



15 February 2022

**Preliminary Unaudited Results
for the year ended 31 December 2021**

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Plus500 Ltd.
("Plus500", the "Company" or together with its subsidiaries the "Group")

Preliminary Unaudited Results for the year ended 31 December 2021
Outstanding operational and financial performance throughout the year

Plus500, a global multi-asset fintech group operating proprietary technology-based trading platforms, today announces its unaudited preliminary results for the year ended 31 December 2021.

Financial Highlights:

	FY 2021*	FY 2020	<i>Change %</i>	FY 2019	<i>Change %</i>
Revenue	\$718.7m	\$872.5m	(18%)	\$354.5m	103%
EBITDA ¹	\$387.1m	\$515.9m	(25%)	\$192.3m	101%
EBITDA Margin %	54%	59%	(8%)	54%	-
Cash balance at year end	\$749.5m	\$593.9m	26%	\$292.9m	156%

	Q4 2021*	Q4 2020*	<i>Change %</i>	Q4 2019*	<i>Change %</i>
Revenue	\$161.1m	\$91.9m	75%	\$95.9m	68%
EBITDA	\$70.9m	\$19.9m	256%	\$56.6m	25%
EBITDA Margin %	44%	22%	100%	59%	(25%)

*Unaudited

Operational Highlights*:

	FY 2021	FY 2020	<i>Change %</i>	FY 2019	<i>Change %</i>
Number of New Customers ²	196,336	294,728	(33%)	91,388	115%
Number of Active Customers ³	407,374	434,296	(6%)	199,720	104%
ARPU ⁴	\$1,764	\$2,009	(12%)	\$1,775	(1%)
AUAC ⁵	\$877	\$750	17%	\$1,046	(16%)

	Q4 2021	Q4 2020	<i>Change %</i>	Q4 2019	<i>Change %</i>
Number of New Customers	33,187	50,314	(34%)	19,489	70%
Number of Active Customers	171,922	215,305	(20%)	99,247	73%
ARPU	\$937	\$427	119%	\$966	(3%)
AUAC	\$1,502	\$916	64%	\$1,124	34%

*Unaudited

Key Headlines:

An outstanding year of positive operational and financial momentum, ahead of market expectations⁶:

- Excellent performance across all key metrics, including consistently strong levels of Customer Income⁷
- Significant milestone of over 22 million registered customers achieved on Plus500's platforms during the year
 - Major opportunity to leverage this latent customer base, through retention, activation and monetisation activities, including new premium account offering
- Continued high customer engagement, driven by Plus500's market-leading technology-based offering and brand recognition
- Robust financial position further strengthened, with substantial improvement in cash balance

¹ EBITDA – Earnings before interest, taxes, depreciation and amortisation

² New Customers – Customers depositing for the first time

³ Active Customers – Customers who made at least one real money trade during the period

⁴ ARPU – Average Revenue Per User

⁵ AUAC – Average User Acquisition Cost

⁶ Market expectations based on compiled analysts' consensus forecasts, which can be found on the Investor Relations section of the Company's website

⁷ 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 in the US and from Plus500 Invest, the Group's share dealing platform)

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

- Strategy developed in FY 2020 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 in the US – 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' – further roll-out in FY 2022
- On-going organic investments in marketing technologies, PR campaigns, technology innovation and product development, supported by the established R&D centres in Israel

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

- New Independent Non-Executive Directors appointed, including Professor Jacob A. Frenkel as Chairman, expanding range of the Board's experience and further diversifying its composition, as well as enabling greater access to new growth markets, in particular the US
- New regulatory license in Estonia, granted by the Estonian Financial Supervision Authority on 7 February 2022, complementing the Group's existing portfolio of nine regulatory licenses around the world
- Consistent focus on customer care and protection
- Targeted hedging strategy initiated to minimise market risk

Attractive returns continue to be delivered to shareholders, including \$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, announced today, to be distributed in July 2022
 - Special dividend of \$22.2m, \$0.2218 per share, announced today, to be distributed in July 2022
 - Interim dividend of \$60.0m, \$0.5921 per share, distributed in November 2021
- Share buyback programmes in respect of FY 2021 of \$80.2m, including \$67.6m in H2 2021, comprising:
 - New programme, announced today, 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
 - 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

The Board expects Plus500 to deliver sustainable medium to long term growth:

- Growth to be achieved from all of Plus500's product offerings over the medium to long term
- Board remains confident about the Group's prospects for FY 2022
 - Positive momentum has continued to date in FY 2022
 - Driven by on-going underlying strength of Customer Income

David Zruia, Chief Executive Officer, commented:

"Plus500 delivered another 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.

