Optiver UK Limited

ANNUAL REPORT AND
FINANCIAL STATEMENTS
2021

Contents

Company information

Optiver UK Limited

Directors	J.E. Rothstein E.W. Loman
Registered office	20 Old Bailey London EC2M 7AN
Company number	11478632
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

Strategic report

Introduction

Optiver UK Limited ('**the Company**') is part of Optiver Group. Optiver Group is an electronic market marker. We trade on global financial markets using our own capital. Our core business consist of market making in financial products. Our wide range of products include listed derivatives, cash equities, exchange-traded funds, bonds and foreign exchange products.

Optiver Group performs its activities through various entities. One of these is Optiver UK Limited, which provides operational services to support the market making activities of the European subsidiaries and affiliates of Optiver Group. The Company charges to other companies for services provided such as staffing, management and administrative services, technology related services, and miscellaneous operating expenses.

In this report, the following terms shall have the meanings set forth below, unless the context clearly indicates otherwise:

Optiver Group	Optiver Holding B.V. together with all entities directly and indirectly controlled by it.
The Company	Optiver UK Limited
Board of Directors	The Management Team of the Company.

These financial statements have been prepared for a reporting period of one year, ended 31 December 2021.

Business review and key performance indicators ('KPIs')

The Company is primarily involved in providing trading, risk management and technology services to licensed trading companies within Optiver Group. The company is a wholly owned subsidiary of Optiver Holding BV.

The Company realised an operating income of GBP 40,495 thousand (prior period: GBP 21,300 thousand) and a net profit of GBP 1,451 thousand (prior period: GBP 531 thousand) for the financial reporting period. The increase in operating income and net profit is primarily the result of an increase in personnel and other expenses which are charged to other entities on a cost plus basis. The Company's results are in line with expectations and were considered satisfactory.

Given the nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

Managing risk remained an essential pillar of our core business in 2021. We view risk broadly and include market, credit, compliance and all types of operational risk ranging from automated trading risk to information security risk and strategic risks. With our dedication to continuous improvement, we enhanced the manner in which our systems identity, evaluate and mitigate potential risk. Over the course of 2021, we continued developing our risk models and their associated tooling to ensure we have high confidence in our ability to continue trading in the most challenging market circumstances. Our risk teams are in constant dialogue with the rest of the organisation to ensure that our firm's appetite for risk is well understood and embedded throughout the business. We regard automated trading risk as one of the most relevant risks to our business, so mitigating this remained an important focus.

With our hybrid work-from-home model present throughout our global locations, we have continued to review, iterate and strengthen our operational risk guidelines on working outside the office. Our control framework also includes risk education for all employees, equipping them to take ownership of our shared responsibility to keep the firm safe. Everyone at Optiver is taught to view risk as part of their day-to-day work and long-term commitment to the company.

With each passing year, the importance of information security continues to grow. In 2021, we took a more global approach to cybersecurity, collaborating across business units to ensure our systems remained protected against potential exposures and unauthorised access to our systems. Our responsibilities towards data protection and usage were treated with the highest priority, and stayed an integral part of our control framework.

The principal risk and uncertainties facing the Company are set out in Note 5.17 of the financial statements.

Section 172 Statement

Under Section 172 of the Companies Act 2006, the Directors of the Company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Directors take into account:

- Likely consequences of a decision in the long term;
- Interests of the Company's employees – the Directors consulted their employees on a regular basis so that their views were considered in making decisions there were likely to affect their interests;
- Business relationships with suppliers and others;
- Impact of operations on the community and the environment;
- Maintaining reputation;
- Acting fairly between members of the company.

During the year the Directors gave careful consideration to these factors in carrying out their duties. The Directors are committed to effective engagement with the Company's stakeholders and recognise that strong relationships with stakeholders will promote the successful execution of the Company's strategy.

People

With the COVID-19 pandemic continuing to evolve throughout 2021, our highest priority was protecting the health and safety of our global employees. Around the world, our teams responded with agility to changing government advice, and remained flexible no matter the precautions and changes required of us. This meant embracing the hybrid work-from-home model, in which we remained diligent across all security risks and ensuring seamless, remote technology capabilities. 24/7 online support was offered throughout the year, with increased internal communication and virtual events to keep our teams connected. With the pandemic's prolonged influence, we also rolled-out new physical and mental care initiatives to ensure the total wellbeing of team members and their families.

