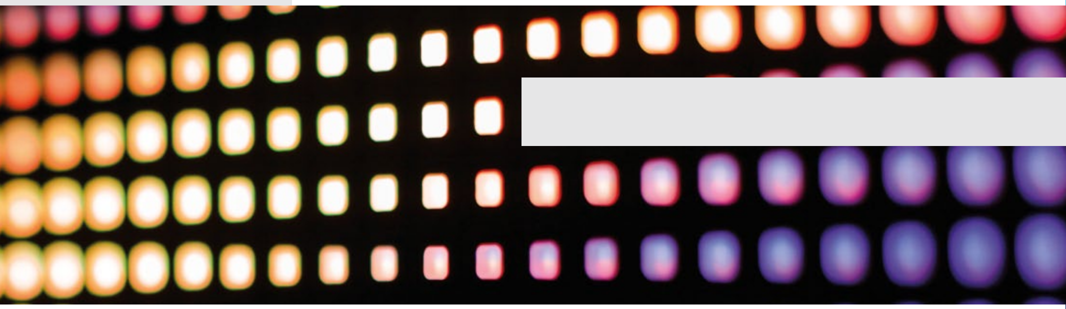
IGGROUP.COM

Igniting change.
Accelerating growth.

IG GROUP HOLDINGS PLC
ANNUAL REPORT 2022



IG Group

Introduction

IG Group is a leading global fintech, led by a clear purpose to power the pursuit of financial freedom for the ambitious.

AT A GLANCE
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Introduction

Strategic Report

Governance Report

Shareholder and Company Information

THIS REPORT IS ONLINE
IGGROUP.COM

KPIs
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Financial Highlights FY22

BUSINESS PERFORMANCE REVIEW
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Total revenue[1]

£973.1m

(2021: £837.6m)

Profit before tax[2]

£477.0m

(2021: £446.0m)

Basic earnings per share[3]

92.9p

(2021: 99.8p)

Net own funds generated from operations

£437.3m

(2021: £422.8m)

Total dividend per share

44.2p

(2021: 43.2p)

1. Total revenue includes £5.8 million foreign exchange hedging gain associated with the financing of the tastytrade acquisition. On an adjusted basis, total revenue was £967.3m.
2. Profit before tax includes £33.7 million of costs and recurring non-cash costs associated with the tastytrade acquisition and integration and £3.3 million relating to the sale of Nadex and Small Exchange. On an adjusted basis, profit before tax was £494.3m.
3. Earnings per share include £1.0 million of accelerated financing expense associated with the debt issuance. On an adjusted basis, basic earnings per share was 96.3 pence.
4. The Group uses alternative performance measures to provide additional information on the performance of the business. For more detail, see our KPI definition on page 196.

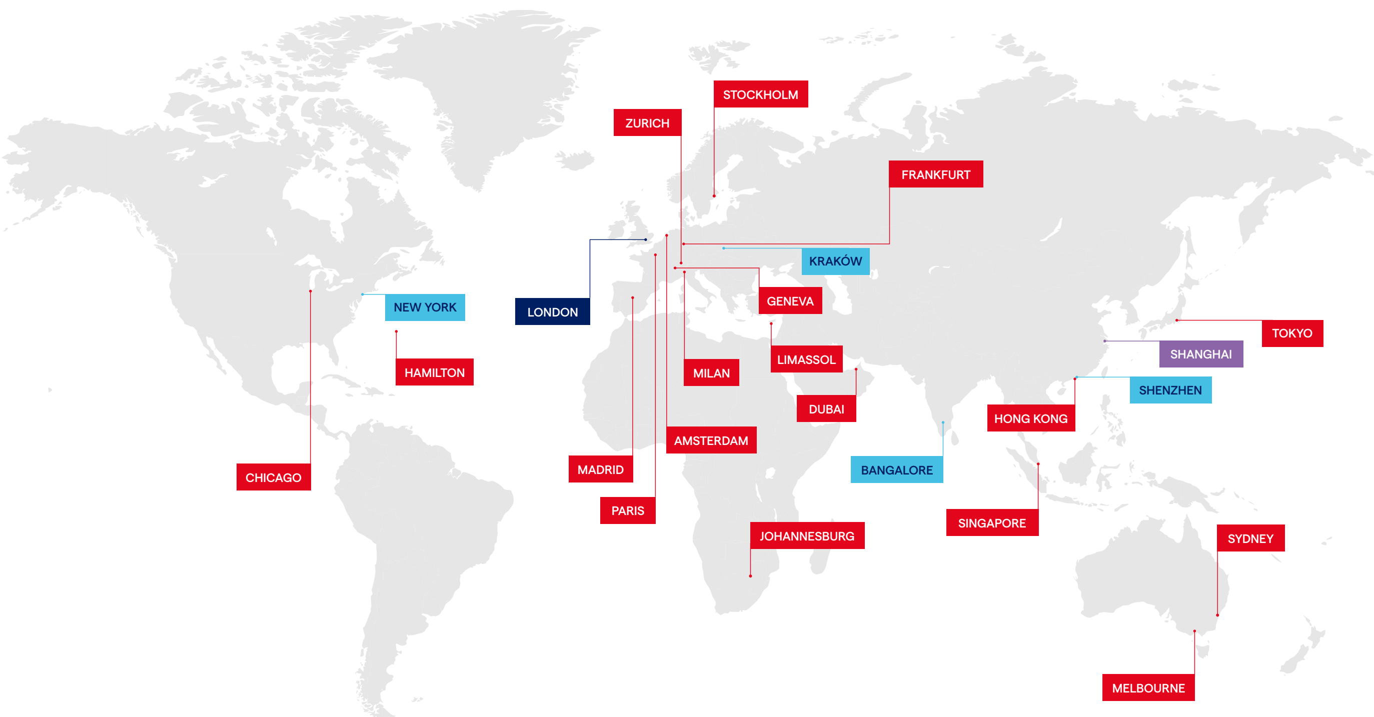
At a Glance

IG Group is a purpose-led global fintech that has been at the forefront of trading innovation since 1974.

Our clients are ambitious, and are looking to take control of their financial future. Our award-winning products, our educational content and our platforms empower these ambitious people the world over to unlock opportunities around the clock, giving them access to around **19,000** financial markets.

IG Group Holdings plc (IGGH or the Company) is an established member of the FTSE 250 and was given a long-term investment grade credit rating of BBB– with a stable outlook from Fitch Ratings in September 2021.

Our geographies



Employees across 24 offices

2,507

Active clients in FY22

381,000+

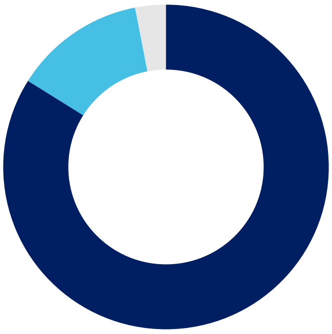
Markets offered to trade

~19,000

Our purpose

Powering the pursuit of financial freedom for the ambitious

Our products



- **Over-the-counter (OTC)** 84%
- **ETD** 13%
- **Stock trading** 3%

Our brands

IG
tastytrade
SPECTRUM Lighting up the market
IG Prime
DAILYFX
tastyworks.

Our proposition

- Multiple growth levers in a significant and growing global market
- High-quality client base, driving sustained and enduring value
- Market-leading content, technology and platforms
- Strong cash flow and liquidity with robust risk management
- Diversified business by geography and product

Offices worldwide	Hours of educational content	Post-tax profits pledged to charities
24	**4,000+**	**1%**

Chair's Statement

“This has been an exciting year of **growth and progress as we live our purpose.”**

Mike McTighe
Chair

The Group has had an exceptional year, both in terms of the record performance delivered and the strategic progress made. I am extremely proud of the ongoing transformation of the business, and I am confident we are ideally placed to take advantage of the opportunities ahead.

The acquisition of tastytrade, Inc. (tastytrade) during the year provided a step-change towards achieving our diversification strategy, while the sale of North American Derivatives Exchange, Inc. (Nadex) and Small Exchange Inc. (Small Exchange) exemplifies our focus on areas where we see significant room for growth.

Our clear purpose and strategy has guided our decision making in the year, including the formalisation of our Capital Allocation Framework, which includes our pledge to donate the equivalent of 1% of post-tax profits to charitable causes each year from 2022 to 2025, subject to Board approval.

Record performance

The record performance is particularly pleasing given the exceptional activity levels seen during the pandemic. We differentiate ourselves by the quality of our clients, and this in turn differentiates our results.

We are able to continually attract and retain these high-quality clients for three key reasons: our product offering, trade execution and client service. Our ever-growing client base continues to find opportunities to trade, and this underpins our business growth.

Performance in some of our regions such as the US, Japan and our pan-European multi-lateral trading facility brings diversification and offers significant strategic growth opportunities.

Focus on capital stewardship

Over the course of the last 12 months, the Board has been focused on responsible capital stewardship, balancing regulatory capital and liquidity requirements, the need for investment in the future growth of the business, and returns to shareholders.

As a result, in addition to the comprehensive debt refinancing completed during the year, we have established a new Capital Allocation Framework which clearly sets out the basis on which the Board will make capital allocation decisions. In the framework, we have stated our new policy of an regular distributions of around 50% of adjusted profit after tax.