"Our future growth will be delivered through continued development of our technology, particularly in relation to driving customer retention, successfully obtaining new operating licenses and launching new products. These growth opportunities will be achieved by continued organic investments in our business and through additional acquisitions.

"With the Group having further strengthened its strategic position during 2021, and with a positive start to the new financial year, the Board continues to expect that Plus500 will deliver sustainable growth over the medium to long term."

For further details:

Plus500 Ltd.

Elad Even-Chen, Chief Financial Officer
Rob Gurner, Head of Investor Relations

+972 4 8189503
+44 7825 189088
ir@Plus500.com

MHP Communications

Reg Hoare, Rachel Mann, Pete Lambie

+44 20 3128 8570
Plus500@mhpc.com

Investor and analyst audiocast:

Plus500 will host an audiocast for investors and analysts at 9.00 a.m. UK time today, which can be accessed via the following link: <https://www.investis-live.com/plus500/61e069c00ba3f01200059e2f/ouht>. The audiocast can also be accessed by dialing +44 20 3936 2999 and using the following access code: 425745. The presentation materials and a recording of the audiocast will be available at <https://investors.plus500.com/Reports/Presentation>.

About 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 in the US.

The Group retains operating licenses and is regulated in the United Kingdom, Australia, Cyprus, Israel, New Zealand, South Africa, Singapore, the United States, Estonia and the Seychelles and through its CFDs product portfolio, offers more than 2,500 different underlying global financial instruments, comprising equities, indices, commodities, options, ETFs, foreign exchange and cryptocurrencies. Customers of the Group can trade CFDs in more than 50 countries and in 30 languages. Plus500 does not permit customers located in the US to trade CFDs.

In 2021, the Company acquired Cunningham Commodities LLC, a Futures Commission Merchant, and Cunningham Trading Systems LLC, a technology trading platform provider, both of which operate in the futures and options on futures market in the US, enabling Plus500 immediate access to that sizable and growing market. Also in 2021, the Company launched a new share dealing platform, ‘Plus500 Invest’, across a number of product offerings, including a wide range of financial instruments comprising of the world’s most popular equities, listed on major exchanges worldwide.

Plus500 does not utilise cold calling techniques and does not offer binary options. Plus500’s trading platforms are accessible from multiple operating systems (Windows, iOS and Android) and web browsers. Customer care is and has always been integral to Plus500, as such, CFD customers cannot be subject to negative balances. A free demo account is available on an unlimited basis for CFD platform users and sophisticated risk management tools are provided free of charge to manage leveraged exposure, and stop losses to help customers protect profits, while limiting capital losses.

Plus500 shares have a premium listing on the Main Market of the London Stock Exchange (symbol: PLUS) and are a constituent of the FTSE 250 index. www.plus500.com

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (“MAR”). Upon the publication of this announcement via Regulatory Information Service (“RIS”), this inside information is now considered to be in the public domain.

Forward looking statements

This announcement contains statements that are or may be forward-looking statements. All statements other than statements of historical facts included in this announcement may be forward-looking statements, including statements that relate to the Company's future prospects, developments and strategies. The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "targets", "expects", "aim", "anticipate", "projects", "would", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements in this announcement are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results to differ materially from those expressed or implied by such forward looking statements include, but are not limited to, those described in the risk factors. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such entity and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. Each forward-looking statement speaks only as at the date of this announcement. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Review of FY 2021 Results

A ground-breaking year for Plus500 in a rapidly evolving market environment

FY 2021 was another year of major operational, financial and strategic success for Plus500, building on its long term track record of performance since the Group's IPO in 2013. Since the IPO year, Plus500 has delivered revenue CAGR⁸ of 25.7%, resilient EBITDA margins averaging 57% and high levels of cash generation and conversion. This has culminated in the Company returning approximately \$1.4 billion to shareholders in dividends and share buyback programmes over that period.