We believe excellence is a team sport, which is why collaboration has always been one of the core values our firm prizes most. We believe all aspects of our business stand to benefit from combining global efforts and expertise when developing new processes and solutions. This was profoundly felt during the many global leadership meetings, Executive Committee newsletters, inter-office projects, webinars and virtual summits that took place during the year.
Brexit

We continue to monitor implications following Brexit and the relationship between the European Union and the United Kingdom. The directors have assessed potential risks and implications related to Brexit and based on the business activities of the Company, believe the risks to be minimal with no impact to the financial statements for the period ended December 31, 2021. The directors will continue to assess potential risks and implications for the Company, as the implications of Brexit will materialise.

Future developments

Our focus in 2022

- *Monitor regulatory developments;*
- Further improve risk management.

On behalf of the board:

EW. Loman, Director

7 June 2022

Directors' report

Directors

The directors who served the Company during the financial reporting period are:

- Kalle Valentijn Blom (resigned on the 31 December 2021)
- Rutger Hendrik Brinkhuis (resigned 9 April 2021)
- Evert Willem Loman
- John Elliot Rothstein

Company registration

The Company is registered in England as company number 11478632.

Capital transactions

No capital transactions have taken place during the financial reporting period. No dividends have been distributed in 2020 and in 2021. The Company is not proposing any final dividends.

Strategic Report

The Company has chosen in accordance with s.414C (11) Companies Act 2006 to set out in the Company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of discussion of future developments.

Going Concern

The financial statements have been prepared on the basis of the going concern assumption.

The Company continues to closely monitor the Covid-19 pandemic and to manage the business to minimize any potential operational disruption or additional market risk that may present itself, as a result of current uncertainties. Although part of the Company's staff has been working remotely, the Company's operations have not been significantly affected.

After reviewing the Company's performance (including cashflow, available capital and the implications from the COVID-19 outbreak), the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations as they fall due and to continue in operational existence for at least 12 months from the date of approval of the financial statements. For this reason, the Directors have adopted the going concern basis in preparing these financial statements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on Optiver UK Limited's ability to continue as a going concern.

Auditor

KPMG LLP was reappointed as auditor to the company during the year and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the annual general meeting.

Statement of disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

On behalf of the board:

EW. Loman, Director
7 June 2022

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Optiver UK Limited

Opinion

We have audited the financial statements of Optiver UK Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement, and related notes, including the accounting policies in note 5.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- *have been prepared in accordance with the requirements of the Companies Act 2006.*

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of relevant documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited complexity in the calculation and recognition of revenue.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation These included those posted by senior finance management and those posted by infrequent users at unusual times.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Rahim Butt (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

E15 5GL

7 June 2022

Financial Statements

1. Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

In thousands of GBP	Note	2021	2020
Operating income	5.3	40,495	21,300
Personnel expenses	5.4	(32,738)	(18,495)
Depreciation expenses	5.5	(1,262)	(620)
General and administrative expenses	5.6	(3,645)	(778)
Interest expenses and similar charges		(150)	(41)
Result before income tax		**2,700**	**1,366**
Income tax expenses	5.7	(1,249)	(835)
Profit or Loss and Total Comprehensive Income for the period		**1,451**	**531**

The notes to the financial statements on page 18 to 32 are an integral part of these statements.

2. Balance Sheet

At 31 December

In thousands of GBP	Note	31 December 2021	31 December 2020
Company number 11478632			
ASSETS			
Cash and Cash Equivalents	5.8	34,240	19,516
Receivables from Group Companies	5.10	4,511	187
Other Assets	5.11	2,196	303
Property and equipment / Right of use assets	5.9	14,156	944
Total Assets		**55,103**	**20,950**
LIABILITIES			
Due to Group Companies	5.10	2,306	1,416
Lease Liabilities	5.12	19,052	584
Other Liabilities	5.13	31,177	17,814
Total Liabilities		**52,535**	**19,814**
EQUITY			
Share Capital	5.14	500	500
Reserves	5.14	-	19
Retained Earnings	5.14	2,068	617
Total Equity		**2,568**	**1,136**
Total Equity and Liabilities		**55,103**	**20,950**

The notes to the financial statements on page 18 to 32 are an integral part of these statements.

