiaries and overseen centrally on an on-going basis.



### Organisational culture

Organisational culture, with a focus on employee health, safety, well-being, welfare and development, is another important priority for the Group to drive long-term business resilience. The Group aims to continue attracting and retaining high quality talent, which ultimately ensures the delivery of a consistent level of high quality products and services for customers.

### Employee development

The Group's head office is in Israel, a major global hub for technology and innovation, where there is a skilled and educated workforce which is highly trained in all elements of technological development. Plus500 has fostered an entrepreneurial and high-performance organisational culture that reflects Israel's technology-based environment. The Group aims to replicate this cultural mindset in each of its global operating subsidiaries, as has been the case historically.

This has created a working environment which empowers on-going improvements in employee development, through training, learning and career progression. This includes Group-subsidised training programmes for employees to enhance their understanding of a number of commercial areas, including technology and marketing. The Group also runs a programme which involves a series of expert lectures for employees to broaden their knowledge outside of their day-to-day roles.

Furthermore, the Group carries out regular performance evaluation programmes for all employees to help continue their development and meet their career aspirations at Plus500.

The Group is committed to fair wages for all employees and enables them to participate in its success through competitive reward packages, alongside share-related benefits that are linked to the financial and operational performance of Plus500.

### Employee health, safety and well-being

The Group is particularly dedicated to the health, safety and well-being of its people and aims to continue to provide them with optimal working conditions to support a healthy, safe and balanced working environment, particularly throughout the challenging period of the COVID-19 pandemic. During that time, the Group embraced a hybrid working model, enabling flexible working, as well as providing employees with on-going access to COVID-19 test kits and sanitary equipment.

In addition, the Group provided on-going guidance on well-being issues and flexibility around childcare and family support, with employees at the Group's headquarters and certain subsidiaries continuing to be offered annual health and medical checks at a local hospital.



Employees at the Group's headquarters are encouraged to make use of Plus500's office facilities, resources and events, including organised social activities, lectures, access to a private gym, yoga and wellness classes, team retreats, a varied library, a fully equipped kitchen, meal vouchers and other benefits. Furthermore, to help drive even greater employee satisfaction, the Group provides gifts and merchandise to employees at its headquarters to celebrate such events as public holidays and employees' birthdays and weddings. The Group also holds an annual employee event in Israel with various departments arranging regular "family days" and team events across its global operations.

**The Group's approach to equal opportunity, protecting human rights and employee diversity**

Plus500 is committed to maintaining high ethical standards and protecting human rights across its operations and supply chain. The Company's Human Rights and Modern Slavery Statement pursuant to Section 54 of the UK Modern Slavery Act 2015, can be found on the Company's website. In FY 2021, the Group continued to monitor and track potential human rights and modern slavery issues, as part of its overall compliance risk management programme. It was found that there were no incidences of modern slavery or human rights abuses across the Group's operations.

The Group is committed to equal opportunity in employment and to creating, managing, valuing and promoting diversity and eliminating discrimination in its workforce. The Group maintains an Equality, Diversity and Inclusion Policy with respect to candidate selection processes, hiring, promotion, compensation, training and assignment of responsibilities, termination or any other aspect of the employment relationship.

The Group is also committed to equality and fairness to all and does not provide less favourable facilities or treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership,

pregnancy and maternity, race, ethnic origin, colour, nationality, national origin, religion or belief, or gender and gender orientation, social background, political opinion, sensitive medical conditions or trade union membership.

To this end, Plus500's people come from diverse backgrounds and the Group ensures that all employees, both prospective and current, are given access to equal opportunities. All employees, whether they are part-time, full-time or temporary, will be treated fairly and with respect.


The Group is committed to:

- Creating an environment in which individual differences and the contributions of all team members are recognised and valued;
- Creating a working environment that promotes dignity and respect for every person;
- Not tolerating any form of intimidation, bullying or harassment, and disciplining those that breach the policy;
- Ensuring availability of training, development and progression opportunities for all of our people;
- Promoting equality in the workplace;
- Encouraging anyone who feels they have been subject to discrimination to raise their concerns and to take those concerns seriously;
- Regularly reviewing employment practices and procedures so that fairness is maintained at all times; and
- Encouraging our people to treat everyone with dignity and respect.

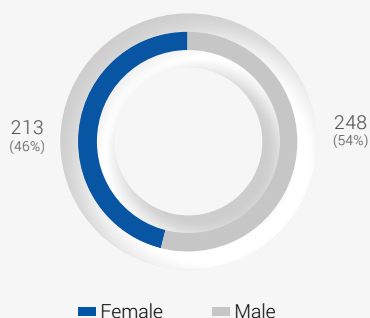
The Equality, Diversity and Inclusion Policy is monitored and reviewed annually by the Board, with the assistance of the Nomination Committee and the ESG Committee to ensure that equality and diversity is continually promoted in the workplace.

The Group's organisational culture and mindset has helped to drive employee attraction and retention and has ultimately led to the Group's innovation and technological excellence.

# Responsible

 Plus500 remains committed to operating responsibly and sustainably in all aspects of its business, to help deliver tangible value for our stakeholders

### GENDER EQUALITY: ALL EMPLOYEES (%)



More information on the Board's Equality, Diversity and Inclusion Policy can be found on page 62 of this Annual Report. This policy can also be found on the Company's website

[Read more on pages 60 – 63](#)



### Gender equality

The Group is committed to the progression of its talented women, with female representation across the Group remaining relatively strong. Plus500's gender diversity statistics as at 31 December 2021 were as follows:

	FEMALE	MALE	TOTAL
Board	3 (38%)	5 (62%)	8
Senior management	12 (39%)	19 (61%)	31
All Employees	213 (46%)	248 (54%)	461

Senior management in the table above includes executive management and the first layer of management below. During FY 2021, gender diversity at Board level was improved further through the appointments of Sigalia Heifetz as an Independent Non-Executive Director and Tami Gottlieb as an Independent Non-Executive Director and External Director. Also, as announced in March 2022, Prof. Varda Liberman was appointed as an Independent Non-Executive Director.

Consequently, as at the date of this Annual Report, female representation on the Board comprised 44% (four female Directors out of nine Directors). Furthermore, following the tenure of Daniel King finishing in June 2022, as outlined in more detail on page 50 of the Governance section of this Annual Report, female representation on the Board will increase to 50% (four female Directors out of eight Board members).

These appointments not only continue to diversify the Board's gender composition, but also further expand the range of the Board's expertise, knowledge and experience. Plus500 believes that diversity across the Board and the Group is an important element in maintaining competitive advantage and effective governance, as well as mitigating the risk of a "group think" culture.





### Information and data security

Ensuring that the Group's technology remains highly secure and immune from breaches of privacy, particularly around personal information and data, is another key priority area.

Information and data security is managed through a dedicated and specialist cyber security team, based at the Group's headquarters and reporting to the Group's Chief Operating Officer, with ultimate oversight from the Audit Committee of the Board. The Group's IT infrastructure production environment is hosted by a third party supplier, which is certified under ISO/IEC 27001, ISO 14001, ISO 18001 and ISO 9001 compliance certifications.

The cyber security team manages a range of regular training programmes and activities to all Group personnel (including the Board) to ensure consistent and robust management of cyber security risk and to minimise any external threats to the Group's platforms, systems and data. As a result of these initiatives, there were no significant security or data breaches across the Group's platforms during FY 2021.

### Systems infrastructure

Maintaining a robust systems infrastructure, with embedded risk management features and in-built redundancy, remains crucial to ensure that Plus500 customers receive a consistent level of service. This is supported by continued investment by the Group in the development of its technology.

The Company continued to invest in its systems architecture during FY 2021, to support customer requirements. The implementation of Google Cloud Services provides further flexibility, security and scale to the platforms, additional server capacity and redundancy, as well as enhanced data analysis, data processing and business intelligence capabilities. This supports the Company's main data centres, which host its trading platforms and major network equipment.

The strength of the Company's IT infrastructure has ensured that the core platform has consistently delivered the capacity to support significant volumes, including the multiple volume spikes which have rapidly, and sometimes instantly, arisen on demand in recent years.

### Anti-bribery and corruption

As a company listed in the UK, Plus500 is subject to the UK Bribery Act 2010 and, as an Israeli-incorporated company, it is also subject to anti-bribery and anti-corruption regulation under applicable Israeli law.

Plus500 operates a zero tolerance approach to bribery and corruption. The Company's Anti-Bribery Policy ensures it conducts all business in an honest and ethical manner whilst acting professionally and fairly with integrity in business dealings and relationships.

This policy applies to all our people, at all levels and grades, as well as consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any subsidiaries or their employees, wherever located. This policy covers:

- Bribes;
- Gifts, hospitality and expenses;
- Facilitation payments;
- Third party suppliers or agents;
- Client entertainment and benefits;
- Lobbying expenditures;
- Political contributions; and
- Charitable contributions.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all employees of the Group. All individuals are required to avoid any activity that might lead to, or suggest, a breach of this policy and to raise any concern, should they have any, in this regard to the Company Secretary, who shall keep these concerns strictly confidential. Internal control systems and procedures are subject to regular audits to provide assurance that they are effective in countering bribery and corruption.

Training on the Anti-Bribery Policy forms part of the introduction process for all of the Group's new recruits. All of the Group's employees receive regular, relevant training on how to implement and adhere to all aspects of the policy and are asked to formally confirm compliance with the policy on an annual basis.

This Anti-Bribery Policy and its implementation is reviewed on a regular basis, and annually at Board level, to ensure that Plus500 conducts all of its business in an honest and ethical manner.

Plus500 prohibits donations, whether in cash or kind, in support of any political parties or candidates. In addition, to avoid criminal offence and to protect the Company's reputation, it is important that the Company does not become involved with third party criminal activities. To this end, the Company continues to ensure that it does not receive funds relating to criminal activities which could be associated with money laundering (the activity of taking the proceeds of criminal activity, and disguising the origin, identity and destination of this illicit money through a series of transactions).

#### Community engagement

The Group encourages its people to get involved and contribute to their local communities. Workforce social initiatives are supported by Plus500's Donations Committee comprised of workforce volunteers, which oversees the planning and performance of relevant activities, with meetings occurring on a quarterly basis.

During FY 2021, supervised by the Group's Donations Committee, the Group donated approximately \$80,000 to various community projects and Non-Profit organisations in Israel, including a youth support programme and a number of education support and enrichment programmes for deprived and vulnerable children in local communities. In addition, the Group donated IT equipment to various charities and local community initiatives.

Plus500 maintains strategic partnerships and alliances with community partners, such as the on-going collaboration with top tier academic institutions like the Technion – Israel Institute of Technology, participating in innovation and entrepreneurship initiatives.

The Group aims to carry out new employee-volunteer community initiatives in the local community going forward, many of which were put on hold during the COVID-19 pandemic.

#### Impact on the environment

As a technology-based business, Plus500 does not carry out any industrial activity, is not involved in anything which would emit environmentally harmful substances and has a relatively low environmental impact. However, the Group is committed to managing its environmental impact, which results from the energy usage relating to the maintenance of the Group's IT infrastructure and the operation of its network of offices around the world. Consequently, the Group aims to ensure that it conducts appropriate and necessary actions to minimise the impact of its infrastructure and operations on the environment, with commitments to:

- Protect the environment;
- Reduce waste as well as water, energy, and resource use;
- Monitor the Group's environmental performance; and
- Provide environmental training for employees.





### Emissions reporting, targets and approach to emissions reduction

Supported by a number of initiatives being carried out by the Group to deliver on these commitments, and thereby addressing Plus500's potential impact on climate change, the Group has set a target of being carbon negative and net zero for Scope 1 and Scope 2 emissions by 2030 or earlier.

The tables below outline the Group's energy and emissions output over the last two years, particularly in relation to Scope 2 emissions, which have been calculated using a location-based calculation method based on the Greenhouse Gas Protocol (the Group does not emit any Scope 1 emissions, given the nature of its business):

The two factors within the Group's business with the most significant potential environmental impact, in relation to emissions, are:

- The maintenance of Plus500's technology infrastructure, in particular the management of the various data centres and servers that are owned or leased by the Group around the world; and
- The Group's global office network.

In FY 2021, electricity consumption and expenditure increased due to less remote working compared to the prior year, certain subsidiaries moving to larger offices to accommodate growth and the additions of Cunningham and CTS in the US, which were acquired in July 2021, and a new office in Tel Aviv.

The Group's commitment to become carbon negative and net zero for Scope 1 and Scope 2 emissions by 2030 will be supported by a number of activities. In particular, the Group regularly looks for opportunities to improve the efficiency and performance of its servers and third party data centres, including upgrading their hardware and software on a regular basis. In addition, the Group will continue to investigate opportunities to manage and operate more services through Google Cloud and other remote platforms, thereby optimising the utilisation of terrestrial infrastructure and reducing electricity usage.

Energy efficiency has been optimised in recent years as a result of a greater level of flexible working, compared to pre-pandemic levels, and through the utilisation of video-conferencing facilities which has reduced the requirement for employee travel. The Group is investigating ways to measure its Scope 3 emissions and, when finalised, the Group will report on these Scope 3 emissions, including them in future disclosure and, potentially, incorporating them into the Group's emissions targets.

The Company is also taking steps to diversify its investments within the sustainability eco-system. For example, during FY 2021, Plus500 worked with a key relationship bank to re-classify a portion of its fixed bank deposits as "Green Deposits", which the bank uses to invest in areas such as energy-efficiency activities and renewable energy projects.

The Group has adopted an Environmental Policy, which can be found on the Company's website.

### Recommendations of the Task Force on Climate-related Financial Disclosures

The Group recognises the significance of climate change for all businesses and therefore welcomes and supports the recommendations of the TCFD for more consistent disclosure on climate-related financial risk disclosures by companies.

During FY 2021, the Group carried out a gap analysis and peer group analysis, to review, amongst other elements, the Group's current climate-related disclosure and to better understand best practice reporting on TCFD and climate-related disclosures across the UK-listed peer group and US-listed fintech space. The Group will continue to be consistent with, and in compliance with, TCFD recommendations in its disclosures.

Supported by the analyses carried out in FY 2021, Plus500's progress against the TCFD recommendations is provided on the following page, together with our future plans.

	FY21			FY20		
	UK	GLOBAL (EXCL. UK)	GROUP TOTAL	UK	GLOBAL (EXCL. UK)	GROUP TOTAL
<b>Total Group energy consumption (kWh)</b>	<b>39,706</b>	<b>535,670</b>	<b>575,376</b>	21,539	418,973	440,512
	FY21			FY20		
	UK	GLOBAL (EXCL. UK)	GROUP TOTAL	UK	GLOBAL (EXCL. UK)	GROUP TOTAL
<b>Total Scope 1 (tCO<sub>2</sub>e)</b>	<b>0</b>	<b>0</b>	<b>0</b>	0	0	0
<b>Total Scope 2 (tCO<sub>2</sub>e)</b>	<b>7.6</b>	<b>227.5</b>	<b>235.1</b>	4.1	182.8	186.9
<b>Total tCO<sub>2</sub>e</b>	<b>7.6</b>	<b>227.5</b>	<b>235.1</b>	4.1	182.8	186.9
<b>Intensity measure (Group turnover \$'m)</b>			<b>718.7</b>			872.5
<b>GHG Emissions Intensity ratio (per Group turnover \$'m)</b>			<b>0.33</b>			0.21



## Governance

### Current approach:

- The Board oversees all aspects of ESG, including climate-related risks and opportunities for the Group;
- The Board has established an ESG Committee, chaired by Daniel King, (see page 72 for details of the composition of the Committee) to monitor on progress against the Group's ESG approach and priority areas, and to externally report these elements, including climate-related risks and opportunities. The ESG Committee receives input from executive management and is supported by the Group's ESG working group, which comprises the Company Secretary and Head of Investor Relations, with on-going input from a specialist ESG consultancy;
- The ESG Committee reviews ESG-related risks, including climate-related risks;
- The ESG Committee provides regular updates to the Board on all of these elements;
- The ESG Committee met four times during FY 2021 and regularly reported back to the Board during the year; and
- The external reporting of Scope 1 and Scope 2 emissions target is now part of the Group's annual reporting.

### Future plans:

- On-going review and monitoring of the implementation of the Group's approach to ESG, including any potential climate-related impact, by the ESG Committee and executive management; and
- Continued review of the Group's ESG reporting and disclosure, including any updates to the Group's environmental targets, by the ESG Committee, in line with best practice and the latest regulations.

## Strategy

### Current approach:

- In delivering on the Group's purpose to enable trusted and intuitive access to financial opportunities, Plus500 is committed to managing its environmental impact, which results from the energy usage relating to the maintenance of the Group's IT infrastructure and the operation of its network of offices around the world; and
- The Group aims to ensure that it conducts appropriate and necessary actions to minimise the impact of its infrastructure and operations on the environment, including upgrading hardware to improve efficiency and performance. During the year, the Company worked with a key financial institution to re-classify a portion of its fixed short-term bank deposits as "Green Deposits", which the financial institution uses to invest in areas such as energy-efficiency activities and renewable energy projects.

### Future plans:

- The Group will continue assessing how climate-related risks and opportunities impact both the business and its purpose of enabling trusted and intuitive access to financial opportunities, as well as its strategic and operational approach to delivering on this purpose;
- The Group will continue to identify climate-related risks through regular risk management processes, overseen by the ESG Committee;
- In FY 2022, the ESG Committee is aiming to conduct an initial scenario analysis of the impact of climate change on the Group's purpose, strategy and future operational performance; and
- The Group will continue to be committed to minimising the impact of its operations on the environment by adopting responsible environmental practices.

## Risk management

### Current approach:

- The ESG Committee receives reports on ESG risks identified through the Group's risk management process. The ESG Committee determines the nature and potential impact of climate-related risks and opportunities facing the Group in achieving its purpose and strategic objectives;
- The ESG Committee advises the Board on current and future strategies regarding climate-related risks and opportunities; and
- The ESG working group was established during FY 2021 to support the ESG Committee in monitoring and reviewing ESG risks and opportunities.

### Future plans:

- The ESG Committee will continue to identify, assess, manage and prioritise climate-related risks and opportunities.

## Metrics and targets

### Current approach:

- The Group has disclosed its Scope 1 and 2 emissions data, as outlined on page 36, and will continue to do so on an annual basis;
- Plus500 has set a target of being carbon negative and net zero in its Scope 1 and 2 emissions by 2030 or earlier; and
- Progress against these targets will be disclosed on an annual basis.

### Future plans:

- The Group is investigating ways to collect, collate and report on its Scope 3 emissions;
- Once finalised, the Group will report its Scope 3 emissions going forward, thereby expanding its disclosure in this area; and
- The Group is committed to regularly reviewing its climate-related metrics, targets and progress against these targets and will update its disclosure as and when appropriate.

The Group has reported above on the most relevant and appropriate elements of TCFD for Plus500. Going forward, the Group will continue to assess its climate-related risks, priorities and opportunities, to ensure that its reporting in relation to TCFD recommendations continues to be consistent, and in compliance, with these recommendations, and will evolve and develop over time.

# WELL POSITIONED FOR GROWTH



With solid financial foundations, Plus500 is well positioned to deliver on its strategic growth ambitions, through both organic investments and acquisitions.

Elad Even-Chen, Chief Financial Officer

## Revenue

**\$718.7m**

(FY 2020: \$872.5m)

## EBITDA

**\$387.1m**

(FY 2020: \$515.9m)

## Net profit

**\$310.6m**

(FY 2020: \$500.1m)

## Operating Cash Conversion

**99%**

(FY 2020: 106%)

The Group's operational performance in FY 2021 translated into another outstanding financial performance across all metrics during the year, ahead of the Group's pre-pandemic performance in FY 2019, highlighting Plus500's resilient technology and sustainable business model.

### Revenue and EBITDA

The Group generated total revenue of \$718.7m in FY 2021 (FY 2020: \$872.5m, FY 2019: \$354.5m).

Customer Income, a key measure of the Group's underlying performance, was consistently strong throughout FY 2021 at \$702.8m (FY 2020: \$997.5m, FY 2019: \$382.4m).

Customer Trading Performance was \$15.9m during FY 2021 (FY 2020: \$(125.0m), FY 2019: \$(27.9m)). The Company continues to expect that the contribution from Customer Trading Performance will be broadly neutral over time.

Supported by the Group's lean and flexible cost base, EBITDA for FY 2021 was \$387.1m (FY 2020: \$515.9m, FY 2019: \$192.3m). EBITDA margin remained strong during FY 2021 at 54% (FY 2020: 59%, FY 2019: 54%).

### Cost base

Costs remained well controlled and 72% of the Group's costs were variable (FY 2020: 80%, FY 2019: 71%), with the Group maintaining a flexible cost base. The Group's variable costs remain positively correlated to enhanced performance and higher volumes, including marketing investment and payment processing expenses.

Marketing technological investment was \$172.1m during FY 2021 (FY 2020: \$221.1m, FY 2019: \$95.6m). This investment will continue to be made to ensure that the Group is able to capture opportunities to drive future anticipated attractive Return on Investment ("ROI").

Total SG&A expenses were \$334.1m during FY 2021 (FY 2020: \$358.9m, FY 2019: \$164.4m), the major elements of which were the marketing investment outlined above, processing costs of \$40.8m (FY 2020: \$53.0m, FY 2019: \$15.8m) and payroll and related expenses of \$33.0m (FY 2020: \$26.0m, FY 2019: \$22.6m).

AUAC was \$877 in FY 2021 (FY 2020: \$750, FY 2019: \$1,046), with on-going investment being made in strategic markets to attract high value customers. Given the strength of the Group's marketing technology and Plus500's long track record of delivering high returns on marketing investment, the current investment cycle is expected to continue delivering an attractive ROI.

The Group continues to expect that AUAC will rise steadily over time, as the Group's customer profile continues to shift to higher value customers and as the Group invests in attracting customers to the new trading products in its portfolio and targeting customers in strategic geographies.

#### Net financial income

Net financial income (expense) amounted to \$1.8m in FY 2021 (FY 2020: \$9.7m, FY 2019: \$(0.8m)), predominantly due to foreign exchange and translation differences, in addition to interest received related to fixed deposits and tax rebates. A substantial proportion of the Group's cash is held in US dollars in order to provide a natural hedge, thereby reducing the impact of currency movements on financial expenses.

#### Corporate Tax

As well as being driven by the Group's operational performance, net profit and earnings per share were also supported by a reduction in the corporate tax rate to 12% for Plus500 Ltd., from the full corporate tax rate of 23% previously. This was due to the Company receiving approval from the Israeli Tax Authority (ITA) recognising the Company as a "Preferred Technological Enterprise" (PTE). In addition, the withholding tax rate applicable for dividends in FY 2021 was reduced from 25% to 20%.

On 18 January 2022, the Company announced that this accreditation had been successfully extended for FY 2022, FY 2023, FY 2024, FY 2025 and FY 2026, with Plus500 Ltd.'s corporate tax rate for each of these financial years, to be reduced from 23% to 12%, and the withholding tax rate applicable for dividends to be reduced from 25% to 20%, subject to the Company complying with the conditions of the Law for the Encouragement of Capital Investments.

#### Net profit and earnings per share

Net profit in FY 2021 was \$310.6m (FY 2020: \$500.1m, FY 2019: \$151.7m) and basic earnings per share was \$3.06 (FY 2020: \$4.71, FY 2019: \$1.35).

#### Balance sheet and cash generation

As at the end of FY 2021, total assets were \$822.8m (FY 2020: \$620.2m, FY 2019: \$316.9m) with equity of \$661.3m representing approximately 80% of the balance sheet.

The Group remains highly cash generative, supported by the relatively low levels of capital expenditure as a result of its automation and technological capabilities, with cash generated from operations during the year of \$383.0m (FY 2020: \$546.6m, FY 2019: \$170.1m) and 99% operating cash conversion achieved (FY 2020: 106%, FY 2019: 88%).

During FY 2021, the Company completed several share buyback programmes totalling \$64.9m. In addition, \$144.9m in dividends were declared and paid to shareholders during the year as interim, final and special dividends.

The Group remains debt-free, as it has been since its inception, with cash balances and cash equivalents at the end of FY 2021 of \$749.5m (FY 2020: \$593.9m, FY 2019: \$292.9m).

#### Presentation of currencies

The consolidated financial statements are presented in US dollars, which is the Company's functional and presentation currency. Foreign currency transactions and balances in currencies different from the US dollar are translated into the US dollar using the exchange rates prevailing on the dates of the transactions or at the balance sheet date.

#### Business development

The Group made excellent progress, from a business development perspective, during the year in pursuing a range of potential growth opportunities. Major achievements included the due diligence, negotiations and completion of the Cunningham and CTS acquisitions in the US, as well as obtaining a new regulatory licence in Estonia, granted on 7 February 2022, supported by the establishment of a new local subsidiary.

In March 2022, following a lengthy assessment of the market opportunity in Japan, the Company completed an acquisition of a local firm regulated by Japan's Financial Services Agency as a Type 1 Financial Instruments Business Operator. This represents a major growth opportunity for Plus500, through an immediate presence in the substantial retail trading market in Japan.

In addition, the business development team made great progress in furthering a number of other growth initiatives, including advancing the Group's position with a number of potential other regulatory licence applications and acquisition targets. The team continues to explore a range of opportunities to support the Group in its growth ambitions, including investigating potential new products and market opportunities.

#### Shareholder returns

The Company's shareholder return policy is to return at least 50% of net profits to shareholders through dividends and share buyback programmes, with at least 50% of this distribution being made by way of dividends. For FY 2021 and in previous years, this shareholder return policy has been based on a 23% corporate tax rate, for both interim and final dividends. In addition, the Board has considered paying special dividends and executing special share buyback programmes at year end.

The Board will review the basis of this policy for future shareholder returns, in light of the successful extension of Plus500 Ltd.'s status as a PTE, as outlined above, and the consequent reduction in its corporate tax rate from 23% to 12% for each financial year up to and including FY 2026, subject to the Company complying with the conditions of the Law for the Encouragement of Capital Investments.

The Board has declared on 15 February 2022 a total distribution of \$115.0m in relation to FY 2021, which comprises a distribution of final and special dividends and new share buyback programmes, including a special buyback programme. This makes a total dividend for the year of \$120.0m, representing \$1.1916 per share (total dividend for FY 2020: \$1.7823 per share). The total dividend includes a final dividend for FY 2021 of \$37.8m, representing \$0.3777 per share (final dividend FY 2020: \$0.5422 per share), a special dividend for FY 2021 of \$22.2m, representing \$0.2218 per share (special dividend FY 2020: \$0.2870 per share) and an interim dividend of \$60.0m. The interim dividend was distributed to shareholders in November 2021 and the final and special dividends had an ex-dividend date of 24 February 2022, with a record date of 25 February 2022, and a payment date of 11 July 2022.

During FY 2021, the Company executed its existing share buyback programmes, with 3,406,211 ordinary shares purchased during the year, amounting to a total of \$64.9m, at an average share price of £13.9, including \$22.4m in H2 2021.

In addition, the Board initiated a new share buyback programme in FY 2022 to acquire up to \$55.0m of the Company's shares. This includes a new share buyback programme of \$25.2m and a special share buyback programme of \$29.8m.

The purpose of the new programmes is to further emphasise the Board's confidence in the prospects of Plus500 and reflects the robust financial position of the Group, as highlighted by the Group's operational and financial performance in FY 2021.

The special dividend and the special share buyback programme are directly related to the benefits of the change in tax rate from the Israeli statutory rate of 23% to 12%, following the Company's successful extension of its PTE accreditation.



**Elad Even-Chen**

Chief Financial Officer  
22 March 2022

## Group Tax Policy

The Group actively seeks to comply with both the spirit and the letter of all relevant taxation laws and regulations where it operates, and it is committed to a transparent and open approach to reporting on tax. The Group's policy is to file all tax returns on time, and to pay tax as it falls due.

The Group has a low risk tolerance for uncertain tax positions in the jurisdictions in which it operates and does not undertake any aggressive or unreasonable tax planning schemes for the purpose of tax avoidance, and broadly aim to align tax payments to revenue generation. The Group does not knowingly help others avoid their tax obligations.

During FY 2020, Plus500 Ltd. became one of the first companies to receive approval from both the Israeli Tax Authority and the Israeli Innovation Authority under the new tax regime in Israel, recognising the Company as a "Preferred Technological Enterprise" and as "an enterprise which promotes innovation".

Consequently, the Plus500 Ltd. Corporate Tax rate for the financial years 2017, 2018 and 2019 was reduced from 24%, 23% and 23% in each respective year to 12% in each of these years. This updated Corporate Tax rate of 12% was also applicable for FY 2020 and FY 2021 and the Withholding Tax rate applicable for dividends was reduced from 25% to 20% for both financial years.

On 18 January 2022, the Company announced that this accreditation had been successfully extended for FY 2022, FY 2023, FY 2024, FY 2025 and FY 2026, with Plus500 Ltd.'s Corporate Tax rate for each of these financial years, to be reduced from 23% to 12%, and the Withholding Tax rate applicable for dividends to be reduced from 25% to 20%, subject to the Company complying with the conditions of the Law for the Encouragement of Capital Investments.

All intra-group transactions are required to be priced on an arm's length basis in accordance with the Group's internal transfer pricing policies which reflect internationally accepted transfer pricing standards and local tax laws, approved by leading international accounting firms as well.

Taxation is a regular agenda item for the Audit Committee, which meets at least four times a year, and reports to the Board.

Tax compliance risks are managed through the Group's Governance Framework, overseen by its Audit Committee, and supported by the Chief Financial Officer.

## Risk Management Framework

# A RIGOROUS RISK FRAMEWORK

### Assessing and managing our risks

The Group maintains a robust, customer-centric approach to the management and control of risks, which is fully embedded within the Group's technology and its day-to-day operating procedures.

Furthermore, the Group has a comprehensive risk mitigation plan, which helps to control exposures and provide robust solutions. These procedures comprise a range of measures including corporate policies, operating rules, systematic reporting, external audits, internal audits, self-assessment and continuous monitoring by the Regulatory & Risk Committee, the Board and executive management.

#### Risk governance framework

The financial, market and regulatory environments in which Plus500 operates inherently expose it to a number of strategic, financial, operational and ESG-related risks. The Group recognises the importance of understanding and managing these risks and has determined levels of risk that it believes are efficient. Policies and procedures have been developed within a robust risk management framework that attempts to minimise various risks, including market risk.

To this end, the Group aims to ensure its risk exposures are aligned with its risk appetite across its product portfolio. This is supported by real-time monitoring technology which is embedded in the Group's platforms. The Group is currently investigating and testing a more holistic, automated hedging capability and will provide information on this approach, if and when it is implemented.

This overall approach aligns the Group's interests with its customers, with a particular focus on customer protection and customer experience, helping to deliver a more stable revenue stream over time, given the consequently lower level of top line volatility. As evidence of this, Group revenue represents around 98% of Customer Income that has been generated since Plus500's IPO in 2013. The Group continues to expect that revenue contribution from Customer Trading Performance will be broadly neutral over time.

Plus500 has a low customer concentration and therefore does not rely on trading activity from a small number of very large customers – the largest customer in FY 2021 contributed less than 1% of total Group revenue.

Plus500 monitors trading levels and exposure limits (for example by customer, instrument and asset class), and credit risk is limited by having all customers accounts pre-funded. The Group also offers negative balance protection and a margin close-out policy to all of its CFD customers on a global basis.

### Governance

#### The role of the Board

The Board is ultimately responsible for the risk strategy, having developed a Risk Governance Framework, which is regularly reviewed and assessed by the Board, particularly with regards to current and emerging risks.

The Board believes the robust, technology-driven risk management systems of the Group are a key competitive strength and an important factor in its revenue generation. The implementation of the risk strategy is delegated to management under the more detailed supervision of the Regulatory & Risk Committee.

#### The role of the Regulatory & Risk Committee

The Regulatory & Risk Committee receives updates from management on risk, compliance and regulatory issues and reviews the related internal systems.

The Regulatory & Risk Committee is responsible for reviewing relationships with the regulatory authorities and reviewing the adequacy and quality of the Group's systems and procedures for compliance with regulatory requirements where the Group is regulated and in other jurisdictions where the Group has a significant market presence. The Regulatory & Risk Committee also has responsibility for reviewing the Group's most significant risks to the achievement of strategic objectives and reviewing the Group's risk policy.

#### Lines of defence

Within the Risk Governance Framework, three lines of defence are created through:

- Front-line risk management processes
- Regulatory compliance
- Independent assurance provided by internal audit

#### First line of defence

The first line of defence consists of front-line risk management processes operated by management within the day-to-day trading activities of the Group's business.

There are three elements to the management of day-to-day trading risk:

##### a. Financial Risk Limitation Policies

The Group has developed proprietary risk management systems that incorporate various real-time financial risk limits.