In accordance with this new framework, we also announced our intention to return surplus capital to shareholders via the repurchase of ordinary shares up to an aggregate purchase price of up to £150 million. We aim to substantially complete this buyback programme within FY23.

We will continue to ensure that we hold sufficient capital resources for regulatory purposes and to support business growth, though we will avoid holding excess capital in the business.

Continuing to strengthen our leadership

During the year, we welcomed Susan Skerritt (appointed to the Board in July 2021) as a Non-Executive Director. Susan is an established Non-Executive Director and a US resident, and brings significant financial markets experience of working with US-based companies and regulators. That experience and local knowledge is already proving invaluable as we increase our focus on the US. Susan is a member of both the IG North American Board (IGNA) and the IG Group Holdings (IGGH) Board Risk Committee.

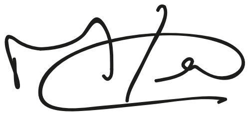
In support of the acquisition of tastytrade, the Board has taken the opportunity to review the governance arrangements in the US to optimise oversight and support of the US companies by the wider Group. Having taken soundings from our external advisers, the Board concluded that a North American Board was appropriate, re-purposing a pre-existing Board to focus in particular on governance, regulation and compliance.

Supporting our people

The past couple of years have undoubtedly been a very challenging time for many, due to several factors including the global pandemic, followed by conflict in Ukraine.

Our people have again proven their dedication and commitment to our business, our clients, and society. Collectively, we have taken many steps to address these challenges, both for our employees and for the communities in which we operate. This has been a combination of ESG programmes through our Brighter Future Fund and employee assistance programmes. In turn, our employees have also stepped up and provided support to those facing undue hardships, which has been incredibly moving and inspiring. We will continue with these endeavours as part of our holistic aim to remain a good corporate citizen.

This has been an exciting year of growth and progress as we live our purpose.



Mike McTighe
Chair
20 July 2022

Chief Executive Officer's Statement

"Today, we are a purpose-led **fintech delivering outstanding results."**

June Felix
Chief Executive Officer

Over the last 12 months we have delivered exceptional results.

We have achieved outstanding financial performance while continuing our journey to become a more diversified, innovative, global fintech. We have made great strides since we announced our strategy in 2019, and we now see the emergence of a materially evolved organisation. Today, we are in a very strong position in multiple markets, offering our ambitious clients a great range of products to meet their needs. Through our organic and inorganic regional expansion, we have created substantial scope for growth in significant and larger addressable markets. I strongly believe that we are better positioned for future growth than ever before.

Our ability to perform in changing macro conditions and uncertain markets is the result of the disciplined execution of our strategy, and our business model. We are not only increasing revenues but diversifying the sources of our revenues. This positions us well for long-term, sustainable growth.

The performance we have achieved has not been replicated consistently across our peer group and is a testament to several key factors that differentiate

Key achievements in FY22:

- Delivered a record financial performance
- Strengthened our strategic position in two of the world's largest financial markets
- Expanded our large, global, high-quality client base
- Committed 1% of post-tax profits to charitable causes each year from 2022 to 2025
- Completed our first corporate bond issuance
- Announced our new Capital Allocation Framework and share buyback programme

us from others in the sector. These include the size and quality of our client base of ambitious, active traders, our proven market risk management model, and most of all, the dedication and commitment of our people, who strive every day to provide a better experience for our clients and for the communities in which we operate. I would like to begin by expressing my thanks to everyone at IG Group as we take every step together to live our purpose.

I'm proud to be able to share how we are delivering on our promises.

A purpose-led, global fintech

We launched our new purpose over a year ago, crystallising our vision to power the pursuit of financial freedom for the ambitious. This 'North Star' ensures we put our clients at the heart of everything we do and support them on their trading and investing journeys. Today, we are a purpose-led fintech delivering outstanding results.

With operations in 20 countries across five continents, we are delivering the world's best technology, platforms, products and exchanges – opening up a wider range of trading and investment opportunities to ambitious people around the world.

IG Group has a long history of innovating to meet market needs and to best serve clients. Over the last five decades, we have evaluated how the financial landscape has evolved and we have moved in tandem by creating relevant and responsive products. We are already well known for our OTC derivatives products, allowing traders to take advantage of changes in an asset's price without owning the asset itself. We enable clients to trade in around 19,000 markets encompassing indices, individual equities, commodities and foreign exchange.

Our heritage embodies the spirit of our future – to consistently determine how we can best serve self-directed investors who want to own their financial futures. To keep meeting our clients' needs, we continually evaluate the changing landscape and respond in kind with relevant offerings. We have evolved from a UK-centric, OTC-focused firm into a global business, strategically and methodically expanding by product and by region, especially in the United States and Asia, which are both large markets with significant growth opportunities. We've achieved this through a combination of organic and inorganic strategies.

Our business in Japan shows how we applied our winning formula of delivering innovative products tailored for local needs backed by our global platforms, expertise and resources. Revenues have increased more than 400% in that business from FY19, and it continues to go from strength to strength. As a result, Japan is now one of our largest markets.

Acquiring tastytrade last year enabled us to accelerate our strategy to expand into exchange-traded products and better establish our presence in the US, the largest retail financial market in the world. The addition of tastytrade significantly increases our total addressable market to over 21 million active traders, by adding 14 million active traders of options, futures and cash equities in the US. This large market of self-directed, ambitious investors has over 100 million accounts with the main US brokerages.

In addition, we have a stock trading and investments business which offers clients the opportunity to buy and sell a range of over 12,000 global shares and exchange traded funds with competitive and transparent transaction fees. We believe our success in gaining clients during the last few years shows that this can be another potential growth lever in the future.

Playing our part in our communities

We strive to make a difference for our clients and for the wider communities in which we operate.

We recognise our responsibilities as a global corporate citizen, and I am particularly proud of the steps we have taken to further embed our environmental, social and governance (ESG) strategy across our business. In December 2021, we pledged to contribute the equivalent of 1% of our post-tax profits to charitable causes from 2022 to 2025, subject to ongoing Board approval.

This new pledge is part of our ongoing commitment to play a part in helping improve the futures of young people around the world – inspiring them to explore possibilities and reach their potential in life through learning.

The 1% commitment is a natural step for our Brighter Future Fund, which was established in 2020 with an initial £5 million contribution from IG. The majority of our new 1% pledge will be our mechanism for making regular and substantial payments into this fund each year until 2025. The Brighter Future Fund will support projects around the globe that align with the themes of empowerment through education and the environment.

This builds on our strong track record of community outreach, where the level of our commitment continues to set us apart from our peers. Key highlights from the last year include:

- Continuing to work closely with our key strategic partner Teach For All and members of their network, including Teach First, Teach For Poland and Teach For India. We support these charities as they fight to make the education system work for every child
- We are entering a partnership with UK-based charity Learning with Parents which focuses on financial literacy and, in particular, looks at ways to help parents support their child's financial education

Chief Executive Officer's Statement continued

- A new partnership with Chance To Shine, a programme which helps young girls to become future leaders through the transformative power of cricket

In recognition of our credentials as a responsible and sustainable business, IG has become a constituent of the FTSE4Good Index.

Delivering on our promises

Through the concerted effort of my talented and valued colleagues, we made good on our commitment to become a more global, diversified and sustainable business.

We delivered strong strategic progress across the Group, with stand out performance in product diversification and in extending our platform into new markets. This focus on growth and diversification has seen us double our revenues since FY19, with great progress made across the key geographical regions in which we now operate.

We also continue to make progress in Europe with Spectrum, our Frankfurt-based pan-European trading venue for securitised derivatives. This year Spectrum welcomed two additional brokers and introduced further trading opportunities on turbo certificates with selected equities and cryptocurrencies. Further growth is expected in FY23 and beyond as we integrate additional third-party brokers, as well as integrate two tier-1 European banks as product issuers later this year.

In Japan, we have enjoyed considerable recent success, tailoring our offering to best suit the needs and wants of local clients. Our ability to localise continues to pay dividends, allowing us to leverage our platform and technology capability across different markets.

This approach of focusing on growth and expansion, while being disciplined in the strategic decisions and investments we choose to make, has ensured we are outperforming against the strategy we set ourselves and sets an even stronger foundation from which we can grow. This means being strategic and focused on what we decide to do and also on what we decide not to do.

We completed the sale of two businesses, Nadex and Small Exchange, in March 2022 for $216 million, representing a significant return on investment for these businesses. This sale gives us the opportunity to reinvest into our businesses, expanding our efforts in tastytrade and in other related opportunities as they arise.

Foundations for success

Since our earliest days, we have delivered innovative financial solutions for our clients. This success is underpinned by our people, our expertise and our focus on continuous improvement and innovation.

This year, we have made some key leadership changes to further strengthen our expertise and leverage our capabilities. To represent our investment in key regions, we have appointed new regional CEOs to drive success in our three key geographies: Matt Macklin is the regional CEO for the UK, APAC+ and Emerging Markets, Matt Brief leads as regional CEO for Europe, and Joe (JJ) Kinahan has been appointed as CEO for North America. They all bring significant experience and expertise to our regions and to the Executive Committee team.