The financial statements were approved by the Board of Directors and signed on its behalf by:

E.W. Loman
Director
7 June 2022

3. Statement of Changes in Equity

For the year ended 31 December

In thousands of GBP	Share capital	Reserves	Retained Earnings	Total
Balance at 01 January 2020	**500**	**19**	**86**	**605**
Profit or Loss for the period	-	-	531	531
Share based payments		-	-	-
Capital contribution	-	-	-	-
Balance at 31 December 2020	**500**	**19**	**617**	**1,136**
Balance at 1 January 2021	**500**	**19**	**617**	**1,136**
Share based payments	-	(19)	-	(19)
Profit or Loss for the period	-	-	1,451	1,451
Balance at 31 December 2021	**500**	**-**	**2,068**	**2,568**

The notes to the financial statements on page 18 to 32 are an integral part of these statements.

4. Cash flow statement

For the year ended 31 December

In thousands of GBP	Note	2021	2020
Cash flows from operating activities			
Net result		1,451	531
Adjustments for non-cash items included in profit:			
Depreciation		1,262	620
Interest lease liabilities		134	25
Tax expense		1,249	835
Other		6,230	57
Cash flow before changes in working capital		**10,326**	**2,068**
Net change in balances with group companies		(3,434)	1,681
Net change in other assets and other liabilities		10,223	15,002
Cash generated from operations		**6,789**	**16,683**
Tax paid		-	(47)
Net cash flow from operating activities		**17,115**	**18,705**
Cash flows from investing activities			
Purchase of property and equipment		(765)	(350)
Proceeds from sales of property and equipment		0	71
Net cash flow from (used in) investing activities		**(765)**	**(279)**
Cash flows from financing activities			
Paid to lease liability contracts		(1,606)	(506)
Distributions from equity		(19)	-
Net cash flow from (used in) financing activities		**(1,625)**	**(506)**
Net cash flow		**14,725**	**17,920**
Cash and cash equivalents at start of the period		19,516	1,593
Net cash flow		14,725	17,920
Effect of exchange rate fluctuations		(1)	3
Cash and cash equivalents at end of period	5.8	**34,240**	**19,516**

The notes to the financial statements on page 18 to 32 are an integral part of these statements.

5. Notes to the Financial Statements

5.1. General

5.1.1 Reporting entity

Optiver UK Limited ('**the Company**') is a private company limited by shares under United Kingdom law. It was incorporated on 23 July 2018. The Company is registered with the Registrar of Companies for England and Wales, number 11478632. Its registered address is Heron Tower Level 17-19 110 Bishopsgate, London, EC2N 4AY. The Company is primarily involved in providing trading services to companies within Optiver Group. The Company's parent and ultimate holding company is Optiver Holding B.V., a company incorporated in the Netherlands.

5.1.2 Definitions

In this report, the following terms shall have the meanings set forth below, unless the context clearly indicates otherwise:

Optiver Group	Optiver Holding B.V. together with all entities directly and indirectly controlled by it.
The Company	Optiver UK Limited.
Board of Directors	The Management Team of the Company.

5.1.3 Financial reporting period

These financial statements have been prepared for a reporting period of one year, ended 31 December 2021.

5.2 Accounting policies

5.2.1 Statement of compliance

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, which comprises standards and interpretations approved by the International Accounting Standards Board ('**IASB**').

5.2.2 Basis of preparation

These financial statements are presented in GBP, which is the Company's presentation and functional currency. All amounts have been rounded to the nearest thousand, unless stated otherwise.

The financial statements are prepared on the amortised cost basis.

For the purpose of clarity, the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that information not considered material in terms of quantitative and qualitative measures or which is irrelevant to the financial statement users is not presented in the notes.

The significant accounting policies have been incorporated into the notes to which they relate.

Going concern

The Company continues to closely monitor the Covid-19 pandemic and to manage the business to minimize any potential operational disruption or additional market risk that may present itself, as a result of current uncertainties. Although part of the Company's staff has been working remotely, the Company's operations have not been significantly affected.