In summary, FY 2021 was a ground-breaking year for Plus500, with positive momentum achieved and excellent progress made in developing the Group's strategic position as a global multi-asset fintech group. As a result, supported by a clear and rigorous plan to further invest in technology, marketing, product and people, the Group enters FY 2022 in an excellent financial, operational and strategic position.

Following the Group's performance in recent years, Plus500 is well placed to access a number of major growth opportunities, driven by its market-leading proprietary technology platforms, with a diversified and actively expanding product portfolio across a number of asset classes and markets, supported by best-in-class product execution and platform delivery. This is supplemented by Plus500's diversified approach to marketing technology, encompassing big data optimisation and artificial intelligence technologies.

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

The Group achieved further success during FY 2021 in developing its position as a global multi-asset fintech group, through organic investments and acquisitions. This progress has continued to drive diversification of the Group's revenue streams, product range and geographic footprint, based on its strategic roadmap of:

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

Expanding Plus500's core product offering

Plus500 has a long track record in innovating its proprietary technology platforms and continues to lead the market in key strategic regions. Importantly, the Group's offering is aligned with regulatory requirements in the countries in which it operates, ensuring customer protection.

The Group made on-going investments during the year in its core product offering of CFDs, with further expansion in the range of features, functionality and instruments, as well as product enhancements, offered to customers. Such elements, some of which were introduced in response to feedback and insights from customers, have helped to further optimise customer experience on the CFD platform and ultimately drive customer retention.

As a result, Plus500 maintained its market-leading positions in key strategic markets, including Germany⁹ and Spain¹⁰, was ranked as the fastest-growing trading platform in the UK¹¹, and was ranked as the most chosen CFD platform for its Mobile App in Australia¹² and in Singapore¹³. In addition, the Plus500 app has now achieved over 10 million installs on Google Play¹⁴ and achieved a "Top 100 finance apps" ranking in 36 countries on Google Play and in 35 countries on the Apple Store¹⁵. 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.

⁸ Compound annual growth rate

⁹ By total number of customer relationships. Investment Trends 2021 Germany Leveraged Trading Report

¹⁰ By total number of customer relationships. Investment Trends 2021 Spain Leveraged Trading Report

¹¹ Year on year active trader numbers. Investment Trends 2021 UK Leverage Trading Report

¹² Investment Trends 2021 Australia Leverage Trading Report

¹³ Investment Trends 2021 Singapore Leverage Trading Report

¹⁴ Google Play as at 2 February 2022

¹⁵ App Annie as at 20 December 2021

With substantial untapped customer demand potentially available outside of Plus500's current geographic footprint, the Group continues to target a number of new potential markets in which to launch its core product offering. This will be achieved by obtaining operating licenses in those markets, either organically or via acquisitions, with current target markets including various countries in the Americas, Asia and the Middle East.

Launching new trading and financial products

During FY 2021, the Group made significant headway in diversifying its product portfolio and geographic footprint.

Firstly, Plus500 executed the US acquisitions of Cunningham Commodities LLC., a regulated Futures Commission Merchant, and Cunningham Trading Systems LLC., a technology trading platform provider, which established the Group's position in the futures and options on futures markets in the US. Through these transactions, Plus500 immediately expanded its geographic footprint and product offering in the significantly growing, but under-penetrated, US 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 specialists recruited during FY 2021 with a specific focus 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 US customers looking for new trading opportunities and ideas.

To this end, Plus500 aims to be a technology disruptor in this market, where the competitive environment is fragmented, the utilisation of technology platform 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.