##### b. Trading Limits

###### i. Customer limits

Monetary limits are placed on a customer's:

- (a) Exposure to any single instrument;
- (b) Aggregate open positions as a whole; and
- (c) Aggregate deposit amounts.

Customer limits are determined with reference to, amongst other things, a customer's credit score, trading history, location and other due diligence results.



### ii. Group limits

Monetary limits are also placed on the Group's exposure to individual instruments. These limits are set according to, amongst other things, the asset class, the size, the liquidity and the beta (volatility) of the underlying instrument. In each case, when these limits are reached on the CFD trading platform, it automatically ceases to accept trades from the relevant individual or on the underlying instrument until such time as exposure levels fall below the relevant threshold(s) or such threshold(s) are reviewed and amended.

### c. Hedging

To further manage risk, the Group has a hedging approach in place, including targeted hedging in certain circumstances. This approach would, in extremis, mitigate exposure of the Group as a whole beyond certain thresholds.

### Second line of defence

A strong compliance function is in place in all of the Group's regulated subsidiaries. The Board continues to develop the Group's compliance policies in line with each of the regulatory environments in which the Group's offering is available.

### Third line of defence

The third line of defence, independent assurance, is provided by internal audit.

The role of the internal auditor is to examine, among other things, the Company's compliance with applicable law and orderly business procedures. In accordance with the Israeli Companies Law 5759-1999 (the "Companies Law"), the internal auditor is appointed by the Board on the recommendation of the Audit Committee, which also oversees the internal auditor's work plan, monitors its activities and assesses its performance. Pursuant to the Companies Law, the internal auditor may be an employee of the Company but may not be an interested party or office holder, or a relative of any interested party or office holder and may not be a member of the Company's external auditor or its representative.

In January 2022, following receipt of recommendation from the Audit Committee, the Board appointed E&Y as the Company's new internal auditor, replacing Brightman Almagor Zohar & Co. (Deloitte Israel), a member firm of Deloitte Touche Tohmatsu Limited, which was the Company's internal auditor in FY 2021.

Compliance with applicable regulations is also provided by local advisors in the main territories that the Group operates in, and advice on the regulatory regime is considered when planning new licence applications or sourcing acquisitions.

### Internal controls

The Board has overall responsibility for the Group's systems of internal control and for monitoring their effectiveness. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Board with reasonable assurance that issues are identified on a timely basis and dealt with appropriately.

The Group's key internal financial control procedures include:

- A review by the Board of actual results compared with budget and forecasts;
- Reviews by the Board of year-end forecasts;
- The establishment of procedures for acquisitions, capital expenditure and expenditure incurred in the ordinary course of business;
- The appraisal and approval of proposed acquisitions outside of the ordinary course of business by the Board;
- The detailed budgeting and monitoring of costs incurred in the development of new products;
- A review of day-to-day management controls and test of operating effectiveness of key controls;
- An annual review of the internal controls system;
- A regular review of risk limits, with a view to conducting targeted hedging to reduce market risk, as and when appropriate;
- The reporting to, and review by, the Board on changes in legislation, regulatory requirements and practices within the sector, accounting and regulatory and legal developments pertinent to the Group; and
- The appointment of experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance.

### Risk assessment and review

The Board confirms that it has completed a robust assessment of the Company's principal and emerging risks. The Board continues to assess emerging risks but has not identified any emerging risks that were not already captured as principal risks through the Group's comprehensive risk assessment process, carried out in FY 2019, in accordance with Provision 28 of the UK Corporate Governance Code 2018 (the "Code"). This process will again be carried out in FY 2022. Principal risks are considered those that would threaten its business model, future performance, solvency or liquidity. These are outlined below and further details of financial risks and their management are set out in note 25 to the Consolidated Financial Statements.

The comprehensive risk assessment process identified certain risks which were narrowed down into major risks monitored by the executive management and the Regulatory & Risk Committee, then further consolidated into nine principal risks closely monitored by the Board. The annual and on-going elements of the Group's risk management processes are controlled by an established risk identification, assessment and monitoring process.

Throughout FY 2021 and up to the date of this report, the Board has reviewed the effectiveness of the Group's internal controls system. As a result of this review, the Board considers that the measures that have been or are planned to be implemented, complement the Group's risk management framework and are appropriate to the Group's circumstances, covering all controls, including financial and operational controls and compliance with applicable laws and regulations.

RISK	DESCRIPTION	MANAGEMENT AND MITIGATION
<b>BUSINESS AND STRATEGIC RISKS</b>		
<b>Legal and jurisdictional risk</b>	The risk that changes in the legal and regulatory frameworks in which the Group currently operates could adversely affect its performance	<ul style="list-style-type: none"> <li>– Diversification of jurisdictions in which the Group offers its services</li> <li>– On-going monitoring of legal and regulatory developments and taking actions to remain in compliance</li> </ul>
<b>Regulatory risk</b>	Regulatory changes could result in the product offering becoming less profitable, restrictions on the product marketing, or a ban on the product offering in one or more of the countries in which the Group operates	<ul style="list-style-type: none"> <li>– On-going monitoring of market and regulatory sentiment, developments and advice from compliance functions on actual and possible changes and taking remedial action</li> <li>– Maintaining an open and robust dialogue with regulators</li> <li>– Continuing to make efforts and investment to diversify the Group's product portfolio and broaden its geographic footprint</li> </ul>
<b>Customer care and protection risk</b>	The risk that a lack of customer care and protection could negatively impact customer welfare, particularly in relation to compliance with regulations on these issues	<ul style="list-style-type: none"> <li>– Continued efforts to educate and inform customers of the potential risks involved in trading, through required risk disclosures, educational features and by offering an unlimited and free demo account</li> <li>– Negative balance protection has an on-going feature of the Plus500 CFD platform since inception. This guarantees that maximum losses of all customers are limited to the amount of their deposits.</li> <li>– Other risk management features, including margin close-out policy, are also embedded with Plus500's technology</li> <li>– Assessment of potential customers prior to and during the completion of the on-boarding process</li> </ul>
<b>FINANCIAL RISKS</b>		
<b>Business risk</b>	<p>The risk of a commercially adverse impact on the business resulting from:</p> <ul style="list-style-type: none"> <li>– The Group's strategic decision-making failing to seize business opportunities or react to changes in the market. This risk may result in damage or loss, financial or otherwise, to the Group as a whole</li> <li>– The risk that a third-party organisation on which the Group relies significantly will inadequately provide or fail to deliver its outsourced activities or contractual obligations to the standard required</li> </ul>	<ul style="list-style-type: none"> <li>– Robust governance, challenge and oversight</li> <li>– Managing the Group in line with the agreed strategy, policies and risk appetite and periodic reviews of such assumptions compared to developments in the markets, business and regulation</li> <li>– Developing redundancies for material services provided by third parties by having secondary providers and alert systems, as well as automated processes to operate redundancies</li> <li>– Due diligence performed on service providers</li> <li>– Service level agreements in place and regular monitoring of performance</li> <li>– Input from best-in-class advisors involved in decision-making process of strategic developments and initiatives</li> </ul>

## Risk Management Framework continued

RISK	DESCRIPTION	MANAGEMENT AND MITIGATION
<b>FINANCIAL RISKS CONTINUED</b>		
<b>Market risk</b>	<p>The risk of exposure to the market.</p> <p>Market risk is mainly comprised of the following main factors:</p> <ul style="list-style-type: none"> <li>– Price movements</li> <li>– Foreign currency exposures</li> </ul>	<p>The Group manages market risk by steering/balancing natural hedge and the Group risk tolerance. Market risk is mitigated by:</p> <ul style="list-style-type: none"> <li>– The Group's proprietary technology platforms which enable real time position monitoring and alerts to help the Group to constantly manage market exposure and adjust its controls</li> <li>– Defining daily/weekly/monthly Group market risk limits for each financial market or instrument</li> <li>– If predetermined limits are exceeded, the Group takes appropriate actions to reduce exposure</li> <li>– Targeted hedging is conducted on a limited basis, as appropriate</li> </ul>
<b>Credit risk</b>	<p>The risk of clients or counterparties failing to fulfil contractual obligations and/or settlements resulting in financial loss, specifically:</p> <p><b>Client credit risk:</b> Leveraged trading can result in client trading losses exceeding available funds in their account (mainly due to sharp market movements); such losses are absorbed by the Group (negative balance protection has always been offered to all the Group's CFD customers, in all markets and across all underlying assets)</p> <p><b>Institutional credit risk:</b> The risk that financial counterparties will not meet their obligations, risking both client and Group assets</p>	<p><b>Client Credit Risk:</b> The Group has a "no-credit" policy in which customers can only fund their accounts from their own resources, with all accounts being pre-funded. Customers can set a wide range of loss risk mitigation tools such as alerts and stops features</p> <p><b>Institutional Credit Risk:</b> The Group engages only with prominent, high ranked and well-established financial institutions for the holding of its own assets and in order to meet its regulatory obligations to safeguard client money in segregated accounts. The Group periodically reviews its engagements with such financial institutions to make sure they continue to operate within the applicable standards and also diversify the Group's assets across those financial institutions to reduce risk</p>
<b>Liquidity risk</b>	<p>The risk that there is insufficient available liquidity to meet the financial liabilities of the Group</p>	<p>The Group utilises liquidity forecasts to identify potential risks. These forecasts incorporate the impact of all liquidity regulations in force in each jurisdiction and other hindrances to the free movement of liquidity around the Group. Key issues affecting the Group's liquidity are discussed with the Board</p>

RISK	DESCRIPTION	MANAGEMENT AND MITIGATION
<b>OPERATIONAL RISKS</b>		
<b>Operational risk</b>	<p>The risk of enduring losses resulting from inadequate or failed internal processes due to people, failed technology deployment, adoption and innovation, external events (such as natural disasters, major utilities or infrastructure failure etc.) or the inability to attract and maintain competent staff which the Group requires for operational purposes</p>	<ul style="list-style-type: none"> <li>– Business and regulatory sign-off of processes and procedures to ensure business efficiency and regulatory compliance</li> <li>– Invest in system development to improve process automation</li> <li>– Monitoring, quality checks and robust analysis of performance to identify errors, inefficiencies, underlying causes and mitigation plans</li> <li>– Centralised operations – to enable rapid implementation of business innovation, adjustments to business and regulatory changes, monitoring and maintaining high standards and cost-efficient structure</li> <li>– Centralised technical operations, to ensure Group-wide monitoring, issue handling and analysis</li> <li>– Unified IT strategy focused on performance and growth</li> <li>– Continuous development efforts towards operational risk framework to ensure risk recognition and timely control</li> <li>– Recruitment of highly competent employees and developed employee retention programmes, with enhanced staff training and oversight</li> <li>– Additional support through Google Cloud services, providing further flexibility, security and scale to our platforms</li> <li>– The Group has a clear business continuity plan, ensuring quick recovery and cover for both IT and operational aspects (connectivity, Distributed DoS Attacks, unresponsiveness of server etc., as well as external events have an emergency plan and contacts in place)</li> </ul>
<b>Information and data security risk</b>	<ul style="list-style-type: none"> <li>– The risk of loss of technology services caused by network disruption and loss of systems, data, and failure to restore services of a third party in a timely manner resulting in the Group's inability to offer its services</li> <li>– The risk of loss or misuse of individuals' personal information provided to the Group</li> </ul>	<ul style="list-style-type: none"> <li>– Operate multi-layered delivery, security and mitigation solution</li> <li>– Continuous investment in increased functionality, scalability, capacity and responsiveness of systems to monitor, react and prevent cyber attacks</li> <li>– Continuous real-time monitoring of incoming and outgoing network activity</li> <li>– Constant monitoring of systems performance and controls</li> <li>– Selective software design methodologies and testing regimes</li> <li>– A robust Group IT policy sets out strategic, stability, security and performance standards as well as backup processes to enable service availability in the event of failures</li> <li>– Privacy as culture – creating awareness among employees of privacy-related matters including proper use of personal information, protection of such information and loss prevention</li> <li>– Dedicated cyber security training for all global employees and the Board</li> <li>– Robust privacy oriented compliance program to ensure compliance with applicable data privacy regulations</li> </ul>

# GOING CONCERN AND VIABILITY STATEMENT

## Going Concern

Having given due consideration to the nature of the Group's business, the Group's budget, liquidity resources and cash flow forecasts for the period of three years ending 31 December 2024, taking into account the Group's anticipated investment commitments and working capital requirements, the Board considers that the Company and the Group as a whole are going concern and the consolidated financial statements are prepared on that basis.

This treatment reflects the reasonable expectation that the Group has adequate resources to continue in business for over a period of at least twelve months from the date of approval of the Consolidated Financial Statements and the consideration of the various risks set out on pages 43 – 45 and the financial risks described in note 25 to the Consolidated Financial Statements.

## Viability Statement

In accordance with Provision 31 of the Code, the Board has considered the Group's current financial position and future prospects, its strategy, risk appetite and the potential impact of the principal risks and how these are managed and has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year assessment ending 31 December 2024.

The Directors confirm that they have performed a robust assessment of the principal risks facing the Group as detailed on pages 43 – 45 including those that will threaten its business model, future performance and liquidity.

In reaching this conclusion, both the prospects and viability considerations have been assessed:

### Prospects

- The Group's current financial position is outlined in the Strategic Report.
- The Group's business model: despite regulatory changes in a number of jurisdictions, the core of the current strategy remains in place and continues to demonstrate sufficient cash generation to support operations. In addition, we believe the Group will continue to be viable beyond the three years as mentioned above, in accordance with our business model.

- Assessment of prospects and assumptions: conservative expectations of future business prospects through delivery of the Group strategy as presented to the Board through the budget approval process. The annual budget approval process consists of a detailed bottom-up process with a twelve month outlook which involves input from all relevant functional and regional heads. The process includes a collection of resource assumptions required to deliver the Group strategy and associated revenue impacts with consideration of key risks. This is used in conjunction with external assumptions such as a region-by-region review of the regulatory environment and incorporation of any anticipated regulatory changes as outlined in the Strategic Report, to revenue modelling, market volatility, interest rates and industry growth which materially impact the business. The budget is used to set targets across the Group. The budgeting process also covers liquidity and capital planning and, in addition to the granular budget, a three-year outlook is prepared using assumptions on industry growth, the effects of regulatory changes, revenue growth from strategic initiatives and cost growth required to support initiatives. The budget was reviewed by the Board in October 2021 and in December 2021 and received final approval in December 2021.
- On-going review and monitoring of risks: these are outlined in the Group's principal risks and uncertainties on pages 43 – 45 of this report and are monitored monthly by management, with review and challenge from the Regulatory & Risk Committee. Based on the various scenarios tested, the Company has sufficient liquidity and headroom to operate its business.

### Viability

Scenario stress testing of available liquidity and capital adequacy are central to understanding the Group's viability. This testing replicates adverse market conditions and regulatory change, and is therefore considered in the Group's Individual Capital Adequacy Assessment Process and Individual Liquidity Adequacy Assessment documents, which are shared with our regulators on request. The results of the scenario stress testing showed that, due to the robust nature of the business, the Group would be able to withstand these scenarios, both in isolation and combined scenarios, over the financial planning period by taking management actions that have been identified.

The Board has considered that three years is an appropriate period over which to provide a viability statement as this is the longest period over which the Board reviews the success of strategic opportunities. This timeline is also aligned with the period over which internal stress testing occurs. The Board has no reason to believe that the Group will not be viable over a longer period, but given the uncertainty involved, in particular of regulatory changes, the Board believes this period presents the readers of the Annual Report with a reasonable degree of confidence.

The Group also monitors performance against predefined budget expectations and risk indicators, along with strategic progress updates, allowing management action to be taken where required, including the assessment of new opportunities.



# GOVERNANCE



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# Governance at a Glance

## Governance in numbers

9

Board members  
as of the date of this Annual Report

2

Shareholders'  
meetings  
in FY 2021

6

Board  
committees

44%

Female Board  
members  
as of the date of  
this Annual Report

4

Board training  
sessions  
in FY 2021

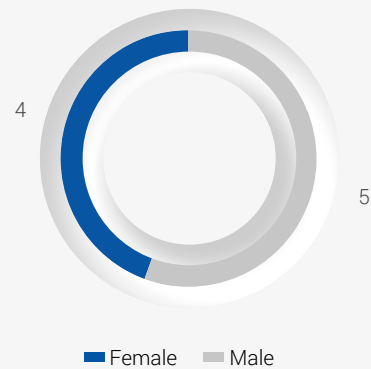
### Key activities of the Board in 2021

- + Strategic discussion and approval of the acquisitions of Cunningham and CTS in line with the Company's strategy to expand the Group's geographic footprint and product offering.
- + Review and approval of on-going trading updates and results announcements.
- + Conduction of an internal effectiveness evaluation of the Board and its committees.
- + Monitoring and reviewing the Group's culture, values and performance, also through the workforce engagement representative on the Board.

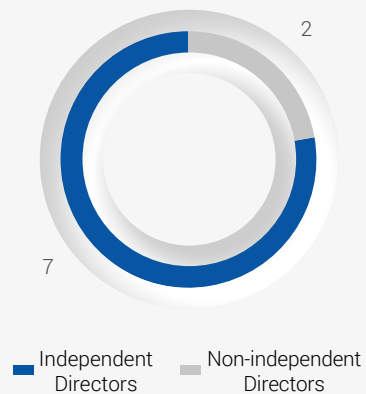
Read more about key activities of the Board on page 54



### BOARD GENDER DIVERSITY as of the date of this Annual Report



### BOARD INDEPENDENCE as of the date of this Annual Report



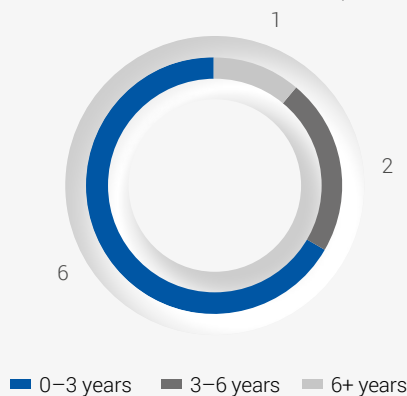
### BOARD ATTENDANCE

The Board met on twelve occasions in 2021 to review, formulate and approve the Group's strategy, budgets and corporate actions and to oversee the Group's progress towards its goals.

The Board also holds regular conference calls to update the members on operational and other business matters.

## BOARD TENURE

as of the date of this Annual Report



## BOARD CHANGES

Three Board members stepped down in 2021 (one Executive Director and two Independent Non-Executive Directors).

Four Board members were appointed in 2021 and Q1 2022 (all Independent Non-Executive Directors).

[Nomination Committee Report page 60](#)

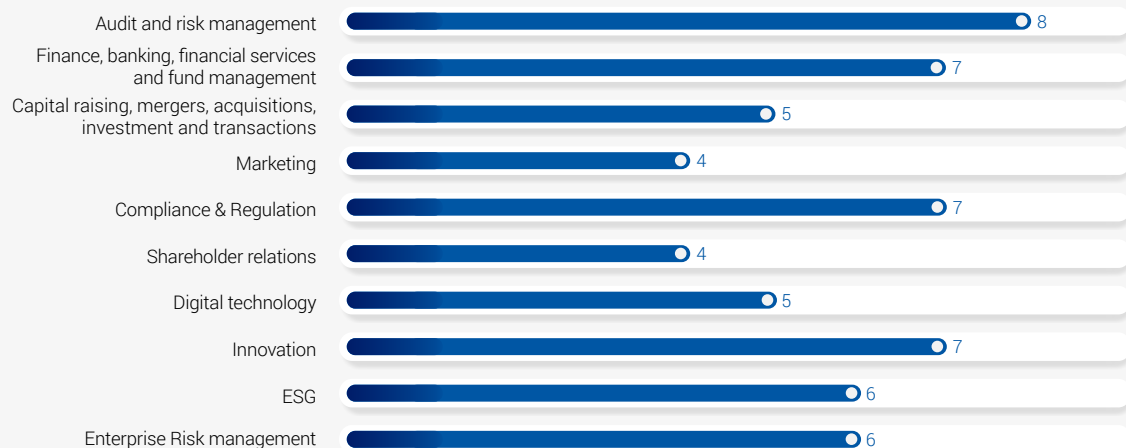

## Induction of newly appointed Directors

Newly appointed Directors are made aware of their responsibilities through the Company Secretary. The Company has accordingly implemented an internal induction plan for newly appointed Directors in which it provides the Directors with training sessions via internal meetings, presentations and conversations with Company advisors and senior management in order to enable greater awareness and understanding of the Company's business and the legal and business environment in which it operates.

[Read more on page 56](#)


## BOARD SKILLS AND EXPERIENCE

(Number of Board members with the relevant skills and experience)



# Chair's Introduction to Governance



## Dear shareholder

In my first year as Chair of Plus500, I have taken the opportunity to review and assess all aspects of our business, including our corporate governance and approach, as well as our activities in the area of sustainability.

I am pleased to say that I have found the Company's governance framework to be extremely robust, supported by a Board which is well balanced and diverse, with a strong breadth and depth of knowledge and expertise. In addition, management continues to place significant emphasis and focus on ESG matters, particularly around protecting and caring for our customers and people.

With this background in mind, I would like to take this opportunity to give you an overview of the work of the Board during 2021. Corporate governance remained a key focus area for the Board during the year, and this year we have managed to diversify the composition of the Board significantly, in line with the Code and the recommendations of the Hampton-Alexander Review on gender equality in leadership positions.

In 2021, we continued to dedicate considerable time evaluating the work of our Board and its committees, and undertook a review of the effectiveness of the Board. The evaluation process was facilitated internally by our Company Secretary and myself with the assistance of our external advisors and included questionnaires which were completed by each Board member. A detailed report on the results was presented to the Board in December 2021 and next steps for 2022 were agreed in relation to the Board and its Committees. In parallel, we have continued to implement the feedback and insights derived from our 2020 internal Board evaluation. During 2019 we undertook an independent third party review by Genius Boards Limited ("Genius Boards"). This was a valuable exercise which resulted in a number of important recommendations which were implemented during the course of 2020 and 2021, together with having the internal reviews in 2020 and 2021. The Board intends to undertake its next independent third party review during 2022, in accordance with the recommendation specified in Provision 21 of the Code that FTSE 350 companies shall consider having such an external evaluation once every three years. The feedback and findings of this independent review shall be presented in our FY 2022 Annual Report.

As also noted, we were seeking to appoint additional Non-Executive Directors to complement the Board's existing skill set and to further diversify its composition. I am delighted that as announced on 4 February 2021, Ms. Sigalia Heifetz was appointed as an Independent Non-



Plus500 remains focused on its key priorities in governance and sustainability, supported by on-going engagement with key stakeholders within the investment community.

Executive Director and was re-elected at the AGM held on 4 May 2021. Furthermore, as approved at our 2021 Extraordinary General Meeting ("EGM") held on 16 March 2021, Ms. Tami Gottlieb was appointed as a Non-Executive Director and External Director. These appointments further diversify the composition of the Board and have broadened the Board's breadth of experience and knowledge.

Also, as announced on 18 March 2022, Prof. Varda Liberman has been appointed as an Independent Non-Executive Director.

Prof. Liberman is an international renowned expert in the field of decision-making and behavioural economics. In this capacity, she provides consulting and workshops in key elements of managerial decision-making and risk management to senior management of organisations across a range of sectors, including healthcare, banking, investment and technology. She is the Rector of Reichman University (IDC Herzliya) in Israel, and one of its founders and leaders. She is a professor at the business school, a visiting researcher at Stanford University, and the author of several books and many scientific articles. During the years, she served as a Director on several publicly traded corporate boards based in Israel, including Tamir Fishman trust funds Ltd, and she currently serves as an External Director at Cellcom Israel Ltd.

I would like to take this opportunity to welcome Varda to our Board, and I am certain that this appointment will further expand the skills set on the Board.

I would also like to take the opportunity to thank the two Board members who stepped down during 2021.

Firstly, following my appointment as a Non-Executive Director ("NED") and Chair of the Board at our 2021 AGM held on 4 May 2021, Ms. Penny Judd stepped down, having been a NED since 2016 and Chair since 2017. I would like to thank Penny for her contribution in leading a continued improvement in the Company's governance approach and practices and I know that her guidance, support and advice were very much appreciated by our other Board members during her tenure.

Our long serving Senior Independent Non-Executive Director ("SID") and External Director, Charles Fairbairn also stepped down at our 2021 AGM. So, I would also like to thank Charles for his contribution to the development of Plus500 since the IPO in 2013, as well as for his wise counsel and guidance during that time. As previously announced, Ms. Anne Grim serves as our SID, replacing Charles as of 4 May 2021.

Also, in June 2022 our long serving Independent Non-Executive Director and External Director, Daniel King, will end his maximum nine-year term under the provisions of the Companies Law. Daniel is currently the Chair of both our Remuneration and ESG Committees.

Daniel has been with Plus500 since the IPO and his expertise working with technology businesses, many of whom are based in Israel, has been invaluable in helping to navigate the Board and the business through



various challenges and to help optimise the many opportunities that have arisen during his tenure. In addition, his leadership, contribution and commitment as Chair of the Remuneration and ESG Committees has been extremely appreciated. We wish Daniel all the best.

As announced on 18 March 2022, Anne Grim shall replace Daniel King as the Chair of the Remuneration Committee and Steve Baldwin shall replace Daniel King as the Chair of the ESG Committee. Also, Anne Grim (being an External Director) shall replace Daniel as the third member of the Nomination Committee alongside Steve Baldwin and myself, and an additional member shall be appointed as the third member of the ESG Committee, alongside Steve Baldwin and Anne Grim.

Executive remuneration remains a significant area of focus for investors with holdings in companies listed in the UK. We consulted with external consultants in previous years in order to align remuneration with shareholders' expectations. Consequently, in the period ahead of our 2021 AGM, the Remuneration Committee engaged extensively with shareholder bodies and key shareholders and with the support of an external advisor, the Group's Remuneration Policy was restructured, as further detailed in the Remuneration Committee Report. I am pleased that at our 2021 AGM, shareholders approved the new Remuneration Policy for Directors and Executives for a three-year term.

During 2021, I met with a number of our major shareholders to introduce myself as the new Chair of the Board and to ask for feedback on the Company's approach to governance, its strategic priorities and its operational and financial performance. Shareholder engagement is extremely important and I will continue to meet regularly with key investors, as will the rest of the Board members, to ensure we represent investors' interests.

The Nomination Committee, chaired by Steve Baldwin, continues to review the skills that we need while always considering diversity and the need for independent thinking and challenge. The Committee will also continue to review the size of the Board to confirm that it is appropriate with a good mix of skills, experience and knowledge and the ability to maintain appropriate oversight of the executive team and provide constructive challenge and support. During 2021, significant effort by the Nomination Committee ensured a further diversification of the composition of the Board, with the appointments of two female Non-Executive Directors, as mentioned earlier. These efforts have continued in 2022, with the recent appointment of an additional female Non-Executive Director.

Our oversight of the significant risks including regulatory, financial and technology challenges facing the Group continues. The Regulatory & Risk Committee, led by its new chair, Sigalia Heifetz, reviews these risks and receives assurance from management and the Group's advisors as to how they are understood and mitigated to the level of risk acceptable to the Board.

The Audit Committee, led by its new Chair, Tami Gottlieb, continues its work overseeing the internal controls of the business, the internal audit plan and its implementation and approvals of certain transactions as required under the Companies Law. It also works closely with our external auditors and oversees the production of the Consolidated Financial Statements.

Also, in 2021 we have continued to develop and strengthen our ESG Committee which was established at the end of 2020, to assess the Group's impacts and interactions with ESG aspects. Chaired by Daniel King, the ESG Committee was supported by external advisors and conducted an ESG materiality assessment, according to which the Group has already begun to develop its ESG roadmap for the coming years.

## UK Corporate Governance Code Compliance Statement

As a Main Market listed company, following its admission to the Main Market of the London Stock Exchange, and with respect to 2021, Plus500 is required to comply with the principles and provisions of the UK Corporate Governance Code 2018 (the "Code") (a copy of which can be found on the website of the Financial Reporting Council: [www.frc.org.uk](http://www.frc.org.uk)), or otherwise explain its reasons for non-compliance.

The following statement is therefore made in respect of the year ended 31 December 2021 in compliance with this requirement. The following sections of this report explain how the principles of the Code were applied and provide cross-references to other sections of the report and/or the Company's website ([www.plus500.com](http://www.plus500.com)) where more detailed descriptions are available.

For the financial year ended 31 December 2021, the Company has complied with the provisions of the Code, other than in respect of the directors' re-election mechanism (Provision 18 of the Code) and in relation to pay ratios and pay gaps (Provision 41 of the Code). While the Code recommends the submission of all directors for re-election annually, as a company registered in Israel, it is subject to mandatory corporate governance requirements under the Companies Law, which require that the Company must always have at least two External Directors who meet certain statutory requirements of independence. The Company's External Directors are Daniel King (until June 2022), Anne Grim and Tami Gottlieb. The External Directors must meet certain statutory requirements of independence and, as prescribed by the mandatory requirements of the Companies Law, must be elected for three-year terms and not annually as the Code recommends.

Plus500 is not required to compile gender pay gaps and pay ratios under the Companies Law whereas companies incorporated in the United Kingdom are required to do so under UK legislation.

Also, the Committee has developed a new Environmental Policy, supported by an extensive gap analysis, to help us to become aligned with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations as detailed in our ESG report and in the Report of the ESG Committee.

The following Governance Report describes the activities of the Board and its committees during 2021 in more detail.

The Board has operated very efficiently during 2021, despite the impact of the pandemic which has meant that all Board meetings were held as hybrid sessions (which is a mixture of in-person and virtual attendance). The Board held a number of meetings during the year to assess the Group's strategy and its progress against this strategy, as well as reviewing key operational elements of the business. The Board remains very supportive of executive management in developing the Group's strategic position as a global multi-asset fintech group, through a clear focus on organic investments and acquisitions. This strategy is key to the Group's future success and has continued to drive the diversification of the Group's revenue streams, product range and geographic footprint. This is evident by the progress made in 2021, with the US acquisitions and the introduction of our new share dealing platform, 'Plus500 Invest'.

Finally, and importantly, I would like to say some words of deep gratitude, both personally and on behalf of the Board, to all of our management and talented employees across our offices worldwide, for their hard work, dedication and fantastic contribution to the Group's culture, performance and achievements during the year, especially in the context of a challenging pandemic-driven environment.

I look forward to reporting on the Board's further progress in next year's Annual Report.



**Prof. Jacob A. Frenkel**  
Chair of the Board



# Board of Directors

As at the date of this Annual Report

## The role of the Board

The Board is responsible to shareholders for effective direction and control of the Company and to promote the long-term success of the Company, and determining the Group's strategy, vision and culture. In order to lead the development of the strategy of the Company and the progress of financial performance, the Board is provided with timely and comprehensive information that enables it to effectively review and monitor the performance of the Company and to ensure it is in line with its objectives for achieving its strategic goals.



### PROF. JACOB A. FRENKEL

#### Chair

**Tenure: 10 months** (Appointed May 2021)

Prof. Jacob A. Frenkel is a Non-Executive Director and Chair of the Board of Directors.

Prof. Frenkel is a renowned global economist and illustrious business leader, with significant experience developed over many years of leadership. He is currently Chair of the Cabinet of Economic Experts of the Minister of Finance of the State of Israel, Chair of the Board of Trustees of the Group of Thirty (G-30), and Chair of BrainStorm Cell Therapeutics Inc., a NASDAQ-listed biotechnology company.

Prof. Frenkel served as Chairman of JPMorgan Chase International (2009-2020), Chairman and CEO of the G-30 (2001-2011), Vice Chairman of American International Group, Inc. (2004-2009) and, Chairman of Merrill Lynch International (2000-2004). He also served as Chairman of the Board of Governors of Tel Aviv University (2013-2021).

Prior to this he served two terms as the Governor of the Bank of Israel (1991-2000), as the Economic Counselor and Director of Research at the International Monetary Fund (1987-1991) having previously been a Chaired Professor of Economics at the University of Chicago.

He is a Laureate of the Israel Prize in Economics and is a recipient of several Honorary Doctoral Degrees and other decorations and awards. He holds a range of fellowships and advisory positions. He is a Honorary Member of the American Academy of Arts and Sciences, a Fellow of the Econometric Society, a Fellow of the International Economic Association, a Senior Advisor of Temasek International Advisors, a member of the Competitive Markets Advisory Council of the CME Group and a member of the G20 High Level Independent Panel on Financing of the Global Commons for Pandemic Preparedness and Response.

Prof. Frenkel holds a BA in economics and political science from the Hebrew University of Jerusalem, and an M.A. and Ph.D. in economics from the University of Chicago.

