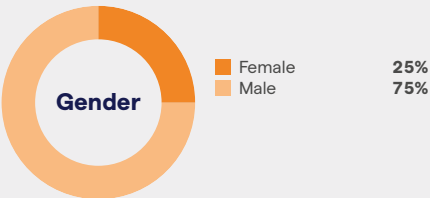
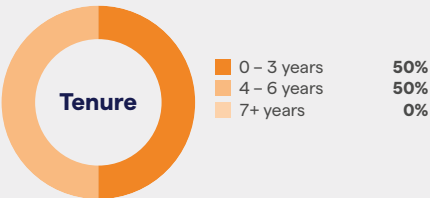


I am pleased to present the report of the Audit Committee for the financial year ended 31 May 2025, to share with you our activities during the year and how we have discharged our responsibilities.



Andrew Didham
Chair of the Audit Committee

Committee overview



Meetings and membership

	Meetings attended
Andrew Didham (Chair)	4/4
Rakesh Bhasin	4/4
Malcolm Le May (retired September 2024)	2/2
Wu Gang (a member since September 2024)	2/2
Susan Skerritt	4/4

- Four independent Non-Executive Directors comprise our Audit Committee (the Committee), including individuals with recent and relevant financial experience. The Committee as a whole has experience relevant to the sector we operate in. Their biographies can be found on pages 52-54.
- The Committee met four times during the year, including a joint meeting with the Board Risk Committee in September 2024. You can find full details of attendance at Committee meetings on page 57.
- The Board Chair, CFO, CEO, Global Head of Internal Audit and representatives from the External Auditor, PricewaterhouseCoopers LLP (PwC), are standing attendees at meetings.
- Committee members also meet separately with the Global Head of Internal Audit and the External Auditor at various points in the year so that any issues or concerns may be raised to the Committee without management present.

FY25 Key focus areas

- Oversight of the accounting and financial integration of the Freetrade acquisition
- Implementation of enhanced ESG/ Sustainability reporting requirements
- Monitoring management’s response to the UK Corporate Governance Code, particularly relating to internal controls
- Considered cyber security threats and actions to minimise exposure
- Oversight of the new Head of Internal Audit’s transition

Chair’s overview

As a Committee, we remain focused on overseeing corporate reporting, maintaining an appropriate relationship with the Internal and External Auditors and monitoring the effectiveness of our control environment.

We conducted a thorough review of the acquisition of Freetrade, monitoring its integration into the Group’s financial operations. The Committee ensured appropriate accounting treatment and control processes were established following this significant transaction.

We continue to work well with other Board Committees, and once again held a joint meeting with the Board Risk Committee in September 2024 to review and discuss matters common to both Committees. This included reviews of the financial and regulatory capital and liquidity forecasts for the ICARA and Wind-Down Plan. The Committee reviewed and was satisfied with tastytrade’s disaster recovery capabilities and the successful implementation of a new database resiliency solution.

There continues to be a helpful level of cross-Committee membership, with Susan Skerritt, Wu Gang and I being Board Risk Committee members.

This year we focused on Sustainability Reporting, with a dedicated ESG training session in May 2025 covering the evolving disclosure requirements and their implications for our business. The Committee also reviewed the basis of reporting and key judgements relating to sustainability-related disclosures to ensure we are prepared for upcoming regulatory changes.

As the Audit Committee Chair, I was involved in the search for the new CFO who joined in December 2024 and the appointment of the Global Head of Internal Audit who joined in May 2025. I have regular meetings with both to ensure they are settling well into their roles and establishing effective working relationships across the organisation. These meetings focus on reviewing their strategic priorities, discussing any challenges they face, and ensuring alignment between internal-audit activities and the Company's Risk Management Framework. I work to ensure they have the resources and support necessary to build strong, independent functions. Additionally, I monitor their progress against agreed objectives and provide guidance on navigating the Company's culture and governance structures during their critical first year.

As we look forward to FY26, our Committee will continue to focus on implementing new applicable corporate reporting requirements, including those around internal controls and sustainability disclosures.

Role of the Audit Committee

The Committee's principal responsibilities are to:

Corporate reporting

- Monitor the integrity of the Group's Financial Statements
- Review any significant financial issues and judgements related to the Group's Financial Statements
- Assess the quality and acceptability of accounting policies and practices used
- Review the processes to support the assessment and determination of the principal risks that may have an impact on our solvency and liquidity
- Monitor the availability of distributable profits for dividend payments

- Oversee the approach to tax management and control
- Review the inherent risks in our financial reporting process and systems
- Review the basis of reporting and the key judgements relating to external sustainability-related disclosures

Control environment

- Monitor the effectiveness of the Internal Audit function
- With support from the Board Risk Committee, assess and recommend the effectiveness of the Group's risk management and internal control framework to the Board
- Monitor the effectiveness of our control environment, including performance of our IT systems, and via Internal Audit reports
- Oversee the systems and controls relating to the holding and management of client money and assets
- Review and approve whistleblowing arrangements

External Auditor

- Oversee the relationship with the External Auditor, including annual approval of the external audit plan, review of audit opinions, setting of External Auditor remuneration, and reporting the results of the external audits to the Board
- Monitor the effectiveness, objectivity and independence of the External Auditor, including factors related to the provision of audit and non-audit services

The Terms of Reference of the Committee were last reviewed in May 2025 and are available on our website.