Secondly, during the year, the Group successfully launched a share dealing platform, 'Plus500 Invest', in over 15 countries across Europe. 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' was also recently launched as a native application on the Android operating system and will be rolled out on iOS and in additional target markets in FY 2022, with new equities and ETFs to be added to the product offering. This will help to drive further the expansion of the Group's product range and geographic footprint in the future.

Deepening engagement with customers

In accordance with the Company's plan to incrementally invest approximately \$50m in its R&D capability between FY 2021 and FY 2023, the Company continued to invest in technology innovation and product development during the year, which has ultimately helped to drive a deeper engagement with customers.

This investment included the Company's on-going recruitment of talented engineers, programmers, web designers and product managers during the year at the Company's R&D centres in Israel. The Company will continue to significantly invest and scale its R&D capabilities to support existing and future technology innovation and product development, as well as executing major customer-focused initiatives around retention, monetisation and activation, in line with its strategic roadmap.

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 further drive its strategic position as a global multi-asset fintech group.

Another year of excellent performance, with operational KPIs well ahead of pre-pandemic levels

The Group delivered continued operational momentum in FY 2021, driven by another very strong year of customer acquisition, which was well ahead of pre-pandemic levels. The Group onboarded a total of 196,336 New Customers in FY 2021 (FY 2020: 294,728, FY 2019: 91,388). This included 33,187 New Customers onboarded in Q4 2021 (Q4 2020: 50,314, Q4 2019: 19,489).

The Group's base of Active Customers during FY 2021 also remained well ahead of pre-pandemic levels, at 407,374 (FY 2020: 434,296, FY 2019: 199,720). The development of the Group's customer base over recent years has been driven by continued significant investment in its marketing technology, as well as an on-going focus on initiatives to drive customer retention, monetisation and activation.

Customer Churn¹⁶ in FY 2021 was 51.4% (FY 2020: 30.1%, FY 2019: 64.4%), including 16.6% in Q4 2021 (Q4 2020: 16.7%, Q4 2019: 28.1%), following the heightened levels of New Customers on-boarded in the prior year.

As further evidence of the long-term value creation being delivered by Plus500's 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.

Furthermore, the cumulative average revenue from Active Customers who first started trading during 2015 was approximately \$5,000 as at the end of FY 2021, highlighting the long-term, sustainable value of the Group's customer base.

Customer loyalty remained strong, with 79% of the Group's FY 2021 revenues derived from customers trading on the trading platform for more than a year (FY 2020: 66%, FY 2019: 73%), 35% for more than three years (FY 2020: 38%, FY 2019: 27%) and 16% for more than five years (FY 2020: 14%, FY 2019: 11%).

Client deposits remained high in FY 2021 at \$2.1 billion (FY 2020: \$2.9 billion, FY 2019: \$1.0 billion), highlighting the continued strong level of confidence that customers have in Plus500.

ARPU remained resilient at \$1,764 in FY 2021 (FY 2020: \$2,009, FY 2019: \$1,775), including \$937 in Q4 2021 (Q4 2020: \$427, Q4 2019: \$966).

AUAC was \$877 in FY 2021 (FY 2020: \$750, FY 2019: \$1,046), including \$1,502 in Q4 2021 (Q4 2020: \$916, Q4 2019: \$1,124), due to on-going investment 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 ROI¹⁷.

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.

Operational delivery drove another outstanding financial performance

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.

The Group generated total revenue in FY 2021 of \$718.7m (FY 2020: \$872.5m, FY 2019: \$354.5m), including revenue of \$161.1m in Q4 2021 (Q4 2020: \$91.9m, Q4 2019: \$95.9m).

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), including \$166.7m in Q4 2021 (Q4 2020: \$200.6m, Q4 2019: \$100.2m).

¹⁶ Customer Churn - $\frac{[(\text{Active Customers (T)} + \text{New Customers (T+1)}) - \text{Active Customers (T+1)}]}{\text{Active Customers (T)}}$

¹⁷ ROI - Return on Investment

Customer Trading Performance¹⁸ was \$15.9m during FY 2021 (FY 2020: \$(125.0m), FY 2019: \$(27.9m)), including \$(5.6m) in Q4 2021 (Q4 2020: \$(108.7m), Q4 2019: \$(4.3m)). 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), including \$70.9m in Q4 2021 (Q4 2020: \$19.9m, Q4 2019: \$56.6m).