### DAVID ZRUIA

#### Chief Executive Officer and Director

**Tenure: 2 years** (Appointed April 2020)

David Zruia is the Chief Executive Officer.

David joined the Group in 2010 as a senior manager in the marketing department. In that role, David was instrumental in establishing the Group's marketing capabilities and in building awareness of, and recognition for, the Plus500 brand in key markets around the world. He was appointed as the Group COO in 2013 and led the establishment and management of the operational division of the Group, including KYC processes, payment processing, back office, customer service and risk management.

David holds a B.Sc. in Industrial Engineering and Management from the Technion – Israel Institute of Technology.

### ELAD EVEN-CHEN

#### Group Chief Financial Officer and Director

**Tenure: 6 years** (Appointed June 2016)

Elad Even-Chen is the Chief Financial Officer of the Group and Vice President of Business Development.

Elad joined the Group in 2011 and his responsibilities cover a broad range of finance, business, corporate and strategic functions.

Elad is also responsible for Plus500's strategic business development projects, including targeting and executing acquisitions. He has therefore played a key role in driving the Group's strategic and financial performance and its business expansion in recent years, into new markets and new product areas.

Elad has an extensive corporate finance, legal and regulatory background. Over the last 11 years he has held a number of positions within the Group also acting as the Company Secretary, Head of Risk and Head of IR.

Elad is a certified accountant in Israel and, prior to joining the Group, he was a senior associate at KPMG.

Elad holds a BA in Accounting and Economics from Tel-Aviv University, an LL.B Degree from the College of Management and an MBA (specialising in Financial Management) from Tel-Aviv University.

### ANNE GRIM

#### Senior Independent Non-Executive Director and External Director

**Tenure: 1.5 years** (Appointed September 2020)

Anne Grim is a Non-Executive Director and the Senior Independent Director.

Upon Daniel King's tenure finishing in June 2022, Anne will chair the Remuneration Committee.

Anne is an experienced executive turned advisor, consultant and Board Director with more than 30 years in senior financial services leadership roles at Barclays, Wells Fargo, American Express, Mastercard and most recently (and formerly) as Chief Customer Officer at Fidelity International. Her expertise is in customer experience, strategic planning and execution, technology innovation and business transformation.

Anne was an independent non-executive Board member for RateSetter (up until 31 December 2021 when RateSetter was acquired by Metro Bank PLC) and is currently an independent non-executive Board member for Insight Investment, Metro Bank PLC and Openwork Holdings Ltd.

Anne is also an Advisor to the Investment Association's FinTech Engine and a Trustee on the UK board of Opportunity International.

Anne holds a Bachelor's degree in Mathematics and Computer Science and a Master's of Business Administration in Strategic Management and Finance, both from the University of Illinois.



## Committee membership Key:

- N** Nomination
- A** Audit
- RR** Regulatory & Risk
- R** Remuneration
- E** ESG
- D** Disclosure

**STEVE BALDWIN****Independent Non-Executive Director**

**Tenure: 5 years** (Appointed June 2017)

Steve Baldwin is a Non-Executive Director and Chair of the Nomination Committee.

Upon Daniel King's tenure finishing in June 2022, Steve will also chair the ESG Committee.

Steve is currently the Chair of TruFin Plc and is also a Non-Executive Director of The Edinburgh Investment Trust Plc. Steve has an extensive corporate finance background and held the position of Head of European Equity Capital Markets and Corporate Broking at Macquarie Capital until 2015 when he decided to pursue a non-executive career. Prior to joining Macquarie Capital, Steve was a Corporate Finance Director at JP Morgan Cazenove for ten years and previously a Vice President of Corporate Finance at UBS.

Steve qualified as a Chartered Accountant at Coopers & Lybrand after graduating with a BA in Zoology from St Catherine's College, Oxford University.

**TAMI GOTTLIEB****Independent Non-Executive Director and External Director**

**Tenure: 1 year** (Appointed March 2021)

Tami Gottlieb is a Non-Executive Director and Chair of the Audit Committee.

Tami has a long track record in the financial services industry in Israel and is currently an External Director at Bank Leumi Le-Israel Ltd. – one of Israel's two largest commercial banks, where she is the Chair of the Audit and Financial Reports Committees and a member of the Remuneration and Business & Credit & Strategy Committees, having previously been on the Technology Committee and on the Risk Management Committee. Tami Gottlieb is also a Chair at Shefayim Holdings Corporation, an External Director at Extell Limited and a Director at Emilia Development. She is also a founder and Managing Director of Harvest Capital Markets Ltd, a wealth management and corporate finance boutique.

Tami holds a Bachelor's Degree in International Relations from the Hebrew University of Jerusalem and a Master's Degree in Economics from Indiana University.

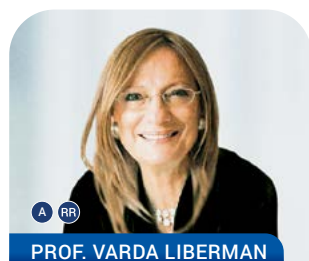
**DANIEL KING****Independent Non-Executive Director and External Director**

**Tenure: 9 years** (Appointed June 2013)

Daniel King is a Non-Executive Director and Chair of the Remuneration and ESG Committees (until June 2022).

Daniel has spent the last two decades in executive and senior management roles within technology corporates as well as start-ups as an operator, advisor and investor with a focus on Fintech, eCommerce technology, Big Data, BI, Analytics, SaaS platforms, and Marketplaces for both B2B and B2C. He has extensive knowledge in investing, fundraising, and scaling high-growth companies including international expansion.

Daniel is currently a Venture Partner with Seedcamp, one of Europe's largest Venture Capital firms for early stage funding. He is also Chair of StitcherAds a platform for social commerce. Previously, he was President & COO for Profitero, a SaaS provider of online insights and e-commerce intelligence for retailers and brands and prior to that was a specialist consultant to the UK

**Changes to the Board during 2021 (and until the date of this Annual Report)**

- + Gal Haber stepped down from the Board on 4 January 2021.
- + Sigalia Heifetz joined the Board on 4 February 2021.
- + Tami Gottlieb joined the Board on 16 March 2021.
- + Jacob A. Frenkel joined the Board on 4 May 2021.
- + Penny Judd stepped down from the Board on 4 May 2021.
- + Charles Fairbairn stepped down from the Board on 4 May 2021.
- + Varda Liberman joined the Board on 18 March 2022.

Government working for the Department of Investment and Trade (DIT) as Head of High Growth & Emerging Markets.

Daniel was previously Managing Partner of Blue Leaf Capital, a private boutique venture capital and advisory services company based in London and has held managing director roles with Compete Inc, MySupermarket.co.uk, and Experian Hitwise, overseeing its EMEA operations and was a key member of staff that led to the eventual acquisition of Hitwise by Experian in June 2007.

Daniel holds a Bachelor's Degree (hons) in Finance and Accounting from Manchester University.

**SIGALIA HEIFETZ****Independent Non-Executive Director**

**Tenure: 1 year** (Appointed February 2021)

Sigalia Heifetz is a Non-Executive Director and Chair of the Regulatory & Risk Committee.

Sigalia holds non-executive directorships at a number of leading Israel-based corporations across a range of sectors and industries, including Nesher Israel Cement Enterprises Ltd, Clal Biotechnology Industries Ltd, RHI Magnesita N.V, Maman Cargo Terminals and Handling Ltd, Tamar Petroleum Ltd, Mashav Initiating & Development Ltd and Vesta Investment & Management. She also previously held Non-Executive positions at Bet Shemesh Engines Ltd and Hadera Paper, prior to which she was an audit partner at accountancy firm BDO.

Sigalia holds a Bachelor's Degree in Accounting and Economics from Tel Aviv University and an Executive MBA from INSEAD and Tsinghua University.

**PROF. VARDA LIBERMAN****Independent Non-Executive Director**

**Tenure:** Appointed March 2022

Prof. Varda Liberman is a Non-Executive Director.

Prof. Liberman is an international renowned expert in the field of decision-making and behavioural economics. In this capacity, she provides consulting and workshops in key elements of managerial decision-making and risk management to senior managements of organisations across a range of sectors, including healthcare, banking, investment, technology, the judicial system and the Israeli Defence Forces.

Prof. Liberman is the Rector of Reichman University (IDC Herzliya) in Israel, and one of its founders and leaders. She is a professor at the business school, a visiting researcher at Stanford University, and the author of several books and many scientific articles. Over the years, she has held a variety of managerial positions at the Reichman University, among them, heading the mathematics and statistics studies, leading the decision-making area in the business school, and founding and heading the MBA programme in Healthcare Innovation.

Prof. Liberman holds a B.Sc. in Mathematics and Statistics, an M.Sc. in Mathematics and a Ph.D. in Mathematics, all from Tel Aviv University.

# Governance Report

## The Board

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues. The Company's organisational structure has clearly defined lines of authority, responsibility and accountability, which are reviewed regularly. The annual budget and forecasts are reviewed by the Board prior to approval being given. This includes the identification and assessment of the business risks inherent in the Group and the online financial trading industry as a whole, along with associated financial and regulatory risks. At least annually, and on other occasions as necessary, the Company's senior executives are invited to attend meetings of the Board in order to present and discuss various matters relating to their functions and areas of responsibilities.

## Board activities during the year

The Board agrees at the end of each year the annual calendar and forward meeting agenda for the following year, and additionally meets at such other times as required. The matters accepted by the Board for consideration at Board meetings are business strategy, operational highlights and current trading, quarterly forecasts, budget and financial performance, governance, organisational culture and risk & regulation, as further detailed at the schedule of matters specifically reserved for decision by the full Board members, which can be found on the Company's website: [www.plus500.com](http://www.plus500.com).

## Board Activity in 2021

<b>Strategy</b>	<ul style="list-style-type: none"> <li>– A comprehensive strategy discussion was held in December 2020, with support from a well-known global strategic advisory firm, at which a new vision and strategy was discussed and agreed, in the context of a detailed discussion about the competitive environment and potential growth opportunities for the Group.</li> <li>– During 2021 the Board discussed actions to deliver on the strategy for the coming years, as set out on pages 20 – 21.</li> <li>– The Board held strategic discussion, and approved the acquisitions of Cunningham and CTS in line with the Company's strategy to evolve into a multi-asset fintech group and expand the Group's geographic footprint.</li> </ul>
<b>Business, operational highlights and current trading</b>	The Board received monthly updates including CEO reviews, financial performance updates, business development updates and risk and regulatory compliance reports.
<b>Quarterly forecasts and budget</b>	Updates were provided and discussed on a monthly and quarterly basis. Discussions on the 2022 budget were held in October 2021 and in December 2021 and it received final approval in December 2021.
<b>Financial performance</b>	The Board reviewed and approved the on-going trading updates and results announcements. The Board considered and approved dividend distributions and share buybacks, the Consolidated Financial Statements and the Annual Report.
<b>People, governance, risk and regulation</b>	The Board received updates and conducted discussions about regulatory developments and emerging risks. It also received training and briefings on regulatory changes and updates, in addition to on-going updates on compliance matters.
<b>Whistleblowing</b>	The Board reviewed and approved the Group's Whistleblowing Policy, as it does on an annual basis, and received an update by the Whistleblowing Supervisor that no complaints were received in 2021.
<b>Culture and values</b>	The Board continued to monitor and review the Group's culture, values and performance primarily through regular discussions with the Executive Directors, senior management and their teams. In addition, Steve Baldwin, in his role as the workforce engagement representative on the Board held round table sessions with employees from various departments of the Company, as well as with certain employees of the Group's subsidiaries.
<b>Shareholder returns</b>	The Board declared the payment of dividends and adopted share buyback programmes during the year, in line with the Group's shareholder returns policy.
<b>Other</b>	<ul style="list-style-type: none"> <li>– An internal effectiveness evaluation of the Board and its committees has been conducted;</li> <li>– Review of monthly reporting decks on Risk and Compliance;</li> <li>– Receiving on-going updates from Board committees' chairs;</li> <li>– Board trainings on various topics, including: ESG, Cyber security, the UK Market Abuse Regulation, Israeli &amp; UK Corporate Law;</li> <li>– Annual review and approval of Human Rights and Modern Slavery Statement; and</li> <li>– Annual review and approval of Company's policies and procedures.</li> </ul>

## Board committees

The Board has appointed six principal committees to which certain aspects of the Board's work are delegated, in order to assist the Board in carrying out its responsibilities and as required under the Companies Law. Each committee has adopted its own terms of reference, approved by the Board, and establishes an annual plan. The full terms of reference of the Board's committees are available on the Company's website. The Chair of each committee provides regular updates to the Board on the matters discussed at the committee's meetings and provides the committee's recommendations to the Board when required.

A brief description of the main roles of each of the Board's committees is set out below.

### Nomination Committee

The Nomination Committee has been delegated responsibility for the oversight of appointments to the Board and the senior management team. The Committee's responsibilities, main activities and priorities for the next reporting cycle are set out on pages 60 – 63.

### Audit Committee

The Audit Committee has been delegated responsibility for ensuring the financial performance of the Group is properly reported on and reviewed and the monitoring of the external auditor, the internal auditor and oversight of internal controls. The Committee's responsibilities, main activities and priorities for the next reporting cycle are set out on pages 64 – 68.

### Regulatory & Risk Committee

The Regulatory & Risk Committee has been delegated responsibility for the monitoring and oversight of risk management and mitigation and the approval of risk appetite. The Committee's responsibilities, main activities and priorities for the next reporting cycle are set out on pages 69 – 70.

### Environmental, Social and Governance Committee

The ESG Committee has been delegated responsibility for considering the adequacy of the Group's ESG policies and processes. The Committee's responsibilities, main activities and priorities for the next reporting cycle are set out on pages 71 – 73.

### Remuneration Committee

The Remuneration Committee has been delegated responsibility for determining, within the agreed terms of reference and in accordance with the Companies Law, the Group's policy on the remuneration packages of the Company's Chief Executive Officer and Chief Financial Officer, the Chair and other Non-Executive Directors, the Company Secretary and other senior executives and the Company's remuneration policy. The Committee's responsibilities, main activities and priorities for the next reporting cycle are set out on pages 74 – 80.

### Disclosure Committee

The Disclosure Committee assists the Board in fulfilling its obligation to make timely and accurate disclosure of all information that is required to be disclosed to meet legal and regulatory requirements and obligations under the UK Market Abuse Regulations and the Disclosure Guidance and Transparency Rules of the FCA, including the requirement for the Company to establish and maintain adequate procedures, systems and controls to enable it to comply with these obligations. Whenever necessary, the Committee meets to discuss the content of announcements proposed to be released to the London Stock Exchange and approve their content, where relevant.

## Operation of the Board

The Board is responsible for the effective direction and control of the Group. The Board is also responsible for the overall strategy and financial performance of the Group and has a formal schedule of matters reserved for its approval. The schedule of matters covers key strategic, financial and operational matters including:

- Approval of the Group's strategic aims and objectives;
- Approval of the annual operating and capital expenditure budgets of the Group, and any material changes to them;
- Changes to the Group's capital structure, management and control structure;
- Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business; and
- Recommended appointments to the Board.

The Company Secretary, Hila Barak, is responsible for ensuring that the Company complies with the statutory and regulatory requirements and maintains high standards of corporate governance. She supports and works closely with the Chair of the Board, the Senior Independent Director, the Chief Executive Officer and the Board committee chairs in setting agendas for meetings of the Board and its committees and supports the transfer of timely and accurate information flow from and to the Board and the management of the Company. Hila Barak is a certified lawyer in Israel since 2012 and joined Plus500 after years of experience in corporate and securities law, being an associate with one of the leading law firms in Israel. Hila holds an LL.B, BA in Social science and an Executive MBA, all from the University of Haifa. All Directors have access to the advice and services of the Company Secretary, who



# Governance Report continued

is responsible to the Board for ensuring that Board procedures are complied with. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole.

## Board effectiveness

The Board holds its meetings in accordance with its scheduled calendar. Each Board meeting is preceded by a clear agenda and any relevant information is provided to the Directors in advance of the meeting. The Board met on twelve occasions in 2021 to review, formulate and approve the Group's strategy, budgets and corporate actions and to oversee the Group's progress towards its goals. The Board also holds regular conference calls to update the members on operational and other business matters. A summary of the key activities of the Board in 2021 is set out on page 54.

Where Directors have concerns, which cannot be resolved, about the running of the Company or a proposed action, they may request that their concerns are recorded in the Board minutes. An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice.

## Induction of newly appointed Directors

Newly appointed Directors are made aware of their responsibilities through the Company Secretary. The Company has accordingly implemented an internal induction plan for newly appointed Directors in which it provides the Directors with training sessions via internal meetings, presentations and conversations which are conducted by Company advisors (such as legal advisors), the senior management and other relevant persons in order to enable greater awareness and understanding of the Company's business and the legal and business environment in which it operates. Moreover, the induction plan includes provision of various documents and reports, such as constitutional documents, organisational chart and Group structure, previous Board minutes, Group's policies as well as PR and IR materials.

## Chair of the Board

The Chair of the Board, Prof. Jacob A. Frenkel, is responsible for leading the Board and ensuring its effectiveness, by setting the relevant agenda and providing sufficient time for constructive discussions in which the Board has the ability to challenge the discussed items. The Chair is responsible for creating the open and engaging atmosphere that enables the healthy and constructive discussions of the Board. The Chair is also responsible for ensuring effective communication between Executives, Non-Executive Directors, shareholders and between other major stakeholders and the Board.

## Chief Executive Officer

The Chief Executive Officer, David Zruia, acts as the main point of communication between the Board and management and is responsible for the day-to-day running of the business and implementation of strategy.

## Chief Financial Officer

The Chief Financial Officer, Elad Even-Chen, is responsible for covering a broad range of finance, business, corporate and strategic functions, such as monitoring the operational and financial results, overseeing liquidity management and managing the financial reporting of the Group.

## Non-Executive Directors

Collectively, the Non-Executive Directors bring a valuable range of expertise in assisting the Company to achieve its strategic goals. The effectiveness of the Board benefits from the following skills, expertise and experience offered by the current members of the Board: financial services, finance and accounting, governance and regulatory, research and development, ESG, risk and regulation, technology and other financial expertise.

## Senior Independent Director

The Senior Independent Director, Anne Grim, acts as a sounding board for the Chair, providing him with support in the delivery of his objectives and leading the evaluation of the Chair on behalf of the other Directors. The Senior Independent Director may also take responsibility for an orderly succession process for the Chair, working closely with the Nomination Committee. The Senior Independent Director also serves on several Board committees and is available to shareholders if they have concerns that contact through the normal channels of Chair, Chief Executive or other Executive Directors has failed to resolve or for which such contact is inappropriate.

## Board composition

As of the date of this Annual Report, the Board comprises two Executive Directors (who constitute 22% of the Board): David Zruia and Elad Even-Chen, and seven Non-Executive Directors (who constitute 78% of the Board): Prof. Jacob A. Frenkel (Chair of the Board), Anne Grim (Senior Non-Executive Director), Daniel King, Steve Baldwin, Sigalia Heifetz, Tami Gottlieb and Prof. Varda Liberman. Prof. Frenkel was independent on appointment, in accordance with the requirements of the Code. As a Senior Independent Director, Anne Grim is available to meet with shareholders if they have concerns which are not being addressed through the usual channels of the Chair, the Chief Executive Officer or the Chief Financial Officer.

In accordance with the Companies Law, the Board must always have at least two external directors who meet certain statutory requirements of independence (the "External Directors"). The Company's External Directors are Daniel King, Anne Grim and Tami Gottlieb. Under the Companies Law the term of office of an External Director is three years, which can be extended for two additional three-year terms. External Directors are elected by shareholders subject to a special majority and may be removed from office only in limited cases. Mr. King's nine years tenure ends in June 2022, after which the Board will have two External Directors – Anne Grim and Tami Gottlieb and will therefore, be fully aligned with the provisions of the Companies Law. In addition to the above, any committee of the Board must include at least one External Director and the Audit Committee and Remuneration Committee must each include all of the External Directors (including one External Director serving as the chair of the Audit Committee and Remuneration Committee), and a majority of the members of each of the Audit and Remuneration Committees must comply with the Director independence requirements.



## Board composition and attendance in FY 2021

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
<b>Chair of the Board</b>		
Prof. Jacob A. Frenkel <sup>1</sup>	6	6 (100%)
<b>Executive Directors</b>		
David Zruia	12	12 (100%)
Elad Even-Chen	12	12 (100%)
<b>Senior Independent Non-Executive, External Director</b>		
Anne Grim	12	12 (100%)
<b>Independent Non-Executive, External Director</b>		
Daniel King	12	12 (100%)
Tami Gottlieb <sup>2</sup>	10	9 (90%) <sup>7</sup>
<b>Independent Non-Executive Director</b>		
Steve Baldwin	12	12 (100%)
Sigalia Heifetz <sup>3</sup>	11	11 (100%)
<b>Past Directors</b>		
Gal Haber <sup>4</sup>	0	0
Penny Judd <sup>5</sup>	6	6 (100%)
Charles Fairbairn <sup>6</sup>	6	6 (100%)

1. Prof. Jacob A. Frenkel was appointed on 4 May 2021.

2. Tami Gottlieb was appointed on 16 March 2021.

3. Sigalia Heifetz was appointed on 4 February 2021.

4. Gal Haber stepped down from the Board on 4 January 2021, prior to any scheduled meeting of the Board.

5. Penny Judd stepped down from the Board at the 2021 AGM held on 4 May.

6. Charles Fairbairn stepped down from the Board at the 2021 AGM held on 4 May.

7. Tami Gottlieb was unable to attend one Board meeting due to illness.

General note: Prof. Varda Liberman was appointed as a Board member in March 2022, thus she is not included in the Board's attendance table in FY 2021.

### Election of Directors

Following recommendations from the Nomination Committee and a review by the Chair of the Board, the Board considers that all Directors continue to be effective, remain committed to their roles and have sufficient time available to perform their duties. Information with respect to Directors' re-election will be set out in the 2022 Notice of AGM.

### Independence of Non-Executive Directors and time commitment

Each of the Non-Executive Directors is considered to be independent of management and is considered by the Board to be free from any business or other relationships that could compromise their independence. Their role is to effectively advise and challenge management, and to monitor management's success in delivering the strategy agreed by the Board. The Chair and the Non-Executive Directors held discussions and met during the year, without the Executive Directors' presence, in order to review and monitor management performance. Also during the year, the Non-Executive Directors, led by the Senior Independent Director, met without the Chair's presence, in order to, among others, evaluate his performance. As of FY 2022, such discussions are intended to be scheduled at least twice a year.

Each Director is aware of the need to allocate sufficient time to the Company in order to fulfil their responsibilities and is notified of all scheduled Board and Board Committee meetings. None of the Non-Executive Directors hold any directorships in any FTSE 100 company.

### Conflicts of interest

The Company has procedures for the disclosure and review of any conflicts of interest, or potential conflicts of interest, which the Directors may have. The Board members are asked to disclose any conflicts of interest at each scheduled Board meeting. Each Director is aware of their responsibility to avoid conflicts of interest and to disclose any conflict or potential conflict of interest to the Board. A Director who has a personal interest in a matter that is considered at a meeting of the Board, the Audit Committee or the Remuneration Committee shall not attend that meeting (unless the chair of the Board, the Audit Committee or the Remuneration Committee, as the case may be, determines that such person's presence at the meeting is required for presentation of the relevant transaction) or vote on that matter, unless a majority of the respective forum has a personal interest in the matter as well. If a majority of the Board has a personal interest in the transaction, then shareholders' approval is also required.

The authorisation of a conflict matter, and the terms of authorisation, may be reviewed at any time by the Board. The Board considers that these procedures are operating effectively. There have been no matters arising requiring assessment by the Board as a potential conflict during this year.

# Governance Report continued

## Board evaluation

Provision 21 of the Code recommends that FTSE 350 companies consider having an external evaluation once every three years. The previous externally facilitated Board evaluation was carried out in 2019 with the feedback report presented by Genius Boards.

The evaluation covered attending several Board meetings and Committee meetings, interviewing the Board, the Company Secretary and several executives and relevant advisors to the Company.

The Company expects to have its next externally facilitated Board evaluation in 2022.

During the year, the Board also conducted an internal Board effectiveness evaluation, led by the Chair and the Company Secretary with the support of the Company's external advisors. The Board members were requested to complete questionnaires and to evaluate the performance of the Board and its committees during 2021, as well as the performance of the Chair and their own performance as Board members. The questionnaires were developed by the Chair and the Company Secretary, taking into consideration the findings of the 2020 internal evaluation and also the Financial Reporting Council's Guidance on Board Effectiveness, and were circulated to all Board members and each Committee member for completion.

The Company Secretary discussed the feedback received from the completed questionnaires with the Chair, the Senior Independent Director and each committee chair. A final report on the feedback, comments and suggestions received was circulated to the Board and its Committees, and was presented by the Company Secretary and discussed by the Board at its meeting held in December 2021.

The findings determined, among other things, that the Board has made good progress from FY 2020 in relation to:

- Remuneration matters, including an approval of a new Remuneration Policy for Directors and Executives;
- Time management at the Board and Committee meetings;
- Process for attracting and selecting new Directors;
- Board composition – gender and fields of experience and expertise;
- Progressing well in the ESG journey;
- Management information is freely available to the relevant parties, with better content and format of the management reports contained in the Board packs;
- Good regulatory, risk and business knowledge on the Board; and
- Timeliness of succession planning.

Opportunities for improved effectiveness were also identified, and the Board, supported by the Company Secretary, will apply themselves delivering the agreed actions arising from the internal review in 2022.

## Board training and development

On a regular basis, all Board members are given updates on changes and developments in the business and the environment in which the Group operates, in order to further develop the understanding and awareness of the Board.

The Company Secretary and the legal advisors provide updates to the Board on any relevant legislative and regulatory corporate governance-related changes on an on-going basis.

During the year the Directors attended training on various areas including ESG, cyber security, the UK Market Abuse Regulation and Israeli & UK Corporate Law.

## Ensuring that the Annual Report is fair, balanced and understandable

In relation to the Annual Report and the Consolidated Financial Statements for the year ended 31 December 2021, the Board, in conjunction with the Audit Committee have sought to ensure that the Annual Report is fair, balanced and understandable. The Board considers that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Company encourages the engagement of both institutional and private investors. During 2021, in light of COVID-19 restrictions and related public health guidance by various governments, the majority of investor meetings were conducted by the Company through virtual channels, including conference calls and video conferences. The Chief Executive Officer, David Zruia, and Chief Financial Officer, Elad Even-Chen met regularly with institutional investors, particularly with regard to the issuance of half and full year results. They were accompanied at these meetings by the Company's Head of Investor Relations, who manages Plus500's relationships and communications with the investment community. The Chair of the Board also met regularly with key investors during the year.

Communication with private individuals is maintained through the Annual General Meeting and any Extraordinary General Meeting, the Company's annual and interim reports and the scheduled, or otherwise required, trading updates. The Chair of the Audit, Remuneration, Nomination, Regulatory & Risk and ESG Committees are available to answer questions at the Company's Annual General Meetings. In addition, further details on the strategy and performance of the Company can be found on its website ([www.plus500.com](http://www.plus500.com)), which includes copies of the Company's regulatory news, financial statements, investor presentations and other reports.

Regular updates are provided to the Board on meetings with shareholders and analysts, as well as on brokers' opinions. Non-Executive Directors are available to meet major shareholders, as required. Investors are also encouraged to contact the Company's Head of Investor Relations at: [ir@Plus500.com](mailto:ir@Plus500.com).

# Shareholder Engagement

## Major interests in shares

As at 21 March 2022, being the latest practicable date before the approval of this report, the Company is aware of the following persons who, directly or indirectly, were interested in 3% or more of the Company's capital or voting rights:

FUND MANAGER	NUMBER OF SHARES	%
Odey Asset Management	9,057,360	9.09
Schroder Investment Management	5,289,085	5.31
The Vanguard Group, Inc	4,419,730	4.44
BlackRock Inc	4,273,471	4.29

## 2021 Annual General Meeting

The 2021 Annual General Meeting was held on 4 May 2021 as a virtual meeting, due to the UK government restrictions following the COVID-19 pandemic.

All resolutions proposed at the 2021 AGM were duly passed by shareholders by means of a poll vote.

Following consultations made with shareholders ahead of the 2021 AGM, the Remuneration Committee excluded special, one-off bonuses in future Executive Remuneration plans in the Company's new Remuneration Policy. A resolution to approve the new Remuneration Policy was approved by over 94% of shareholders' votes at the AGM.

The Board noted that two resolutions passed at the 2021 AGM had more than 20% of votes cast against them. These resolutions related to an advisory vote on the Directors' Remuneration Report and a tax-related bonus payment regarding the Company obtaining a highly beneficial approval from the Israeli Tax Authority and the Israel Innovation Authority as a Preferred Technological Enterprise. Since the AGM results, the Board have engaged with various shareholder advisory bodies and a number of shareholders, taking into account their feedback.

The Board always takes the outcome of shareholders' votes seriously and, going forward, will continue its engagement and dialogue with shareholders and their representatives and will continue to consider related shareholders' feedback, with a view to implementing the feedback, as appropriate.

## 2022 Annual General Meeting

Given many of the Company's Board members are based in international locations, and with travel restrictions remaining in place in certain geographies, in order to facilitate an effective participation by the shareholders from various jurisdictions, the Company's 2022 Annual General Meeting will be held as a hybrid meeting. Going forward, subject to future changes to travel restrictions, it is expected that the Company's AGMs will be held on a physical or hybrid basis.

Details of all resolutions to be proposed at the 2022 Annual General Meeting will be included in the Notice of the 2022 Annual General Meeting to be circulated by the Company to all shareholders in due course.

# Report of the Nomination Committee



“With several significant appointments made in 2021, including of Prof. Jacob A. Frenkel as the Board’s new Chair, substantial progress was made in expanding the range of the Board’s expertise and further diversifying its composition.”

Steve Baldwin, Chair of the Nomination Committee

## Dear shareholder

As the Chair of the Nomination Committee, I am pleased to have this opportunity to give you an overview of the work of the Committee during 2021.

The Board is committed to evaluating and reviewing the structure, size and composition of the Board on a continual basis, including the balance of skills, knowledge, experience and diversity (including gender diversity) of the Board while factoring in the Company’s strategy, risk appetite and future development.

During the year, the Committee undertook a review of the broader composition of the Board, and identified a need to add further Independent Non-Executive Directors to increase the Board’s talent diversity. Subsequently, an external headhunter, True Europe LLP (“True Search”) was engaged to support the process and to identify potential candidates with the required skills, experience and diversity credentials.

The Committee engaged the services of True Search and candidate briefs were compiled and lists of appropriate candidates for each brief were drawn up with input from the Board and its advisors. Other than in respect of recruitment services, True Search has no other connection with the Company or any of its Directors.

I am pleased that in 2021 we welcomed to the Board two female Directors, Ms. Sigalia Heifetz, who was appointed in February 2021 as an Independent Non-Executive Director (and was re-elected at our 2021 AGM), and Ms. Tami Gottlieb, whose nomination for appointment as an Independent Non-Executive Director and External Director was approved by our shareholders at our 2021 EGM held in March 2021. Tami was also appointed as the Chair of the Audit Committee following the departure of Charles Fairbairn.

Also, during 2021 the Committee led the search for a new Chair of the Board to succeed Penny Judd, who served as a Non-Executive Director since 2016 and as our Chair since 2017. True Search was engaged again to support the process and to identify potential candidates with the required skills, background experience and expertise. After a thorough and transparent process, Prof. Jacob A. Frenkel was identified as the best suited candidate and I am pleased that his appointment was approved by the Company’s shareholders at our 2021 AGM held on 4 May 2021, with excellent support from 99.83% of those voting.

The Committee also identified a need to add an additional Independent Non-Executive Director in 2022 to increase the Board’s talent diversity and was also mindful that Daniel King, our long serving Independent Non-Executive Director and External Director had served since the Company’s IPO in 2013 and would not be eligible under the Companies Law for re-election in 2022. Following a further search process, and as announced on 18 March 2022, Prof. Varda Liberman was appointed as an Independent Non-Executive Director.

The new Board members have gone through an extensive induction process, as further described on page 56 above.

The Board is committed to diversity of gender, ethnicity, background, nationality and professional experience and these were the key pillars of the searches. Hence, I am delighted that our Board composition was significantly diversified during FY 2021 by the addition of three Independent Non-Executive Directors – Ms. Sigalia Heifetz, Ms. Tami Gottlieb and Prof. Jacob A. Frenkel, as the Chair of the Board, and also very recently with the appointment of Prof. Varda Liberman as an additional Independent Non-Executive Director.