By combining global resources and regional expertise, we plan to create more innovative, distinctive solutions that meet clients' needs at a more targeted level. We will take advantage of our global platform and local insights to deliver sustainable growth through both organic and selective inorganic investment. Additionally, we have a keen eye on expanding and fulfilling our ESG goals. By keeping those goals running in parallel we believe this will ensure we excel in both the short and long term.

Capital management and liquidity

Our balance sheet is strong, and we are a highly cash-generative business. During the year, we successfully completed a comprehensive debt refinancing exercise and implemented a new long-term funding structure.

These important steps will provide additional, significant levels of liquidity to further support our strategic growth ambitions: lengthening the maturity of our debt facilities, enhancing our financial flexibility, and providing material headroom within our total facilities. The refinancing involved our first corporate bond issue of an investment-grade, seven-year, £300 million, senior unsecured note, and a new £300 million committed revolving credit facility, with an initial maturity of three years.

We have also announced our new Capital Allocation Framework, setting out how it supports our strategic goals, as well as outlining the thinking behind it. This is an important step in shaping the business, and positioning us for the future.

June Felix
Chief Executive Officer
20 July 2022

Capital Allocation Framework

Our Capital Allocation Framework balances delivering sustainable returns to shareholders with ongoing investment in the business to execute our growth strategy.

The Group will retain sufficient capital as required to maintain a strong balance sheet, to invest in organic growth and fulfil our citizenship commitment of allocating 1% of adjusted profit after tax to charitable causes, prior to the declaration of Regular Distributions. Following these allocations of capital, the Group will consider inorganic growth investments and Additional Distributions to shareholders of capital that are surplus to our requirements.

1. Regulatory capital requirements

Hold an appropriate level of regulatory capital and liquidity.

2. Organic investment to growth

Generate operating return on existing capital and invest organically for future growth.

3. Commitments on citizenship

Commitment to donate 1% of profit after tax to charitable causes until 2025.

4. Regular distributions

Regular distribution of around 50% of adjusted profit after tax, delivering modest growth in dividend per share.

5. Inorganic investments

Ongoing disciplined assessment of potential acquisitions.

6. Additional shareholder returns

Return of surplus capital not required for other priorities.

Regular distributions

The Board has adopted a sustainable, progressive dividend policy. This is expected to deliver (1) modest annual growth in the dividend per share over the current planning cycle, and (2) an interim dividend set at 30% of the prior year, full year dividend.

The Board expects aggregate regular annual distributions to shareholders of around 50% of adjusted profit after tax each year. The Group will retain an element of discretion on the methods of return which may include share buybacks or special dividends.

The flexibility provided by this approach is intended to mitigate the impact of potential short-term fluctuations in the business cycle on the annual ordinary dividend per share paid to shareholders.

Additional distributions

The Board will continue to keep the level of capital on the balance sheet under regular review.

Capital that is not required to fund either planned business investment or potential inorganic investment to accelerate delivery of the Group's strategic plans will be periodically returned to shareholders as Additional Distributions, over and above Regular Distributions. Such distributions will be through share buybacks or special dividends with the Board considering a number of factors to determine the mechanism which is most accretive to shareholder value.

Our Purpose and Values

Powering the pursuit of financial freedom for the ambitious

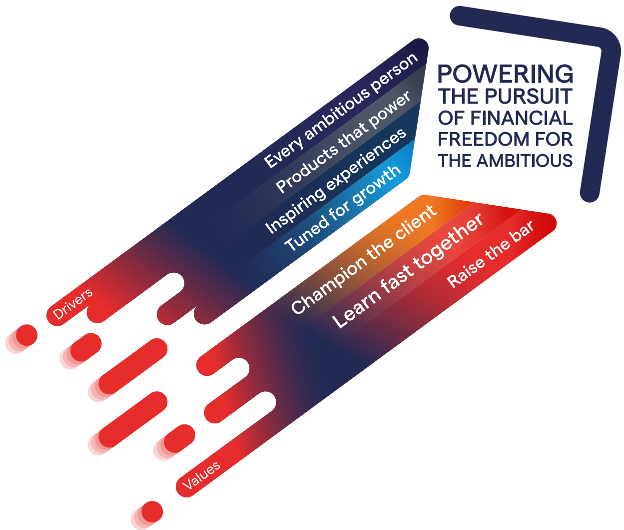
FIND OUT MORE AT
IGGROUP.COM/ABOUT-US

Our purpose

Our blueprint for the future.

It will deliberately stretch us for years to come. It provides us with a fundamental question against which to assess decisions – ‘is what we’re doing powering the pursuit of financial freedom for the ambitious?’. It requires us to have a deep understanding of our clients, and to diversify into new markets and products.

As we make further progress towards achieving our purpose, we will enable more people to become financially self-reliant and therefore make a greater contribution to society.



Strategy

Our strategic drivers

Every ambitious person
Unrelenting in our drive to reach ambitious people across the globe. Ambitious people, wherever they are, all share similar characteristics: they're driven and self-directed. We exist to help them in their pursuit of financial freedom, and we acknowledge that this means something different for everyone.

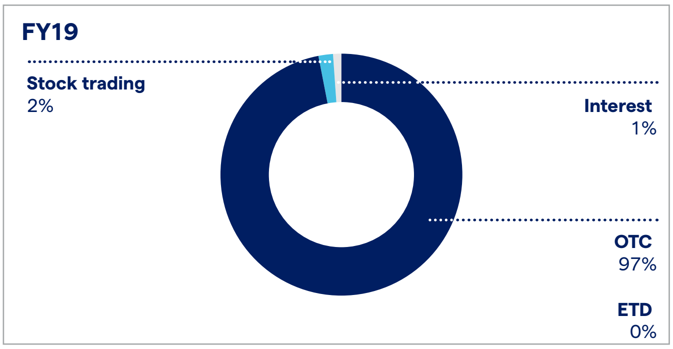
Products that power
Evolving our product portfolio to provide greater choice and flexibility in the pursuit of financial freedom. Through innovation, we can power every ambitious person with market-leading technology, platforms, products and exchanges. Our focus on education gives clients the understanding and confidence to harness that power to achieve their goals.

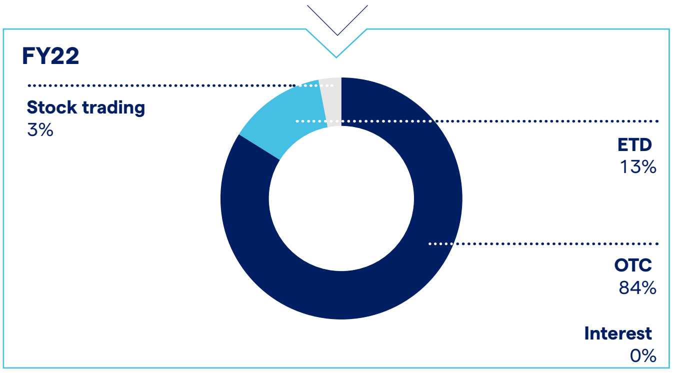
Inspiring experiences
Creating personalised experiences that engage, educate and empower. We invest in our award-winning platforms in order to provide faster, clearer and smarter ways to trade. User experience is the top reason clients trade with us. We also encourage our employees to work collaboratively to produce excellent results and get the most out of their roles.

Tuned for growth
Developing our capabilities and infrastructure for growth, balancing the need for agility with robust controls and risk management. Successfully diversifying our business geographically and by product has been possible due to our strong scalable foundations. As we continue to grow, this remains a key focus in our technology, our operations and our financial strength.

Diversification

By delivering on our strategy we are diversifying our revenue. We have already seen the benefit from our geographic expansion, and now we are diversifying the business by product. This is in the form of organic and inorganic growth. While our OTC business has continued to deliver exceptional performance, our diversification strategy is beginning to shape a new IG Group.





Client focus

Client onboarding

- Market to a clearly defined target audience
- Ensure marketing is clear, fair and not misleading
- Wealth, income and risk appetite assessment prior to trading our products
- Ongoing checks to assess potentially vulnerable existing clients

Client education

- Encourage clients to engage with us and to learn about our products and how to trade effectively and responsibly
- Promote responsible trading through an engaging introductory programme, targeted at client needs
- Provide a wide range of trading aids, such as strategic trading content, charting packages, news, commentary and analysis

Clients at the centre of everything we do

Client outcomes

- Invest in process, training and culture to continually improve experiences and outcomes
- Evaluate across a broad range of metrics – including satisfaction, appropriateness, complaints and financial outcomes – to ensure we are doing the right thing
- Focus on best possible service by continuous investment in our platform, to maximise its offering, availability and performance

Risk management

- Negative balance protection and limited-risk accounts
- Close-out monitor to warn and ultimately liquidate client positions when their margin has been significantly eroded
- Option to attach guaranteed stops to identify the maximum possible loss at the outset of a trade
- A business model which aligns our outcomes with those of our clients

Key Trends Likely to Affect Our Business

Realising the value of forward thinking

We are continually looking externally at key trends in our sector, the industry and in the world more generally, to understand the impact they may have on our business, either to spot an opportunity, or to mitigate a risk. Although there are many external factors which may impact our business, we have highlighted below the key trends we see, and their potential impact.