Main activities during the financial year

Corporate reporting

In relation to corporate and financial reporting, the primary responsibility of the Committee is to work with management and the External Auditor to review the appropriateness of the half-year and full-year Financial Statements. During the year, the Committee:

- Assessed the quality and acceptability of accounting policies and practices used by management and concluded that they were appropriate
- Concluded that disclosures were clear and compliant with financial reporting standards and relevant financial and reporting requirements
- Considered material areas in which significant estimates have been applied and discussed with the External Auditor. The details of the primary areas of significant estimates and disclosure in relation to the Financial Statements for FY25 are set out on page 127
- Reviewed announcements and Financial Statements for full and half-year results and recommended them to the Board
- Reviewed financial reporting processes following the acquisition of Freetrade

Our other key activities are outlined below:

	Committee activity	Outcome
Going concern and long-term viability The Directors are required to make a statement in the Annual Report as to the going concern and longer-term viability of the Group. The Committee is required to review the processes to support the assessment and determination of the principal risks that may have an impact on our solvency and liquidity.	<ul style="list-style-type: none"> ▪ Evaluated reports from management that set out the view of the Group's going concern and longer-term viability. These reports detailed the outcomes of stress tests after applying multiple scenarios to determine how we were able to cope with deterioration in liquidity profile or capital position. ▪ Considered, along with the Board Risk Committee, the ICARA underpinning the firm's capital and liquidity adequacy appraisal. 	<ul style="list-style-type: none"> ▪ Agreed to recommend the Going Concern and Viability Statement to the Board for approval, taking into account the assessment by management of stress-testing results and principal risks.
Carrying value of goodwill and other intangible assets In accordance with accounting standards, we are required to review any goodwill balances for impairment and to consider the underlying assumptions used in determining the carrying value of these assets. In addition, we are required to assess whether there is any indication the other intangible assets may be impaired.	<ul style="list-style-type: none"> ▪ Reviewed a report from management setting out the key assumptions used in the impairment review of the goodwill balance and an associated sensitivity analysis, including the support provided by an independent external valuation agency in valuing the US CGU as part of the annual goodwill impairment testing. ▪ Considered the work of the External Auditor on goodwill and intangible assets. 	<ul style="list-style-type: none"> ▪ Concluded that there should be no change to the recorded carrying value of the UK and US goodwill and other intangible assets, based on the assessment performed. ▪ Concluded that adequate disclosure was included within the Financial Statements.
Business combinations During the period, we completed the acquisition of Freetrade and its subsidiaries. We are required to properly disclose matters relating to the acquisitions and disposals in our Financial Statements. We are required to consider whether our accounting policies relating to business combinations are appropriate.	<ul style="list-style-type: none"> ▪ The Committee reviewed reports from management setting out the assumptions used to determine the fair value of assets and liabilities acquired with Freetrade. ▪ The Committee reviewed the disclosures relating to the acquisitions and disposals during the year. 	<ul style="list-style-type: none"> ▪ Based on the assessment performed, the Committee concluded that the fair value and useful lives of the assets acquired were appropriate. ▪ The Committee concluded that adequate disclosure was included within the Financial Statements.