These appointments have increased the gender diversity on the Board, and have ensured that the Company increases its talent diversity, in line with the Code and the recommendations of the Hampton-Alexander Review on gender equality in leadership positions. Following these additional appointments, I am pleased to report that, as of the date of this Annual Report, the Board comprises 44% female Directors (four female Directors out of nine Directors). Also, following Daniel King's tenure finishing in June 2022, the Board will comprise 50% female Directors (four female Directors out of eight Directors).

I would like to thank Daniel for all his help during his time on the Committee.

During the year, the Committee recommended to the Board that a new Senior Independent Director be appointed to replace Charles Fairbairn who was stepping down as the Senior Independent Director at the 2021 AGM held in May 2021. The Committee took into consideration the recommendations of the final Hampton-Alexander Report published in February 2021, which recommended that as a matter of best practice companies should have a woman in at least one of the four roles of Chair, CEO, SID and CFO. I am pleased that Ms. Anne Grim was appointed as our new SID, as of May 2021. Further details of Anne's qualifications can be found on page 52.

According to the evaluation carried out by the Board, all Non-Executive Directors are considered to be independent in character and judgement and no cross-directorships exist between any of the Directors.

Due to the enhanced role of the Nomination Committee set out in the Code, we are continuing to develop our programme of activity accordingly. Throughout 2021, the Nomination Committee dedicated time to review and discuss succession planning across the business, in order to ensure, among other things, that there is a good pipeline of female successors to many of the senior management roles throughout the business.

The Committee will continue this year to ensure that there is a strong talent pipeline with the necessary set of skills and expertise, whilst considering female representation and other diversity pillars as part of this process.

I look forward to reporting on the Nomination Committee's further progress in the next year's Annual Report.



#### Steve Baldwin

Chair of the Nomination Committee  
22 March 2022

#### Committee composition

The Nomination Committee comprises Steve Baldwin, Daniel King and Prof. Jacob A. Frenkel, and is chaired by Steve Baldwin. The Code recommends that a majority of the members of a nomination committee should be Independent Non-Executive Directors. The Board considers Steve Baldwin, Daniel King and Jacob Frenkel to be independent for the purposes of the Code. Upon Daniel King's tenure finishing in June 2022, Anne Grim, the Senior Independent Director and External Director, shall replace Daniel King as a member of the Nomination Committee. Details of the skills and experience of the Committee members are set out on pages 52 – 53 of this Annual Report. Details of individual attendance at meetings are set out in the Committee attendance table below.

#### Committee attendance (in FY 2021)

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Steve Baldwin (Chair)	3	3 (100%)
Daniel King	3	3 (100%)
Prof. Jacob A. Frenkel <sup>1</sup>	2	2 (100%)
<b>Past members</b>		
Gal Haber <sup>2</sup>	0	0
Charles Fairbairn <sup>3</sup>	0	0

1. Prof. Jacob A. Frenkel was appointed as a member of the Committee on 12 May 2021.
2. Gal Haber stepped down from the Committee (and from the Board) on 4 January 2021, prior to any scheduled meeting of the Committee.
3. Charles Fairbairn stepped down from the Committee on 3 February 2021, prior to any scheduled meeting of the Committee.



# Report of the Nomination Committee

## continued

### Committee responsibilities and activities

The Nomination Committee has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, considering succession planning and ensuring diversity at Board-level. The other key governance mandates pursuant to the written terms of reference of the Nomination Committee (which are available on the Company's website) are as follows:

- To oversee succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Company;
- To identify, and nominate for the approval of the Board, candidates to fill Board vacancies (including External Directors' vacancies);
- To make recommendations concerning the continuation in office of any Director at any time, including the suspension or termination of service; and
- To prepare a description of the role and capabilities required for a particular appointment.

The Nomination Committee meets not less than twice a year and at such other times as required. The Nomination Committee takes into account the challenges and opportunities the Group is facing and which skills and expertise are therefore needed on the Board and its Committees in the future, whilst remaining committed to diversity of gender, ethnicity, background, nationality and professional experience and developing a talent pipeline reflective of this diversity.

A summary of the major activities and decisions of the Committee in 2021 is set out below:

<b>Board composition &amp; Time commitment</b>	<ul style="list-style-type: none"> <li>– Re-election of Directors;</li> <li>– Review of core skills and experience of the Board and the independence of the Non-Executive Directors;</li> <li>– Review of membership of committees;</li> <li>– Appointment of three Independent Non-Executive Directors (including a new Chair of the Board);</li> <li>– Appointment of a new Senior Independent Director;</li> <li>– Appointment of new Chairs of the Audit Committee and the Regulatory &amp; Risk Committee; and</li> <li>– Review of time commitment of the Non-Executive Directors.</li> </ul>
<b>Succession planning</b>	<ul style="list-style-type: none"> <li>– Review tenure of the Directors;</li> <li>– Review of the Company's written succession plan; and</li> <li>– Foster the development of talented employees throughout the business.</li> </ul>
<b>Diversity</b>	<ul style="list-style-type: none"> <li>– Review and amend the Equality, Diversity and Inclusion Policy, in line with the Code and the 33% target for female board representation set out in the Hampton-Alexander Review; and</li> <li>– Review of Board diversity on the Board, and significantly increased the female representation on the Board.</li> </ul>
<b>2021 internal Committee evaluation</b>	<ul style="list-style-type: none"> <li>– Discussion and assessment of the 2020 and 2021 internal Nomination Committee evaluation findings.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>– Review of the Committee's terms of reference in light of the Code and the Companies Law; and</li> <li>– Review of 2021 Nomination Committee Report which is included within this Annual Report.</li> </ul>

Following the activities of the Committee in 2021, the Committee is confident that each Director brings a unique set of skills and experience which enables the Board to be reflective of a diverse and varying range of perspectives and opinions and enables the Company to achieve its strategy and targets going forward.

The Committee believes that each Director's contribution is important to the Company's long-term sustainable success.

### Priorities for FY 2022

In the coming year the Committee will continue to focus on key themes such as diversity and succession planning and ensuring a diverse talent pipeline throughout the Group.

### Equality, Diversity and Inclusion

The Board's policy on equality, diversity and inclusion commits to:

- Ensuring the selection and appointment process for employees and Directors includes a diverse range of candidates;
- Ensuring that no unlawful discrimination occurs at any stage in the selection process on the grounds of age, disability, gender reassignment, marriage and civil partnership, maternity, pregnancy, race, religion or belief, gender or sexual orientation, ethnicity, country of origin, nationality and cultural background;
- Disclosing statistics on gender diversity in this Annual Report (page 33); and
- Reviewing the policy from time to time and continuing to disclose the policy in the Annual Report.

The Board has taken significant steps to increase gender diversity. All Board appointments are made objectively based on an individual's skills and expertise and consistent with the Company's Equality, Diversity and Inclusion Policy.

### Board Equality, Diversity and Inclusion Policy

OBJECTIVES	PROGRESS UPDATE
<b>Ensuring the selection and appointment process for employees and Directors includes a diverse range of candidates</b>	Review employees' recruitment procedure which includes, among others, a non-discriminatory selection process, allowing the recruitment of a diverse workforce.
<b>Ensuring that no unlawful discrimination occurs at any stage in the selection process on the grounds of age, disability, gender reassignment, marriage and civil partnership, maternity, pregnancy, race, religion or belief, gender or sexual orientation, ethnicity, country of origin, nationality and cultural background</b>	Review employees' recruitment procedures which include non-discriminatory selection process, at all stages of the selection process.
<b>Improve gender diversity at Board and senior management level</b>	One female Non-Executive Director was appointed in September 2020 and two additional female Non-Executive Directors were appointed in Q1 2021, following the engagement with True Search. Also, an additional female Non-Executive Director was appointed in March 2022.
<b>Review Board equality, diversity &amp; inclusion policy</b>	The Committee has reviewed and approved the updated Board's equality, diversity & inclusion policy, a copy of which is available on the Company's website.

## Relevant skills and experience on the Board

	JACOB A. FRENKEL	DAVID ZRUIA	ELAD EVEN-CHEN	DANIEL KING	STEVE BALDWIN	ANNE GRIM	SIGALIA HEIFETZ	TAMI GOTTLIEB	VARDA LIBERMAN
Audit and risk management	NED	ED	ED		NED	NED	NED	NED	NED
Finance, banking, financial services and fund management	NED		ED		NED	NED	NED	NED	NED
Capital raising, mergers, acquisitions, investment and transactions	NED		ED		NED		NED	NED	
Marketing		ED		NED		NED			NED
Compliance & Regulation	NED	ED	ED		NED		NED	NED	NED
Shareholder relations	NED	ED	ED		NED				
Digital technology		ED		NED		NED		NED	NED
Innovation	NED	ED	ED	NED		NED	NED		NED
ESG		ED	ED	NED	NED	NED			NED
Enterprise Risk management	NED		ED		NED	NED		NED	NED

ED Executive Director    NED Non-Executive Director

## Succession planning

The Committee has spent time in 2021 considering the important matter of succession planning across the business and reviewed the written Succession Planning Procedure. In order to ensure minimal business disruption in the event of any unexpected senior management or Board departures, the Committee is committed to continue developing plans for identifying appropriate successors in the short, medium and long-term, whilst also having regard to the importance of diversity throughout the Group.

Due to the size of the Group, it is not always possible to identify internal successors for all roles throughout the business. Nevertheless, the Committee has reviewed plans for the succession of senior management roles throughout the business and has identified appropriate candidates as potential successors (both immediate successors and long-term successors).

# Report of the Audit Committee



"The Audit Committee performs a key role in the Group's governance framework, in assessing internal controls across the Group and ensuring the integrity of the Group's financial results."

Tami Gottlieb, Chair of the Audit Committee

## Dear shareholder

I am honoured to have been appointed as the new chair of the Audit Committee of the Board in May 2021. The Committee functions very efficiently, supported by a number of consistent and professional processes that form the basis of the Committee's monitoring and review framework. I would like to thank Charles Fairbairn, my predecessor, for his efforts in establishing this solid foundation on which to manage the Committee.

With that in mind, I am pleased to take this opportunity to give you an overview of the work of the Committee during 2021. The Audit Committee performs a key role in the Group's governance framework, in assessing internal controls across the Group and ensuring the integrity of the Group's financial results.

Priorities for the Audit Committee during the year included financial reporting and the associated assurance of these reports.

With the assistance of Deloitte, our internal auditor during FY 2021, we reviewed and monitored a multi-year internal audit plan which we will continue to review and update over time. In January 2022, we concluded that given the increase in the scope of business of the Group and the diversification of its portfolio and geographical scope, it would be in our interest to replace Deloitte as our internal auditor. As a result, and after due process, we appointed E&Y as our new internal auditors, as of FY 2022.

The Committee also reviewed a list of non-audit services provided this year by the Company's external auditor and approved its audit plan for 2022.

I look forward to reporting on the Audit Committee's progress going forward, in next year's Annual Report.

A handwritten signature in dark ink, appearing to read 'Tami Gottlieb'.

## Tami Gottlieb

Chair of the Audit Committee  
22 March 2022

## Committee responsibilities and activities

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported on and reviewed. The other key governance mandates pursuant to the written terms of reference of the Audit Committee (which are available on the Company's website) are as follows:

- To monitor the integrity of the Consolidated Financial Statements of the Group (including annual and interim accounts and results announcements);
- To monitor the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- To advise on the appointment of the Company's external auditor and on their remuneration; and
- To monitor and review the effectiveness of the Company's internal audit function.

In addition, under the Companies Law, the Audit Committee is required to monitor deficiencies in the business management of the Company, including by consulting with the internal auditor and independent accountants, to review, classify and approve related party transactions and extraordinary transactions, to review the internal auditor's audit plan, to oversee the performance of the Company's internal auditor and the internal control functions and to establish and monitor whistleblower procedures.

The Audit Committee meets not less than four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The Audit Committee met on six occasions during 2021. The internal and external auditors have the right to attend meetings. The relevant Executive Directors, the Company's legal advisors and other persons may, by invitation from the Chair of the Audit Committee, attend meetings. At least twice per year, the Audit Committee meets privately with the external auditor to discuss issues relating to the Company's management and as required under the Companies Law.

A summary of the major activities and decisions of the Committee in 2021 is set out below:

<b>Financial performance review</b>	Review of the financial performance and review of the Consolidated Financial Statements of the Group twice a year.
<b>Internal audit review</b>	Review assessments of the control environment via internal audit reports, and monitor progress on implementing internal audit recommendations.
<b>External audit review</b>	Review progress on implementing external audit recommendations. Monitor and review the effectiveness and independence of the external audit function.
<b>Risk control</b>	Assist the Board in the monitoring of the Group's internal controls and risk management systems and their effectiveness.
<b>2021 internal Committee evaluation</b>	Discussion and assessment of the 2020 and 2021 internal Audit Committee evaluation findings.
<b>Governance</b>	<ul style="list-style-type: none"> <li>– Review of the Committee's terms of reference in light of the Code and the Companies Law.</li> <li>– Review of 2021 Audit Committee Report which is included within this Annual Report.</li> </ul>

#### Significant accounting and financial judgements in 2021

The Committee considered a number of significant accounting and financial judgements and estimates, which were discussed with the external auditors in the planning stage of the audit, and received the external auditor's confirmation that no additional matters have arisen and require the Committee's attention.

The significant judgements considered were: revenue recognition, uncertain tax positions, the control environment, compliance with laws and regulations and appropriateness of the going concern basis of the Consolidated Financial Statements and the level of cash required within the business to satisfy both external regulators and the Group's market risk management.

#### External auditor

It is the responsibility of the Audit Committee to keep under review the scope and effectiveness of the external auditor. This includes recommending the appointment of the external auditor to the Board and reviewing the scope of the audit, approving the audit fee and, on an annual basis, satisfying itself that the auditor is independent. The external auditor is engaged to express an opinion on the Consolidated Financial Statements. The external auditor conducts the audit according to the audit plan which include different audit procedures like confirmations, testing samples and discussing with management the reporting of operational results and the financial status of the Group, to the extent necessary to express their audit opinion.

#### Committee composition

The Code recommends that an audit committee should include at least three members who are Independent Non-Executive Directors, and that at least one member should have recent and relevant financial experience. The Companies Law requires that an audit committee consist of at least three Directors qualified to serve as members of an audit committee under the Companies Law, including all External Directors, and must be comprised of a majority of Directors meeting certain independence criteria of the Companies Law. The Chair of the audit committee must be an External Director.

The Audit Committee is chaired by Tami Gottlieb (as of May 2021) who succeeded Charles Fairbairn, and its other members are Daniel King (until his tenure finishing in June 2022), Steve Baldwin, Anne Grim and Prof. Varda Liberman (appointed as of March 2022). All of the members are therefore independent Non-Executive Directors under the Code and meet the criteria for independence under the Companies Law. Tami Gottlieb, Daniel King and Anne Grim are considered External Directors under the Companies Law.

The Board considers that Tami Gottlieb has recent and relevant financial experience in accordance with the requirements of the Code. All of the Committee members have relevant Diversified Financial Services experience. Details of the skills and experience of the Committee members are set out on pages 52 – 53. Details of individual attendance at meetings are set out in the Committee attendance table below.

#### Committee attendance (in FY 2021)

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Tami Gottlieb (Chair) <sup>1</sup>	5	4 (80%) <sup>3</sup>
Daniel King	6	6 (100%)
Steve Baldwin	6	6 (100%)
Anne Grim	6	6 (100%)
<b>Past members</b>		
Charles Fairbairn <sup>2</sup>	3	3 (100%)

1. Tami Gottlieb was appointed as a member of the Committee on 16 March 2021 and serves as the Chair of the Committee as of 4 May 2021.
2. Charles Fairbairn (previous Chair of the Committee) stepped down from the Committee and the Board on 4 May 2021.
3. Tami Gottlieb was unable to attend one Committee meeting due to illness.

General note: Prof. Varda Liberman was appointed as a member of the Committee in March 2022, thus she is not included in the Committee's attendance table in FY 2021.

# Report of the Audit Committee continued

## Performance and effectiveness of the external auditor

Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, was appointed as the Company's external auditor in 2013 and has been retained since then to perform audit and audit-related work on the Company and other local offices of PricewaterhouseCoopers perform audit and audit-related work on the majority of the Company's subsidiaries. The Committee assesses the auditor's independence and effectiveness at least on an annual basis, through closed sessions and enquiries by the Committee members.

The Audit Committee monitors the nature and extent of non-audit work undertaken by the auditors. Given the non-audit work undertaken by the external auditor and the Committee's oversight of its work, the Committee is satisfied that the independence and objectivity of the external auditor was adequately safeguarded throughout 2021. Nevertheless, the external auditor's independence and objectivity is kept under review and is a standing item on the agenda for the Audit Committee.

In addition, the Audit Committee periodically monitors the cost of non-audit work undertaken by the external auditor. The Audit Committee considers that it is in a position to take action if at any time it believes there is a risk of the auditor's independence and objectivity being undermined through the award of this task.

Having assessed the external auditor's effectiveness and independence during 2021, the Audit Committee concluded that the auditor has demonstrated professional scepticism and judgement and that the audit process as a whole has been conducted robustly and that the team selected to undertake the audit has done so thoroughly and professionally. The Audit Committee reviewed the re-appointment of the external auditor and recommended to the Board that the external auditor be proposed for re-election at the upcoming Annual General Meeting.

## Audit tender process

The Committee remains satisfied with the external audit process and is currently not planning to undertake a formal tender process until the financial period ended 31 December 2023. In FY 2022, the external audit engagement partner will be rotated.

## Non-audit services

The Company maintains a Non-Audit Services Policy in order to ensure that the provision of non-audit services do not impair the external auditor's independence or objectivity. During 2021, Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, and other local offices of PricewaterhouseCoopers, provided non-audit services, such as tax assessments and advice and regulatory reporting requirements, which totalled \$1.0m (including assurance related services of \$0.3m). The assurance related services include mainly local regulatory reporting requirements for the regulated subsidiaries which are linked directly with the external auditors' services. In addition, part of the non-audit services in the amount of \$0.7m are related to tax assessments which are provided by the external auditor according to common practice in specific territories.

The non-audit services fee constitutes 62.5% of the fees payable to the external auditor in 2021.

## Overview of the non-audit services policy

Under the policy, all services provided by the external auditor (other than the audit itself) are regarded as non-audit services. The policy draws a distinction between permitted services (which could be provided subject to conditions set by the Committee) and prohibited services. The type of non-audit services deemed to be permitted include assurance work on non-financial data, tax services including tax advisory, and reporting best practice.

The Committee has provided pre-approval which allows management to appoint the external auditor to conduct permitted non-audit services if they fall below a set fee level. The Committee reviews the pre-approval limit on an annual basis and it is currently set at \$50,000. Any non-audit service provided by the external auditor is reported to the Board. In the event that the provision of non-audit services would exceed \$50,000, the Committee would request Board approval.



KEY FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL JUDGEMENTS		HOW THE ISSUE WAS ADDRESSED BY THE AUDIT COMMITTEE
<b>Revenue recognition</b>	The recognition of revenue is a key matter to be reviewed, monitored and tested	<ul style="list-style-type: none"> <li>– The Audit Committee held meetings, among others, with the operation, R&amp;D and risk teams to verify compliance of revenue recognition from all related aspects such as: IT general controls, access to programs and supporting data, program changes and computer operations for the platform and for the ERP system.</li> <li>– The Audit Committee discussed this matter with the external auditor at the planning and conclusion phases of the audit.</li> <li>– The Audit Committee concluded the revenue recognition process is appropriate and controls are effective and are appropriately disclosed in the Financial Statements.</li> </ul>
<b>Uncertain tax positions</b>	The Audit Committee is responsible for the adequacy of the uncertain tax positions	<ul style="list-style-type: none"> <li>– The Audit Committee held meetings, among others, with management and tax advisors to assist in assessing the technical aspect of the Group's tax positions, including understanding the correspondence with the different tax authorities and reviewing other third parties' advice obtained by management.</li> <li>– The Audit committee discussed this matter with the external auditor through the process of the audit, and received periodical updates during the year.</li> <li>– The Audit Committee concluded that the provision for uncertain tax positions is reasonable.</li> </ul>
<b>Review and assessment of the control environment</b>	The Audit Committee has the ultimate responsibility for the supervision of the control environment. A key role of the Committee is to provide oversight and reassurance to the Board with regard to the integrity of the Company's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk	<ul style="list-style-type: none"> <li>– The Audit Committee reviewed the internal audit reports produced in the year, discussed key findings with management and reviewed the implementation of all internal audit report recommendations brought forward from previous years, in addition the Committee reviewed key audit risk topics in assessing the internal audit reports produced for 2021.</li> <li>– The Audit Committee concluded the internal controls are effective. No significant internal control failings were identified during the year. Where any gaps were identified, processes were put in place to address them and these are continually monitored.</li> </ul>
<b>Review and assessment of compliance with laws and regulations</b>	A key risk to the business is the fact that the Group's business is subject to various laws and regulations in different jurisdictions according to its activity	<ul style="list-style-type: none"> <li>– The Committee, in conjunction with the work of the Regulatory &amp; Risk Committee, reviewed regulatory reports prepared by the Risk &amp; Compliance teams, to ensure compliance with local regulations in the areas the Group operates in.</li> <li>– The Committee considers the grid of audits and regulatory assessments and reviews their findings. The relevant aspects of such assessments to the Committees' work are discussed and assessed by the Committee.</li> <li>– Based on discussions with management and discussions held in the Regulatory &amp; Risk Committee, the Audit Committee came to the conclusion that the Group is compliant with the required regulations.</li> </ul>
<b>Review and assessment of appropriateness of the going concern basis of the Financial Statements and long-term viability</b>	Going concern and viability are key matters for the operations of the Group	<ul style="list-style-type: none"> <li>– The Audit Committee has reviewed the assessment setting out the key assumptions related to the nature of the Group's business, budget reports and cash flow forecasts for the period of three years ending 31 December 2024, taking into account the Group's anticipated investment commitments and working capital requirements.</li> <li>– These reports detailed the impact of outcomes of stress tests after applying multiple scenarios to determine how the Group is able to cope with deterioration in liquidity profile or capital position.</li> <li>– The Audit Committee agreed to recommend the Going Concern and Viability Statement to the Board for approval.</li> </ul>
<b>Review and assessment of the level of cash required within the business to satisfy both external regulators and the Group's attitude to market risk</b>	The Group requires a level of cash to ensure that it can operate its trading platforms and maintain sufficient cash in its regulated entities to satisfy regulatory and operational needs	<ul style="list-style-type: none"> <li>– The Audit Committee reviews on an on-going basis the level of cash required from a regulatory, operationally and risk perspective.</li> <li>– The Audit Committee concluded that the cash amounts held are sufficient for all the above-mentioned perspectives.</li> </ul>

# Report of the Audit Committee continued

## Fair, balanced and understandable

The Audit Committee undertakes a duty to consider whether the 2021 Annual Report and Consolidated Financial Statements taken as a whole, are fair, balanced and understandable, while final determination lies within the responsibilities of the Board. The Audit Committee, on behalf of the whole Board, also assesses whether there is enough information in the Annual Report and Consolidated Financial Statements necessary for shareholders to evaluate the financial position, performance, governance, business model and strategy of the Group.

## The process

The Committee reviews the Consolidated Financial Statements and recommends to the Board of Directors to approve the Consolidated Financial Statements.

During the drafting process of the 2021 Annual Report and Consolidated Financial Statements, the Committee is given the opportunity to comment and provide feedback on the drafts. The Committee also considers whether the content provided in the report has illustrated the whole picture for the year.

The Committee then evaluates whether the report is consistent throughout, with a clear layout and linkage to the different front and back sections, and whether it is presented in a logical manner to the shareholders.

## Conclusion

Following the review, it was the Committee's opinion that the 2021 Annual Report and Consolidated Financial Statements are representative of the year and, taken as a whole, present a fair, balanced and understandable overview and provides the information necessary for shareholders to assess the financial position, governance, performance, business model and strategy of the Group.

## Internal auditor

Pursuant to the Companies Law, the Board must appoint an internal auditor recommended by the Audit Committee. An internal auditor may not be:

- a person who holds more than 5% of the Company's outstanding shares or voting rights;
- a person who has the power to appoint a Director or the Chief Executive Officer of the Company;
- an officer or Director of the Company; or
- a member of the Company's independent accounting firm, or anyone on its behalf.

The role of the internal auditor is to examine, among other things, the Company's compliance with applicable laws and orderly business procedures. The Audit Committee is required to oversee the activities and to assess the performance of the internal auditor, as well as to review the internal auditor's work plan, and the Committee has done so in FY 2021. The Committee concluded that the internal audit function was an effective provider of assurance over the Company's risks and controls and appropriate resources were available as required. Brightman Almagor Zohar & Co. (Deloitte Israel), a member firm of Deloitte Touche Tohmatsu Limited, served as the Company's internal auditor in FY 2021.

In January 2022, the Company agreed with Deloitte that they will step down as internal auditors of the Company. Following receipt of a recommendation from the Audit Committee, the Board has appointed E&Y as the Company's new internal auditors as of FY 2022.

## Whistleblowing policy

The Group operates a Whistleblowing Policy which encourages all individuals within the Group (including employees, partners, consultants, contractors, suppliers, customers and other third parties) to feel confident to voice concerns internally in a responsible, anonymous, confidential and effective manner when they discover information which they believe shows serious malpractice or impropriety, and to question and act upon those concerns. It provides a method of properly addressing bona fide concerns of such individuals, while offering whistleblowers protection from victimisation, harassment or disciplinary proceedings. Such an anonymous reporting can be undertaken in local languages. The Audit Committee reports to the Board on the effectiveness of the Group's whistleblowing mechanism and on any matter that arises as a result of it. The current Whistleblowing Policy supervisor is Daniel King. No whistleblowing complaints were received in 2021. Upon Daniel King's tenure finishing in June 2022, Steve Baldwin shall replace Daniel and serve as the new Whistleblowing Supervisor.

# Report of the Regulatory & Risk Committee



“With a global regulatory network already well established, the Group remains well positioned for potential future changes to the regulatory environment across the markets in which it operates.”

Sigalia Heifetz, Chair of the Regulatory & Risk Committee

## Dear shareholder

I am privileged to have been appointed as Chair of the Regulatory & Risk Committee and I would like to thank Penny Judd, as my predecessor, for her dedication and focus on ensuring that the Committee has a clear framework from which to operate.

Regulatory compliance and risk management underpin the integrity of our business model and continued delivery of our strategy. The Regulatory & Risk Committee receives regular reports on both compliance and risk and challenges the performance in these areas. It also receives AML reports, internal audit reports relating to the Group's regulated entities, and other reports on specific areas where more detailed testing or investigation is felt appropriate. These are described more fully in the following report.

In addition, the Board undertook a robust assessment of the principal risks facing the Group and updated its internal risk matrix accordingly. We have also monitored new areas of regulatory compliance such as emerging risks and developments in securities markets regulation.

The Committee and the Board have received reports on the implementation of preparation for the ASIC product intervention order, which came into force in March 2021, with respect to retail customers in Australia, setting leverage restrictions, similar to ESMA levels, to all Plus500AU operations (ASIC, FMA, FSCA). Also, the Committee and the Board have received reports in relation to the potential Brexit scenarios and reports relating to the new trading products launched by the Group in 2021 – share dealing through 'Plus500 Invest' and futures and options on futures. Following this, the Committee received comfort that the applicable measures have been considered and effectively implemented.

The Group's portfolio of licences is an increasingly valuable asset, given its scarcity and the growing complexity of obtaining new licences. I am pleased that during Q1 2022 this portfolio of operating licences was further strengthened.

The licence granted in Estonia in February 2022 will further support the Group's business across European markets in its core product offering, and the acquisition of a Type 1 regulated firm in Japan, completed in March 2022, represents a major growth opportunity for the Group, through an immediate presence in the substantial retail trading market in Japan.

Our priorities for the coming year will be to continue to monitor regulatory changes and to seek to continue to enhance the risk assessment and monitoring within the business in the face of changing regulatory and market conditions, including the continued impact of the COVID-19 pandemic.

More specifically, we will continue to assess, and seek to enhance, our approach to risk management, which is based on ensuring our risk exposures are aligned with our risk appetite across the product portfolio.

From a regulatory and compliance perspective, with a global regulatory network already well established, the Group remains well positioned for potential future changes to the regulatory environment across the markets in which it operates.

I look forward to reporting on the Regulatory & Risk Committee's further progress in next year's Annual Report.

*Sigalia Heifetz*

**Sigalia Heifetz**

Chair of the Regulatory & Risk Committee  
22 March 2022

# Report of the Regulatory & Risk Committee

## continued

### Committee responsibilities and activities

The Regulatory & Risk Committee meets not less than three times a year and otherwise as required. The Regulatory & Risk Committee receives monthly updates from management on risk, compliance, AML and regulatory issues and reviews the related internal reports. The Regulatory & Risk Committee has responsibility for providing oversight with respect to current and potential future risk exposures of the Group and for overseeing and monitoring the Group's compliance with applicable laws, regulations and orders as required. Its activities include reviewing relationships with regulatory authorities such as the Financial Conduct Authority (FCA) in the UK, the Australian Securities and Investments Commission (ASIC) in Australia, the Cyprus Securities and Exchange Commission (CySEC) in Cyprus, the Israel Securities Authority (ISA) in Israel, the Financial Markets Authority (FMA) in New Zealand, the Financial Sector Conduct Authority (FSCA) in South Africa, the Monetary Authority of Singapore (MAS) in Singapore, the Financial Services Authority (FSA) in the Seychelles, Commodities Futures Trading Commission (CFTC) and National Futures Association (NFA) in the US, the Estonian Financial Supervision Authority (EFSA) in Estonia, the Financial Services Agency (FSA) in Japan and other regulatory authorities, as appropriate, in jurisdictions where the Group has a significant operation. The Committee is also responsible for reviewing risk assessment programmes and internal controls.

The Regulatory & Risk Committee is responsible for reviewing the Group's most significant risks to the achievement of strategic objectives and any emerging risks, reviewing the Group's Risk Management Policy, ensuring that the Company's Board ethics are being adhered to. The other key governance mandates, pursuant to the written terms of reference of the Regulatory & Risk Committee, are as follows:

- To review the Group's capability to identify and manage new risk types;
- To review the most significant risks to the achievement of strategic objectives;
- To review incident reports to monitor incidents and remedial activity; and
- To consider and approve the remit of the risk management function and ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

A summary of the major activities and decisions of the Committee in 2021 is set out below.

<b>Regulatory &amp; Compliance review</b>	<ul style="list-style-type: none"> <li>– Periodic regulatory, compliance and AML reports review.</li> <li>– Periodic AML reports (on the Group's regulated entities) review.</li> <li>– Oversee the implementation of new regulatory requirements.</li> <li>– Monitor and assess the Group's relationships with regulatory authorities.</li> </ul>
<b>Licence application review</b>	<ul style="list-style-type: none"> <li>– Review licence applications submitted during the period.</li> </ul>
<b>Risk review and assessment</b>	<ul style="list-style-type: none"> <li>– Review periodic risk reports, including VaR reports.</li> <li>– Review risk assessment programmes and internal risk management controls.</li> <li>– Review emerging and principal risks for the period.</li> <li>– Review and assess current approach to hedging as well as possible options for future approach in this area.</li> </ul>
<b>2021 internal Committee evaluation</b>	<ul style="list-style-type: none"> <li>– Discussion and assessment of the 2020 and 2021 internal Regulatory &amp; Risk Committee evaluation findings.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>– Review of the Committee's terms of reference.</li> <li>– Review of 2021 Regulatory &amp; Risk Committee Report which is included within this Annual Report.</li> </ul>

### Committee composition

The Regulatory & Risk Committee is chaired by Sigalia Heifetz (appointed as a member in February 2021 and as the Chair in May 2021), succeeding Penny Judd. The other members are Elad Even-Chen, Tami Gottlieb (appointed in March 2021), Prof. Jacob A. Frenkel (appointed in May 2021) and Prof. Varda Liberman (appointed in March 2022). According to the Committee's terms of reference (which are available on the Company's website) the Committee shall comprise at least three members, and the activities of the Committee should involve participation by the Chair of the Audit Committee. The Chief Financial Officer should be a committee member. Tami Gottlieb, Chair of the Audit Committee is also a member of the Regulatory & Risk Committee, as well as Elad Even-Chen, the Group's Chief Financial Officer. Details of individual attendance at meetings is set out in the Committee attendance table below.

### Committee attendance (in FY 2021)

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Sigalia Heifetz (Chair) <sup>1</sup>	3	2 (67%) <sup>6</sup>
Elad Even-Chen	3	3 (100%)
Tami Gottlieb <sup>2</sup>	2	2 (100%)
Prof. Jacob A. Frenkel <sup>3</sup>	2	2 (100%)
<b>Past members</b>		
Penny Judd <sup>4</sup>	1	1 (100%)
Charles Fairbairn <sup>5</sup>	0	0

1. Sigalia Heifetz was appointed as a member of the Committee on 4 February 2021 and serves as the Chair of the Committee as of 4 May 2021.