Financial markets

Description

Higher volatility tends to generate more opportunities in financial markets, which attracts clients – increasing trading activity and client income. However, at all times we seek to maximise hedging efficiency while staying within our risk appetite, in order to limit volatility of revenues.

During the past couple of years, there have been a number of events which have caused an increase in volatility, from the Covid-19 pandemic, to the 'meme stock' short squeeze in January 2021, to the conflict in Ukraine. These led to elevated levels of account applications which put increased demand on our systems and people.

In the wider financial markets, we are now seeing rising interest rates and increasing levels of inflation. These will provide trading opportunities, but may also impact levels of disposable income for our clients.

What does it mean for IG?

Lower volatility could have a negative effect on revenue growth, through lower active client numbers and lower activity per client – both impacted by market conditions. We now serve an active client base which is materially larger than before the pandemic.

We have managed to sustain revenues despite less market volatility in this financial year. Although we believe that we will be able to grow the business over time, a long period of lower volatility may have a negative impact on our revenues. Conversely, events which cause higher levels of volatility in the markets are likely to be beneficial to our revenue.

Structural shift to self-directed trading

Description

With the evolution of technology, and freely accessible online educational content, the online trading industry has seen a shift away from financial advisers and a move towards self-directed trading. Individuals want more control over their finances, and have the knowledge and confidence to be able to do it.

This structural change has been playing out for some years, but has recently been accelerated by the long period of high volatility from the Covid-19 pandemic. The financial markets have never been as interesting to trade, nor as accessible to such a vast potential audience, accelerating this shift towards individuals taking control of their own financial futures.

What does it mean for IG?

Our target market is ambitious, self-directed individuals. We serve hundreds of thousands of those individuals already, and the size of the addressable market is growing. We have a strong reputation as the market leader in OTC derivatives, and are building out offerings in turbos, options and futures, and other areas of the market.

We are able to rely on our cutting-edge technology, our platform reliability, our expertise in risk management and our strong financial foundations to continue to grow and improve as a business, and to attract clients all over the world.

Our business is aimed at active traders, but with the range of support features on our platform, as well as our educational content and our increasing product offering, we are confident that we will be able to attract clients from other platforms as they look to upgrade, as well as those who are newer to the industry.

Sector developments

Description

Across all of our products, we operate in a highly competitive environment. Our competitor set has evolved considerably over the past five years, with our traditional competitors being challenged by new market entrants.

With heightened demand for investing and trading in recent years, we have seen elevated marketing spend from competitors, which has reduced our share of voice in certain markets. However, this spend is primarily focused on the lower value end of the retail trader market.

We remain a market leader in the breadth and depth of our product offering, but as competitors add products we need to respond to maintain this point of differentiation.

What does it mean for IG?

To date, elevated marketing spend from competitors has not impacted our ability to attract and onboard our targeted high-value clients nor to retain our loyal and active existing clients.

To respond to the threat of new entrants, we closely monitor any changes in the competitive landscape through local knowledge and market research. Our sophisticated Search Engine Optimisation techniques ensure we are the first choice for active traders. We put client needs at the heart of everything we do in order to stay ahead.

Leveraged derivative products are not suitable for all individuals. We have rigorous onboarding criteria to ensure that only appropriate clients are able to access our products. Our competitors' actions, including new entrants to the market, may affect the reputation of the industry as a whole.

Our purpose compels us to add new products in addition to OTC derivatives for the wider needs of ambitious, self-directed individuals.

We regularly monitor the financial results and actions of our competitors at executive and Board level.

Technology

Description

We are a fintech business; technology is at the core of what we do. Our technology is constantly evolving and improving, and our success as a business is a testament to being able to stay at the forefront of technological advances.

Predicting the future of technology is hard, but it is likely to impact the way in which we do business, the way we interact with clients, and the way clients trade and interact with their finances.

Clients will continue to demand faster platforms, better execution, more analysis, more tools and an improved user experience.

What does it mean for IG?

Companies that will succeed in the future are those that are able to listen to, understand and respond to their clients and their evolving needs, while remaining at the forefront of technological advances.

We are well positioned to face this ongoing challenge. Almost 40% of our employees work in technology and we have a history of innovation, having built web platforms, mobile apps, risk management models, a pan-European exchange and market makers. We also have a dedicated team tasked with exploring technology future design to ensure what we build is resilient, scalable and cutting-edge. We are confident in our ability to continue to succeed in this area.

Business Model

Focused on the future, positioned for success

Our resources

Technology
- Continued investment in product development and resilience
- Award winning options platform
- Direct market access (DMA) platform
- Sophisticated web application programming interface (API)
- Range of leading-edge tools and charting to inform clients

Brand and reputation
- Global leader in online trading, trusted partner for over 380,000 active clients
- FTSE 250 company with £3.1 billion market cap as at 31 May 2022 and a long history of profitability and financial strength
- Content with cutting-edge research and actionable trading insights
- Client surveys show our reputation is one of the top reasons they choose us

People and culture
- Culture expressed through values – ‘champion the client’, ‘learn fast together’, and ‘raise the bar’
- Tradition of innovation throughout the business
- Experienced Executive team who understand our clients

Financial capacity
- High level of cash generation and liquidity
- Strong balance sheet with the financial capacity to support business growth

Our products

Our resources and strengths as a business come together to provide four products for our clients:

OTC
- Contracts For Difference (CFDs)
- OTC FX
- OTC options

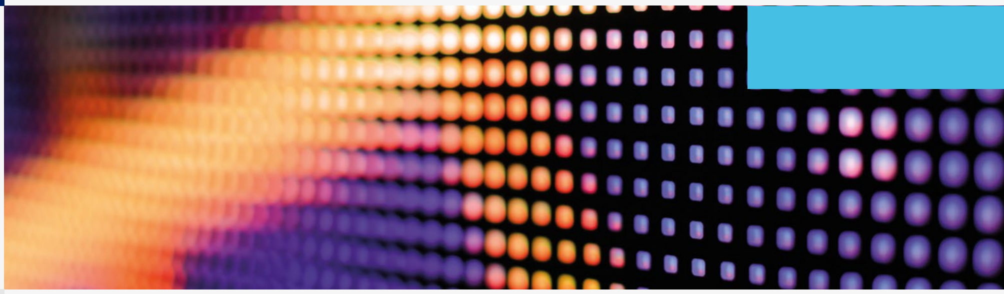
ETD
- On-exchange leveraged securities (EU)
- Options and futures (US)

Market risk management

We look to support our clients at all stages of their journey.

This starts with our onboarding process, continues through to our educational offerings, client service support and trade execution, which always benefits the client.

This can also be seen in the risk management model in our OTC business, which is a key differentiating feature for us as a business.



Stock trading
- Share trading
- IG Smart Portfolios (in association with BlackRock)
- ISA and SIPPs (via share trading)

IG

Content and education
- 10hrs daily live programming
- News and original content
- Webinars and tutorials

IG

DAILYFX

tastytrade

We offset client exposures and hedge any residual exposure in excess of pre-agreed risk limits in the external market.

This is key to our business model. It also allows us to manage our market risk while lowering our cost of hedging, And by hedging residual exposure, means that our interests are aligned with those of our clients.

Creating value for our stakeholders

Investors
Delivering attractive returns across an increasingly diversified business from a strong financial position.

Clients
Providing a quality global platform, excellent client service and a range of distinctive educational content to support the trading of our ambitious clients.

Society
Playing our part to support our communities, with a focus on financial literacy and the environment.

Employees
Recruiting, retaining and engaging our people through an inclusive environment that enables them to develop as professionals with best-in-class resources, training and support.

Key Performance Indicators (KPIs)

We have maintained our six KPIs from last year as they continue to provide the most comprehensive reflection of how the business is managed.

This is split into four financial metrics and two non-financial metrics[1].

Financial KPIs

Our financial metrics cover four key areas of our finances: revenue, profitability, diversification and cash flow.

Strong performance in all of these areas is critical to the success of the business in achieving our strategy.

We have updated our revenue KPI to adjusted total revenue, which includes interest on client money, reflecting the increasing importance of interest as a component of our total income. Accordingly we have also updated our profitability KPI to be adjusted profit before tax margin based on total revenue. Both of these measures are on a continuing operations basis.

FIND OUT MORE ON **PG. 38**

Adjusted total revenue

£967.3m

FY22	£967.3m
FY21	£845.5m

Adjusted total revenue represents revenue from products and services and interest on client money less cost of hedging, excluding certain costs relating to the tastytrade acquisition.

Adjusted net trading revenue from non-OTC products

16%

FY22	16%
FY21	7%

OTC activity remains our primary source of revenue, however as we continue to diversify our revenue base, we expect the proportion of revenue from non-OTC products to increase.

Adjusted profit before tax margin

51.1%

FY22	51.1%
FY21	56.0%

Our profitability measure indicates the extent to which we're able to convert our revenue into profit by well-controlled cost management, as we work to maximise value for investors while investing in appropriate initiatives for growth and resilience.

Net own funds generated from operations

£437.3m

FY22	£437.3m
FY21	£422.8m

Our balance sheet strength metric measures the cash we generate. It indicates our ability to keep meeting our financial obligations as they fall due, including broker margin requirements and dividend payments.