EBITDA margin remained strong during FY 2021 at 54% (FY 2020: 59%, FY 2019: 54%), including 44% in Q4 2021 (Q4 2020: 22%, Q4 2019: 59%).

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).

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 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.

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.

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).

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.

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 in 2008, with cash balances and cash equivalents at the end of FY 2021 of \$749.5m (FY 2020: \$593.9m, FY 2019: \$292.9m).

¹⁸ Customer Trading Performance - gains/losses on customers' trading positions

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.

Plus500's proprietary technology remains the key driver to the Group's success

Plus500's market-leading 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.

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.

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.

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 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.

Marketing

Plus500 continues to invest in targeted and efficient marketing technology initiatives, including big data and Artificial Intelligence (AI) technologies. 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.

Risk management and regulatory compliance remain cornerstones of the Group's approach

The Group aims to ensure its risk exposures are aligned with its risk appetite across its product portfolio, with market risk being managed through "internalisation", with the Group exercising targeted hedging for any remaining exposure which may have breached pre-defined risk limits. This is supported by real-time monitoring technology which is embedded in the Group's platforms.

This 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 is currently investigating and testing a more holistic, automated hedging capability and will provide information on this approach, if and when it is implemented.

The Group maintains a highly robust, customer-centric approach to compliance, supported by its expertise in the applicable global regulatory standards and its long-standing relationships with the regulators in the markets and industries in which it operates. The Company also has the technological skills and capabilities to ensure that it can efficiently react with speed to any regulatory changes that occur. This approach has continued to deliver consistent results and has helped to support the Group's performance since its inception.

The Group supports measures introduced by regulators in the industries and markets in which it operates, with a view to ensuring better care and protection for all customers. The Group's approach to regulatory compliance is based on product governance, as well as clear and transparent marketing and disclosure.

In the industries in which the Group operates, global regulatory alignment has continued, 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 Australia in Q1 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 the Group's initial expectations.

With an established global regulatory network, managed by its regulated subsidiaries and overseen centrally, the Group remains well positioned for potential future changes to the regulatory environment across the markets in which it operates.

The Group's portfolio of operating licenses was further strengthened with the addition of a new license in Estonia, granted by the Estonian Financial Supervision Authority on 7 February 2022. This new license will further support the Group's business across European markets in its core product offering and is supported by the establishment of a new local operating subsidiary.

This portfolio of licenses is an increasingly valuable asset for the Group, given its scarcity and the growing complexity of obtaining new licenses.

Continued focus on Environmental, Social and Governance ("ESG") priorities

The Company remains focused on its key priorities in ESG, supported by on-going engagement with shareholders and potential investors, analysts, shareholder advisory bodies and ESG ratings agencies.

In FY 2020, the Board's ESG Committee initiated a materiality assessment to identify key ESG priorities and risk factors, to help establish a framework for the Group's future approach in these areas and, ultimately, to increase the Group's resilience over the long term.

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

Customer care and protection

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, the Group continues to introduce educational and training tools and features on its platforms, to help inform customers of the potential risks involved in trading, as well as ensuring risk warnings are prominent on its platforms and marketing materials.

Organisational culture

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. This has created 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. The Group aims to replicate this cultural mindset in each of its global subsidiaries.

The Group is also dedicated to the wellbeing of its employees 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.

Leadership and governance

There were a number of Independent Non-Executive Director appointments made to the Board during the year, including the appointment of the renowned global economist and business leader, Professor Jacob A. Frenkel, as Chairman of the Board.

The Board's additional Independent Non-Executive Director appointments made during the year have broadened the range of the Board's experience and expertise and further diversified its gender composition. These appointments ensure that the representation of women on the Board is ahead of the 33% target set by the "FTSE Women Leaders Review" framework. In addition, through their global networks of contacts, each of these appointments has enabled greater access to new growth markets, in particular the US.