2. Tami Gottlieb was appointed as a member of the Committee on 24 March 2021.

3. Prof. Jacob A. Frenkel was appointed as a member of the Committee on 12 May 2021.

4. Penny Judd (previous Chair of the Committee) stepped down from the Committee on 4 May 2021.

5. Charles Fairbairn stepped down from the Committee on 3 February 2021, prior to any scheduled meeting of the Committee.

6. Sigalia Heifetz was unable to attend one Committee meeting due to illness.

General note: Prof. Varda Liberman was appointed as a member of the Committee in March 2022, thus she is not included in the Committee's attendance table in FY 2021.

# Report of the ESG Committee



“The Company supports the recommendations published by the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures and during 2021, the Committee worked with a specialist ESG consultant, which conducted a rigorous gap analysis and assessment of the Group’s ESG reporting and disclosure.”

Daniel King, Chair of the ESG Committee

## Dear shareholder

ESG has become a critical element of organisational culture, operations, reporting and disclosure and is now a highly prevalent theme across global capital markets. This has been driven by growing public pressure, increasing regulator engagement and investors integrating ESG into their investment analysis.

In this dynamic and complex environment, ESG issues can have a direct impact on a company’s competitive advantage and operational performance. Furthermore, investors are seeking more understanding and detail about how companies are managed in this regard.

In this context, and with increasing reporting and disclosure requirements for companies in this area, the Board established its ESG Committee in 2020, primarily to regularly review and assess the Group’s ESG activities and align them with industry and market best practice.

With this in mind, the Committee, the Board and the Group remain committed to developing Plus500’s ESG strategy, and will continue to broaden its disclosure on ESG in order to ensure key stakeholders have a clear and comprehensive understanding of the Group’s activities in these areas.

As the Chair of the ESG Committee, I am pleased to provide an overview of the work carried out by the ESG Committee in 2021, as well as its objectives and priorities.

As a starting point, the Committee initiated a Materiality Assessment, which was carried out at the beginning of 2021, to identify key ESG priorities and risk factors and to establish a framework for the Group’s future approach in these areas and, ultimately, to increase the Group’s resilience over the long-term.

The framework for this assessment was based on internationally accepted standards and frameworks such as the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI), and was driven by the findings and insights from interviews with a number of key individuals from the Board, the executive team and several major shareholders.

The assessment identified several ESG priority areas for Plus500 – namely, customer care and protection, organisational culture, cyber security, systems infrastructure and leadership and governance. Our commercial and operational approach and progress during 2021 in each of the areas can be found elsewhere in this Annual Report, in particular in the ESG section on pages 30 – 37.

With the assessment laying the foundations of the Group’s approach in this area, the Committee made strong progress during the year to develop our position in ESG, in particular by refreshing our reporting and disclosure, in line with the latest regulatory and disclosure requirements, as exemplified in various sections of this Annual Report.

The Company supports the recommendations published by the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (TCFD) and during 2021, the Committee worked with a specialist ESG consultant, which conducted a rigorous gap analysis and assessment of the Group’s ESG reporting and disclosure, against its UK-listed peer group and a range of US-listed fintech groups. This assessment has helped to provide a foundation for the Group’s on-going approach to ESG reporting and disclosure going forward.

More specifically, conclusions from this assessment have helped to inform the Group’s initial reporting and disclosure against the TCFD recommendations, which includes the reporting of our Scope 1 and Scope 2 emissions data, for the first time. This information, including the Group’s future plans to continue to align itself to the TCFD recommendations, is outlined in the ESG section on pages 36 – 37 of this Annual Report.

Also, during the year, the Committee and the Board developed an Environmental Policy, which is available on the Company’s website. As a technology-based business, Plus500 does not carry out any industrial activity and is not involved in anything which would emit environmentally harmful substances but has made various commitments, including, to protect the environment, to reduce waste as well as water, energy, and resource use and to monitor the Group’s environmental performance.

The Committee reviewed the Donations & Volunteering Procedure and received a report from the Company’s Donations Committee detailing the type and amounts of donations made during 2020-2021 (both



# Report of the ESG Committee continued

monetary and in kind donations), the profile of charitable and non-profit organisations which received the donations and future charitable initiatives.

Having served as an Independent Non-Executive Director and External Director since the Company's IPO in 2013, I will end my third and final three-year term under the provisions of the Companies Law pertaining to the term of an External Director, in June 2022. Therefore, as I am not eligible under the Companies Law for re-election this year, I will be stepping down from the Board and all related Board Committees.

So, in my final ESG Committee report, I would like to say that it has been a privilege to have Chaired this Committee since it was established. It is crucial that the Board ensures Plus500's approach to the relevant elements of ESG continues to develop and are clearly understood by the investment community. To this end, I wish Steve Baldwin the best of luck as my successor as Chair of the ESG Committee, and I am sure he will provide dynamic leadership in such a vital area for the Group.



**Daniel King**

Chair of the ESG Committee  
22 March 2022

## Committee composition

The ESG Committee is chaired by Daniel King. The other members are Steve Baldwin and Anne Grim. According to the Committee's written terms of reference (which are available on the Company's website) the Committee shall comprise at least three members, a majority of the members of the Committee should be Independent Non-Executive Directors and at least one member shall be an External Director. All of the Committee members are Independent Non-Executive Directors and Anne Grim and Daniel King are also considered as External Directors.

As of June 2022, Steve Baldwin will Chair the ESG Committee and an additional member will be appointed to the Committee, alongside Steve Baldwin and Anne Grim. Details of individual attendance at meetings is set out in the Committee attendance table below.

## Committee attendance (in FY 2021)

	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Daniel King (Chair)	4	4 (100%)
Steve Baldwin	4	4 (100%)
Anne Grim	4	4 (100%)

### Committee responsibilities and activities

The overall responsibilities of the ESG Committee are to assess the following pillars:

- Environmental: the Group's impact on the natural environment and its adaptation to climate change including greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and the status of water bodies, pollution, resources efficiency, the reduction and management of waste, and the environmental impact of the Group's supply chain;
- Social: the Group's interactions with employees, commercial counterparties, stakeholders and the communities in which it operates and the role of the Group in society, workplace policies (for example, employee relations and engagement, diversity, non-discrimination and equality of treatment, health and safety and well-being), ethical procurement, any social or community projects undertaken by the Group and social aspects of the supply chain, community and stakeholder engagement or partnerships; and
- Governance: the ethical conduct of the Group's business including its business ethics policies, code of conduct and counterparty due diligence.

The other key governance mandates, pursuant to the written terms of reference of the ESG Committee, are as follows:

- To ensure that sufficient focus and resource is given to implementing, monitoring and management;
- To consider the adequacy of the Group's ESG policies and processes by reviewing reports prepared by management on:
  - review of any key learnings from internal or external reviews and investigations of any marketing, advertising campaigns and promotional activities which have had a significant negative impact on the brand or image of the Group;
  - diversity in the workplace;
  - security and health and safety in respect of the Group's employees and premises;
  - charitable donations and pro bono programmes; and
  - the Company's impact on the environment.

A summary of the major activities and decisions of the Committee in 2021 is set out below:

<b>Reports and Policies review</b>	<ul style="list-style-type: none"> <li>– Periodic review of ESG reports.</li> <li>– Review of succession planning (from a gender diversity perspective).</li> <li>– Review of Donations &amp; Volunteering Procedure.</li> </ul>
<b>Adoption of an Environmental Policy</b>	<ul style="list-style-type: none"> <li>– Adoption of a new Policy – Environmental Policy.</li> </ul>
<b>Donations and Charitable initiatives review</b>	<ul style="list-style-type: none"> <li>– Review type and amounts of donations made during 2020-2021 (both monetary and in-kind donations), profile of charitable and/or non-profit organisations which received the donations and future charitable initiatives.</li> </ul>
<b>Materiality Assessment</b>	<ul style="list-style-type: none"> <li>– Review of, and feedback on, detailed materiality assessment.</li> <li>– Discussion and agreement on key priority areas emanating from this assessment, including an approach on future reporting and disclosure in each of these areas.</li> </ul>
<b>Gap Analysis</b>	<ul style="list-style-type: none"> <li>– Working with a specialist ESG consultant to conduct gap analysis of the Group's ESG reporting and disclosure, compared to our UK-listed peer groups and US-listed fintech groups.</li> <li>– Discussed and agreed approach for Group's ESG reporting and disclosure, based on the findings of this analysis.</li> <li>– This included discussion on the rationale of initial reporting of the Group's Scope 1 and Scope 2 emissions data (which is included on page 36 of this Annual Report).</li> </ul>
<b>2021 internal Committee evaluation</b>	<ul style="list-style-type: none"> <li>– Discussion and assessment of the 2020 and 2021 internal ESG Committee evaluation findings.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>– Review of the Committee's terms of reference.</li> <li>– Review of 2021 ESG Report which is included within this Annual Report.</li> <li>– Review of 2021 ESG Committee Report which is included within this Annual Report.</li> </ul>

# Report of the Remuneration Committee



“The newly approved remuneration policy for FY 2021-FY 2023 provides some far-reaching changes from the previous policy to ensure that we are making significant strides to align to a UK norm.”

Daniel King, Chair of the Remuneration Committee

## Dear shareholder

As the Chair of the Remuneration Committee, and on behalf of the Board, I am pleased to present the Remuneration Committee Report for the year ended 31 December 2021.

Plus500 is a corporate entity registered in Israel and is therefore not legally required to comply with the requirements applicable to a UK incorporated listed company. The Directors' Remuneration Report, which will be put to shareholders' vote (as an advisory vote) at the 2022 AGM, has been prepared with a view of the standards for a UK listed company, while making required adjustments in order to conform with the requirements under the Israeli law and market practices in Israel.

To this end, our Directors' Remuneration Report provides a short overview of the new Directors' Remuneration Policy which was approved by shareholders at the 2021 AGM held on 4 May 2021, with an excellent support of over 94% of the votes and the Annual Report on Remuneration that sets out the remuneration paid in respect of performance in 2021.

Going forward, shareholders' approval will be sought for our Remuneration Policy once every three years or earlier if a change to policy is required, as was sought in 2021 for the years 2021, 2022 and 2023. Shareholders will be aware that as an Israeli company we are required to obtain shareholder approval to the remuneration packages for our Executive Directors. If changes are made to the annual remuneration packages, shareholders' approval will be sought.

The Committee understands that historically shareholders have had concerns about Executive Directors pay and it has therefore undertaken a thorough and comprehensive review of the remuneration policy and operation concluded in Q1 2021 with the support of external advisors Korn Ferry with a clear understanding of market practice and investor expectations. This has been followed with a period of consultation with a substantial number of our shareholders and shareholder advisory bodies. Feedback from investors has been positive overall noting the substantial changes made. Investors have also understood that there is a small number of matters that are not fully aligned with UK investor expectations and that the Committee will look to review these matters again over the policy period and at the latest at the next policy renewal in 2024. The Committee refined certain aspects of its original proposals and is grateful for investor feedback on these matters.

The newly approved remuneration policy for FY 2021, FY 2022 and FY 2023 provides some far-reaching changes from the previous policy to ensure that we are making significant strides to align to a UK norm. The Committee is however cognisant of distinct sector and market dynamics in Israel where Plus500 is headquartered, the competition over talent in the Israeli market place and in the sector as a whole (this competition intensified in 2021 which saw a large amount of Israeli tech companies IPO in the international markets and an ever intensifying competition for talents within the sector in Israel). I would also like to emphasise that the changes proposed have a significant impact on the way in which the current Executive Directors are paid. The Committee will therefore continue its journey over future policy reviews, keeping the approach and the structure of the Executive Directors' packages under review but it very much hopes that investors will continue to be supportive of the substantial progress that has been made in moving towards a UK norm at this time.

As part of our remuneration policy review, we have considered our remuneration reporting. Our 2021 Remuneration Report provides clearer and more transparent disclosures more closely aligned to UK practice. We will continue to evolve this reporting to provide additional disclosures in future years so as to make our disclosure more aligned to UK best practice and the UK Directors' Remuneration Reporting Regulations.

### Business performance

2021 was another year of major operational, financial and strategic success for Plus500, building on its long-term track record of performance since the IPO in 2013. The Group delivered further positive momentum during the year, driven by another very strong year of customer acquisition and retention, which ensured that Plus500's operational and financial performance was well ahead of pre-pandemic levels.

While we have had to deal with the continued impact of COVID-19 in terms of managing our business, we have not been affected in the same way as many other businesses. The Company has not received any government support and none of the employees have been furloughed but have retained their normal remuneration arrangements with payment of bonuses in the usual way reflecting business performance for 2021.

### 2021 operation of policy

Following a year of outstanding performance, the annual bonus targets were met in full with bonus payable to David Zruia of \$1,590,000 and Elad Even-Chen of \$1,590,000.

Under the new policy, Share Appreciation Rights will no longer be awarded to the Executive Directors.

Full details of the remuneration payable for 2021 performance and performance against targets is set out in the Annual Report on Remuneration.

The Committee is comfortable that the remuneration paid for 2021 is aligned to the strong performance in the year and investor returns.

### Proposed increase in fees for Chair and Non-Executive Directors

Given the long-standing experience, high calibre and value creation being delivered by the Chair of the Board and its Non-Executive Directors, the Remuneration Committee proposes to increase the remuneration of the Chair of the Board and the remuneration of each of the Board's Non-Executive Directors.

Further details of these proposed changes can be found in the Notice of the 2022 Annual General Meeting, to be circulated by the Company to all shareholders in due course.

### Rationale for proposed increase in remuneration of Non-Executive Directors

During FY 2021 and Q1 2022, the Group has significantly expanded its international operations, making an initial entry in the US for the first time, through two acquisitions, and by establishing a new operation in Europe through a new licence in Estonia and in Asia, through an acquisition in Japan. In addition, the Group is expected to establish further new operations in additional geographies over the next 12 months and into the future.

With the expanded, and expanding, global operations of the Group, additional time, availability and attention is required of the Non-Executive Directors. The Remuneration Committee therefore believes the remuneration increase being proposed is commensurate with the increased attention and time required of the Non-Executive Directors, to take account of an expanded and more globally diversified business.

In addition, this proposed level of remuneration is appropriate and in line with US Non-Executive remuneration, which is relevant as several of the Board's Non-Executive Directors are either based in the US or spend a significant amount of time there.

### Rationale for proposed increase in remuneration of Chair of the Board

The rationale for the Remuneration Committee's proposed increased in the remuneration of Prof. Frenkel as Chair of the Board is set out below.

Firstly, the Remuneration Committee has taken into account Prof. Frenkel's more than 40 years of experience in global economics and in leading and advising major multi-national financial organisations and high-profile public sector institutions. In particular, he has significant, long-standing experience in the US financial, futures and capital markets, with a long track record of engaging with regulators and major government agencies and institutions in the US and around the world. His detailed biography can be found on page 52.

Secondly, the Group is already benefiting from leveraging his substantial and established global relationship network.

With this in mind, and given his significant leadership and contribution to Board meetings already in evidence over the last ten months, Prof. Frenkel is proving to be a significant asset to the Company in crafting its strategic objectives and advancing the development of its operations.

Some of the progress achieved by Plus500 in FY 2021 and in Q1 2022 would not have occurred without the leadership, guidance and contact network of Prof. Frenkel, in particular the Group's significant progress made in the US futures and options on futures market during the year.

The Remuneration Committee therefore believes that the proposed increase in Prof. Frenkel's remuneration is appropriate for the level of value that he is providing, and will continue to provide, for the Group and its shareholders.

### Next steps

The proposed increase in remuneration of the Non-Executive Directors of the Board, including those of Prof. Frenkel as an Independent Non-Executive Director and Chair of the Board, will be put to a shareholder vote at the Company's 2022 AGM.

### Concluding remarks

The Committee and I would like to thank our investors who had been supportive and approved our new remuneration policy. I am grateful for the engagement, feedback and support we have received from our shareholders as we have finalised these new remuneration arrangements.

The Committee and the Board noted that two of the resolutions which were passed at the 2021 AGM had more than 20% of votes cast against them. These resolutions related to an advisory vote on the Directors' Remuneration Report and a tax-related bonus payment regarding the Company obtaining a highly beneficial approval from the Israeli Tax Authority and the Israel Innovation Authority as a Preferred Technological Enterprise.

# Report of the Remuneration Committee

## continued

As mentioned in our 2020 Remuneration Committee Report, our Remuneration Committee and Board resolved that payment of this one time bonus was advisable and in the interest of the Company on the basis of assessing the real value of this project while understanding that this particular project is not typically part of the on-going duties of a CFO. The Board is in no doubt that the Preferred Technological Enterprise status would not have been secured were it not for Elad Even-Chen's enormous and unrelenting commitment to achieving it. The fact that these approvals for the years 2017, 2018, 2019, 2020 and 2021 were secured during the height of the COVID-19 pandemic when face to face meetings and discussions were not possible is all the more impressive.

Following consultations made with shareholders ahead of our 2021 AGM, the Remuneration Committee excluded special, one-off bonuses in future Executive Remuneration plans in the Company's updated Remuneration Policy. A resolution to approve the updated Remuneration Policy was approved by over 94% of shareholders' votes at the 2021 AGM.

Since the 2021 AGM results, the Board engaged with various shareholder advisory bodies and a number of shareholders, taking into account their feedback.

The Board always takes the outcome of shareholder votes seriously and, going forward, will continue its engagement and dialogue with shareholders and their representatives and will continue to consider related shareholder feedback, with a view to implementing this feedback, as appropriate.

Lastly, given this will be my final report as Chair of the Remuneration Committee, I would like to say that it has been an honour to serve the Board, the Company and our shareholders in this important role over the last years. In that time, the Board's approach to Remuneration has remained clear, rigorous and aligned with market practice. So, I hope to have left the Committee, and its practices and processes, in good shape for my successor, Anne Grim, to continue its positive work, for which I wish her the best of luck.



**Daniel King**

Chair of the Remuneration Committee  
22 March 2022



### Committee composition

The Code recommends a remuneration committee to consist of at least three members and that all of its members be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement.

The Companies Law requires a remuneration committee to consist of at least three members, and all of the External Directors must be members of the committee (one of which to be appointed as the chair) and constitute the majority thereof. The remaining members must be Directors who qualify to serve as members of the Audit Committee as defined in the Companies Law and whose compensation is in accordance with the compensation requirements applicable to the External Directors. The Chair of the Remuneration Committee must be an External Director.

The Remuneration Committee comprises four independent Non-Executive Directors: Daniel King, Anne Grim, Sigalia Heifetz and Tami Gottlieb and is chaired by Daniel King. Sigalia Heifetz and Tami Gottlieb joined the Committee on 4 February 2021 and 16 March 2021, respectively. Daniel King, Anne Grim and Tami Gottlieb are considered External Directors under the Companies Law. Upon Daniel King's end of tenure in June 2022, Anne Grim, who qualifies to serve as the Chair of the Remuneration Committee under the Companies Law (being an External Director) and under the Code (having served on the Committee for more than twelve months), will chair the Remuneration Committee. Details of the skills and experience of the Remuneration Committee members can be found on pages 52 – 53.

### Committee attendance (in FY 2021)

REMUNERATION COMMITTEE	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Daniel King (Chair)	3	3 (100%)
Anne Grim	3	3 (100%)
Sigalia Heifetz <sup>1</sup>	3	3 (100%)
Tami Gottlieb <sup>2</sup>	3	2 (67%) <sup>5</sup>
<b>Past members</b>		
Steve Baldwin <sup>3</sup>	1	1 (100%)
Charles Fairbairn <sup>4</sup>	0	0

1. Sigalia Heifetz was appointed as a member of the Committee on 4 February 2021.
2. Tami Gottlieb was appointed as a member of the Committee on 16 March 2021.
3. Steve Baldwin stepped down from the Committee on 12 May 2021, following the Board's decision that the Remuneration Committee comprise up to four members, to ensure an appropriate balance of Board members on each Board Committee.
4. Charles Fairbairn stepped down from the Committee on 3 February 2021, prior to any scheduled meeting of the Committee.
5. Tami Gottlieb was unable to attend one Committee meeting due to illness.

### Annual report on remuneration 2021

This section of the Annual Report describes the implementation of the Terms of Reference, Israeli law requirements and the provisions of the Code.

#### Committee responsibilities and activities

The Remuneration Committee meets not less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Companies Law provisions and subject to the remuneration policy of the Group, the Group's policy on the remuneration packages of the Company's Chief Executive Officer, Chief Financial Officer, the Chair of the Board and the other Non-Executive Directors, the Company Secretary and other senior executives determined by the Committee.

The other key governance mandates of the Committee pursuant to the Companies Law and the written terms of reference of the Remuneration Committee are as follows:

- Reviewing the remuneration policy and approving a Remuneration Policy at least once in every three years;
- Approving and recommending to the Board and, where applicable, the shareholders, the total individual remuneration package of the Chair of the Board, each Executive and Non-Executive Director, the Chief Executive Officer, Chief Financial Officer and other office holders (including bonuses, incentive payments and share options or other share awards);
- In determining remuneration policies for the Company's senior management and/or individual remuneration packages of each Executive Director, the Chair of the Board and other designated senior executives, the Remuneration Committee is required to give regard to the relevant legal and regulatory requirements, the provisions of the Companies Law, the provisions and recommendations of the Code and associated guidance;
- Approving and determining the targets for any performance-related pay schemes; and
- Reviewing the design of all share incentive plans for approval by the Board and (if required or deemed appropriate) the shareholders.

The Committee approved its new terms of reference in 2021 (which are available on the Company's website).

# Report of the Remuneration Committee

## continued

A summary of the major activities and decisions of the Committee in 2021 is set out below:

<b>Salary/base service fees</b>	<ul style="list-style-type: none"> <li>– Executive Directors' remuneration review.</li> <li>– Review and approval of Non-Executive Directors' fees and recommendations to our shareholders and obtaining a benchmark from a leading consultant on this issue.</li> <li>– Review and approval of Chair's fees and recommendations to our shareholders.</li> <li>– Review of senior management fees.</li> </ul>
<b>Bonus</b>	<ul style="list-style-type: none"> <li>– Review of the performance of the Chief Executive Officer and the Executive Directors compared to the targets set and approval of annual bonus awards for 2021 based on performance targets.</li> </ul>
<b>Long Term Incentive Plans ("LTIPs")/ Restricted Share Units ("RSUs")</b>	<ul style="list-style-type: none"> <li>– Review of Executive Directors' 2021 LTIP and RSU plans (including addition of KPIs).</li> <li>– Review of updated clawback and malus provisions.</li> </ul>
<b>2021 internal Committee evaluation</b>	<ul style="list-style-type: none"> <li>– Discussion and assessment of the 2020 and 2021 internal Remuneration Committee evaluation findings.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>– Review of corporate governance and determining appropriate levels of disclosure for the 2021 Directors' Remuneration Report.</li> <li>– Review of 2021 AGM season remuneration report results, and investor and shareholder advisory bodies' views on remuneration.</li> <li>– Review of the Committee's terms of reference in light of the Code and the Companies Law.</li> <li>– Review of 2021 Remuneration Committee Report which is included within this Annual Report.</li> <li>– Review of 2021 Directors' Remuneration Report which is included within this Annual Report.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>– Review of remuneration consultant costs and appointment.</li> <li>– Review of workforce remuneration policies and comparison of such policies with senior management policies.</li> <li>– Review talent pipeline and its remuneration.</li> </ul>

The Company Secretary ensures that the Remuneration Committee fulfils its duties under the Companies Law and its terms of reference and provides regular updates to the Remuneration Committee on relevant regulatory developments in the UK, information on Israeli market trends and compensation structures on a broader Group level.

### Remuneration policy

Pursuant to the Companies Law, all public Israeli companies, including companies whose shares are only publicly traded outside of Israel, such as the Company, are required to adopt a written remuneration policy for their Directors and Executives, which addresses certain items prescribed by the Companies Law. The adoption, amendment and restatement of the policy is to be recommended by the Remuneration Committee and approved by the Board and the Company's shareholders.

As mentioned above, the Committee has undertaken a thorough and comprehensive review of the remuneration policy and operation, concluded in Q1 2021 with the support of external advisors Korn Ferry. Following the review, the Committee and the Board resolved to bring an amended Remuneration Policy for the approval of the Company's shareholders at its 2021 AGM.

In developing the new Remuneration Policy, the Remuneration Committee consulted with major shareholders (covering over 50% of the issued share capital) for their views on the proposals and also engaged with shareholder advisory bodies. Based on the independent advice received from Korn Ferry, as well as the feedback received from the major shareholders and the shareholder advisory bodies. Following this process, our new Remuneration Policy was approved by shareholders at the 2021 AGM on 4 May 2021.

The new remuneration policy and operation of policy for the years 2021, 2022 and 2023, provides some far-reaching changes from the previous policy and operation to ensure that we are making significant strides to align to a UK norm. The Committee is however cognisant of distinct sector and market dynamics in Israel where Plus500 is headquartered, the competition over talent in the Israeli marketplace and in the sector as a whole. It would also like to emphasise that the changes made to the policy have a significant impact on the way in which the current Executive Directors are paid. The Committee will therefore continue its journey over future policy reviews, keeping the approach and the structure of the Executive Directors' packages under review but very much hopes that investors will be supportive of the substantial progress that has been made in moving towards a UK norm at this time.

Amongst other matters, the new Remuneration Policy for Executive Directors provides for the:

- Reduction of incentive quantum and rebalancing from short-term to long-term incentives;
- Changes to the annual bonus structure which includes a reduction of the maximum bonus opportunity and moving the entire deferred bonus element into shares;
- Removal from the policy of the ability to pay discretionary bonuses; and
- Changes to the long-term incentive structure which includes removal of the Share Appreciation Rights long-term incentive which pays out 100% in cash, replacing this with performance shares.

## Stakeholder engagement

### Employees

The Board regularly communicates with and receives feedback from the Group's employees through a variety of channels. Steve Baldwin, as the designated Non-Executive Director dedicated to workforce engagement, meets on a yearly basis with the Group's workforce and at such meetings employees have the opportunity to share their views, including on executive and employee remuneration.

In addition, employees can contact Steve Baldwin directly via email on matters they wish to discuss with him or with the Board. Steve Baldwin also regularly communicates with the senior management who have connections with other stakeholders of the Company, such as customers and suppliers. Steve reports any key messages deriving from such conversations to the Board and ensures that such messages are considered as part of the Board's decision-making process. The Company is not obliged to comply with Section 172 of the UK Companies Act 2006. Plus500 holds regular employee workshops and briefings on a variety of topics and conducts round table discussions with its employees worldwide.

The Company seeks to consider and act on employee feedback and is committed to ensuring that its remuneration structures are supported by its employees. The Company is also continually working to develop best practice in line with the Code and is considering whether additional channels of employee communication are required in order to better develop employee engagement and foster stronger connections with its workforce.

### Shareholders

The Chair of the Board and the Chair of the Remuneration Committee are in regular communication with shareholders of the Company on a variety of matters and are grateful for shareholders' engagement and feedback.

As mentioned in the Remuneration Committee Chair's Statement and the section above on our remuneration policy, in developing the new Policy, the Committee consulted with major shareholders (covering over 50% of the issued share capital) for their views on the proposals and also engaged with other shareholder advisory bodies. Feedback from investors has been positive overall noting the substantial changes made. Investors have also understood that there is a small number of matters that are not fully aligned with UK investor expectations and that the Committee will look to review again these matters over the policy period and at the latest at the next policy renewal due in FY 2024. Following initial feedback, the Committee refined certain aspects of its original proposals and is grateful for investor feedback on these matters.

Following this shareholders' engagement, the Remuneration Committee excluded special, one-off bonuses in future Executive Remuneration plans in the Company's Remuneration Policy. A resolution for this updated Remuneration Policy was approved by over 94% of shareholders' votes cast at the 2021 AGM.

The Board always takes the outcome of shareholder votes seriously and, going forward, will continue its engagement and dialogue with shareholders and their representatives and will continue to consider related shareholder feedback, with a view to implementing this feedback, as appropriate.

### Approach to recruitment and remuneration of Executive Directors

Plus500 believes that strong, effective leadership is fundamental to its continued growth and success in the future. This requires the ability to attract, retain, reward and motivate highly-skilled Executive Directors, with the competencies needed to excel in a rapidly changing marketplace and to continually motivate their employees.

When setting remuneration packages for new Executive Directors, pay will be set in line with the remuneration policy of the Company. Several factors will be considered, including: the geography in which the role competes or is recruited from; the candidate's experience and skills; the remuneration levels of other Executive Directors and colleagues in peer companies in Israel and in the international market; market standards and norms in the UK and the international markets.

If necessary, Executive Directors may be provided with contributions towards relocation expenses, housing, school fees etc., but for no more than necessary.

### Non-Executive Directors

Non-Executive Directors are appointed for a one-year term and are subject to re-election at each AGM. Notwithstanding, External Directors are appointed by shareholders for a three-year term and are subject to re-election by shareholders at an EGM or AGM every three years. The term of office can be terminated by the Non-Executive Director with two months' written notice, or by the Company with immediate effect if the Non-Executive Director is not re-elected or is otherwise removed from office in accordance with the Articles. Notwithstanding, External Directors' service may be terminated by the Company only in such circumstances and manner provided under the Companies Law. Upon termination no additional payments are due.

According to the Companies Law, the appointment of External Directors is for a period of three years from the date of appointment by the Company's shareholders (which may be extended for two more three-year terms).

# Report of the Remuneration Committee

## continued

The table below details the date and period of appointment of each Non-Executive Director

NAME	POSITION	DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS	DATE OF RE-APPOINTMENT TO THE BOARD OF DIRECTORS	PERIOD OF APPOINTMENT
Prof. Jacob A. Frenkel	Independent Non-Executive Director and Chair	May 2021	N/A	1 year
Anne Grim	Senior Independent Non-Executive Director and External Director	September 2020	N/A	3 years
Daniel King	Independent Non-Executive Director and External Director	June 2013	June 2019	3 years
Steve Baldwin	Independent Non-Executive Director	June 2017	May 2021	1 year
Sigalia Heifetz	Independent Non-Executive Director	February 2021	May 2021	1 year
Tami Gottlieb	Independent Non-Executive Director and External Director	March 2021	N/A	3 years
Prof. Varda Liberman	Independent Non-Executive Director	March 2022	N/A	until the 2022 AGM

The table below details the date and period of appointment of each Executive Director presiding

NAME	POSITION	DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS	DATE OF RE-APPOINTMENT TO THE BOARD OF DIRECTORS	PERIOD OF APPOINTMENT
David Zruia	Executive Director	April 2020	May 2021	1 year
Elad Even-Chen	Executive Director	June 2016	May 2021	1 year

# Directors' Remuneration Report

## Annual report on remuneration 2021

### Introduction

This report sets out information about the remuneration of the Directors, including the Chief Executive Officer and the Chief Financial Officer of the Company, for the year ended 31 December 2021.

### Audited information – Directors' remuneration – 1 January 2021 to 31 December 2021

#### Single figure of remuneration

The detailed emoluments received by the Executive and Non-Executive Directors during the year ended 31 December 2021 are detailed below.

The information provided in the section and accompanying notes has been audited by Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited.

(US\$000)	SALARY/BASE SERVICE FEES <sup>7</sup>		OTHER EXPENSES <sup>8</sup>		TOTAL FIXED PAY		ANNUAL BONUS		LTIPs/RSUs		SHARE APPRECIATION RIGHTS		TOTAL VARIABLE PAY		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Executive Directors</b>																
David Zruia	636	319	220	87	856	406	1,590	1,015	–	–	–	752	1,590	1,767	2,446	2,173
Elad Even-Chen	636	498	142	–	778	498	1,590	1,972	265	–	–	964	1,855	2,936	2,633	3,434
<b>Non-Executive Directors</b>																
Jacob A. Frenkel <sup>1</sup> (Chair)	472 <sup>3</sup>	N/A	–	–	472	N/A	–	–	–	–	–	–	–	–	472	N/A
Anne Grim <sup>2</sup>	100	36	–	–	100	36	–	–	–	–	–	–	–	–	100	36
Daniel King	103	88	–	–	103	88	–	–	–	–	–	–	–	–	103	88
Steve Baldwin	103	88	–	–	103	88	–	–	–	–	–	–	–	–	103	88
Tami Gottlieb <sup>3</sup>	84	N/A	–	–	84	N/A	–	–	–	–	–	–	–	–	84	N/A
Sigalia Heifetz <sup>4</sup>	98	N/A	–	–	98	N/A	–	–	–	–	–	–	–	–	98	N/A
<b>Past Non-Executive Directors</b>																
Penny Judd <sup>5</sup>	71	194	–	–	71	194	–	–	–	–	–	–	–	–	71	194
Charles Fairbairn <sup>6</sup>	57	153	–	–	57	153	–	–	–	–	–	–	–	–	57	153

1. Prof. Jacob A. Frenkel was appointed as a Non-Executive Director and Chair of the Board at the 2021 AGM held on 4 May 2021.