After reviewing the Company's performance (including cashflow, available capital and the implications from the COVID-19 outbreak), the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations as they fall due and to continue in operational existence for at least 12 months from the date of approval of the financial statements. For this reason, the Directors have adopted the going concern basis in preparing these financial statements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on Optiver UK Limited's ability to continue as a going concern.

5.2.3 General

An asset is recognised on the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised on the balance sheet when it is expected to result in an outflow of resources from the entity and the amount of the obligation can be measured reliably.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured reliably.

If a transaction results in a transfer of future economic benefits or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is derecognised. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured reliably.

Income and expenses are allocated to the period to which they relate.

5.2.4 Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the spot exchange rates applying on the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between nominal value in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the nominal value in foreign currency translated at the spot exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit and loss.

5.2.5 Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these financial statements represent good-faith assessments of our future performance for which management believes there is a reasonable basis. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ from those forecasted.

No significant estimates or judgements have been made while preparing these financial statements.

5.2.6 Financial instruments

Recognition and initial measurement

The Company initially recognises loans and advances on the date they originate. All other financial assets and liabilities are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset, in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. A financial liability is derecognised when its contractual obligations are discharged or cancelled or expire.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss ('**FVTPL**'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset and financial liability is classified as measured at: amortised cost, Fair Value through Other Comprehensive Income ('**FVOCI**') or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial instruments, in which case all affected financial assets and liabilities are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

IFRS 9 introduces the 'expected credit loss' ('**ECL**') model. The impairment model applies to all financial assets not measured at FVTPL, including those measured at amortised cost. For assets within the scope of the IFRS 9 impairment model, impairment losses are recognised. Balances are presented net of impairment in the Balance Sheet. Impairment losses are presented as part of other expenses in the statement of profit or loss and other comprehensive income. Impairment losses are calculated based on the probability of default of the counterparty.

As per the end of the accounting period, expected credit losses are not material for the Company.

The Company does not hold assets or liabilities measured at FVTPL or FVOCI.

5.2.7 Changes to significant accounting policies and presentation during the year

In these financial statements the Company has not applied any new or amended standards or interpretations for the first time.

Several new and amended standards and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Company:

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- Interest Rate Benchmark Reform – Phase 1 – amendments to IFRS 7 – Financial Instruments: Disclosures, IFRS 9 – Financial Instruments, and IAS 39 – Financial Instruments;
- Covid-19 related rent concessions (amendment to IFRS 16).

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

5.2.8 Standards issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company.

The following Adopted IFRSs have been issued but have not been applied in these financial statements:

- Classification of liabilities as Current or Non-current (Amendments to IAS 1);
- Amendments to IFRS 3 – Business Combinations;
- Property, Plant and Equipment (IAS 16);
- IAS 37 – Provisions, Contingent Liabilities and Contingent Assets;
- Annual Improvements to IFRS 2018–2020
- IFRS 17 – Insurance Contracts, including amendments to IFRS 17
- Making Materiality Judgements (Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2)
- Amendments to IAS 8 – Accounting policies, changes in accounting estimates and errors
- Interest Rate Benchmark – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

These standards are not expected to have material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5.3 Operating income

Operating income consists of charges to group companies and other income.

Accounting Policy

Charges to group companies are recognised as income when the Company has met its performance obligations. Performance obligations are met as the Company renders services to group companies. Income is recognised over the period in which the services have been rendered. The transaction price is determined based on the costs incurred by the Company plus relevant mark-up.

In thousands of GBP	2021	2020
Charge to Group Companies	40,497	21,300
Other income	(2)	-
Operating income	**40,495**	**21,300**

The Company charges to other companies within the Optiver Group for services provided such as staffing, management and administrative services, technology related services, and miscellaneous operating expenses ('Intercompany Services'). Intercompany Services are compensated with a reimbursement of relevant costs plus a 7.5% mark-up on certain personnel costs (the transaction price). Staffing is the most significant Intercompany Services provided by the Company. The performance obligation is met while staff of the Company works on behalf of other entities. Intercompany charges are billed on a monthly basis and due within 30 days after the invoice date.