Continued engagement with investment community

The Company continues to place major emphasis and focus on engagement with key stakeholders within the global investment community, supported by the recent launch of a refreshed dedicated Investor Relations website (<https://investors.plus500.com>).

Throughout FY 2021, Plus500 Executive Management maintained regular contact with shareholders and potential investors, while the Chairman, Professor Frenkel, met the Company's major shareholders.

In FY 2022, the Company is making further efforts to enhance and expand the range, reach and focus of its investor contact programme, through additional communication channels and platforms, including by utilising the established global relationship networks of the Board's Non-Executive Directors, in particular Professor Frenkel, with his long track record and experience in the US.

Environmental impact

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. 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.

To assist investors in further understanding the Group's areas of priority in ESG, Plus500's Annual Report for FY 2021, to be published in March 2022, will include additional detail and new disclosure relating to the Group's approach to various ESG matters.

Attractive returns continue to be delivered to shareholders

Since its IPO in 2013, including those announced today, the Company has returned \$1,396.6m to shareholders, of which \$1,128.1m was through dividend payments and \$268.5m was through share buyback programmes. At 31 December 2021 the Company held in treasury a total of 14,663,597 ordinary shares, representing 12.8% of the Company's issued share capital (the total treasury shares held by the Company comprise the shares purchased during the abovementioned period less issued treasury shares).

The Board will continue to assess the availability of excess capital going forward, to ensure there continues to be an optimal balance between shareholder returns, investments in future growth and in driving business continuity over the long term, in particular to 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. This position will be assessed and reviewed on a regular basis, subject to market conditions and the Group's strategic, operational and financial position.

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.

The Board is pleased to declare today a total distribution of final and special dividends and new share buyback programmes, including a special buyback programme, of \$115.0m in relation to FY 2021.

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 has 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 has resolved in principle to conduct 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 programme 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.

The Board expects Plus500 to deliver sustainable medium to long term growth

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

This expectation is supported by the Group's significant operational and financial momentum over recent years, which validates Plus500's clear and comprehensive strategic roadmap. Future growth will be enabled by the Company's on-going investment in developing its 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 the Group 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.

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Year ended 31 December	
		2021	2020
		U.S. dollars in millions	
TRADING INCOME		718.7	872.5
Selling and marketing expenses		279.8	315.4
Administrative and general expenses		54.3	43.5
OPERATING PROFIT		384.6	513.6
Financial income		10.4	16.6
Financial expenses		8.6	6.9
FINANCIAL INCOME, NET		1.8	9.7
PROFIT BEFORE INCOME TAX		386.4	523.3
INCOME TAX EXPENSE		75.8	23.2
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR		310.6	500.1
Basic earnings per share (In U.S. dollars)	6	3.06	4.71
Diluted earnings per share (In U.S. dollars)	6	3.05	4.71

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Note	As of 31 December	
		2021	2020
		U.S. dollars in millions	
ASSETS			
Non-current assets			
Property, plant and equipment		2.6	2.5
Goodwill and other intangible assets, net		28.0	-
Right of use assets		5.6	6.0
Long term other receivables		4.4	1.7
Total non-current assets		40.6	10.2
Current assets			
Income tax receivable		-	6.1
Other receivables		32.7	10.0
Cash and cash equivalents		749.5	593.9
Total current assets		782.2	610.0
TOTAL ASSETS		822.8	620.2
LIABILITIES			
Non-current liabilities			
Lease liabilities (net of current maturities)		4.2	5.3
Share-based compensation		0.3	1.8
Total non-current liabilities		4.5	7.1
Current liabilities			
Share-based compensation		7.3	7.4
Income tax payable		89.9	2.2
Other payables		41.7	22.8
Service suppliers		15.5	22.5
Current maturities of lease liabilities		2.0	1.6
Trade payables – due to clients	7	0.6	1.0
Total current liabilities		157.0	57.5
TOTAL LIABILITIES		161.5	64.6
EQUITY			
Ordinary shares	4	0.3	0.3
Share premium		22.2	22.2
Cost of Company's shares held by the Company		(207.5)	(145.7)
Retained earnings		846.3	678.8
Total equity		661.3	555.6
TOTAL EQUITY AND LIABILITIES		822.8	620.2