1 Definitions for the individual metrics can be found in 'Group-wide KPI Definitions' on page 196.

Non-financial KPIs

Our non-financial KPIs focus on the size of our core client base and our platform reliability.

We work to retain and grow a high-quality, loyal client base, and deliver platform reliability to provide the best experience for those clients. Please also refer to the ESG KPIs on pages 26 and 33 for information on our progress in our commitment to our stakeholders, environment and community.

These client and ESG metrics help to provide context for our broader progress, beyond our financial KPIs.

Total number of active OTC derivative clients

200,000

FY22	200,000
FY21	216,000

This is a measure of client trading activity. We use OTC derivative clients rather than total active clients, as these represent the majority of our revenues in FY22.

Platform uptime

99.9+%

FY22	99.9+%
FY21	100%

This measures the percentage of time that our trading platforms were online during the financial year.

Strategic Update

Shifting towards greater opportunities

Our strategy is driven by our purpose. Our business investment case provides a clear picture of how our strategy has been successful in the past, and why we believe it will continue to be successful in the future. Our business is in an exceptionally strong place to be able to deliver our strategy and provide value for all of our stakeholders. Over the next few pages we will look at some of our businesses within the Core Markets+ and High Potential Markets portfolios.

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Investment case

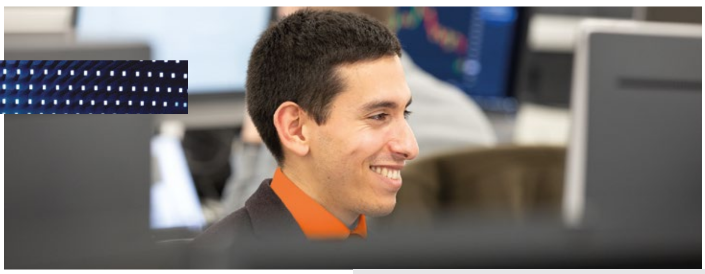
Growth levers
- Multiple growth levers across the business
- Market share in some of the world's largest markets
- Perfectly positioned to benefit from the shift towards self-directed trading

Diversification
- Increasingly diversified business through organic and inorganic growth
- Footprint which continues to expand geographically
- Meaningful steps taken towards product diversification

Market-leading technology and platforms
- Leading-edge research and actionable trading insights
- On-going investment in resilience, capacity and platform tools
- Sophisticated market risk management technology

Quality clients
- Significant amount of revenue generated from long-term clients
- Consistent onboarding criteria has ensured the quality of clients has remained high
- Retention curves have remained consistent throughout the pandemic

Balance sheet strength
- Strong and consistent cash flow generation due to our business model
- Prudent headroom over capital requirements
- Strong liquidity position
- Clear Capital Allocation Framework



Core Markets+

Our Core Markets+ portfolio includes our most established businesses, which have been around for a number of years, and have an existing market share. This includes all of our OTC businesses outside of the US, as well as our stock trading businesses.

We anticipate portfolio growth to be slightly above market growth, as we continue to win market share across our locations, including some of our faster-growing, newer businesses such as Japan.

Our focus in this portfolio is on continuing to service our high-value client base, ensuring reliable access to our platforms, customer support, online content and a wide range of markets to trade.

Medium-term growth forecast

5-7%

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Core Markets+ revenue

£828.7m

(2021: £825.2m)

Japan revenue

+43%

(FY22: £98.5m, FY21: £68.7m)

Number of stock trading clients

93,200

(2021: 89,500)

Spotlight on Japan

Driven by:

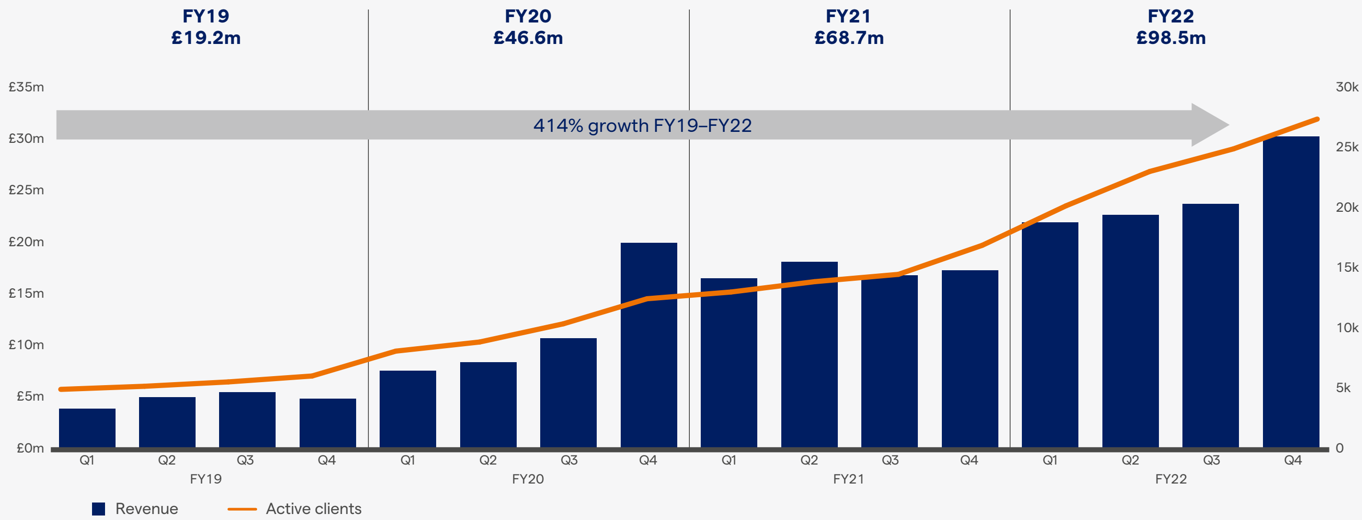
Localised platform – following thorough marketing research and a partnership with a Japanese design agency, we tailored the front-end of our application to appeal to the Japanese market, rather than using the same front-end used elsewhere. This is evidence of our 'local approach' in international markets.

Tailored marketing – we combined our central marketing expertise with our local marketing experts to explore and target the appropriate marketing channels in Japan, including using a well-known Japanese actor to be the face of our marketing campaign – a move which proved very successful in building the brand and attracting new clients.

Future opportunities:

We have seen very strong growth in first trades – up 53% – in FY22, giving confidence in the continued growth in the client base and overall business as we continue to gain market share. This will be supplemented by new product launches and further platform improvements.

Net trading revenue and active client growth



Strategic Update continued

High Potential Markets

Our High Potential Markets portfolio includes our newer businesses which have significant addressable markets. This includes all of our ETD businesses, as well as our Retail Foreign Exchange Dealer (RFED) in the US.

We anticipate growth of around 25-30% over the medium term in this portfolio as we believe that these businesses will be able to grow market share quickly, as they expand into the large addressable markets.

The businesses within this portfolio require additional attention from our management team to ensure the correct strategic decisions are made during their early growth stages.

Medium-term growth forecast

25-30%

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tastyworks growth

+16%

MTF growth

+90%

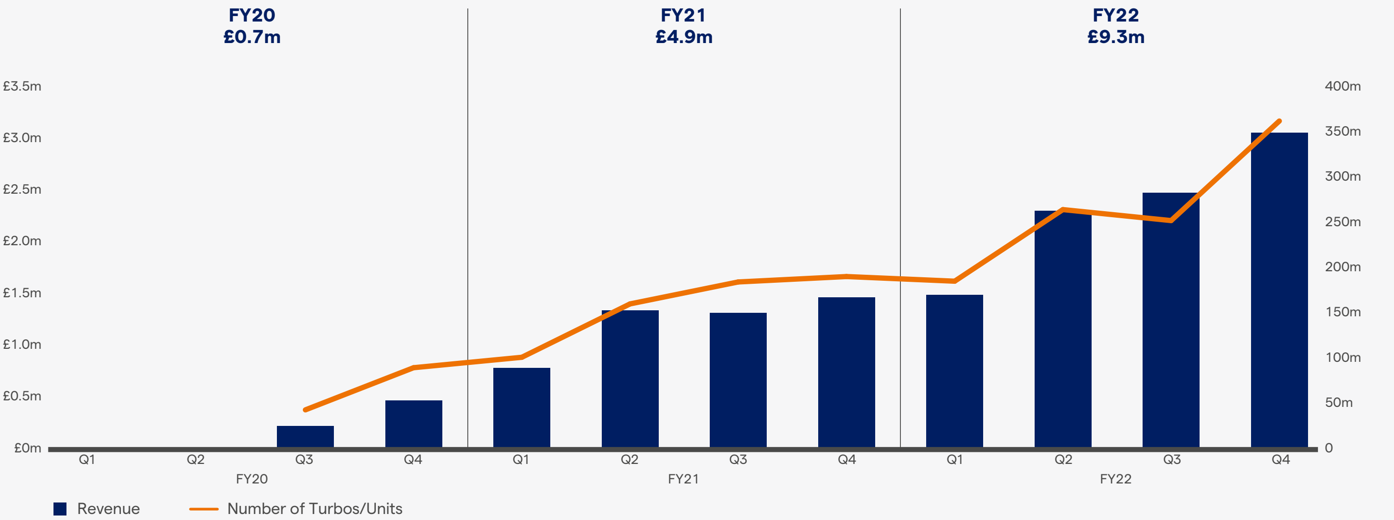
High Potential Markets clients

116,000

Spotlight on Spectrum

- Spectrum provides pan-European market infrastructure for product issuers and market makers to distribute their products across an increasing distribution network
- All components of the multi-lateral trading facility (MTF) have been internal to date: we are the exchange, the product issuer and the broker
- The Spectrum business model is driven by creating flow across the exchange. This growth will be supported by introducing third-party brokers and issuers onto the exchange
- Two Italian brokers, Intermonte and Equita, joined Spectrum in Q4 FY22
- We have a pipeline of brokers expected to join in FY23, able to trade Brightpool and third-party issued products
- We are anticipating two Tier 1 global institutions to commence issuing products on Spectrum in H1 FY23