5.4 Personnel expenses

Salaries and other personnel expenses that the Company expects to pay for work carried out during the year are expensed under 'personnel expenses'. This item includes salaries, performance-based pay, holiday allowances, social security costs, pension costs and other remuneration.

Accounting policy

Defined contribution plans

The Company employs a defined contribution plan for eligible employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has or will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash variable pay or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee.

Share based payments

Optiver enters into equity-settled share base payment arrangements with its employees as compensation for the provision of services. Expenses are recognised when the employee starts to render service to which the award relates. Failure to meet a vesting condition by the employee is not treated as a cancellation, and the amount of the expense recognised for the award is adjusted to reflect the number of awards expected to vest.

In thousands of GBP	2021	2020
Wages	5,597	1,863
Profit sharing	19,216	14,059
Social securities	3,885	2,365
Pension expenses	232	32
Share based payments	696	-
Other personnel expenses	3,112	176
Total	**32,738**	**18,495**

In 2021 the Company performed a materiel employer analysis to ensure the share based payment expenses are recognised in the correct entity within the Optiver Group. As a result GBP 696 thousand share based payment expenses have been recognised for the year ended 31 December 2021 (31 December 2020: nil).

5.4.1 Number of employees

The average number of FTE during the year ended 31 December 2021 was 45. FTE as per 31 December 2021 was 62.

The average number of FTE during the year ended 31 December 2020 was 15. FTE as per 31 December 2020 was 20.

5.5 Depreciation expenses

In addition to depreciation and impairment charges for tangible assets, the Company expenses the depreciation expenses on Right of Use assets, capitalised based on IFRS 16. See note 5.9.

5.6 General and administrative expenses

Accounting Policy

Expenses are accounted for in the reporting year they relate to.

In thousands of GBP	2021	2020
Auditor remuneration - financial statement audit	21	20
Consulting	624	143
Technology	214	155
Intercompany charges	1,905	387
Other expenses	881	73
Total	**3,645**	**778**

Consulting expenses are primarily related to legal advice as a result of the office expansion. Intercompany charges consist of costs charged by other companies within Optiver Group.

5.7 Income tax expenses

The company is subject to corporate income tax in the United Kingdom. The Company's effective tax rate differs from the statutory income tax rate of the United Kingdom, which is 19%. The following table reconciles the statutory income tax rate with the effective income tax rate:

In GBP thousands		2021		2020
Profit before income tax		**2,700**		**1,366**
Income tax using the domestic corporate income tax rate	19%	(513)	19.0%	(260)
Non-deductible expenses	27%	(736)	51.8%	(708)
Other	0%	-	-9.7%	133
Total	**46%**	**(1,249)**	61.1%	**(835)**

5.8 Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include unrestricted balances held with banks. Cash and cash equivalents are carried at nominal value in the statement of financial position, less allowances for expected credit losses.

In thousands of GBP	31 December 2021	31 December 2020
Cash balances at banks	34,240	19,516
Total	**34,240**	**19,516**

The cash and cash equivalents are freely available to the Company. The fair value of the cash and cash equivalents, all short term in nature, is approximated by the carrying amount.

5.9 Property and equipment

Accounting Policy

Property and equipment owned

Items of property and equipment owned are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment owned.

The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

An item of property, and equipment owned and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

Property and equipment leased (Right-of-use assets)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets are available for use). The initial right-of-use asset comprise of the amount of the initial measurement of the lease liability, lease payments made at or before the commencement day, the initial direct costs less any lease incentive received. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the asset.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Leasehold improvements: Useful life with a maximum of the lease term;
- Technology equipment: 2-4 years;
- Furniture and fixtures: 3-5 years;
- Real estate (RoU): 3-5 years.

Impairment of property and equipment

Property and equipment are tested for impairment if indications of impairment exist. An impaired asset is written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The Company did not record impairments for the year ended 31 December 2021 nor for the period ended 31 December 2020.