2. Anne Grim was appointed as a Non-Executive Director and External Director on 16 September 2020.

3. Tami Gottlieb was appointed as a Non-Executive Director and External Director on 16 March 2021.

4. Sigalia Heifetz was appointed as a Non-Executive Director on 4 February 2021.

5. Penny Judd stepped down from the Board at the 2021 AGM held on 4 May 2021.

6. Charles Fairbairn stepped down from the Board at the 2021 AGM held on 4 May 2021.

7. The remuneration terms comprised of a salary for David Zruia and service contract fees for Elad Even-Chen (the "base service fees").

8. Includes social and other contractual related expenses.

9. An amount of ILS 345,000 was paid by allotment of ordinary shares of the Company.

#### General notes:

(a) Prof. Varda Liberman was appointed as a Board member in March 2022, thus she is not included in the above table which relates to FY 2021.

(b) No Restricted Share Units ("RSUs") awards had performance periods ending in the financial years ended on 31 December 2021 and 2020.

(c) In line with the UK reporting regulations, LTIP awards shall be reported in the year that the performance period ends with the value of the award on grant date. No LTIP awards presented accordingly in the financial year ended on 31 December 2020.



# Directors' Remuneration Report continued

## Executive Director's service contract

Elad Even-Chen, an Executive Director, provides his consulting services to the Company pursuant to a service contract. The terms of his service contract are summarised below.

## Elad Even-Chen – Chief Financial Officer

The consulting services of Elad Even-Chen are provided to the Company through Elad Even-Chen Consulting Services Ltd., pursuant to the service contract entered into by the parties. Elad Even-Chen Consulting Services Ltd. is also entitled to participate in a bonus, legacy SAR entitlements, LTIP schemes and other contractual related expenses on terms decided by the Remuneration Committee for specific projects provided by the consultant.

## Commentary on the single figure table

### Base salary, base service fees and social and other contractual related expenses

David Zruia's base salary in 2021 was ILS 2,060,000 as approved by the AGM on 4 May 2021. Elad Even-Chen's base service fees in 2021 was ILS 2,060,000 as approved by the AGM on 4 May 2021.

### Annual Bonus

The 2021 annual bonus for the Executive Directors was determined based on the achievement of the performance measures and targets set out below:

FINANCIAL METRICS	WEIGHTING	OBJECTIVES	PERFORMANCE	ACHIEVEMENT (% OF MAXIMUM)
EPS	40%	Achievement of an EPS growth rate. Target EPS threshold of \$1.98. Minimum threshold is 15% lower EPS from the target threshold EPS and the maximum payout is made for reaching a 15% increase from the target threshold, calculated on a linear basis.	Actual basic EPS for FY 2021 is \$3.06	100%
Revenue	20%	Achievement of revenue growth rate. Target revenue threshold of \$438.7m. Minimum threshold is 15% lower revenue from the target threshold revenue and the maximum payout is made for reaching a 15% increase from the target threshold, calculated on a linear basis.	Actual Revenue for FY 2021 is \$718.7m	100%
<b>Total</b>	<b>60%</b>			<b>100%</b>

The Committee carefully assessed performance against objectives set for the annual bonus and noting exceptionally strong performance against all of the objectives set, determined full achievement of the objectives.

The details of some of the specific targets and performance against them are not disclosed as the Board believes they are commercially sensitive. They will remain market sensitive because they are an integral part of our on-going business operations.

The Remuneration Committee has provided as much information as it is able, given the nature of the objectives, so that investors can be comfortable that the Remuneration Committee has used a thorough approach in setting the objectives and targets and measuring the outcome.

NON-FINANCIAL METRICS	WEIGHTING	OBJECTIVES	PERFORMANCE	ACHIEVEMENT (% OF MAXIMUM)
Operational	40%	Achievement of operational targets comprise three elements: Customers and Systems, Operations and Risk & Regulation	Parameters achieved for 2021	100%
<b>Total</b>	<b>40%</b>			<b>100%</b>

Based on the performance described above the Committee agreed the following 2021 bonus awards based on 100% of the maximum opportunity.

#### 2021 bonus awards (US\$000)

	CASH BONUS	BONUS ALLOCATED IN SHARES	TOTAL ANNUAL BONUS	MAXIMUM OPPORTUNITY AS PERCENTAGE OF ANNUAL SALARY/BASE SERVICE FEES*
David Zruia	1,060	530	1,590	250%
Elad Even-Chen	1,060	530	1,590	250%

\* Percentage calculation based on annual employment/contractual agreements in ILS.

An amount equal to 33.33% of the Annual Bonus achieved was paid by way of allotment of ordinary shares of the Company on 31 December 2021. The number of ordinary shares allotted on the payment date were calculated based on the ordinary share price at 1 January 2021, as adjusted for dividends.

#### Share Appreciation Rights ("SARs")

SARs are a deferred cash settled award subject to providing continued service or employment over long-term periods and tied to the long-term performance of the Company's ordinary shares.

As of FY 2021 and FY 2022 there are no new SARs entitlements for Executive Directors.

In respect of FY 2020 SARs granted on 31 December 2019, the remuneration package to David Zruia included SARs granted in the amount of \$634,737 (ILS 2,200,000) in December 2019 and will be vested after three years in December 2022. The remuneration package to Elad Even-Chen included SARs granted in the amount of \$721,293 (ILS 2,500,000) in December 2019 and will be vested after three years in December 2022.

# Directors' Remuneration Report continued

## 2021 LTIP/RSUs Awards

### Scheme interests awarded during the year ending 31 December 2021

Executive Directors were granted Long Term Incentive Plan ("LTIP") and Restricted Share Units ("RSUs") Grants in respect of 2021 which will vest after three years to the extent performance targets and KPIs have been achieved, as summarised in the table below.

PERFORMANCE MEASURE	WEIGHTING	TARGETS	
		THRESHOLD (25% OF MAX)	MAXIMUM (100% OF MAX)
Relative TSR vs bespoke group	20%	Median	Median plus 10% p.a.
Relative TSR vs FTSE 250	10%	Median	Upper Quartile
EPS	30%	Subject to achieving EPS target, as set by the Board	
Strategic	20%	Subject to achieving strategic objectives, as set by the Board and related to growth through M&A, new products and new markets	
Operational	20%	Subject to achieving operational objectives, as set by the Board and related to customer growth and people objectives	

The details for the LTIPs and RSUs awards granted to each Executive Director are shown below.

	GRANT DATE	NUMBER OF SHARES GRANTED	FACE VALUE OF THE AWARD (USD)	VESTING DATE	MAXIMUM OPPORTUNITY AS PERCENTAGE OF ANNUAL SALARY/BASE SERVICE FEES <sup>1</sup>
David Zruia	1 January 2021	80,856	1,597,791	31 December 2023	250%
Elad Even-Chen	1 January 2021	80,856	1,597,791	31 December 2023	250%

1. Percentage calculation based on annual amounts of the contractual agreements in ILS.

General notes:

(a) Face value of the award and the number of shares granted on grant date are calculated with reference to share price on 1 January 2021 of 1,450 GBP pence and FX rate USD/ILS of 3.223.

(b) David Zruia's award is structured as RSUs, in accordance with the provisions of the Capital Gain route under Section 102 of the Israeli Tax Ordinance.

The ordinary shares allotted on the vesting date, which are subject to a lock-up period, shall be subject to a two-year lock-up beginning on the vesting date.

On the vesting date the Company shall allot to the employee or service contractor, ordinary shares, subject to the service condition and achieving specific KPIs as described in the table above for each grant.

The number of ordinary shares allotted on the vesting date shall be calculated based on the ordinary share price at grant date as specified in the table above for each plan, as adjusted for dividends. An amount equal to the applicable tax liability connected to the LTIPs, RSUs and annual bonus deferred in shares plans shall be added by way of gross-up and be paid in cash to fund the tax liability. The allotted ordinary shares will be transferred out of the treasury shares of the Company.

The 2019 LTIP Grant was subject to service condition and was not subject to any additional KPIs or conditions. The 2019 LTIP Grant was vested on 31 December 2021 and the Company issued 19,111 of its treasury shares.

### Payments to past Directors and payments for Loss of Office

Non-Executive Directors Penny Judd and Charles Fairbairn both stepped down from the Board at the 2021 AGM held on 4 May 2021. They were not entitled to and subsequently did not receive any payment for Loss of Office.

All amounts paid are set out in the Single figure of remuneration table.

### Further information on 2021 remuneration

#### Directors' shareholdings and share plan interests

Summary of Directors' shareholdings and share plan interests as at 31 December 2021<sup>1</sup>.

	OUTSTANDING SCHEME INTERESTS AS AT 31/12/2021		BENEFICIAL OWNERSHIP IN SHARES			
	SUBJECT TO PERFORMANCE CONDITIONS	WITHOUT PERFORMANCE CONDITIONS	AS AT 1 JANUARY 2021	AS AT 31 DECEMBER 2021 <sup>2</sup>	SHAREHOLDING REQUIREMENT (% OF SALARY/BASE SERVICE FEES)	CURRENT SHAREHOLDING AS AT 31/12/2021 (% OF SALARY/BASE SERVICE FEES)
<b>Executive Directors</b>						
David Zruia	100,726	–	17,000	46,031	200%	128%
Elad Even-Chen <sup>3</sup>	119,430	27,324	54,100	184,075	200%	511%
<b>Non-Executive Directors</b>						
Jacob A. Frenkel	–	–	N/A <sup>5</sup>	5,424	–	–
Anne Grim	–	–	–	–	–	–
Daniel King	–	–	27,169	30,993	–	–
Steve Baldwin	–	–	–	–	–	–
Tami Gottlieb	–	–	N/A <sup>6</sup>	–	–	–
Sigalia Heifetz	–	–	N/A <sup>7</sup>	–	–	–
<b>Past Non-Executive Directors</b>						
Penny Judd <sup>4</sup>	–	–	25,691	25,691 <sup>8</sup>	–	–
Charles Fairbairn	–	–	55,000	55,000 <sup>9</sup>	–	–

As of 31 December 2021, none of the presiding Board members held more than 0.18% in the Company's issued share capital.

1. Save as disclosed above, none of the Directors has any interest in the share capital of the Company or of any of its subsidiaries nor persons connected to the Directors (within the meaning of s.252 of the Companies Act) have any such interest, whether beneficial or non-beneficial.
2. As at 31 December 2021 and up to the date of this Annual Report.
3. The shares are registered in the name of Elad Even-Chen Consulting Services Ltd. or Elad Even-Chen.
4. The shares are registered in the name of Penny Judd's spouse, Julian Judd.
5. Prof. Jacob A. Frenkel was appointed as a Director on 4 May 2021.
6. Tami Gottlieb was appointed as a Director on 16 March 2021.
7. Sigalia Heifetz was appointed as a Director on 4 February 2021.
8. Penny Judd shareholding as at date when stepped down from the Board, 4 May 2021.
9. Charles Fairbairn shareholding as at date when stepped down from the Board, 4 May 2021.
10. Gal Haber shareholding as at date when stepped down from the Board, 4 January 2021.

General notes:

- (a) Prof. Varda Liberman was appointed as a Board member in March 2022, thus she is not included in the above table which relates to FY 2021. Also, as of the date of this Annual Report she does not hold any beneficial ownership in shares.
- (b) Outstanding scheme interest as at 31 December 2021 include 2020 and 2021 LTIP/RSU awards that have not vested, and vested deferred bonus for 2019 and 2020.
- (c) Beneficial ownership in shares include all share plan interests together with any holdings of ordinary shares.
- (d) Current shareholding as at 31 December 2021 as a % of salary/base service fees were calculated based on share price as at 31 December 2021 of and FX GBP/ILS as of that date.
- (e) There have not been any changes in Directors' beneficial ownership in shares of the Company between 31 December 2021 and the date of this Annual Report.
- (f) Gal Haber held 2,069,769 shares as at the date when stepped down from the Board, 4 January 2021.

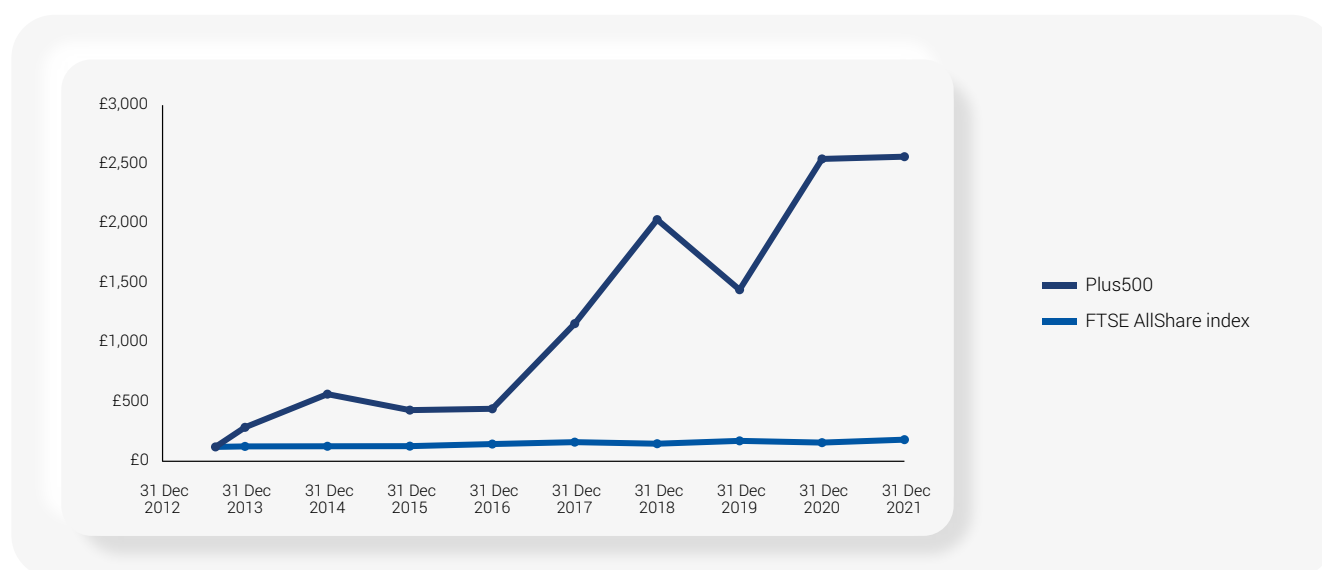
# Directors' Remuneration Report continued

## Performance graph and table

Plus500 was admitted to the Alternative Investment Market of the London Stock Exchange on 24 July 2013. Following a period of sustained growth, the Company applied for Admission to the Main Market which became effective on 26 June 2018.

The chart below shows the TSR performance of £100 invested in Plus500 at IPO vs performance of the FTSE All Share index. As part of the Company's continued commitment to strengthen corporate governance, the reporting of Directors' remuneration in 2021 is being aligned to a greater extent with the regulations applicable to a UK incorporated company. This disclosure will be built up over the coming years in line with these requirements.

## TSR performance of £100 invested in Plus500 at IPO vs performance of the FTSE All Share index



	2021
CEO single figure total remuneration (\$000s)	<b>2,446</b>
Annual bonus achieved for 2021 (as % of maximum opportunity)	<b>100%</b>

## Relative importance of the spend on pay

The following table sets out the change in dividends and overall spend on pay in the years ended 31 December 2021 and 2020.

US\$ IN MILLIONS	2020	2021	PERCENTAGE CHANGE
Total gross employee and other related expenses pay	50.8	<b>58.9</b>	<b>16%*</b>
Dividends	141.6	<b>144.9</b>	<b>2%</b>
Share buybacks	88.8	<b>64.9</b>	<b>(27%)</b>

\* Includes the increase of the Group number of employees and service contractors.

## Non-Executive Directors' letters of appointment

On their initial appointment, each of the Non-Executive Directors (who are not External Directors) signed a letter of appointment with the Company, for an initial period commencing upon the date of their appointment by the Board and ending on the date of the next AGM (and with respect to External Directors – ending on the date which is three years from the date of their appointment).

The letters of appointment of Prof. Jacob A. Frenkel, Steve Baldwin, Sigalia Heifetz and Prof. Varda Liberman as Non-Executive Directors require them to retire and be subject to re-election at each Annual General Meeting in accordance with Provision 18 of the Code. The letters have been drafted such that renewed appointment will not necessitate a new letter of appointment. The appointments of Prof. Jacob A. Frenkel, Steve Baldwin, Sigalia Heifetz and Prof. Varda Liberman can be terminated by the Non-Executive Director with two months' written notice, or by the Company with immediate effect if the Non-Executive Director is not re-elected or is otherwise removed from office in accordance with the Articles.



As required under, and subject to the Companies Law, the appointments of Daniel King, Anne Grim and Tami Gottlieb as External Directors are for a period of three years from the date of appointment (which may be extended for two more three-year terms). Daniel King was re-elected for a third and final three-year term effective from the 2019 AGM held in June 2019. Consequently, his nine-year term will end in June 2022. Anne Grim was elected for her first three-year term effective from the 2020 AGM held in September 2020. Tami Gottlieb was elected for her first three-year term effective from the 2021 Extraordinary General Meeting held in March 2021.

Each Non-Executive Director is expected to commit to a minimum of 24 days per year in fulfilling their duties as a Director of the Company.

Other than the External Directors, there are no existing or proposed service contracts or consultancy agreements between any of the Directors and the Company which cannot be terminated by the Company within 12 months without payment of compensation.

Copies of the letters of appointment of the Chair and the other Non-Executive Directors of the Company are available for inspection at the Company's registered office during normal business hours.

The Chair and Non-Executive Directors do not participate in any long-term incentive or annual bonus schemes, nor do they accrue any pension entitlement. The Chair's current remuneration is as detailed in the 2021 AGM Notice as published on 25 March 2021. Further details with respect to the decision of our Remuneration Committee and Board to increase the remuneration of both cash and shares paid to our Chair, subject to shareholders approval, are included in the Notice of the 2022 Annual General Meeting to be circulated by the Company to all shareholders in due course.

In addition, there are more stringent regulations around the exact roles of Non-Executive Directors. The Audit and Remuneration Committees' Chair must be External Directors who once appointed serve for three years (which may be extended for two more three-year terms) but are then restricted from becoming the Chair of the Board or holding any paid role at the Company for two years after they leave the Board.

#### External board appointments

Where Board approval is given for an Executive Director to accept an outside non-executive directorship, the individual is entitled to retain any fees received. The Board assesses and confirms that such appointment will not have any material impact on the performance of the Director, and will not affect the Director's commitments and duties as a Director of the Company.

Below are the details of external Board memberships of the Company's NEDs, in publicly listed companies, as of the date of this Annual Report:

Steve Baldwin is currently Chair of TruFin Plc and a Non-Executive Director of The Edinburgh Investment Trust Plc.

Prof. Jacob A. Frenkel is currently the Chair of BrainStorm Cell Therapeutics Inc., a NASDAQ publicly listed biotechnology company.

Anne Grim is currently a Non-Executive Director of Metro Bank Plc and Insight Investment Management (subsidiary of Bank of New York Mellon, a NYSE publicly listed company).

Sigalia Heifetz is currently a Non-Executive Director of RHI Magnesita N.V, Clal Biotechnology Industries Ltd, Maman - Cargo Terminals and Handling Ltd. and Tamar Petroleum Ltd.

Tami Gottlieb is currently an External Director of Bank Leumi Le'Israel Ltd., an External Director of Extell Limited and a Non-Executive Director of Emilia Development (O.F.G) Ltd.

Prof. Varda Liberman is currently an External Director of Cellcom Israel Ltd. and Aquarius Engines (A.M) Ltd.

#### Non-Executive Director fees

The current annual fees for our presiding Non-Executive Directors are as follows:

NAME	ROLE	FEE
Jacob A. Frenkel	Chair	£350,000
Anne Grim	NED & SID, External Director	£75,000
Daniel King	NED, External Director	£75,000
Steve Baldwin	NED	£75,000
Tami Gottlieb	NED, External Director	£75,000
Sigalia Heifetz	NED	£75,000

For further details with respect to the structure of the remuneration paid to our Chair please refer to our 2021 AGM Notice published on 25 March 2021.

Further details with respect to the decisions of our Remuneration Committee and Board to increase the fees paid to our presiding Non-Executive Directors (and to approve the same fees to our newly appointed Director, Prof. Varda Liberman) and to increase the fees paid to our Chair, all subject to shareholders approval, are included in the Notice of the 2022 Annual General Meeting to be circulated by the Company to all shareholders in due course.

#### External advisors

From 17 November 2020 and during Q1 2021, and in respect of the 2020 Annual Report and 2021 Remuneration Policy, the Remuneration Committee received independent advice from Korn Ferry LLC on the Remuneration Policy review and market practice. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres in all aspects to the terms of the Code. The Remuneration Committee is satisfied that the advice provided by Korn Ferry LLC in relation to remuneration matters is objective and independent.

In February 2022, the Committee appointed Ernst & Young Global Limited (EY) as an independent advisor to carry out a detailed benchmarking exercise in relation to the proposed increase in the remuneration of Prof. Jacob A. Frenkel as an Independent Non-Executive Director and Chair of the Board, to be voted on at the Company's 2022 AGM. The Remuneration Committee is satisfied that the advice provided by EY in relation to this remuneration matter is objective and independent.

# Directors' Remuneration Report continued

## Statement of voting on remuneration at 2021 meetings

The table below shows votes cast by proxy at the EGM held on 16 March 2021 and the AGM held on 4 May 2021 in respect of the Directors' remuneration.

AGM RESOLUTIONS	FOR	% VOTES CAST	AGAINST	% VOTES CAST	VOTE WITHHELD
Renew Remuneration Policy	53,681,868	94.46	3,150,107	5.54	337,200
Approve fees to Jacob Frenkel	57,154,752	99.97	14,603	0.03	–
Approve remuneration terms for David Zruia	48,829,840	85.42	8,336,335	14.58	3,000
Approve remuneration terms for Elad Even-Chen	55,226,737	96.61	1,939,438	3.39	3,000
Approve a tax bonus payment to Elad Even-Chen	31,678,733	55.24	25,670,302	44.76	–
Advisory vote – Approve the Directors' Remuneration Report	33,930,938	59.17	23,413,830	40.83	4,267

EGM RESOLUTIONS	FOR	% VOTES CAST	AGAINST	% VOTES CAST	VOTE WITHHELD
Approve fees to Tami Gottlieb	53,565,509	99.98	8,071	0.02	11,967
Approve increase in fees to Anne Grim	53,565,509	99.98	8,071	0.02	11,967
Approve fees to Sigalia Heifetz	53,565,509	99.98	8,071	0.02	11,967

## Most highly remunerated executives in 2021

The table below shows the remuneration of the Company's five most highly compensated executives in 2021 (including two Executive Directors):

NAME	2021 FEES (\$)
Elad Even-Chen	2,633,136
David Zruia	2,445,808
Ari Shotland	1,856,978
Nir Zatz	1,558,037
Alon Cohen Naznin	1,169,652

## Implementation of policy in 2022

### 2022 Executive Directors' remuneration

In Q1 2021 the Remuneration Committee has continued its efforts to modify the remuneration arrangements of the Executive Directors to better align executive compensation with UK governance standards followed by Main Market-listed companies and move further towards a structure in line with investor expectations and developments in best practice. The remuneration for Executive Directors for FY 2022 remained the same as it was in FY 2021.

The Company's new remuneration policy was approved by the shareholders for the years FY 2021, FY 2022 and FY 2023 at the 2021 AGM and received over 94% approval.

This report has been approved by the Board of Directors of Plus500 Limited.

Signed on behalf of the Board



### Daniel King

Chair of the Remuneration Committee  
22 March 2022

# Directors' Report

The Directors of Plus500 present their report for the year ended 31 December 2021. The Directors believe that the requisite components of this report are set out elsewhere in this Annual Report and/or on the Company's website ([www.plus500.com](http://www.plus500.com)). The table below sets out where the necessary disclosure can be found.

<b>Directors</b>	Directors that have served during the year and summaries of the current Directors' key skills and experience are set out on pages 52 – 53 and on page 63.
<b>Results and dividends</b>	Results for the year ended 31 December 2021 are set out in the financial and business review on pages 38 – 40 and the Consolidated Statement of Comprehensive Income on page 98. Information regarding the final and special dividends can be found in the financial review on page 40. Dividend payments made during the year ended 31 December 2021 can be found in the notes to the Consolidated Financial Statements on page 115.
<b>Articles of Association</b>	The Company's full Articles of Association can be found on the Company's website. <a href="https://cdn.plus500.com/media/Investors/ConstitutionalDocuments/ArticlesOfAssociation.pdf">https://cdn.plus500.com/media/Investors/ConstitutionalDocuments/ArticlesOfAssociation.pdf</a> Any amendments made to the Articles of Association may be made by a special resolution of shareholders.
<b>Share Capital</b>	Details of the Company's share capital are set out in note 22 to the Consolidated Financial Statements on page 118. At the close of business on 21 March 2022, the Company had 99,598,282 ordinary shares in issue, and an additional 15,290,095 ordinary shares are held in treasury by the Company.
<b>Authority to purchase own shares</b>	The Company has authority to purchase its own shares and a further authority will be sought at the upcoming Annual General Meeting.
<b>Directors' interests</b>	Details of the Directors' beneficial interests are set out in the Directors' Remuneration Report on page 85.
<b>Directors' indemnities</b>	The Company has given indemnities to each of the Directors in respect of any liability arising against them in connection with the Company's (and any associated company's) activities in the conduct of their duties. These indemnities are subject to the conditions set out in their indemnification agreements and remain in place at the date of this report.
<b>Directors' and Officers' Liability Insurance</b>	Directors' and Officers' Liability Insurance cover is in place at the date of this report. Cover is reviewed annually and the last renewal was carried out in October 2021.
<b>Major interests in shares</b>	Notifiable major shares interests of which the Company has been made aware are set out on page 59.
<b>Political contributions</b>	The Company did not make any donations to political organisations during the year.
<b>Equality, Diversity &amp; Inclusion policy</b>	In December 2021 the Company reapproved and published on its website its policy on equality & diversity. <a href="https://cdn.plus500.com/media/Investors/CorporateGovernance/EqualityDiversityAndInclusionPolicy.pdf">https://cdn.plus500.com/media/Investors/CorporateGovernance/EqualityDiversityAndInclusionPolicy.pdf</a>
<b>Financial risk</b>	Details of the Company's policies on financial risk management and the Company's exposure to market price risk, credit risk, liquidity risk and cash flow risk are out-lined in note 25 to the Consolidated Financial Statements.
<b>Research and Development</b>	Details about the Company's future developments can be found in the Strategic Report on pages 7 – 11.
<b>Auditors</b>	A resolution to reappoint Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited as external auditors will be proposed at the 2022 Annual General Meeting.
<b>Post balance sheet events</b>	There have been no post balance sheet events.
<b>Audit information</b>	Each of the Directors at the date of the approval of this report confirms that: – so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware; and – he/she has taken all the reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

# Directors' Report continued

## Listing Rule 9.8.4R disclosures

The table below sets out where disclosures required in compliance with Listing Rule 9.8.4R are located.

Interest capitalised and tax relief	n/a
Publication of unaudited financial information	n/a
Details of long-term incentive schemes	Page 81 to 86
Waiver of emoluments by a Director	n/a
Waiver of future emoluments by a Director	n/a
Non pre-emptive issues of equity for cash	n/a
Non pre-emptive issues of equity for cash by major subsidiary undertakings	n/a
Parent company participation in a placing by a listed subsidiary	n/a
Contracts of significance	n/a
Provision of services by a controlling shareholder	n/a
Agreements with controlling shareholders	n/a
Shareholder waivers of dividends	n/a
Shareholder waivers of future dividends	n/a

The Directors' Report has been approved by the Board of Directors of Plus500 Ltd.

Signed on behalf of the Board



**Elad Even-Chen**

Chief Financial Officer  
22 March 2022

# Corporate Law

## Mandatory bids, squeeze out and sell out rules relating to the Company's ordinary shares

As the Company is incorporated in Israel, it is subject to Israeli law and the City Code on Takeovers and Mergers (the "Takeover Code") will not apply to the Company. It shall be noted that the Company has incorporated in its Articles of Association provisions analogous to Rules 4, 5, 6 and 8 of the Takeover Code, as described below.

### Mergers

The Companies Law permits merger transactions, provided that each party to the transaction obtains the approval of its board of directors and shareholders (excluding certain merger transactions which do not require the approval of the shareholders, as set forth in the Companies Law).

Pursuant to the Company's Articles of Association, the shareholders of the Company are required to approve the merger by the affirmative vote of a majority of the outstanding ordinary shares of the Company. In addition, pursuant to the Companies Law, for purposes of the shareholder vote of each party, the merger will not be deemed approved if a majority of the shares not held by the other party, or by any person who holds 25% or more of the shares or the right to appoint 25% or more of the directors of the other party, has voted against the merger.

The Companies Law requires the parties to a proposed merger to file a merger proposal with the Israeli Registrar of Companies, specifying certain terms of the transaction. Shares in one of the merging companies held by the other merging company or certain of its affiliates are disenfranchised for purposes of voting on the merger. A merging company must inform its creditors of the proposed merger. Any creditor of a party to the merger may seek a court order blocking the merger, if there is a reasonable concern that the surviving company will not be able to satisfy all of the obligations of the parties to the merger. Moreover, a merger may not be completed until at least 50 days have passed from the time that the merger proposal was filed with the Israeli Registrar of Companies and at least 30 days have passed from the approval of the shareholders of each of the merging companies.

In addition, under certain circumstances, the provisions of the Companies Law that deal with "arrangements" between a company and its shareholders may be used to effect squeeze-out transactions in which the target company becomes a wholly-owned subsidiary of the acquirer. These provisions generally require that the merger be approved by a majority of the participating shareholders holding at least 75% of the shares voted on the matter, as well as 75% of each class of creditors. In addition to shareholder approval, court approval of the transaction is required.

### Companies Law – Special tender offer

The Companies Law provides that an acquisition of shares of a public Israeli company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser shall become a holder of 25% or more of the voting rights in the company. This rule does not apply if there is already another holder of at least 25% of the voting rights in the company.

Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser could become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company.

In addition, under the Companies Law, the entry by two or more shareholders into a shareholders' agreement, where such shareholders' agreement will result in such shareholders holding in concert shares in a company in an amount exceeding the thresholds set out above, may also be subject to the requirement to publish a special tender offer.

A special tender offer must be extended to all shareholders of a company but the offeror is not required to purchase shares representing more than 5% of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if at least 5% of the voting power attached to the company's outstanding shares will be acquired by the offeror and the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer. Shares that are acquired in violation of this requirement to make a tender offer will be deemed Dormant Shares (as defined in the Companies Law) and will have no rights whatsoever for so long as they are held by the acquirer.

### Companies Law – Full tender offer

Under the Companies Law, a person may not purchase shares of a public company if, following the purchase, the purchaser would hold more than 90% of the company's shares or of any class of shares, unless the purchaser makes a tender offer to purchase all of the target company's shares or all the shares of the particular class, as applicable. If, as a result of the tender offer, either:

- The purchaser acquires more than 95% of the company's shares or a particular class of shares and a majority of the shareholders that did not have a Personal Interest accepted the offer; or
- The purchaser acquires more than 98% of the company's shares or a particular class of shares.

Then, the Companies Law provides that the purchaser automatically acquires ownership of the remaining shares. However, if the purchaser is unable to purchase more than 95% or 98%, as applicable, of the company's shares or class of shares, the purchaser may not own more than 90% of the shares or class of shares of the target company.

### Articles of Association – Takeover provisions

In addition to the tender offer rules applied by the Companies Law (as described above), offers are also subject to the takeover provisions incorporated in the Company's Articles of Association, which provisions refer to compliance with Rules 4, 5, 6 and 8 of the UK City Code on Takeovers.



# Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable law and regulations. The Companies Law requires the Directors to prepare Consolidated Financial Statements for each financial year. Under that law, the directors have elected to prepare the Consolidated Financial Statements in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS"). The directors must not approve the Consolidated Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Comprehensive Income of the Group for that period. The Directors considered the information provided in the Annual Report and how it assists the Company's shareholders in understanding the Group's position, performance business model and strategy.

In preparing these Consolidated Financial Statements, the Directors are required to:

- Present fairly the financial position, financial performance and cash flows of the Group;
- Present information, including accounting policies, in a manner that provides relevant, reliable, consistent and understandable information;
- Make judgements and accounting estimates that are reasonable;
- State whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of transactions, other events and conditions on the Group's financial position and financial performance;
- Prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Consolidated Financial Statements comply with applicable law.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps in the prevention and detection of fraud and other irregularities.