Net trading revenue and turbos traded



Insights into tastytrade

Q&A with **the CEOs**

Tom Sosnoff
Executive Vice Chair Tastytrade Global; CEO, tastytrade

Previously:
- Co-founder, thinkorswim
- Co-founder, Sosnoff Sheridan Corporation
- CBOE Floor Trader

Scott Sheridan
CEO, tastyworks

Previously:
- Co-founder, thinkorswim
- Co-founder, Sosnoff Sheridan Corporation
- CBOE Floor Trader

Q: What inspired you to set up tastytrade?

As traders ourselves, we wanted to create a financial network which brought traders together, providing a place for them to educate themselves about trading and take control of their financial decisions. That's why we say tastyworks is a platform built by traders, for traders.

Q: Why is quantitative content such an important part of your business?

Our content is such a key part of the business, and it was how the whole business started. We deliver cutting-edge research and actionable trading strategies, making the complex world of options simple to understand for our customers. It's also a great way to build awareness and a steady pipeline of potential new customers who already know and trust us.

Q: How is the integration with IG going?

Becoming part of IG Group is really exciting for us. Integration has gone very well and the collaboration between all of our teams from technology to marketing has been exceptional, and will continue to drive us from strength to strength.

With integration now materially complete, our co-founder Kristi Ross has decided to move to a strategic advisory role and step back from day-to-day responsibilities at tastytrade and IG, from 1 July 2022. We're really pleased that Kristi is staying on as a strategic adviser and look forward to continuing to work with her.

At the same time, it's great to see our Vice President and Chief Market Strategist, JJ Kinahan, take on an expanded leadership role as Regional CEO for IG, North America.

Q: What makes you confident of future growth?

There are so many things which I could mention here, from embedding a more sophisticated marketing function, the potential for international expansion, future product launches in the digital asset space, platform improvements to improve our client journey, and in the short term, interest rates will benefit us too.

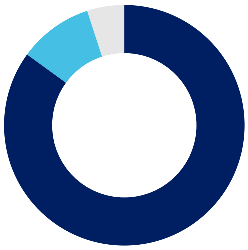
Hopefully that gives you a flavour of why we are so excited about the future.

At a glance

tastyworks FY22 revenue

- **Commissions** 54%
- **PFOF**[1] 42%
- **Interest** 4%

FY22 products by contract



- **Equity Options** 85%
- **Index Options** 10%
- **Future Options** 5%

Equity revenue by underlying asset

- **Other** 80%
- **TSLA** 7%
- **AAPL** 4%
- **AMZN** 3%
- **NVDA** 3%
- **AMD** 3%

1 Payment For Order Flow.

Stakeholder Engagement

Ongoing engagement with our stakeholders helps to foster trust, transparency and collaboration. Through ongoing dialogue, we can work together to evolve our organisation to meet the needs of stakeholders and ensure our long-term sustainability.

Below, we identify our key stakeholders, how we engage with each of them, and why it matters.

Our clients

Why we engage
We aim to provide a holistic experience combining high-quality products, robust customer service and dynamic content with a client-centric approach.

Our customer loyalty exceeds many others' – but we don't take this for granted. We work to offer our clients an exceptional experience every day.

How we engage
Our multilingual, highly trained customer support teams are available 6.5 days a week, 363 days a year (with closures on Christmas day and New Year's Day). Ongoing investment in communications and customer relationship management help nurture client engagement and loyalty.

Our platform offers a range of tools and features to help clients, including educational resources, breaking financial news and live analysis of the markets.

Our clients use our trading platforms on a daily basis, making them our most valuable source of feedback. We use their feedback to help us continually improve our service.

What matters most
Products: We are a market leader in the breadth and depth of our product offering, diversifying in response to clients' needs.

Knowledge: We create content and market analysis to give our clients the confidence to understand and use our products to meet their financial goals. We also offer demo accounts, where clients can experience our products in a low-risk environment.

Technology reliability: We strive to provide a stable, secure, reliable platform, so that trade execution is seamless.

Support: 24-hour trading coverage enables our clients to trade 'around the clock'. Clients can rely on us whenever they need assistance.

Our people

Why we engage
Our people are at the centre of all we do. We focus on cultivating talented and dedicated individuals for our growing, global team, so we can continue to deliver high-quality, innovative products, robust customer service support, and informative content that differentiate us from competitors.

How we engage
Employee engagement takes many forms at IG, including surveys, internal social channels, townhalls, smaller group meetings and through feedback obtained via our employee communication portal. We have also developed employee network groups as a crucial channel to better understand the experience of our employees who are currently underrepresented.

Our People Forum, a body that acts as a conduit for more formal feedback and interactions with the Board, brings employee voices into Board decision making. The People Forum is chaired by our Chief People Officer and attended by Non-Executive Director Sally-Ann Hibberd. Employee representatives are democratically elected by our people and serve two-year terms.

What matters most
Employee engagement is vital in two main ways: 1) how we share information about our business strategy and industry updates, and 2) how we gather feedback from our employees to continually enhance our employee experience, which we believe will also strengthen the quality of service to our clients and the communities in which we operate.

This two-way dialogue enables us to get the best from our talented, experienced people and helps us achieve our ambition to be a top workplace and employer.

Our investors

Why we engage
Creating value for our investors is critical. Staying informed of their views gives us insight into their priorities when assessing us as an organisation. By delivering for both our shareholders and bondholders, we help to ensure that our business continues to be successful in the long term.

How we engage
Throughout this financial year we have adopted a hybrid model, hosting in-person investor meetings as well as continuing virtual meetings where appropriate. This flexible approach allows us to build relationships with our investors, while providing greater flexibility to accommodate health restrictions as well as time or location constraints.

We have maintained open dialogue with our shareholders and bondholders through a variety of channels including one-to-one and group meetings, results webcasts and roadshows, conferences, and via questions submitted by investors on an ad hoc basis. Investor feedback, along with details of major movements in our investor base, is reported to and discussed by the Board regularly and incorporated into the decision-making process.

What matters most
Key to our engagement with investors is that management and our Investor Relations team are accessible, open and well-informed about the business. This allows for high-quality discussions, which provide investors with the information they need to make informed decisions.

Investor discussions cover a wide range of topics, including financial performance, strategy, capital allocation, client characteristics, cost control, regulation and competitive position. The receptiveness of management and the Board to the views of investors is integral to the development of investor trust.

Our communities

Why we engage
Our long-term success relies on an unwavering commitment to sustainability and social responsibility. This commitment is a driving force for our business purpose, our ESG strategy, our corporate social responsibility programmes and our culture.

How we engage
Our Brighter Future framework shapes how we reach our ESG goals, centring around four main pillars: Products, People, Partnerships and Best Practice. At the heart of this strategy is our Brighter Future Fund, which was established in 2020 with an initial £5 million commitment. Through the Brighter Future Fund, we build partnerships with local, national and global charities, with the aim to have a positive impact on the communities in which we operate. We make substantial cash donations to these partners and offer employee time through corporate volunteering. These activities are managed by our dedicated ESG team and our Executive Committee and are overseen by our ESG Board Committee.

In December 2021, we pledged the equivalent of 1% of the prior financial year's post-tax profits to charitable causes each year from 2022 to 2025, subject to Board approval. These contributions aim to tackle educational inequality and to create long-term, sustainable societal impact.

What matters most
We aim to provide sustained and long-term support to the communities in which we operate. This support takes many forms – through ongoing dialogue, sustained contributions and through meaningful employee engagement.

As part of our considerations, we also focus on the environment, and address this through partnerships and charitable programmes among other initiatives.

See page 26 for more details.

Our regulators

Why we engage
Regulations influence how we are able to operate in the marketplace. We recognise how vital it is to maintain constructive, ongoing dialogue with regulators to ensure they understand our products and our business model, so we can continue to be active in countries we currently serve and keep growing into new markets.

Engaging with local regulators helps foster our relationships with them and gives us a better view of upcoming regulatory changes, which in turn informs how we can best respond to those changes to meet the needs of our key stakeholders.

How we engage
Constructive dialogue and transparency are at the foundation of our relationships with regulators, helping to demonstrate that our actions and business model are consistent with regulatory expectations. Working with regulators takes shape in several ways, ranging from proactive engagement on new business proposals to assisting with their regulatory requests and investigations.