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Ordinary shares	Share premium	Cost of Company's shares held by the Company	Retained earnings	Total
	U.S. dollars in millions				
BALANCE AT 1 JANUARY 2020	0.3	22.2	(57.0)	318.6	284.1
CHANGES DURING THE YEAR ENDED 31 DECEMBER 2020					
Profit and comprehensive income for the year	-	-	-	500.1	500.1
Share based compensation	-	-	-	1.8	1.8
TRANSACTION WITH SHAREHOLDERS:					
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)
BALANCE AT 31 DECEMBER 2020	<u>0.3</u>	<u>22.2</u>	<u>(145.7)</u>	<u>678.8</u>	<u>555.6</u>
CHANGES DURING THE YEAR ENDED 31 DECEMBER 2021					
Profit and comprehensive income for the year	-	-	-	310.6	310.6
Share based compensation	-	-	-	4.9	4.9
TRANSACTION WITH SHAREHOLDERS:					
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)
BALANCE AT 31 DECEMBER 2021	<u>0.3</u>	<u>22.2</u>	<u>(207.5)</u>	<u>846.3</u>	<u>661.3</u>

Plus500 LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Year ended 31 December	
	2021	2020
	U.S. dollars in millions	
OPERATING ACTIVITIES:		
Cash generated from operations (see Note 8)	383.0	546.6
Income tax received (paid), net	16.3	(23.1)
Interest received, net	6.2	5.2
Net cash flows provided by operating activities	<u>405.5</u>	<u>528.7</u>
INVESTING ACTIVITIES:		
Acquisition of subsidiaries, net of cash acquired	(32.5)	-
Purchase of property, plant and equipment	(0.8)	(0.3)
Net cash flows used in investing activities	<u>(33.3)</u>	<u>(0.3)</u>
FINANCING ACTIVITIES:		
Dividend paid to equity holders of the Company	(144.9)	(141.6)
Payment of principal in respect of lease liabilities	(2.0)	(1.8)
Acquisition of treasury shares	(64.9)	(88.8)
Net cash flows used in financing activities	<u>(211.8)</u>	<u>(232.2)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	160.4	296.2
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	593.9	292.9
Gains (losses) from effects of exchange rate changes on cash and cash equivalents	(4.8)	4.8
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>749.5</u>	<u>593.9</u>

Plus500 LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - GENERAL INFORMATION

Information on activities

Plus500 Ltd. (hereafter – the “Company”) and its subsidiaries (hereafter – 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 in the US. 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.

The Group’s offering is available internationally with a 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 and the Commodities Futures Trading Commission (CFTC) in the US.

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 has been a FTSE250 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of accounting and accounting policies

The Group’s consolidated financial information as at 31 December 2021 and 2020 and for each of the two year periods 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 (hereafter – IFRS).

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, 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 condensed consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. 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 3 - INCOME TAX EXPENSES

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 January 1, 2017 ("2017 Amendment")

The 2017 Amendment was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits, as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a Preferred Technology 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 Preferred Technology Enterprise, 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 (hereafter – "ITA") allowing for a reduced tax rate).

Company taxation in Israel

The full corporate tax rate in Israel for the years 2021 and 2020 is 23%.

Under the amendment of the Law for the Encouragement of Capital Investments which became effective in January 2017, provided the conditions stipulated therein are met, technological income derived by Preferred Companies from "Preferred Technological Enterprise" (as defined in the 2017 Amendment) ("PTE"), 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 Law for the Encouragement of Capital Investments, the Company is considered as a PTE.

Plus500 LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

NOTE 3 - INCOME TAX EXPENSES (continued)

At the beginning of July 2020, the Company received an approval from the Israeli Innovation Authority 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 rates 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 financial years 2022, 2023, 2024, 2025 and 2026. Consequently, the Company's corporate tax rate for each of these financial years will be reduced from 23% to 12% and the Withholding Tax rate applicable for dividends will be reduced from 25% to 20%.