Each of the Directors confirms that, to the best of each person's knowledge and belief:

- The Group's Consolidated Financial Statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

The Directors are also responsible for preparing the Directors' Report, Strategic Report, Corporate Governance Report and the Directors' Remuneration Report.

This report has been approved by the Board.

Signed on behalf of the Board



**David Zruia**  
Chief Executive Officer  
22 March 2022

# FINANCIAL STATEMENTS

## ↓ In this section

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*For illustrative purposes*

# Independent Report of the Auditors



## To the shareholders of Plus500 Ltd.

### Report on the audit of the consolidated financial statements

#### Opinion

In our opinion, the consolidated financial statements *present fairly, in all material respects*, the consolidated financial position of Plus500 Ltd. (the "Company") and its subsidiaries (the "Group") as at 31 December 2021 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

#### What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2021;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

#### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants including International Independence Standards issued by the International Ethics Standards Board for Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTER

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

## REVENUE RECOGNITION

The Group has developed and operates an online and mobile trading platform for trading Contracts for Difference ("CFDs").

Trading income represents Customer Income, which mainly includes revenue from CFD Customer Income (customer spreads and overnight charges), and Customer Trading Performance, which includes gains/losses on customers' trading positions, arising on client trading activity.

In respect of trading income generated from CFD, the Group has developed and operates an online and mobile trading platform for trading CFDs. The computation of the revenue is carried out automatically by using its own developed platform which is an internal IT system (the "Platform").

The revenue is calculated based on several parameters. Part of the parameters that feed into that calculation are received from external quotation suppliers and others depend on internally developed program code within the Platform.

The revenue depends on a combination of the effective operation and accuracy of controls over, and access rights to, the Platform.

Our audit predominantly focused on the Group's control environment, including the IT environment. We tested key controls over the revenue process, from the acceptance of a new customer, through the trading activity to the revenue that is recorded in the Company's general ledger.

We tested the operating effectiveness of IT general controls, including: access to programmes and supporting data, program changes and computer operations for the Platform and for the ERP system. In addition, we tested program development controls over the ERP system.

We also tested, through a combination of controls and substantive testing techniques, the following:

- Profit/loss calculations in respect of closed positions;
- Calculation of the fair value adjustment of year-end positions held by clients and the calculation of the "open positions" report produced by the Platform;
- Appropriate use of feeds the Group receives from its data suppliers to confirm the integrity of the feeds used to calculate the open/close position; and
- Controls associated with cash reconciliations and reconciliations with external counterparties throughout the year including client deposits/withdrawals.

We agreed cash amounts of client deposits to external third-party evidence at the year-end by receiving independent confirmations from banks and other third-party providers. In addition, we tested the interface between the data of client money as presented in the Platform to the general ledger to ensure completeness and accuracy.

Finally, to address the risk that fraudulent adjustments or transactions had been entered into the trading Platform, we read client activity reports and read a sample of client complaints.

No material issues noted.

## UNCERTAIN TAX PROVISIONS

As discussed in Note 3 and Note 10 to the consolidated financial statements, the Group operates in a multinational tax environment and is subject to tax laws, regulations and transfer pricing guidelines for intercompany transactions across several tax jurisdictions. Furthermore, the Company's tax years for 2020 and 2021 were not assessed by the Israeli tax authorities. The subsidiaries of the Group have not yet been subject to tax assessments since their inception. The Group recognises tax provisions from uncertain tax positions when there is more likely than not a likelihood that the tax position will be sustained upon examination by the taxation authorities based on the technical merits of the position.

Auditing management's estimate of amounts related to tax provisions involves auditor judgement and challenging management because management's estimates are complex, judgemental and based on interpretations of tax laws, regulations and legal rulings.

Among the audit procedures we performed, we involved our tax specialists to assist us in assessing the technical merits of the Group's tax positions. This included assessing the Group's correspondence with the relevant tax authorities and evaluating income tax opinions or other third-party advice obtained by the Group. In addition, we evaluated the appropriateness of the Group's accounting for its tax positions. We analysed the Group's assumptions and data used to determine the amount of tax provision and tested the accuracy of the calculations. We also evaluated whether the Group's disclosures complied with the accounting framework.

No material issues noted.

# Independent Report of the Auditors continued

## Other information

The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The other information comprises all of the information in the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, we have also agreed to report on certain matters as described below in accordance with the Listing Rules of the United Kingdom Financial Conduct Authority (FCA) as if the Company were a UK incorporated premium listed entity.

## Corporate governance statement

Under the UK Corporate Governance Code 2018, we have reviewed the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Statement on Corporate Governance is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate;
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions;
- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maya Ben Shmuel.

Tel Aviv, Israel

**Kesselman & Kesselman**  
Certified Public Accountants (Isr.)  
A member firm of  
PricewaterhouseCoopers International Limited



**Maya Ben Shmuel**  
Partner  
Tel Aviv, Israel  
22 March 2022

# Consolidated Statement of Comprehensive Income

US dollars in millions	Note	Year ended 31 December	
		2021	2020
<b>Trading income</b>	4	<b>718.7</b>	872.5
Selling and marketing expenses	5	<b>279.8</b>	315.4
Administrative and general expenses	6	<b>54.3</b>	43.5
<b>Operating profit</b>		<b>384.6</b>	513.6
Financial income		<b>10.4</b>	16.6
Financial expenses		<b>8.6</b>	6.9
<b>Financial income, net</b>		<b>1.8</b>	9.7
<b>Profit before income tax</b>		<b>386.4</b>	523.3
<b>Income tax expense</b>	10	<b>75.8</b>	23.2
<b>Profit and comprehensive income for the year</b>		<b>310.6</b>	500.1
<b>Basic earnings per share</b> (In US dollars)	11	<b>3.06</b>	4.71
<b>Diluted earnings per share</b> (In US dollars)	11	<b>3.05</b>	4.71

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement of Financial Position

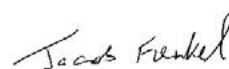
		As of 31 December	
US dollars in millions	Note	2021	2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	2.6	2.5
Goodwill and other intangible assets, net	23	28.0	–
Right of use assets	20	5.6	6.0
Long-term other receivables		4.4	1.7
<b>Total non-current assets</b>		<b>40.6</b>	10.2
<b>Current assets</b>			
Income tax receivable		–	6.1
Other receivables and others	14	32.7	10.0
Cash and cash equivalents	16	749.5	593.9
<b>Total current assets</b>		<b>782.2</b>	610.0
<b>TOTAL ASSETS</b>		<b>822.8</b>	620.2
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities (net of current maturities)	20	4.2	5.3
Share based compensation	9	0.3	1.8
<b>Total non-current liabilities</b>		<b>4.5</b>	7.1
<b>Current liabilities</b>			
Share based compensation	9	7.3	7.4
Income tax payable		89.9	2.2
Other payables	17	41.7	22.8
Service suppliers	18	15.5	22.5
Current maturities of lease liabilities	20	2.0	1.6
Trade payables – due to clients	19	0.6	1.0
<b>Total current liabilities</b>		<b>157.0</b>	57.5
<b>TOTAL LIABILITIES</b>		<b>161.5</b>	64.6
<b>Equity</b>			
Ordinary shares	22	0.3	0.3
Share premium		22.2	22.2
Cost of Company's shares held by the Company	12	(207.5)	(145.7)
Retained earnings		846.3	678.8
<b>Total equity</b>		<b>661.3</b>	555.6
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>822.8</b>	620.2



David Zruia  
Chief Executive Officer



Elad Even-Chen  
Group Chief Financial Officer



Prof. Jacob A. Frenkel  
Non-Executive Director and Chairman

Date of approval of the consolidated financial statements by the Company's Board of Directors: 22 March 2022.

The accompanying notes are an integral part of the financial statements.

Registered Company number (Israel): 514142140

# Consolidated Statement of Changes in Equity

US dollars in millions	Ordinary shares	Share premium	Cost of Company's shares held by the Company	Retained earnings	Total
<b>Balance at 1 January 2020</b>	<b>0.3</b>	<b>22.2</b>	<b>(57.0)</b>	<b>318.6</b>	<b>284.1</b>
<b>Changes during the year ended 31 December 2020</b>					
Profit and comprehensive income for the year	—	—	—	500.1	500.1
Share based compensation	—	—	—	1.8	1.8
<b>Transactions with shareholders:</b>					
Dividend	—	—	—	(141.6)	(141.6)
Issue of treasury shares to settle equity share based compensations	—	—	0.1	(0.1)	—
Acquisition of treasury shares	—	—	(88.8)	—	(88.8)
<b>Balance at 31 December 2020</b>	<b>0.3</b>	<b>22.2</b>	<b>(145.7)</b>	<b>678.8</b>	<b>555.6</b>
<b>Changes during the year ended 31 December 2021</b>					
Profit and comprehensive income for the year	—	—	—	310.6	310.6
Share based compensation	—	—	—	4.9	4.9
<b>Transactions with shareholders:</b>					
Dividend	—	—	—	(144.9)	(144.9)
Issue of treasury shares to settle equity share based compensations	—	—	3.1	(3.1)	—
Acquisition of treasury shares	—	—	(64.9)	—	(64.9)
<b>Balance at 31 December 2021</b>	<b>0.3</b>	<b>22.2</b>	<b>(207.5)</b>	<b>846.3</b>	<b>661.3</b>

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement of Cash Flows

US dollars in millions	Year ended 31 December	
	2021	2020
<b>Operating activities:</b>		
Cash generated from operations (see Note 26)	<b>383.0</b>	546.6
Income tax received (paid), net	<b>16.3</b>	(23.1)
Interest received, net	<b>6.2</b>	5.2
Net cash flows provided by operating activities	<b>405.5</b>	528.7
<b>Investing activities:</b>		
Acquisition of subsidiaries, net of cash acquired (see Note 23)	<b>(32.5)</b>	–
Purchase of property, plant and equipment	<b>(0.8)</b>	(0.3)
Net cash flows used in investing activities	<b>(33.3)</b>	(0.3)
<b>Financing activities:</b>		
Dividend paid to equity holders of the Company	<b>(144.9)</b>	(141.6)
Payment of principal in respect of lease liabilities	<b>(2.0)</b>	(1.8)
Acquisition of treasury shares	<b>(64.9)</b>	(88.8)
Net cash flows used in financing activities	<b>(211.8)</b>	(232.2)
<b>Increase in cash and cash equivalents</b>	<b>160.4</b>	296.2
<b>Balance of cash and cash equivalents at beginning of the year</b>	<b>593.9</b>	292.9
Gains (losses) from effects of exchange rate changes on cash and cash equivalents	<b>(4.8)</b>	4.8
<b>Balance of cash and cash equivalents at end of the year</b>	<b>749.5</b>	593.9

The accompanying notes are an integral part of the financial statements.



# Notes to the Consolidated Financial Statements

## Note 1 – General information

### Information on activities

Plus500 Ltd. (the "Company") and its subsidiaries (the "Group") is a global multi-asset fintech group operating proprietary technology-based trading platforms. Plus500 offers customers a range of trading products, including Contracts for Difference ("CFDs") and share dealing, as well as futures and options on futures. The Company has developed and operates an online and mobile trading platform within the CFD sector, enabling its international customer base of individual customers to trade CFDs on over 2,500 underlying financial instruments internationally. Additionally, the Company has developed and operates a share dealing trading platform.

The Group's offering is available internationally with main market presence in the UK, Australia, the US, the European Economic Area ("EEA") and the Middle East and has customers located in more than 50 countries worldwide. The Group operates through operating subsidiaries regulated by the Financial Conduct Authority ("FCA") in the UK, the Australian Securities and Investments Commission ("ASIC") in Australia, the Cyprus Securities and Exchange Commission ("CySEC") in Cyprus, the Israel Securities Authority ("ISA") in Israel, the Financial Markets Authority ("FMA") in New Zealand, the Financial Sector Conduct Authority ("FSCA") in South Africa, the Monetary Authority of Singapore ("MAS") in Singapore, the Financial Services Authority ("FSA") in the Seychelles, the Commodities Futures Trading Commission ("CFTC") in the US, the Estonian Financial Supervision Authority ("EFSA") in Estonia (as of February 2022) and the Financial Services Agency ("FSA") in Japan (as of March 2022).

The Company also has a subsidiary in Bulgaria which provides operational services to the Group.

The Company has been listed since 2013. Since 2018, Plus500 Ltd. has been a FTSE 250 listed entity, following the Company's shares being admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange Main Market for listed securities.

The address of the Company's principal offices is Building 25, Matam, Haifa 3190500, Israel.

## Note 2 – Summary of significant accounting policies

### a. Basis of accounting and accounting policies

The Group's consolidated financial information as of 31 December 2021 and 2020 and for each of the two years in the period ended on 31 December 2021 are in compliance with International Financial Reporting Standards that consist of standards and interpretations issued by the International Accounting Standard Board ("IFRSs").

The significant accounting policies described below have been applied consistently in relation to all the reporting periods, unless otherwise stated.

The financial information has been prepared under the historical cost convention subject to adjustments in respect of revaluation of financial assets at fair value through profit or loss presented at fair value.

### b. Going concern

The Group has considerable financial resources, a broad range of financial instruments, and a substantial active customer base which is diversified geographically worldwide. As a consequence, the Board of Directors of the Company (the "Board") believes that the Group is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing these consolidated financial statements.

### c. Principles of consolidation

The Company, from an accounting perspective, controls the subsidiaries since it is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over them.

- 1) The consolidated financial statements include the accounts of the Company and its subsidiaries.
- 2) Intercompany balances and transactions between the Group's entities have been eliminated.
- 3) Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### d. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of the Company's ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all potential dilutive ordinary shares. The instruments that are potentially dilutive ordinary shares are equity instruments granted to employees and service contractors (see Note 9). A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding equity instruments. The number of ordinary shares calculated as above is compared with the number of ordinary shares that would have been issued assuming the exercise of the equity instruments (see also Note 11).

### e. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

As stated in Note 1 above, the Group operates in three operating sectors: CFD trading; share dealing; and futures and options on futures. In the year 2021 the Group presents its operation as one operating segment.

## Note 2 – Summary of significant accounting policies *continued*

### f. Foreign currency translation

#### 1) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The consolidated financial statements are presented in US dollars ("USD"), which is the Group's functional and presentation currency.

#### 2) Transactions and balances

Foreign currency transactions in currencies different from the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Gains and losses arising from changes in exchange rates are presented in the consolidated statement of comprehensive income among "financial income (expenses)".

### g. Trading income

Trading income represents Customer Income, which includes revenue from CFD Customer Income (customer spreads and overnight charges), Non-CFD Customer Income (commissions from the Group's futures and options on futures operation and from the Group's share dealing platform) and Customer Trading Performance, which includes gains/losses on customers' trading positions, arising on client trading activity, primarily in CFDs on shares, indices, ETFs, options, commodities, cryptocurrencies and foreign exchange. Open client positions are carried at fair value and gains and losses arising on this valuation are recognised as trading income, as well as gains and losses realised on positions that have closed.

### h. Share based compensation

#### 1) Cash settled

The Group operates a cash settled share based compensation plan, under which it receives services from employees and service contractors as consideration for Share Appreciation Rights ("SARs"). The fair value of the employees and service contractors received in exchange for the grant of the rights are recognised as an expense in the consolidated statement of comprehensive income. At the end of each reporting period, the Group evaluates the SARs based on their fair value as prorated over the period and the change in the prorated fair value is recognised in the consolidated statement of comprehensive income.

#### 2) Equity settled

The Group operates equity-settled share based compensation plans, under which it receives services from employees and service contractors as consideration for ordinary shares and Restricted Share Units ("RSUs"). The fair value of the services received by employees and service contractors in exchange for the grant of ordinary shares or RSUs are recognised as an expense in the consolidated statement of comprehensive income.

The fair value of equity settled share based compensation arrangements granted to employees and service contractors is recognised as employee benefit expenses and other related expenses applicable for the service contractors, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the Company's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and continuing to be employed or rendering services to the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees and service contractors to hold shares for a specific period of time).

The total expenses are recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of ordinary shares and RSUs that are expected to vest based on the non-market performance vesting and service conditions. The impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, is recognised with a corresponding adjustment to equity.

### i. Treasury shares

Treasury shares are ordinary shares of the Company held by the Company and presented as a reduction of equity, at the consideration paid, including any incremental attributable costs, net of tax. Treasury shares do not have a right to receive dividends or to vote. The Board approves share buyback programmes. The share buyback programmes are funded from the Company's net cash balances. The ordinary shares are being purchased at fair value (see Note 12).

### j. Current income tax

Tax is recognised in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted at the statement of financial position date in countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

# Notes to the Consolidated Financial Statements continued

## Note 2 – Summary of significant accounting policies continued

### k. Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The Group recognises deferred taxes on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### l. Property, plant and equipment

The cost of a property, plant and equipment item is recognised as an asset only if: (a) it is probable that the future economic benefits associated with the item will flow to the Group; and (b) the cost of the item can be measured reliably.

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and only when the two criteria mentioned above for recognition as assets are met.

Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment less their residual values over their estimated useful lives, as follows:

	Percentage of annual depreciation
Computers and office equipment	6–33
Leasehold improvements	10

Leasehold improvements are depreciated by the straight-line method over the terms of the lease (including reasonably assured options periods), or the estimated useful life (10 years) of the improvements, whichever is shorter.

The asset's residual value, the depreciation method and useful lives are reviewed, and adjusted if appropriate, at least once a year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### m. Financial instruments

#### 1) Classification

The Group classifies its financial assets in the following measurement categories according to IFRS 9:

- Those to be measured subsequently at fair value through profit and loss, and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in the consolidated statement of comprehensive income.

Financial assets are classified as current if they are expected to mature within 12 months after the end of the reporting period, otherwise, they are classified as non-current.

#### 2) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### 3) Measurement

At initial recognition, the Group measures a financial asset at its fair value and in the case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Details on how the fair value of financial instruments is determined are disclosed in Note 25.

### n. Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term bank deposits and other highly liquid short-term investments, the original maturity of which does not exceed three months.

All of the regulated subsidiaries hold money on behalf of their clients in accordance with the client money rules required by the relevant regulatory framework. Such monies are classified as "segregated client funds" in accordance with the regulatory requirements. Segregated client funds comprise client funds held in segregated client money accounts.

Segregated client money accounts hold statutory trust status restricting the Group's ability to control the monies and accordingly such amounts are not reflected as Group assets in the consolidated statement of financial position.

## Note 2 – Summary of significant accounting policies *continued*

### **o. Dividends**

Dividend distribution is recognised as a liability in the consolidated statement of financial position in the period which the dividends are approved by the Board.

### **p. Employee benefits and pension obligations**

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered pension funds.

The Group has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense commensurate with receipt from employees of the service in respect of which they are entitled for the contributions.

The Group recognises an accrual and an expense for bonuses for senior management based on formulae that take into consideration specific financial and non-financial measures and for other employees based on management decision.

### **q. Service suppliers**

Service suppliers are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Service suppliers are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Service suppliers are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **r. Trade payables – due to clients**

As part of its business, the Group receives from its customers deposits to secure their trading positions, held in segregated client money accounts.

Assets or liabilities resulting from profits or losses on open positions are carried at fair value. Amounts due from or to clients are netted against, or presented with, the deposit with the same counterparty where a legally enforceable netting agreement is in place and where it is anticipated that assets and liabilities will be netted on settlement.

“Trade payables – due to clients” represent balances with clients where the combination of customers’ deposits and the valuation of financial derivative open positions result in an amount payable by the Group.

“Trade payables – due to clients” are reported in the consolidated statement of financial position and classified as current liabilities as the demand is due within one year or less.

### **s. IFRS 16 – “Leases”**

The Group’s leases include real estate lease agreements. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, including, inter alia, the exercise price of the exercise options if the Group is reasonably certain to exercise that option. Simultaneously, the Group recognises a right of use asset in the amount of the lease liability.

The lease term is the non-cancellable period for which the Group has the right to use an underlying asset, together with both the periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain to exercise that option.

After the commencement date, the Group measures the right of use asset applying the cost model, less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Assets are depreciated by the straight-line method over the estimated useful lives of the right of use assets or the lease period, whichever is shorter. The depreciation periods for the real estate leases by the Group is between one to five years.

Under IFRS 16 all leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of real estate and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less without an exercise option.

### **t. Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- fair values of the assets transferred; and
- liabilities incurred to the former owners of the acquired business.

# Notes to the Consolidated Financial Statements continued

## Note 2 – Summary of significant accounting policies continued

### t. Business combinations continued

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of comprehensive income as a bargain purchase.

### u. Intangible assets

#### 1) Goodwill

Goodwill represents the surplus of the consideration that has been transferred for the acquisition of a subsidiary company, over the net amount of the identifiable assets and liabilities that have been acquired as at the time of the acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

#### 2) Licence

Licence acquired in a business combination is recognised at fair value at the acquisition date. It has an indefinite useful life, is not subject to amortisation and is tested annually for impairment.

#### 3) Customer relationships and technology

Customer relationships and technology acquired in a business combination are recognised at fair value at the acquisition date. They have a definite useful life of five years and are subsequently carried at cost less accumulated amortisation and impairment losses.

### v. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## Note 3 – Significant accounting estimates

### Considering uncertain tax positions

The assessment of amounts of current and deferred taxes requires the Group's management to take into consideration uncertainties that its tax position will be accepted and of incurring any additional tax expenses. This assessment is based on estimates and assumptions based on interpretation of tax laws and regulations, and the Group's past experience. It is possible that new information will become known in future periods that will cause the final tax outcome to be different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. See also Note 2j and Note 10.

## Note 4 – Trading income

The trading income attributed to geographical areas according to the location of the customer is as follows:

US dollars in millions	Year ended 31 December	
	2021	2020
European Economic Area ("EEA")	<b>329.0</b>	365.3
United Kingdom	<b>88.9</b>	109.9
Australia	<b>61.6</b>	112.0
Rest of the World	<b>239.2</b>	285.3
	<b>718.7</b>	872.5

## Note 5 – Selling and marketing expenses

US dollars in millions	Year ended 31 December	
	2021	2020
Payroll and related expenses	<b>21.4</b>	18.0
Variable bonuses	<b>8.8</b>	4.8
Share based compensation	<b>4.0</b>	6.6
Commissions to media buying	<b>20.7</b>	16.9
Advertising and technology costs	<b>151.4</b>	204.2
Commissions to processing companies	<b>40.8</b>	53.0
Server and data feeds commissions	<b>11.7</b>	8.4
Other	<b>21.0</b>	3.5
	<b>279.8</b>	315.4

## Note 6 – Administrative and general expenses

US dollars in millions	Year ended 31 December	
	2021	2020
Payroll and related expenses	<b>11.6</b>	8.0
Variable bonuses	<b>5.4</b>	6.8
Share based compensation	<b>7.7</b>	6.6
Professional and regulatory fees	<b>18.5</b>	14.6
Depreciation and amortisation	<b>2.5</b>	2.3
Other	<b>8.6</b>	5.2
	<b>54.3</b>	43.5



# Notes to the Consolidated Financial Statements continued

## Note 7 – Operating expenses

The presentation below reflects the breakdown of operating expenses by nature of expense:

US dollars in millions	Year ended 31 December	
	2021	2020
Employee benefits and other related expenses	58.9	50.8
IT and technology costs	38.2	55.3
Commissions to processing companies	40.8	53.0
Advertising, marketing and commissions to media buying	145.6	174.2
Professional and regulatory fees	18.5	14.6
Depreciation and amortisation	2.5	2.3
Other	29.6	8.7
	334.1	358.9

In the years ended 31 December 2021 and 2020, IT and technology costs together with additional allocated other technological related costs were \$58.4 million and \$70.3 million, respectively.

## Note 8 – Auditors' remuneration

US dollars in millions	Year ended 31 December	
	2021	2020
Audit of Plus500 Ltd.'s consolidated financial statements	0.3	0.2
Audit of Plus500 Ltd.'s subsidiaries	0.3	0.3
<b>Total audit fees</b>	<b>0.6</b>	<b>0.5</b>
Other assurance related services	0.3	0.1
Tax compliance services	0.7	0.2
<b>Total non-audit fees</b>	<b>1.0</b>	<b>0.3</b>
<b>Total fees</b>	<b>1.6</b>	<b>0.8</b>

## Note 9 – Share based compensation

### a. Cash settled share based compensation programmes

#### 1) Background

The Group grants Share Appreciation Rights to selected employees and service contractors (the "Grant").

The rights are settled in cash at the end of the period of two or three years following the Grant date for those who remain employed or continue to render services as service contractors by the Group.

The rights represent the total Grant amounts divided by the average closing price of the ordinary shares of the Company on the Main Market over the course of the 60 trading days immediately preceding the dates of the Grant (the "Share Price on Grant Date").

As of the end of each period, the fair value of the rights is calculated by the total Grant amounts on grant date, multiplied by the average closing price of the ordinary shares of the Company on the Main Market over the course of the 60 trading days immediately preceding the end of each period (or the payout date) including dividends paid between the grant date and the end of each period (or the vesting date) divided by the Share Price on Grant Date, as prorated over the period.

## Note 9 – Share based compensation continued

### 2) The following table specifies the dates of grants and the grant rights as of each date

Grant date	Vesting date	Share price (GBP)*	Number of rights granted*	Number of employees
31 December 2019	31 December 2021	797.85	3,503	105
31 December 2019	31 December 2022	797.85	2,925	5
12 February 2020	12 February 2022	855.46	40	2
31 August 2020	31 August 2022	1,303.93	97	6
30 December 2020	30 December 2022	1,507.08	2,342	127
30 December 2020	30 December 2023	1,507.08	647	3
28 February 2021	28 February 2023	1,411.13	13	1
31 August 2021	31 August 2023	1,404.43	14	1
31 December 2021	31 December 2023	1,320.98	1,136	55

\*Share price in GBP pence on grant date.

### 3) Cash settled share based compensation liability

	As at 31 December	
US dollars in millions	2021	2020
Current liability	7.3	7.4
Non-current liability	0.3	1.8
	7.6	9.2

### 4) Cash settled share based compensation expenses

	Year ended 31 December	
US dollars in millions	2021	2020
Selling and marketing expenses	4.0	6.6
Administrative and general expenses	2.8	5.1
	6.8	11.7

### 5) Cash settled share based compensation – number of rights outstanding

	Number of rights	
	2021	2020
Opening balance as at 1 January	8,768	10,210
Rights granted	1,163	3,126
Rights vested	(3,208)	(3,668)
Rights forfeited	(1,051)	(900)
Closing balance as at 31 December	5,672	8,768

During 2021 and 2020, 3,208 and 3,668 rights were vested in total amount of \$6.9 million and \$8.6 million, respectively. The average vesting price based on GBP pence per granted right was approximately \$2,160 and \$2,351, respectively.

# Notes to the Consolidated Financial Statements continued

## Note 9 – Share based compensation continued

### b. Equity settled share based compensation programmes

#### Background

The Group grants long-term incentive plans ("LTIPs") to selected employees located outside of Israel and service contractors (the "LTIP Grants").

The Group grants Restricted Stock Units ("RSUs") to selected employees located in Israel (the "RSUs Grants").

In respect of certain projects, the Group grants bonuses with a partial deferred element settled in ordinary shares of the Company to selected service contractors and employees (the "Deferred Bonuses").

During 2021 and 2020, the Group recognised \$4.9 million and \$1.5 million, respectively, as expenses in respect of the equity share based compensation plans and Deferred Bonuses in the consolidated statement of comprehensive income as administrative and general expenses. In 2020, an amount of \$0.3 million was booked to retained earnings.

As of 31 December 2021 and 2020, retained earnings include an amount of \$3.5 million and \$1.7 million, respectively, in respect of the equity share based compensation and Deferred Bonuses plans.

#### 1) LTIP Grants

The following table specifies the dates of LTIP Grants and the number of ordinary shares as of each date, as granted for employees and service contractors.

Grant date	Vesting date	Share price (GBP)*	Number of ordinary shares granted on grant date	Number of employees and service contractors
1 January 2019	31 December 2021	1,370	15,259	1
1 January 2020	31 December 2022	886	75,627	7
1 January 2021	31 December 2023	1,450	122,496	7

\*Share price in GBP pence on grant date.

The 2019 LTIP Grant was subject to service condition and was not subject to any additional KPIs or conditions. The 2019 LTIP Grant was vested on 31 December 2021 and the Company issued 19,111 of its treasury shares.

The 2020 LTIP Grant is subject to service condition and additional KPIs as follows:

KPI	%	DESCRIPTION	TYPE OF CONDITION
TSR	40%	Subject to achieving the three-year FTSE 250 TSR target and calculated on a linear basis, with 30% payable upon achievement of median TSR for FTSE 250 and 100% payable upon achievement of upper quartile TSR for FTSE 250	Market
EPS	40%	Subject to achieving the three-year compounded annual EPS growth rate and calculated on a linear basis, with 30% payable upon achievement of 5% compounded annual EPS growth rate and 100% payable upon achievement of 12% compounded annual EPS growth rate	Performance
HR	20%	Subject to achieving HR criteria related to churn and growth of specific departments	Performance

## Note 9 – Share based compensation continued

### b. Equity settled share based compensation programmes continued

The 2021 LTIP Grant is subject to service condition and additional KPIs as follows:

KPI	%	DESCRIPTION	TYPE OF CONDITION
TSR	20%	Subject to achieving the three-year TSR target and calculated on a linear basis, with 25% payable upon achievement of median TSR for bespoke group and 100% payable upon achievement of median TSR for bespoke group plus 10% per annum	Market
TSR	10%	Subject to achieving the three-year TSR target and calculated on a linear basis, with 25% payable upon achievement of median TSR for FTSE 250 and 100% payable upon achievement of upper quartile TSR for FTSE 250	Market
EPS	30%	Subject to achieving EPS target, as set by the Board	Performance
Strategic	20%	Subject to achieving strategic objectives, as set by the Board and related to growth through M&A, new products and new markets	Performance
Operational	20%	Subject to achieving operational objectives, as set by the Board and related to customer growth and people objectives	Performance

The final number of ordinary shares to be allotted on the vesting date will be determined according to the share price at the grant date of 1 January 2021 and 2020, less the accumulated amount of dividends paid in cash during the vesting period.

The fair value at grant date of the LTIP Grants is measured according to the value of the grant amount and expensed over the vesting period with a corresponding increase in equity, taking into account the best available estimate of the number of shares expected to vest under the service and performance conditions.

On the vesting date the Company shall allot to the employee or service contractor, ordinary shares, subject to the service condition and achieving specific KPIs as described in the table above for each grant.

The number of ordinary shares allotted on the vesting date shall be calculated based on the ordinary share price at grant date as specified in the table above for each grant, as adjusted for dividends.

The allotted ordinary shares will be transferred out of the treasury shares of the Company.

The ordinary shares allotted on the vesting date, which are subject to a lock-up period, shall be subject to a two-year lock-up beginning on the vesting date.

### 2) RSU Grants

The following table specifies the dates of RSU Grants and the number of units as of each date.

Grant date	Vesting date	Share price (GBP)*	Number of RSUs granted	Number of employees
1 January 2020	31 December 2022	886	116,045	8
1 January 2021	31 December 2023	1,450	160,926	8

\*Share price in GBP pence on grant date.

Each RSU represents the right to receive one ordinary share, par value of NIS 0.01 per share, subject to the terms and conditions of the grant as approved by the Board of Directors and in accordance with the provisions of the Capital Gain route under Section 102 of the Israeli Tax Ordinance and regulations (the "102 Capital gain Route").

# Notes to the Consolidated Financial Statements continued

## Note 9 – Share based compensation continued

### b. Equity settled share based compensation programmes continued

In respect of the RSUs granted on 1 January 2020, the employees are entitled to the RSUs upon completing a three-year service period in addition to KPIs as follows:

KPI	%	DESCRIPTION	TYPE OF CONDITION
TSR	40%	Subject to achieving the three-year FTSE 250 TSR target and calculated on a linear basis, with 30% payable upon achievement of median TSR for FTSE 250 and 100% payable upon achievement of upper quartile TSR for FTSE 250	Market
EPS	40%	Subject to achieving the three-year compounded annual EPS growth rate and calculated on a linear basis, with 30% payable upon achievement of 5% compounded annual EPS growth rate and 100% payable upon achievement of 12% compounded annual EPS growth rate	Performance
HR	20%	Subject to achieving HR criteria related to churn and growth of specific departments	Performance

In respect of the RSUs granted on 1 January 2021, the employees are entitled to the RSUs upon completing a three-year service period in addition to KPIs as follows:

KPI	%	DESCRIPTION	TYPE OF CONDITION
TSR	20%	Subject to achieving the three-year TSR target and calculated on a linear basis, with 25% payable upon achievement of median TSR for bespoke group and 100% payable upon achievement of median TSR for bespoke group plus 10% per annum	Market
TSR	10%	Subject to achieving the three-year TSR target and calculated on a linear basis, with 25% payable upon achievement of median TSR for FTSE 250 and 100% payable upon achievement of upper quartile TSR for FTSE 250	Market
EPS	30%	Subject to achieving EPS target, as set by the Board	Performance
Strategic	20%	Subject to achieving strategic objectives, as set by the Board and related to growth through M&A, new products and new markets	Performance
Operational	20%	Subject to achieving operational objectives, as set by the Board and related to customer growth and people objectives	Performance

During 2021, 19,870 and 12,560 RSUs were forfeited in respect of the 2020 and 2021 grants, respectively.