5.9.1 Property and equipment – owned

In thousands of GBP	IT	Other	Total
Balance at 1 January 2020	162	90	252
Acquisitions	278	72	350
Disposal	(71)	-	(71)
Gross carrying amount at 31 December 2020	**369**	**162**	**531**
Depreciation	(144)	(23)	(167)
Disposal	14	-	14
Accumulated depreciation at 31 December 2020	**(180)**	**(29)**	**(209)**
Carrying amount 31 December 2020	**190**	**133**	**323**
Balance at 1 January 2021	369	162	531
Acquisitions	220	545	765
Disposal	(0)	-	(0)
Gross carrying amount at 31 December 2021	**589**	**707**	**1,296**
Depreciation	(194)	(42)	(236)
Disposal	0	-	0
Accumulated depreciation at 31 December 2021	**(373)**	**(71)**	**(445)**
Carrying amount 31 December 2021	**215**	**636**	**851**

5.9.2 Right of Use assets

In thousands of GBP	IT	Other	Total
Opening balance	73	1,066	1,139
Adjustment	-	(65)	(65)
Depreciation	(31)	(422)	(453)
Carrying amount 31 December 2020	**42**	**579**	**621**
Balance at 1 January 2021	42	579	621
Additions	-	13,482	13,482
Modifications	7	221	228
Depreciation	(37)	(989)	(1,026)
Carrying amount 31 December 2021	**12**	**13,293**	**13,305**

Property and equipment – leased, classified as Other mainly consists of a leased office space.

5.10 Amounts due to and from Group Companies

In thousands of GBP	31 December 2021	31 December 2020
Amounts due from Group Companies	**4,511**	**187**
Amounts due to Group Companies	**2,306**	**1,416**

The carrying amount of amounts due from and due to Group companies is not materially different from their fair value.

5.11 Other assets

Accounting Policy

Other assets are carried at amortised cost.

In thousands of GBP	31 December 2021	31 December 2020
Tax receivables	708	215
Deferred tax asset	-	-
Prepayments	205	14
Other receivables	1,282	74
Total	**2,195**	**303**

Other assets include prepayments and deposits. The carrying amount of the other assets is not materially different from their fair value.

5.12 Lease liabilities

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for leases. The lease liability is initially measured at the present value of the future payments from lease components, discounted using the incremental borrowing rate for the individual lease. The lease liability is subsequently measured by increasing the carrying amount, to reflect interest and by reducing the carrying amount to reflect the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Gain or loss from a lease modification, not accounted for as a separate lease, is recognised in profit and loss.

In thousands of GBP	IT	Other	Total
Opening balance	73	985	1,058
Adjustment	-	8	8
Accretion of interest	2	22	24
Payments	(33)	(473)	(506)
Carrying amount 31 December 2020	**42**	**542**	**584**
Opening balance	42	542	584
Additions	-	19,712	19,712
Modifications	7	221	228
Accretion of interest	1	133	134
Payments	(38)	(1,568)	(1,606)
Carrying amount 31 December 2021	**12**	**19,040**	**19,052**

Lease liabilities classified as Other mainly consists of leased office space. Lease classified as IT consists of a datacentre lease. Refer to note 5.17.5 for a breakdown of the remaining maturities.

5.13 Other liabilities

In thousands of GBP	31 December 2021	31 December 2020
Profit sharing staff	23,984	14,578
Tax liabilities	3,655	2,432
Liability group relief corporation tax	1,906	538
Accounts payable	1,431	98
Other payables	201	167
Total	**31,177**	**17,813**

5.14 Equity

Equity is the residual interest in the assets after deducting all liabilities recognised in the balance sheet. Equity is divided between capital and reserves that are attributable to holders of shares issued by the Company.

Accounting Policy

Share capital and share premium

Amounts received or paid for the Company's sale or purchases of shares are recognised directly in equity under transactions with owners. When share capital recognised as equity is repurchased, the amount of the consideration paid, is net of any tax effects, and is recognised as a deduction from equity.

Share-based payments

As from 2018 a share plan has been issued by Optiver Holding to certain employees of the Company. All plans qualify as share-based payments under IFRS 2 and are classified as equity settled share plans.

Share-based payments are measured based on the value of the instruments granted minus the consideration paid by the employees (issue price). The issue price consists of the Net Asset Value (NAV) at the moment of issue plus a surcharge.