In July 2020, the Company received approximately \$47.0 million rebates (including interest) reflecting the reduced tax rate for tax year 2018. In January 2021, the Company received approximately \$30.0 million rebates (including interest) reflecting the reduced tax rate for 2017 and in August 2021, the Company received approximately \$37.2 million in tax rebates (including interest) reflecting the reduced tax rate for 2019.

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.

NOTE 4 - SHARE CAPITAL

Composed of ordinary shares of NIS 0.01 par value, as follows:

	Number of shares	
	31 December	
	2021	2020
Authorised	300,000,000	300,000,000
Issued and fully paid	114,888,377	114,888,377
Less treasury shares*	(14,663,597)	(11,436,923)
Outstanding shares	100,224,780	103,451,454

* Number of accumulated ordinary shares that were purchased by the Company as part of the buyback programmes, less issue of treasury shares.

Plus500 LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

NOTE 5 - DIVIDEND

The amounts of dividends for the years 2021 and 2020 declared and distributed by the Company's Board of Directors are as follows:

<u>Date of declaration</u>	<u>Amount of dividend US \$ in millions</u>	<u>Amount of dividend per share US \$</u>	<u>Date of payment to shareholders</u>
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

(*) 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.

NOTE 6 - 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.

	<u>Year ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Profit attributable to equity holders of the Company (in U.S dollars)	<u>310,589,236</u>	<u>500,147,555</u>
Weighted average number of ordinary shares in issue*:		
Basic	101,456,641	106,086,540
Dilutive effect of equity share-based compensation	<u>529,601</u>	<u>212,352</u>
Diluted	<u>101,986,242</u>	<u>106,298,892</u>
Basic earnings per share (In U.S. dollars)	<u>3.06</u>	<u>4.71</u>
Diluted earnings per share (In U.S. dollars)	<u>3.05</u>	<u>4.71</u>

* After weighting the effect of Company's share buyback programmes.

NOTE 7 - TRADE PAYABLES - DUE TO CLIENTS

	<u>As of 31 December</u>	
	<u>2021</u>	<u>2020</u>
	<u>U.S. dollars in millions</u>	
Customers deposits, net*	350.6	469.9
Segregated client funds	<u>(350.0)</u>	<u>(468.9)</u>
	0.6	1.0

* Customers deposits, net are comprised of the following:

Customers deposits	428.3	507.2
Less- financial derivative open positions:		
Gross amount of assets	(130.4)	(123.8)
Gross amount of liabilities	<u>52.7</u>	<u>86.5</u>
	<u>350.6</u>	<u>469.9</u>

* The total amount of 'Trade payables - due to clients' includes bonuses to clients.

Plus500 LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

NOTE 8 - CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2021	2020
	U.S. dollars in millions	
Cash generated from operating activities		
Net income for the year	310.6	500.1
Adjustments required to reflect the cash flows from operating activities:		
Depreciation and amortisation	0.7	0.6
Amortisation of right of use assets	1.8	1.7
Lease modification	(0.2)	-
Liability for share-based compensation	6.8	11.7
Settlement of share-based compensation	(8.4)	(5.2)
Equity share-based compensation	4.9	1.8
Taxes on income	75.8	23.2
Interest expenses in respect of leases	0.2	0.2
Exchange differences in respect of leases	-	0.4
Interest income	(6.2)	(5.2)
Foreign exchange losses (gains) on operating activities	4.3	(8.3)
	<u>79.7</u>	<u>20.9</u>
Operating changes in working capital:		
Decrease (increase) in other receivables	(16.9)	1.9
Increase (decrease) in trade payables due to clients	(0.4)	0.8
Increase (decrease) in other payables	17.3	10.4
Increase (decrease) in service suppliers	(7.3)	12.5
	<u>(7.3)</u>	<u>25.6</u>
Cash flows from operating activities	<u>383.0</u>	<u>546.6</u>

NOTE 9 - 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 financial years 2022, 2023, 2024, 2025 and 2026.

On 7 February 2022, the Group obtained an operating license 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 \$25.2m and a special share buyback programme in the amount of \$29.8m.