On the vesting date, the employees shall be entitled to a cash payment equal to the aggregate dividends paid in cash to shareholders that were payable in each grant vesting period with respect to the number of issued shares that were actually allotted to the employees on the vesting date with respect to the RSUs.

The allotted ordinary shares will be transferred out of the treasury shares of the Company. On the vesting date, the shares will be transferred to a trustee by the Company.

The ordinary shares allotted on the vesting date, which are subject to a lock-up period, shall be subject to a two-year lock-up beginning on the vesting date.

### 3) Deferred Bonus grants

The following table specifies the dates of Deferred Bonuses grants and the number of shares as of each grant date.

The employees and service providers are entitled to the Deferred Bonuses upon completing a service period of one year and subject to achieving additional KPIs.

The 2019 and 2020 Deferred Bonuses shall be paid in three equal instalments beginning on 31 December of the year after the vesting date, by way of allotment of ordinary shares of the Company. The number of ordinary shares allotted on any deferred payment date shall be calculated based on the ordinary share price on grant date, as adjusted for dividends.

The 2021 Deferred Bonuses shall be paid in one instalment on 31 December of the bonus year, by way of allotment of ordinary shares of the Company. The number of ordinary shares allotted on the deferred payment date shall be calculated based on the ordinary share price on grant date, as adjusted for dividends.

## Note 9 – Share based compensation continued

### b. Equity settled share based compensation programmes continued

Grant date	Vesting date	Share price (GBP)*	Number of ordinary shares on grant date	Number of employees and service contractors
1 January 2019	31 December 2019	1,370	13,834	2
1 January 2020	31 December 2020	886	56,298	2
1 January 2021	31 December 2021	1,450	53,904	2

\*Share price in GBP pence on grant date.

On 31 December 2021 and 2020, the Company issued 5,780 and 5,280 of its treasury shares, in accordance with the Deferred Bonuses plan of 2019. On 31 December 2021, the Company issued 24,434 of its treasury shares, in accordance with the Deferred Bonuses plan of 2020. On 31 December 2021, the Company issued 58,062 of its treasury shares, in accordance with the Deferred Bonuses plan of 2021. The Company recognised the value of the issued shares on 31 December 2021 according to the fair value measured for each plan on 1 January 2019, 1 January 2020 and 1 January 2021, respectively.

## Note 10 – Income tax expense

### Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the "Investment Law", provides certain incentives for capital investments in production facilities (or other eligible assets) by "Industrial Enterprises" (as defined under the Investment Law).

### New tax benefits under the 2017 Amendment that became effective on 1 January 2017 ("2017 Amendment")

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on 29 December 2016, and is effective as of 1 January 2017. The 2017 Amendment provides new tax benefits, as described below, and is in addition to the other existing tax beneficial programmes under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a Preferred Technological Enterprise ("PTE") and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as Preferred Technology Income, as defined in the Investment Law.

Dividends distributed by a PTE, paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority ("ITA") allowing for a reduced tax rate).

### a. Company taxation in Israel

The full corporate tax rate in Israel for the years 2021 and 2020 is 23%.

Under the 2017 Amendment, provided the conditions stipulated therein are met, technological income derived by Preferred Companies from "Preferred Technological Enterprise" (as defined in the 2017 Amendment), would be subject to reduced corporate tax rates of 12%.

A Preferred Company distributing dividends from technological income derived from its PTE would subject the recipient to a 20% tax (or lower, if so provided under an applicable tax treaty).

In May 2019, the Company obtained a tax ruling from the ITA and subject to the Company complying with the conditions stipulated by the tax ruling, which the Company met, and the Investment Law, the Company is considered as a PTE.

At the beginning of July 2020, the Company received an approval from the Israeli Innovation Authority ("IIA") that together with the tax ruling received from the ITA in May 2019, recognises the Company as a PTE for the years 2017, 2018 and 2019. Accordingly, the applicable tax rate for the preferred technological income of a PTE for these years was 12%. The Company is also considered as PTE for the years 2020 and 2021. As a result, the Company's corporate tax rate for the years 2021 and 2020 is 12%.

In January 2022, the Company's status as a PTE, as accredited by the ITA under the tax regime in Israel, has been extended for the years 2022, 2023, 2024, 2025 and 2026. Consequently, the Company's corporate tax rate for each of these years will be reduced from 23% to 12% and the withholding tax rate applicable for dividends will be reduced from 25% to 20%, subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate (see Note 27).

In July 2020, the Company received approximately \$47.0 million rebates (including interest) reflecting the reduced tax rate for FY 2018. In January 2021, the Company received approximately \$30.0 million rebates (including interest) reflecting the reduced tax rate for FY 2017 and in August 2021, the Company received approximately \$37.2 million in tax rebates (including interest) reflecting the reduced tax rate for FY 2019.



# Notes to the Consolidated Financial Statements continued

## Note 10 – Income tax expense continued

### b. Tax assessments

The Company has final tax assessments up to the year 2019.

The assessments of amounts of current and deferred taxes require the Group's management to take into consideration uncertainties that its tax position will be accepted and of incurring any additional tax expenses. This assessment is based on estimates and assumptions based on interpretation of tax laws and regulations, and the Group's past experience. It is possible that new information will become known in future periods that will cause the final tax outcome to be different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the periods in which such determination is made.

### c. Corporate taxation in subsidiaries

Subsidiary	Principal tax rate		Tax regulation
	2021	2020	
UK	19%	19%	Tax laws in United Kingdom
CY	12.5%	12.5%	Tax laws in Cyprus
AU	30%	30%	Tax laws in Australia

Other Group subsidiaries do not have significant taxable income and the overall effect of the income of those subsidiaries on the Group's tax expenses is immaterial.

### d. Deferred income taxes

The deferred income taxes relate mainly to payroll and related expenses of the share based compensation plans (see Note 9). The deferred tax assets were computed in 2021 and 2020 at tax rates of 23% and 12%, respectively.

### e. Taxes on income included in the consolidated income statement for the reported years

US dollars in millions	Year ended 31 December	
	2021	2020
Current taxes:		
Current taxes in respect of current year's profits	77.6	78.7
Tax income in respect of previous years	0.5	(55.1)
	78.1	23.6
Deferred income taxes:		
Change of deferred tax assets (see d above)	(2.3)	(0.4)
Taxes on income expenses	75.8	23.2

### f. Reconciliation of the theoretical tax expense

Following is a reconciliation of the theoretical tax expense, assuming all income is taxed at the regular corporate tax rate applicable to a company in Israel (Note 10a above) and the actual tax expense:

US dollars in millions	Year ended 31 December	
	2021	2020
Income before taxes on income, as reported in the consolidated income statement	386.4	523.3
Theoretical tax expense in respect of this year's income – at 23%	88.9	120.4
Less tax benefits arising from preferred technological income in respect of the current year	(4.3)	(33.8)
Decrease in taxes resulting from different tax rates applicable to foreign subsidiaries	(0.8)	(0.5)
Impact of change in tax rates on deferred tax balances and temporary differences	(2.8)	0.3
Decrease in taxes in respect of currency differences and expenses not deductible for tax purposes	(5.7)	(8.1)
Tax income in relation to previous years	0.5	(55.1)
Taxes on income for the reported period	75.8	23.2

## Note 11 – Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	31 December 2020
Profit attributable to equity holders of the Company (US dollars in millions)	<b>310.6</b>	500.1
Weighted average number of ordinary shares in issue*:		
Basic	<b>101,456,641</b>	106,086,540
Dilutive effect of equity share based compensation	<b>529,601</b>	212,352
Diluted	<b>101,986,242</b>	106,298,892
Basic earnings per share (in US dollars)	<b>3.06</b>	4.71
Diluted earnings per share (in US dollars)	<b>3.05</b>	4.71

\*After weighting the effect of the share buyback programmes. See Note 12.

## Note 12 – Cost of Company's shares held by the Company

The Board of Directors approves share buyback programmes. The share buyback programmes are funded from the Company's net cash balances.

Year ended 31 December	Number of ordinary shares purchased	Aggregate purchase amount (US \$ in millions)	Average price of shares purchased
2020	5,584,528	88.8	£12.66
2021	3,406,211	64.9	£13.90

During the years ended 31 December 2021 and 2020, the Company issued 179,537 and 5,280 of its treasury shares, respectively, in accordance with the various share based equity settled compensation grants (see Note 9).

During the period starting 1 January 2022 and up to 21 March 2022, as the latest practicable date before the signing date of the consolidated financial statements (see Note 27), the Company purchased an additional 626,498 ordinary shares (or 0.5%) in the capital of the Company for an aggregate purchase amount of \$12.0 million pursuant to these share buyback programmes. The ordinary shares were bought back at an average price of £14.25.

## Note 13 – Dividends

The amounts of dividends and the amounts of dividends per share for the years 2021 and 2020 declared and distributed by the Company's Board of Directors are as follows:

Date of declaration	Amount of dividend US \$ in millions*	Amount of dividend per share US \$	Date of payment to shareholders
12 February 2020	40.6	0.3767	13 July 2020
11 August 2020	101.0	0.9531	11 November 2020
17 February 2021	84.9	0.8292	12 July 2021
17 August 2021	60.0	0.5921	11 November 2021

On 15 February 2022, the Company declared a final dividend and a special dividend in the amounts of \$37.8 million and \$22.2 million, respectively (see Note 27).

\* Between the dividend announcement date and the record date of the dividend, the number of issued and outstanding ordinary shares of the Company decreased as a result of the repurchase by the Company of ordinary shares during such period and the classification of such repurchased ordinary shares as treasury shares that are not entitled to dividends. However, this did not affect the dividend per share as announced on the dividend announcement date.

# Notes to the Consolidated Financial Statements continued

## Note 14 – Other receivables and others

US dollars in millions	As of 31 December	
	2021	2020
Securities	18.2	–
Prepaid expenses	5.2	6.6
Other	9.3	3.4
	32.7	10.0

As of 31 December 2021 and 2020, the total amount of prepaid expenses includes prepaid expenses related to the Company's sponsorship agreements (see Note 21).

As of 31 December 2021, the fair value amount of the securities was \$18.2 million.

All the financial assets included among current assets are for relatively short periods. Therefore, their fair values approximate or are identical to their carrying amounts.

## Note 15 – Property, plant and equipment

Composition of assets, grouped by major classifications and changes therein in 2021 is as follows:

US dollars in millions	Computers and office equipment	Leasehold improvements	Other	Total
<b>Cost</b>				
Balance at beginning of year	2.0	3.8	0.3	6.1
Additions	0.6	0.2	-	0.8
Balance at end of year	2.6	4.0	0.3	6.9
<b>Accumulated depreciation</b>				
Balance at beginning of year	1.6	1.9	0.1	3.6
Additions	0.2	0.4	0.1	0.7
Balance at end of year	1.8	2.3	0.2	4.3
<b>Depreciated balance as of 31 December 2021</b>	0.8	1.7	0.1	2.6
<b>Depreciated balance as of 31 December 2020</b>	0.4	1.9	0.2	2.5

## Note 16 – Cash and cash equivalents

Cash and cash equivalents by currency of denomination:

US dollars in millions	As of 31 December	
	2021	2020
USD	728.0	543.3
EUR	181.2	250.7
GBP	68.1	91.2
AUD	54.0	90.0
ILS	20.8	18.1
Other	47.4	69.5
Gross cash and cash equivalents	1,099.5	1,062.8
Less: segregated client funds	(350.0)	(468.9)
Own cash and cash equivalents	749.5	593.9

## Note 17 – Other payables

US dollars in millions	As of 31 December	
	2021	2020
Payroll and related expenses	24.6	19.0
Accrued expenses	16.4	3.6
Other	0.7	0.2
	41.7	22.8

The financial liabilities included among other payables are for relatively short periods. Therefore, their fair values approximate or are identical to their carrying amounts.

## Note 18 – Service suppliers

Service suppliers are comprised mainly of amounts due to advertising service suppliers, their fair values approximate or are identical to their carrying amounts.

## Note 19 – Trade payables – due to clients

US dollars in millions	As of 31 December	
	2021	2020
Customers' deposits, net*	350.6	469.9
Segregated client funds	(350.0)	(468.9)
	0.6	1.0
<b>* Customers' deposits, net are comprised of the following:</b>		
Customers' deposits	428.3	507.2
Less – financial derivative open positions:		
Gross amount of assets	(130.4)	(123.8)
Gross amount of liabilities	52.7	86.5
	350.6	469.9

\*The total amount of 'Trade payables – due to clients' includes bonuses to clients.

## Note 20 – Leases

The Group has real estate lease agreements.

### a) Right of use assets:

Real estate leases	US dollars in millions
<b>At 1 January 2020</b>	5.3
Additions	2.4
Amortisation	(1.7)
<b>At 31 December 2020</b>	6.0
Additions	2.7
Disposals	(0.6)
Modification	(0.7)
Amortisation	(1.8)
<b>At 31 December 2021</b>	5.6

# Notes to the Consolidated Financial Statements continued

## Note 20 – Leases continued

### b) Lease liabilities:

Real estate leases	US dollars in millions
<b>At 1 January 2020</b>	<b>5.7</b>
Additions	2.4
Interest expense	0.2
Lease payments	(1.8)
Exchange differences	0.4
<b>At 31 December 2020</b>	<b>6.9</b>
Additions	2.7
Disposals	(0.7)
Interest expense	0.2
Lease payments	(2.0)
Modification	(0.9)
Exchange differences	–
<b>At 31 December 2021</b>	<b>6.2</b>

## Note 21 – Commitments

- The Company and Club Atlético de Madrid, S.A.D. ("Atlético Madrid") entered into a sponsorship agreement on 3 October 2017 under which the Company is entitled to advertise and promote itself as the main sponsor of Atlético Madrid for the 2018/19, 2019/20 and 2020/21 seasons. On 24 April 2020 the Company and Atlético Madrid signed an extension of the agreement for the season 2021/22.
- The Company and Club BSC Young Boys Betriebs AG ("BSC Young Boys") entered into a sponsorship agreement on 2 June 2020 under which the Company is entitled to advertise and promote itself as the main sponsor of BSC Young Boys for the 2020/21, 2021/22 and 2022/23 seasons.
- The Company and Club Legia Wąsewa S.A. ("Legia") entered into a sponsorship agreement on 9 August 2020 under which the Company is entitled to advertise and promote itself as the main sponsor of Legia for the 2020/21, 2021/22 and 2022/23 seasons.
- The Company and Club Atalanta Bergamasca Calcio SPA ("Atalanta") entered into a sponsorship agreement on 18 August 2020 under which the Company is entitled to advertise and promote itself as the main sponsor of Atalanta for the 2020/21, 2021/22 and 2022/23 seasons.

## Note 22 – Share capital

Composed of ordinary shares of NIS 0.01 par value, as follows:

	Number of ordinary shares as of 31 December	
	2021	2020
Authorised	<b>300,000,000</b>	300,000,000
Issued and fully paid	<b>114,888,377</b>	114,888,377
Less treasury shares*	<b>(14,663,597)</b>	(11,436,923)
Outstanding shares	<b>100,224,780</b>	103,451,454

\*Number of accumulated ordinary shares that were purchased by the Company as part of the share buyback programmes, less issue of treasury shares.

## Note 23 – Goodwill and other intangible assets, net

On 19 July 2021, Plus500US Inc., a wholly owned subsidiary of the Company, completed the acquisition of all of the membership interests of Cunningham Commodities LLC. ("Cunningham"), a regulated Futures Commission Merchant ("FCM"), and Cunningham Trading Systems LLC. ("CTS"), a technology trading platform provider, operating in the futures and options on futures market (together, the "Acquisition"). The Acquisition consideration was funded from the Company's existing cash balances and was paid on completion.

Due to the timing of the transaction closing date, the fair values assigned to assets acquired and liabilities assumed are preliminary, based on management's estimates and assumptions and may be subject to change as additional information is received. The Company expects to finalise the valuation as soon as practicable, but not later than one year from the Acquisition date. According with the purchase price allocation, Goodwill and other intangible assets, net, comprises of: Licence of \$24.2 million, Customer relationships of \$1.9 million, Technology of \$0.2 million and Goodwill of \$1.7 million.

The assets and liabilities recognised as a result of the Acquisition are as follows:

	US dollars in millions
Cash	0.5
Other receivables	6.0
Long-term other receivables	0.4
Service suppliers	(0.3)
Other payables	(1.6)
Goodwill and other intangible assets, net	28.0
Net assets acquired	<b>33.0</b>

From the Acquisition date and up to 31 December 2021, the acquired business contributed approximately 1% out of the total Group revenues for the year ended on 31 December 2021.

No impairment was recorded as of 31 December 2021.

## Note 24 – Related parties and key management

### a. Key management personnel definition:

The Directors and other members of management are classified as Persons Discharging Management Responsibility ("PDMR") in accordance with IAS 24 and the Market Abuse Regulation.

The Directors' Remuneration Report discusses all the benefits and share based compensations earned during the year and the preceding year by the Directors.

### b. Company's liability in respect of related parties and key management services (part of Other payables):

	As at 31 December	
US dollars in millions	2021	2020
Related party and key management liability	<b>11.6</b>	13.6

### c. Expenses to related parties and key management:

	Year ended 31 December	
US dollars in millions	2021	2020
Payroll and related expenses and service fees (Selling and marketing expenses)	<b>6.6</b>	7.1
Payroll and related expenses and service fees (Administrative and general expenses)	<b>10.0</b>	13.5
Non-executive Directors fees (Administrative and general expenses)	<b>1.1</b>	0.6

The average number of key management personnel during the year was 21 (FY 2020: 23).



# Notes to the Consolidated Financial Statements continued

## Note 25 – Financial risk management

The Group operates in the fields of CFDs and share dealing, as well as futures and options on futures. In the field of CFDs, the Group engages only with individual clients and offers CFDs referenced to shares, indices, commodities, options, ETFs, cryptocurrencies and foreign exchange. In the field of share dealing, the Group engages only with individual clients and offers a wide range of financial instruments comprised of the world's most popular equities, listed on major exchanges worldwide. In the field of futures and options on futures, the Group engages through a subsidiary in the US which is an FCM that clears and executes futures contracts and options on futures contracts for customers.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### a. Market risk

The management of the Group deems this risk as the highest risk the Group incurs.

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. This risk can be divided into market price risk and foreign currency risk, as described below.

The Group's market risk is managed on a Group-wide basis and exposure to market risk at any point in time depends primarily on short-term market conditions and the levels of client activity. The Group utilises market position limits for operational efficiency. Not all net client exposures are hedged and the Group may have a substantial net position in any of the financial markets in which it offers products. In 2021, the Group implemented targeted hedging, with a view to reducing market risk. This focused approach continues to be deployed in certain circumstances going forward, as and when appropriate.

The Group's market risk policy incorporates a methodology for setting market position limits, consistent with the Group risk appetite, for each financial instrument in which the Group clients can trade.

These limits are determined based on the Group clients' trading levels, volatilities and the market liquidity of the underlying financial product or asset class and represent the maximum long and short client exposure that the Group will hold without hedging the net client exposure.

The Group's real-time market position monitoring system is intended to allow it to continually monitor its market exposure against these limits. If exposures exceed these limits, the Group either hedges or new client positions are being offered in a smaller size and partially could be rejected under the Group's policy.

It is the approach of the Group to observe during the year the "natural" hedge arising from the Group's global clients in order to reduce the Group's net market exposure.

The Group's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The exposure at each statement of financial position date may therefore not be representative of the market risk exposure faced by the Group over the year. The Group's exposure to market risk is determined by the exposure limits described above which change from time to time.

### 1. Market price risk

This is the risk that the fair value of a financial instrument fluctuates as a result of changes in market prices other than due to the effect of transactional foreign currency exposures risk.

The Group has market price risk as a result of its CFDs trading activities on shares, indices, commodities, options, ETFs, cryptocurrencies and foreign exchange, part of which is naturally hedged as part of the overall market risk management. The exposure is monitored on a Group-wide basis.

Exposure limits are set by the risk department and management for each financial instrument, and also for groups of financial instruments where it is considered that their price movements are likely to be positively correlated. The exposures are being reviewed by the Risk & Regulatory Committee.

Daily profit on closed positions:

US dollars in millions	2021	2020
Highest profit	16.0	76.9
Highest loss	(3.9)	(20.9)
Average	1.9	2.4

## Note 25 – Financial risk management continued

### a. Market risk continued

#### 2. Foreign currency risk

Transactional foreign currency exposures represent financial assets or liabilities denominated in currencies other than the functional currency of the Group. Transaction exposures arise in the normal course of business.

Foreign currency risk is managed on a Group-wide basis, while the Group exposure to foreign currency risk is not considered by the Board of Directors to be significant. The Group monitors transactional foreign currency risks including currency statement of financial position exposures, equity, commodity, interest and other positions denominated in foreign currencies and trades on foreign currencies.

If the US dollar had strengthened by 1% in respect of balances denominated in other currencies, with all other variables unchanged, the exposure on income after taxes in respect of those balances would be a gain (loss) of:

US dollars in millions	As of 31 December	
	2021	2020
EUR	(0.1)	(0.5)
AUD	(0.1)	(0.9)
GBP	(0.1)	0.1
ILS	(1.0)	–

The exposure in respect of balances denominated in other currencies is immaterial.

### b. Credit risk

The Group operates a real-time mark-to-market trading platform with customers' profits and losses being credited and debited automatically to their accounts.

Under the Group's policy, customers cannot owe the Group funds when losing more than they have in their accounts, all customer accounts are pre-funded.

**Client credit risk** – Client credit risk principally arises when a customer's total funds deposited (margin and free equity) are insufficient to cover any trading losses incurred. In particular, customer credit risk can arise where there are significant, sudden movements in the market (e.g. due to high general market volatility or specific volatility relating to an individual financial instrument in which a customer has an open position).

The Group's offering is margin-traded. If the market moves adversely by more than the customer's maintenance margin, the Group is exposed to customer credit risk.

The principal types of customer credit risk exposures are managed by monitoring all customer positions on a real-time basis. If customers' funds are below the required margin level, customers' positions are liquidated (margin call).

**Institutional credit risk** – The risk that financial counterparties will not meet their obligation, risking both client and the Group's assets.

The carrying amount of the Group's financial assets represents their maximum exposure to credit risk.

The Group has no material financial assets that are past due or impaired as at the reporting dates.

As of 31 December 2021 and 2020, counterparties holding the Group's cash and cash equivalents, credit cards, client funds and deposits, have credit ratings as follows:

Credit rating*	2021	2020
AA+ to AA-	21%	27%
A+ to A-	73%	46%
BBB+ to B+	2%	25%
Remaining counterparties	4%	2%

\* The financial institutions were rated by the same third party.

# Notes to the Consolidated Financial Statements continued

## Note 25 – Financial risk management continued

### b. Credit risk continued

As of 31 December 2021 the amounts held by the remaining counterparties are held in several banks worldwide. The balance in each of those banks does not exceed 2% (2020: 1%) of total cash and cash equivalents, credit cards, client funds and deposits.

The Group's largest credit exposure to any single bank as of 31 December 2021 was \$240.1 million or 22% of the exposure to all banks (2020: \$217.1 million or 20%).

### c. Concentration risk

Concentration risk is defined as all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of the Group. In respect of financial risk, such exposures may be caused by credit risk, market risk, liquidity risk or a combination or interaction of those risks.

### d. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or other financial assets.

Liquidity risk is managed centrally and on a Group-wide basis. The Group's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its financial liabilities when due, under both normal circumstances and stressed conditions.

The Group's approach is to ensure that there will be no material liquidity mismatches with regard to liquidity maturity profiles due to the very short-term nature of its financial assets and liabilities.

A result of this policy is that short-term liquidity "gaps" can potentially arise in periods of very high client activity or significant increases in global financial market levels.

The contractual maturity of the financial liabilities to service suppliers is generally up to two months.

### e. Capital management

#### 1) Plus500UK

The UK Subsidiary is regulated by the FCA.

The UK Subsidiary manages its capital resources on the basis of regulatory capital requirements ("Pillar 1") and its own assessment of capital required to support all material risks throughout the business ("Pillar 2"). The UK Subsidiary manages its regulatory capital through an Internal Capital Adequacy Assessment Process (known as the ICAAP) in accordance with guidelines and rules implemented by the FCA. Both Pillar 1 and Pillar 2 assessments are compared with total available regulatory capital on a daily basis and monitored by the management of the Group.

As at 31 December 2021 and 2020, the UK Subsidiary had £43.9 million and £41.8 million, respectively, of regulatory capital resources, which is in excess of both its regulatory capital requirement (Pillar 1) and the internally measured capital requirement (Pillar 2).

#### 2) Plus500CY

The CY Subsidiary is regulated by CySEC.

The CY Subsidiary manages its capital resources on the basis of regulatory capital requirements ("Pillar 1") and its own assessment of capital required to support all material risks throughout the business ("Pillar 2"). The CY Subsidiary manages its regulatory capital through an Internal Capital Adequacy and Risk Assessment Process ("ICARA") in accordance with guidelines and rules implemented by CySEC.

The CY Subsidiary monitors on a frequent basis its Pillar 1 capital requirements and ensures that its capital position remains always above the minimum regulatory thresholds. As of 31 December 2021 and 2020, the regulatory capital of the CY Subsidiary was €90.4 million and €71.7 million, respectively, which is in excess of both its regulatory capital requirement (Pillar 1) and the internally measured capital requirement (Pillar 2).

As of the 26 of June 2021, the capital adequacy and overall risk management requirements that applied to the Company, under the Capital Requirements Regulation & Directive ("CRR & CRDIV") prudential framework, have been replaced by amended prudential rules. The Internal Capital Adequacy Assessment Process ("ICAAP") were replaced by ICARA.

As at 31 December 2021 and 2020, Pillar 1 Capital Adequacy ratio was 174.1% and 111.8% respectively. Moreover, the Group is evaluating its overall risk profile and capital position through its internal capital adequacy assessment process, which is performed at least on an annual basis.

## Note 25 – Financial risk management continued

### e. Capital Management continued

#### 3) Plus500AU

The AU Subsidiary is regulated by ASIC, FMA and FSCA.

The AU Subsidiary manages its capital resources on the basis of regulatory capital requirements and its own assessment of capital required to support all material risks. The AU Subsidiary manages its capital through its Net Tangible Assets ("NTA") assessment in accordance with rules and guidelines implemented by ASIC and FMA and Capital Liquidity assessment in accordance with rules and guidelines implemented by FSCA.

As at 31 December 2021 and 2020, the AU Subsidiary held NTA of AUD 38.2 million and AUD 33.2 million, respectively, of regulatory capital, which is in excess of its NTA requirements from ASIC, FMA and FSCA.

#### 4) Plus500SG

The SG Subsidiary is regulated by MAS.

The SG Subsidiary manages its capital resources on the basis of regulatory capital requirements and its own assessment of capital required to support all material risks. The SG Subsidiary manages its capital in accordance with rules and guidelines implemented by MAS.

As at 31 December 2021 and 2020, the SG Subsidiary held regulated capital of SGD 8.3 million and SGD 7.8 million, respectively, of regulatory capital, which is in excess of its MAS requirements.

#### 5) Plus500IL

The IL Subsidiary is regulated by the ISA.

The IL Subsidiary manages its capital resources on the basis of regulatory capital requirements and its own assessment of capital required to support all material risks. The IL Subsidiary manages its capital in accordance with rules and guidelines implemented by ISA.

As at 31 December 2021 and 2020, the IL Subsidiary held regulated capital of \$11.2 million and \$10.2 million, respectively, of regulatory capital, which is in excess of its ISA requirements.

#### 6) Plus500SEY

The SEY Subsidiary is regulated by the FSA.

The SEY Subsidiary manages its capital resources on the basis of regulatory capital requirements and its own assessment of capital required to support all material risks. The SEY Subsidiary manages its capital in accordance with rules and guidelines implemented by FSA.

#### 7) Cunningham Commodities

Cunningham Commodities is a Futures Commission Merchant ("FCM") and is registered with CFTC and a member of the NFA.

As at 31 December 2021, the Cunningham Commodities Subsidiary had adjusted net capital of \$22.0 million, which is in excess of CFTC Regulation 1.17 and the minimum capital requirements of the CME Group Inc.

### f. Other business risks

The Group's business is subject to various laws and regulations in different countries according to its activity and other countries from where the Company operates. Any regulatory actions, tax or legal challenges against the Group for non-compliance with any regulatory or legal requirement could result in significant fines, penalties, or other enforcement actions, increased costs of doing business through adverse judgement or settlement, reputational harm, the diversion of significant amounts of management time and operational resources, and could require changes in compliance requirements or limits on the Group's ability to expand its product offerings, or otherwise harm or have a material adverse effect on the Group's business.

### g. Fair value estimation

Financial derivative open positions (offset from, or presented with, deposits from clients within "Trade payable – due to clients") (see also Note 19) are measured at fair value through profit or loss using valuation techniques. The said valuation techniques are based on inputs other than quoted prices in active markets that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since all significant inputs required for the fair value estimations of the said instruments are observable, the said instruments are included in level 2.

# Notes to the Consolidated Financial Statements continued

## Note 25 – Financial risk management continued

### g. Fair value estimation continued

Specific valuation techniques used to value financial instruments are based on quoted market prices at the consolidated statement of financial position date and an additional predetermined amount (trading spread).

## Note 26 – Cash generated from operations

US dollars in millions	Year ended 31 December	
	2021	2020
<b>Cash generated from operating activities</b>		
Net income for the year	<b>310.6</b>	500.1
<b>Adjustments required to reflect the cash flows from operating activities:</b>		
Depreciation and amortisation	<b>0.7</b>	0.6
Amortisation of right of use assets	<b>1.8</b>	1.7
Lease modification	<b>(0.2)</b>	–
Liability for share based compensation	<b>6.8</b>	11.7
Settlement of share based compensation	<b>(8.4)</b>	(5.2)
Equity share based compensation	<b>4.9</b>	1.8
Taxes on income	<b>75.8</b>	23.2
Interest expenses in respect of leases	<b>0.2</b>	0.2
Exchange differences in respect of leases	<b>–</b>	0.4
Interest income	<b>(6.2)</b>	(5.2)
Foreign exchange losses (gains) on operating activities	<b>4.3</b>	(8.3)
	<b>79.7</b>	20.9
<b>Operating changes in working capital:</b>		
Decrease (increase) in other receivables and others	<b>(16.9)</b>	1.9
Increase (decrease) in trade payables due to clients	<b>(0.4)</b>	0.8
Increase (decrease) in other payables	<b>17.3</b>	10.4
Increase (decrease) in service suppliers	<b>(7.3)</b>	12.5
	<b>(7.3)</b>	25.6
<b>Cash generated from operating activities</b>	<b>383.0</b>	546.6

## Note 27 – Subsequent events

In January 2022, the Company's status as a Preferred Technological Enterprise ("PTE"), as accredited by the ITA under the tax regime in Israel, has been extended for the years 2022, 2023, 2024, 2025 and 2026 (see Note 10).

In February 2022, the Group obtained an operating licence in Estonia, granted by the Estonian Financial Supervision Authority ("EFSA").

On 15 February 2022, the Company declared a final dividend in an amount of \$37.8 million (\$0.3777 per share). The dividend record date is 25 February 2022 and it will be paid to the shareholders on 11 July 2022.

On 15 February 2022, the Company declared a special dividend in an amount of \$22.2 million (\$0.2218 per share). The dividend record date is 25 February 2022 and it will be paid to the shareholders on 11 July 2022.

On 15 February 2022, the Company declared the adoption of a share buyback programme to buy back an amount of up to \$55.0 million of the Company's ordinary shares, comprised of a regular new share buyback programme in the amount of \$25.2 million and a special share buyback programme in the amount of \$29.8 million.

In March 2022, the Company completed the acquisition of 100% of the issued and outstanding share capital of EZ Invest Securities Co., Ltd., a Type 1 Financial Instruments Business Operator regulated by the Financial Services Agency in Japan. This acquisition was funded from the Company's existing cash balances, with a non-significant consideration amount.





# Further information

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