	Committee activity	Outcome
Tax provisions Calculating the Group's corporation tax charge involves a degree of estimation and judgement, as the tax treatment of certain items cannot be finally determined until a resolution has been reached with the relevant tax authority. Where appropriate, we hold tax provisions in respect of the potential tax liability that may arise on these unresolved items. We have generated tax losses in certain jurisdictions where we operate, and we've recognised deferred tax assets in respect of these losses to the extent that future profits have been forecast.	<ul style="list-style-type: none"> Reviewed a report from management that detailed the assumptions made in calculating the Group's corporation tax charge and provisions. Our External Auditor also provided commentary to the Committee on this. Reviewed our Group Tax Risk Management Policy, Tax Strategy and Tax Governance Framework. 	<ul style="list-style-type: none"> Concluded that the corporation tax charge and provisions recorded were appropriate and complete. Recommended the Group Tax Risk Management Policy and Tax Strategy for Board approval. Approved the Tax Governance Framework.
Fair, balanced and understandable The Board is required to provide its opinion on whether it considers that the FY25 Annual Report, taken as a whole, is fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.	<ul style="list-style-type: none"> Reported on the preparation of the FY25 Annual Report with the Board, having assessed the quality of reporting through discussion with management and the External Auditor. 	<ul style="list-style-type: none"> Advised the Board that the Company's FY25 Annual Report is fair, balanced and understandable, following its review.
Segmental reporting During the period we undertook a reorganisation which resulted in new geographic divisions. We are required to assess whether the segments appropriately reflect how the Chief Operating Decision Maker reviews business performance.	<ul style="list-style-type: none"> The Committee reviewed reports from management on the proposed reporting segments following organisational changes during the year and assessed whether they appropriately reflect how the chief operating decision maker reviews business performance. The Committee evaluated whether the segmental information provides users with sufficient detail to understand the Group's performance across different geographic divisions. 	<ul style="list-style-type: none"> Concluded that the revised segmental reporting was appropriate. Determined that adequate disclosure was included within the Financial Statements to enable users to understand the basis of segmentation and performance of each segment.
Control environment Other matters addressed by the Committee included focus on the effectiveness of our control environment and performance of our IT systems. The Committee also considered Internal Audit, including the objectivity and independence of Internal Audit personnel. Our main activities are summarised below:		
	Committee Activity	Outcome
Risk management and internal control The Committee is required to assist the Board in the annual review of the effectiveness of our Risk Management Framework and internal control systems.	<ul style="list-style-type: none"> Received a report from the Chief Risk Officer and the Board Risk Committee on the overall effectiveness of the risk management and internal control framework, including an assessment of risks that might threaten our business model, future performance, solvency or liquidity. Received an update on the control environment in respect of Corporate Actions and Privileged Access Management, where the Committee noted the significant improvement that had been made in recent years. Reviewed the associated disclosures within the Accountability section of the Governance Report in this Annual Report. 	<ul style="list-style-type: none"> Agreed to recommend to the Board the Annual Report statements relating to the effectiveness of the risk management and internal control framework.

	Committee Activity	Outcome
Internal Audit The Committee is required to oversee the performance, resourcing and effectiveness of the Internal Audit function.	<ul style="list-style-type: none"> ▪ Monitored the effectiveness of our Internal Audit function in the overall context of our risk management and internal control framework. ▪ Reviewed the risk-based Internal Audit plan. ▪ Monitored management's responsiveness to Internal Audit findings. ▪ Reviewed Internal Audit reports and themes arising from them. ▪ Reviewed the performance of the Internal Audit function against the plan. Reviewed the Internal Audit Charter. ▪ Reviewed the Internal Audit Scorecard to feed into the FY25 variable remuneration for individuals in the function ▪ Reviewed the outcome of the External Quality Assessment on the Internal Audit function. ▪ Considered the Group's cyber Risk Management Framework. 	<ul style="list-style-type: none"> ▪ Approved the risk-based audit plan. ▪ Concluded that the Internal Audit function supports the work of the Committee and remains effective, efficient and robust, with appropriate processes. ▪ Considered the function to have sufficient resources to deliver its proposed audit plan. ▪ Approved the Internal Audit Charter. ▪ Recommended the Internal Audit Scorecard to the Remuneration Committee, which will feed into the FY25 variable remuneration for the Internal Audit function.
Client money and assets The Committee has a responsibility for overseeing our systems and controls relating to the holding and management of client money and assets.	<ul style="list-style-type: none"> ▪ Monitored the effectiveness of the control environment relating to client money and assets through periodic reporting from management and the Client Money and Assets Committee. ▪ Considered the report from the External Auditor on the client money control environment and operations 	<ul style="list-style-type: none"> ▪ Reviewed the control environment at Group and UK levels; and concluded that the control environment remained effective.
Whistleblowing The Committee considers the adequacy of our arrangements by which employees may in confidence raise concerns about improprieties in matters of financial reporting or other matters.	<ul style="list-style-type: none"> ▪ Received periodic reporting from management on the Group's whistleblowing arrangements, including Group and local policies and employee training. ▪ Reviewed the proposed updates to the Group Whistleblowing Policy, which included the onboarding of a provider to enable whistleblowing reports to be made via an anonymous external reporting line. 	<ul style="list-style-type: none"> ▪ Concluded that whistleblowing processes were operating effectively during the period under review and that the Whistleblowing Policy would be reviewed in FY26 with the roll-out of the "Speak Up" programme. ▪ Reviewed and recommended the revised Whistleblowing Policy for Board approval.