The accounting value of equity settled share plan is calculated as the difference between the value of a free share at the moment of issue of the plan and the issue price, multiplied with the number of instruments on which a share-based payment is expected to ultimately vest. For equity settled plans, the value of the share-based payments is not remeasured after the grant date.

This accounting value of the equity settled share plan is accrued over the life of the plans (vesting period) on a linear basis with a monthly charge to profit and loss and a credit to the share-based payments reserve in equity.

Optiver expects the majority of share-based payments on the issued restricted shares and share rights to ultimately vest.

If employees leave Optiver during the vesting period, Optiver has the right, but not the obligation to buy back the restricted shares and share rights. If Optiver decides to buy back the shares, the share- based payments expenses and the amount accrued in equity will be partly reversed and a liability will be recognised for the amount to be cash settled with the employee (NAV at the moment of termination of the employment plus surcharge received at the moment of issue of the instruments).

5.14.1 Capital

The Company has issued 500,001 share with a nominal value of GBP 1.

Number of ordinary shares	Issued	Paid-up
Balance at 1 January 2020	500,001	500,000
Paid-up		1
Balance at 31 December 2020	**500,001**	**500,001**
Balance at 1 January 2021	500,001	500,001
Paid-up	-	-
Balance at 31 December 2021	**500,001**	**500,001**

The Company may by ordinary resolution declare dividends. The Company has not declared any dividends. No shares in different classes or with different rights have been issued.

5.14.2 Share based payments

Optiver Holding BV has issued restricted shares to employees of the Company to align the interests of the acquirers of the restricted shares with the long term interests of Optiver and its shareholders.

Restricted shares have the following main restrictions and rights:

- The employee cannot transfer the shares during the vesting period of 5 years after issue;
- On the fifth anniversary of the issue date, the restrictions will be lifted automatically and the shares become ordinary 'free' shares without restrictions;

- If the employee leaves the Group within 5 years after issue, the partner has the obligation to offer the restricted shares to Optiver Holding BV at a price of the NAV at the repurchase date plus the Surcharge paid at issue;
- Optiver Holding BV has the right, but not the obligation to repurchase the restricted shares if employees leave within the period of 5 years after the issue.

The table below shows the number of outstanding share-based payment instruments.

Number of instruments	31-12-2021	31-12-2020
Restricted shares	2,405	125

In the course of 2021, the Optiver Group companies decided to simplify accounting for share based payments, resulting in life to date and continuous settlement of share based payment liabilities with Optiver Holding BV.

5.15 Related parties

Accounting Policy

A related party to the Company is either a party over which the Company has control, joint control or significant influence or a party that has control or significant influence over the Company.

Entities that are related parties to the Company are Optiver Group entities. Transactions with related parties are settled on an arm's-length basis and recognised in the financial statements under the same accounting policy as for similar transactions with unrelated parties.

5.15.1 Related party transactions

The Company has entered into arrangements with a number of Optiver Group entities in the course of its business. These arrangements relate to cost charges for services related to the business and paid by or paid to the Optiver Group entities. Services include staffing, management and administrative services, technology related services, and miscellaneous operating expenses.

In thousands of GBP	2021	2020
Charged by Optiver Group entities	1,905	387
Charged to Optiver Group entities	40,497	21,300

Charges from Optiver Group entities consist of charges from Optiver Services BV. Charges to Optiver Group entities consist of charges to Optiver FX Ltd, Optiver Trading US LLC, Optiver IP US LLC, Optiver UK Trading Ltd, Optiver Holding BV and Optiver VOF.

Key management personnel is not employed by the Company. The directors received GBP 20,000 in compensation for the year for their services. Directors' aggregate remuneration in respect of qualifying services while appointed as director include GBP 10,000 paid in respect of the highest paid director.

5.16 Fair value information for financial instruments

5.16.1 Cash and cash equivalents

The fair value of the cash and cash equivalents, all short term in nature, is approximated by the carrying amount.

5.16.2 Other assets and liabilities

The carrying amount of other assets and liabilities is not materially different from their fair value.