What matters most
Regulators aim to safeguard individuals' best interests and ensure that all clients are treated fairly. They also focus on protecting the integrity of financial markets, as well as capital and liquidity issues. We work to respect and follow both the letter and spirit of the regulations set out by local regulators to demonstrate that we share their vision.

Our suppliers

Why we engage
Suppliers are crucial to the quality of service we provide to our clients, and as such, we aim to develop mutually beneficial and lasting relationships with our vendors. We recognise the importance our supply chain plays in delivering our ESG strategy and expect our suppliers to embody our commitments to responsible business, education and the communities in which we operate.

How we engage
We understand the importance of selecting partners with effective controls and high-quality standards as we look for longer-term relationships. As a result, we have implemented a robust diligence process to screen our suppliers to ensure that together we continue to meet the high quality of service our clients expect. Frequent dialogue with our suppliers is a core way that we ensure that all parties are getting the desired value from our relationship. Generally, our engagement ranges from informal conversations for exchanging information and discussing priorities to more formal interactions.

What matters most
Long-term partnerships: our suppliers value clarity on our expectations of the relationship and the services they provide, along with timely and reliable payment. Our suppliers also appreciate fair, open and honest two-way communication and value the feedback we can give them.

Section 172(1) Statement

We are committed to upholding the very highest standards of conduct and all decisions we make are for the long-term success of the business. We believe that our business will continue to grow and prosper if we understand and respect the views and needs of our stakeholders.

Under Section 172 (s172) of the Companies Act 2006 (CA2006), the Directors must act in a way that 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. In doing this, the Directors must have regard to, among other factors:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster our business relationships with suppliers, customers and others
- The impact of our operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly between shareholders of the Company

Our key stakeholders

We have identified certain key stakeholders who are essential to the success of our business. Details of these stakeholders and why and how we engage with them can be found on pages 22-23.

The Board has direct engagement with our employees and shareholders and is kept fully informed of material issues of all stakeholders by the Executive team and external advisers.

Long-term decision making

Our strategy is to sustainably generate and preserve value for stakeholders and wider society over the long term by facilitating a wider range of trading and investment opportunities for ambitious people around the world. This long-term view drives the annual review of strategy undertaken by the Board and the setting of objectives for employees. Our risk-management procedures identify the potential consequences of decisions being made in the short, medium and long term so that appropriate levels of identification, mitigation, reduction, management or elimination of risk can be considered and taken in the best interests of the Group and stakeholders.

Methods used by the Board to fulfil s172 duties

The Board sets the purpose, values and strategy, and carefully ensures that it is aligned appropriately with stakeholder interests, while also taking our culture into consideration.

Consideration of key stakeholders is an integral part of all decision making by the Board and every paper presented to the Board clearly sets out the impact on any stakeholders for whom it is relevant. This analysis assists the Directors in performing their duties under s172, and further, the Board receives external challenge and assurance on this, together with reports from brokers and advisers.

Directors receive specific training including tailored induction processes for new Directors together with an ongoing programme of training on strategic, legal and regulatory developments relevant to the Group's activities. This enables the Directors to comply with their legal duties under s172 of the CA2006.

Principal Board decisions taken during the year

Stakeholder engagement allows us to understand the impact of decisions on key stakeholders and the wider market implications of these decisions. By listening to our stakeholders, we are able to identify emerging risks and trends, which can then be factored into strategy discussions.

We give three examples of how the Directors have considered the matters set out in s172 of the CA2006, when discharging their duties, and how this has affected certain principal decisions taken by them. We define 'principal decisions' as those that are material to the Group and are significant to any one or more of our key stakeholder groups.

In making the following decisions, the Board considered the outcome for our stakeholders based on engagement with them, as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between our shareholders.

Principal decision 1: Comprehensive debt refinancing programme

Background

Following the acquisition of tastytrade, the Board approved the issuance of £300 million of senior unsecured loan notes, the proceeds of which were used to repay the Group's £250 million bank debt, comprising a £150 million three-year term loan facility and a £100 million existing term loan, both of which were due to mature in June 2023. In addition, the Board agreed the renegotiation of our revolving credit facility (RCF), increasing the size to £300 million with an initial maturity of three years.

Board considerations

The Board considered and approved the establishment of a Euro Medium Term Note Programme (EMTN Programme). The establishment of the EMTN Programme included the publication of the associated Prospectus on 29 October 2021. The Directors considered that the EMTN Programme would bring numerous benefits, including:

- An enhanced opportunity to time the market, reducing the transaction time from 10-12 weeks to two weeks
- Flexibility in the types of notes that could be issued
- Cost effectiveness, as issuing notes from an EMTN Programme was significantly cheaper when compared to a standalone issuance
- The ability to make the most of private placement opportunities

Following the establishment of the EMTN Programme, the Board approved the issuance of £300 million senior unsecured notes, using the majority of the proceeds to repay its existing debt facilities. The Board also approved a new RCF facility which:

- Provides significant levels of liquidity to support our strategic-growth ambitions
- Lengthens the maturity of the debt facilities, enhancing our financial flexibility
- Provides material headroom within our total facilities

Stakeholder impact and considerations

Clients
By providing ready, flexible and better-timed access to capital and liquidity, we would be better placed to support our clients' demands and expectations.

Shareholders
The Board considered the impact of the new debt structure for shareholders and agreed that the EMTN Programme and new debt facility represented an appropriate long-term strategic opportunity which would create value, promoting the success of the Group in the long term including for shareholders as a whole.

Regulators
The Board considered the positive impact of the EMTN Programme from a regulatory perspective. Specifically, the enhancement of our ability to raise capital and to access liquidity on short notice (and therefore more effectively mitigate the risk of capital and liquidity shortages) were considered to be aspects of the proposal that would be viewed favourably by our regulators, in light of the positive impact on our ability to serve our clients.

Commitment to the business plan and long-term success
The Board fully considered the benefits of implementing the EMTN Programme and agreed that the proposal provided an opportunity for us to move at pace towards realising our strategic vision, and enabled us to operate under a more efficient and flexible debt structure aligned to our growth opportunities.

Principal decision 2: Pledging 1% of post-tax profits to charitable causes

Background

In 2020 we established our Brighter Future Fund with a Board-approved payment of £5 million. This year, as a sign of our commitment to responsible business, the Board approved a pledge of the equivalent of 1% of the prior financial year's post-tax profits towards charitable causes each year from 2022 to 2025, subject to ongoing Board approval. The majority of this will be paid into the Brighter Future Fund and used to make strategic donations aligned with the themes of empowerment through education and the environment. The 1% will also be used to meet our employee matched fundraising promise and will include employee time spent volunteering.

Board considerations

The Board considered the fact that as our businesses grow, so too does our impact on our communities and on the environment. It is increasingly important that we manage this impact in a responsible and sustainable manner. To this end, the 1% pledge represents a significant step towards sharing our successes with the communities in which we operate.

As stated in our purpose, we exist for every ambitious person, regardless of their background. The primary goal for the Brighter Future Fund is to improve educational opportunities for the least privileged in our global communities. The Board considered that the 1% pledge was therefore in line with our purpose-led direction and in the best interests of our stakeholders.

Stakeholder impact and considerations

Communities
The Board recognised the significant positive impact this pledge could have on the communities in which we operate.

Employees
The Board considered how employees would be invited to participate in community outreach activities via the Brighter Future Fund, with a particular focus on how employees could donate their time by using volunteering days and directing money from the Fund by accessing the matched-giving promise. The Board also considered how community outreach commitments were becoming increasingly important to prospective employees.

Commitment to the business plan and long-term success
The Board considered that the 1% pledge would be in line with our purpose and values, each of which had been carefully articulated to ensure long-term success.

Principal decision 3: Sale of Nadex and Small Exchange

Background

Following receipt of a non-binding offer from crypto.com, the Board approved the sale of the entire issued share capital of Nadex by IGNA, and sale of the issued share capital of Small Exchange held by tastytrade for $216 million.

Board considerations

The transaction represented a significant return on the investments made, creating the potential for additional investment across the business. Completion of the sale was announced on 2 March 2022.

The Board focused in particular on the potential anti-money laundering risk, political risks and regulatory risks, and the retention of key people.

The Board considered this sale in line with our strategic direction and in the best interests of our stakeholders.