External Auditor

Our main activities are summarised below:

	Committee Activity	Outcome
Oversight of External Auditor The Committee is required to oversee the work and performance of PwC as External Auditor, including the maintenance of audit quality during the period.	<ul style="list-style-type: none"> Met with the key members of the PwC audit team to discuss the FY25 audit plan and areas of focus. Assessed regular reports from PwC on the progress of the FY25 audit and any material issues identified. Discussed the draft audit opinion ahead of the FY25 year-end. The Committee was also briefed by PwC on critical accounting estimates, where significant judgement was needed. Reviewed the FRC's Audit Quality Inspection Report for PwC. Development of engagement-specific audit quality indicators (AQIs). 	<ul style="list-style-type: none"> Approved the audit plan and the main areas of focus. More information on the Committee's role in assessing External Auditor performance, effectiveness and independence can be found on page 82.
Audit and audit-related fees Audit-related fees include those related to the statutory audit of the Group and its subsidiaries, as well as audits required due to the regulated nature of our business. Also included are fees associated with testing of controls relating to our processes and controls over client money and asset segregation.	<ul style="list-style-type: none"> Reviewed and approved a recommendation from management on the Company's audit and audit-related fees during the year 	<ul style="list-style-type: none"> Concluded that the FY25 audit and audit-related fees are appropriate. A breakdown of audit and non-audit related fees is in note 5 to the Financial Statements on page 137.
Non-audit services and fees To prevent the objectivity and independence of the External Auditor from becoming compromised, the Committee has a formal policy governing the engagement of the External Auditor to provide non-audit services. The policy is reviewed on an annual basis. The Committee reviewed our policy governing non-audit work against details of regulations on the statutory audit of public interest entities.	<ul style="list-style-type: none"> Reviewed all arrangements for non-audit fees. Fees in relation to permitted services below £0.05 million are deemed pre-approved by the Committee and are subject to the approval of the CFO. Fees above £0.05 million must be approved by the Committee, through the Committee Chair. Received an explanation from PwC of its own in-house independence process. Received confirmation from management that there were no exceptions to fee limits and approval processes, per the policy, during the year. 	<ul style="list-style-type: none"> Approved arrangements for non-audit fees. During the year, non-audit fees of £0.2 million were paid to PwC, as disclosed in note 5 to the Financial Statements.

External Auditor effectiveness

In assessing the effectiveness and independence of the External Auditor, the Committee considered relevant professional and regulatory requirements, including the FRC's Minimum Standard for Audit Committees and the External Audit, and the relationship with the External Auditor as a whole. The Committee monitored the External Auditor's compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, and assessed its qualifications, expertise, resources, and quality of people and service provided, including a report from the External Auditor on its own internal quality procedures and independence.

As part of the assessment, a questionnaire was completed by key stakeholders. The questionnaire addressed matters including the External Auditor's independence, objectivity, the quality of planning and execution of the audit, insights and added value and general support and communication to the Committee and management. The results were analysed, and a report was presented to the Committee.

The Committee assessed the robustness of the audit process, specifically how the auditor challenged management's key assumptions and demonstrated professional scepticism, through discussion with the audit partner, by reviewing PwC's findings on areas which required management judgement and in considering the quality and depth of the auditor's observations and challenge.

External Auditor reappointment

The Committee is responsible for making recommendations on the appointment, reappointment and removal of the External Auditor, and for assessing and agreeing the audit and non-audit fees payable to them.

External audit services were last tendered in FY20, where PwC was reappointed. PwC has been our External Auditor for 15 years and in line with regulatory requirements and corporate governance best practice will retire from the role by FY30 when a competitive tender process shall be undertaken. The FY25 audit was led by Carl Sizer. Under the partner rotation rules set out in the applicable ethical standards, this will be his final year as partner, after five years of service. Hamish Anderson shall take over the audit partner responsibility in FY26 and has been attending Audit Committee meetings to ensure a smooth transition.

The Company has complied with the provisions of the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

Following our assessment of the effectiveness of the External Auditor, the external audit process and their independence and objectivity, the Committee recommends that the Board propose the reappointment of PwC for shareholder approval at the Company's 2025 AGM.

There are no contractual obligations restricting choice of External Auditor.

Committee evaluation

An evaluation of Committee performance was undertaken this year in line with the Committee's Terms of Reference. You can find details of the Board Performance Review process, outcome and the actions on pages 70-71. On the Committee-specific questions, the review found that the Committee had the right combination of skills, experience and knowledge. Its reporting to the Board was found to be effective and it performed, and was chaired, effectively during the year. Scores were high, and there were no Committee-specific actions from the review as a result.



Andrew Didham
Chair of the Audit Committee
23 July 2025

Priorities for the year ahead

- Oversight of the implementation of the 2024 UK Corporate Governance Code reporting requirements
- Reviewing third party arrangements and controls in relation to cryptocurrencies.
- Overseeing the further development of sustainability reporting in line with evolving standards
- Working with the new External Audit partner as Carl Sizer concludes his tenure
- Supporting the new Head of Internal Audit in reviewing and implementing the Internal Audit plan