5.17 Financial Risk Management

5.17.1 General

The Company operates through a comprehensive risk governance framework. Risk Management responsibilities lie within all levels of the Company. These responsibilities are assigned so that risk decisions are taken at the right levels. The Company's risk governance model is based on the 'three lines of defence' concept, which ensures that risk is managed in line with the risk appetite as defined by the Board of Directors and is cascaded throughout the organisation. This model provides a clear allocation of responsibilities for the ownership and management of risk to avoid overlaps and/or gaps in risk governance.

5.17.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on income, expenses and liabilities that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions are primarily denominated are GBP, USD and EUR. The Company measures and manages foreign currency balances on a daily basis.

5.17.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages interest rate risk through daily risk reporting of exposures.

5.17.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk primarily arises from positions in cash and cash equivalents.

The Company operates under its Group credit policy. Limits have been defined with respect to the total credit exposure with counterparties and the balance held at banks is monitored on a daily basis.

5.17.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company assesses the actual cash position on a daily basis. The Company maintains a significant level of cash at all times.

Breakdown of asset and liability maturities are as follows:

31 December 2020 (in GBP thousands)	Carrying amount	Gross nominal amount	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	more than 5 years
Cash and Cash Equivalents	19,516	19,516	19,516	-	-	-	-
Receivables from Group Companies	187	187	187	-	-	-	-
Other Receivables	303	303	-	-	88	215	
Total assets	20,006	20,006	19,703	-	88	215	-
Due to Group Companies	1,416	1,416	1,416	-	-	-	-
Lease Liabilities	584	584	3	79	356	147	-
Other Liabilities	17,814	17,814	98	13,720	885	3,110	-
Total liabilities	19,814	19,814	1,517	13,799	1,241	3,257	-

31 December 2021 (in GBP thousands)	Carrying amount	Gross nominal amount	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	more than 5 years
Cash and Cash Equivalents	34,240	34,240	34,240	-	-	-	-
Receivables from Group Companies	4,511	4,511	4,511	-	-	-	-
Other Receivables	2,196	2,196	134	82	1,980	-	-
Total assets	40,947	40,947	38,885	82	1,980	-	-
Due to Group Companies	2,306	2,306	2,306	-	-	-	-
Lease Liabilities	19,052	22,126	75	475	1,410	7,504	12,662
Other Liabilities	31,177	31,177	7,064	19,663	-	4,450	-
Total liabilities	52,535	55,609	9,445	20,138	1,410	11,954	12,662

5.17.6 Operational risk management

Operational risk is defined as "the risk of loss arising from inadequate or failed internal processes, people, systems or external events". Operational risk at Optiver is recognised as a significant risk category and as such Operational Risk Management (ORM) is an integral part of management information and control systems. A dedicated ORM function is responsible for establishing the ORM framework, and promotes consistent and sound risk management practices and processes across the Company. This is in line with regulatory and stakeholder expectations in managing our operational risk.

Business managers throughout the Company are responsible for maintaining an acceptable level of internal control commensurate with the scale and nature of operations, and identifying and assessing risks, designing controls and monitoring the effectiveness of these controls. Business and functional management monitor the progress of documented action plans to address shortcomings.

The COVID-19 pandemic has continued to impact Optiver. We have transitioned between phases where we predominantly work from home and working from the office, driven by government guidelines and our internal requirements, where the health and safety of our employees has always been the main priority.

Optiver was able to continue operations at full capacity despite part of our employees not physically present in the offices. Systems and key controls were able to handle the exceptional circumstances and the increased load on our systems. Key controls concern the reconciliation with exchanges and clearing firms, market risk monitoring as well as automated trading limits and controls.

We also remain vigilant on information security and cyber risks. It is an area where we observe that the risks have increased over recent years, especially with the amount of working from home that is taking place. Therefore, we are giving it dedicated focus with a Group wide Information Security approach to reduce our attack surface, improve defences, detect suspicious behaviour and having a robust response in case a system gets compromised.

5.17.7 Capital management

The Board of Directors' policy is to maintain a strong capital basis to ensure continuity of the Company's activities as well as to support new business developments. The Board of Directors monitors the return on capital and also the level of dividends and capital paybacks to the shareholder.

5.18 Subsequent events

The Company performed an evaluation of subsequent events through to the date of this report, and determined that there were no recognized or unrecognized subsequent events that would require an adjustment or additional disclosures in the annual report or financial statements.