Stakeholder impact and considerations

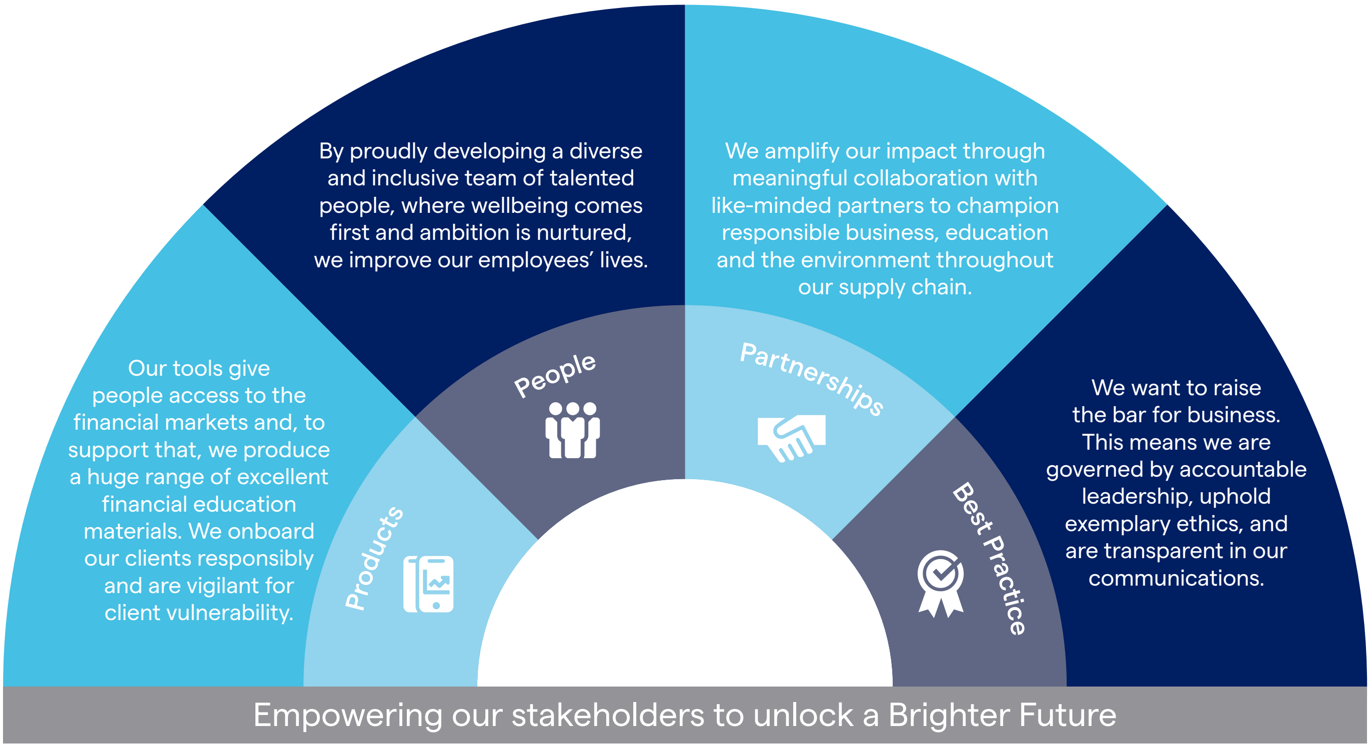
Employees
The Directors considered the impact of the proposed sale on employees. In particular, the Board considered key person risk and the views of impacted staff members, with a focus on the views and interests of employees who would be transferred to crypto.com as a result.

Shareholders
The Board was kept apprised of each key stage of the transaction and any significant developments were reported to the Board, including in relation to deal structure and key terms of the transaction documents. The Board considered the returns acceptable from a shareholder perspective and agreed that the sale represented good value.

Commitment to the business plan and long-term success
The Board considered that the sale would be in line with our strategic priorities as it would allow resources to be redeployed into key strategic opportunities and markets identified as part of our strategy.

ESG at a Glance

Powering the pursuit of financial freedom for the ambitious is about making a positive and inclusive contribution to society. FY22 has been a successful year for our ESG ambition. From starting a review of the ESG impacts of our products to committing to the Science Based Targets initiative, we've taken huge steps to embed our Brighter Future framework across our business. The following section showcases some highlights and signposts where you can find out more.



The Brighter Future framework is at the core of our ESG strategy. Launched in FY21, it identifies the potential key risks posed by our business, and the key benefits that we offer to our clients and communities, and commits to managing these in a responsible and sustainable manner. Twelve priority areas were identified, split across four pillars: Products, People, Partnerships and Best Practice. We've made great progress in each of these areas, and in doing so have made some really meaningful contributions towards the aims of the UN Sustainable Development Goals.

We are proud to have our progress recognised with a number of ESG awards and ratings, and to be active members of several important communities. We are particularly pleased to have become a constituent of the FTSE4Good Index.

Young people benefiting from our Brighter Future initiatives globally

94,751

Scope 1-3 greenhouse gas emissions per employee (TCO_2e)

10.56

We are a Living Wage Employer

FTSE4Good

PROUD to be a part of BUSINESS FOR SOCIETAL IMPACT CORPORATE CITIZENSHIP 2022

Great Place To Work. Certified NOV 2021 - OCT 2022 POLAND

top EMPLOYER UNITED KINGDOM 2022 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Great Place To Work. Certified NOV 2021-NOV 2022 INDIA

ESG Report

FIND OUT MORE AT
IGGROUP.COM/OUR-COMMITMENT-SUSTAINABILITY

UN Sustainable Development Goals[1]

We want to make it easy for stakeholders to understand how we demonstrate our commitment to responsible and sustainable business, and to see how these activities interact with and complement activities pursued by wider society. This is why we have aligned our ESG strategy with the following seven UN Sustainable Development Goals:

UN SDG	Key achievements in FY22	References
4 Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	→ Removed barriers to accessing IG Academy, with this financial content now being available to all → Created an internal 'Learning Hub' to help employees curate learning journeys tailored to their needs → Money and time donated to charities promoting equal access to quality education, such as Teach the Nation in South Africa, Teach for America and Teach for Australia	→ Pages 29, 30 and 32 of the Annual Report
5 Gender Equality: Achieve gender equality and empower all women and girls	→ Made key changes to our recruitment processes to make them more inclusive → Launched the DailyFX Women in Finance Hub, offering content designed to help women become more informed, engaged and educated traders → Facilitated community outreach events focused on supporting and inspiring young women in collaboration with UK strategic charity partner Teach First → Improved confidence and leadership skills of young women and girls through our Chance to Shine Partnership	→ Pages 24 and 30 of the Annual Report
8 Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	→ Employed 2,507 people globally (as at 31 May 2022) → London Living Wage employer in the UK, and looking to ensure this is replicated for all employees across the globe, using appropriate local benchmarks → Participated in community outreach events focused on improving employability prospects of young people from underrepresented communities. For example, in Chicago we hosted an intern through the Greenwood Project and we collaborated with partner Teach For Poland to help Ukrainian refugees with teaching qualifications to receive training and find employment	→ Page 33 of the Annual Report
10 Reduced Inequalities: Reduce inequality within and among countries	→ Pledged 1% of prior financial year's post-tax profits to charitable causes each year from 2022 to 2025, subject to board approval, and a significant portion of this will focus on the theme of empowerment through education, including projects in developing nations such as India and South Africa → This year we paid £131.3 million (2021: £119.0 million) to tax authorities globally and £97.4 million in corporate income taxes (2021: £83.0 million) → Gifted a total of 67 laptops to refugees and partner schools from the Teach For All network	→ Financial Statements for FY22
12 Responsible Consumption and Production: Ensure sustainable consumption and production patterns	→ Maintained a C grade with the Carbon Disclosure Project → Taken steps to further embed environmental considerations in our procurement activities, engaging an environmental consultant to help us develop a suite of new procurement standards	→ Pages 32 and 33 of the Annual Report
13 Climate Action: Take urgent action to combat climate change and its impacts	→ Formally began our journey with the Science Based Targets initiative, with a commitment to producing a pathway to net zero by the end of summer 2024 → Offset our scope 1, 2 and upstream scope 3 carbon emissions for the third year running and maintained lifetime carbon neutral status → Further embedded climate-related risks and opportunities into our Risk Management Framework, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)	→ Pages 32, 33 and 34 of the Annual Report
17 Partnerships for the Goals: Strengthen the means of implementation and revitalise the global partnership for sustainable development	→ Became a member of the Business For Societal Impact[2] network to collaborate with peers and to benchmark our community outreach activities → Made donations to 45 different charities spread across 14 different countries → In the UK, we participated in a cross-sector collaboration looking at improving female representation in the STEM[3] subjects. Co-collaborators included the UK Shadow Minister for Digital Science and Technology, the Institute of Physics, the Royal Society of Chemists and the Education Policy Institute	→ Page 32 of the Annual Report

1 The Sustainable Development Goals are a collection of 17 interlinked global goals designed to ensure a more sustainable and just future. They were created in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.
2 Business For Societal Impact (B4SI) is a global standard for measuring and managing a company's investment for social impact.
3 Science, Technology, Engineering and Maths.

ESG Report continued

Non-financial information statement

Section 414CA of the CA2006 requires the Company to include within its Strategic Report a non-financial information statement setting out such information as is required by Section 414CB of the CA2006. The table below and the information it refers to are intended to help stakeholders understand IG's position on key non-financial matters.

Reporting requirement	Policies governing our approach	Find out more
Environmental matters	ESG Policy	ESG Report, pages 32 to 35
Employees	Equality, Diversity and Inclusion Policy (includes Anti-Discrimination and Harassment Policy) Recruitment Policy Absence Management Policy Annual Leave Policy Parental Leave Policy Group Whistleblowing Policy Transitioning at Work Policy IG Health and Safety Policy	ESG Report, pages 30 to 31
Social, community matters	Equality, Diversity and Inclusion Policy ESG Policy/Approach Document	ESG Report, page 30
Human rights issues	Statement on Slavery and Human Trafficking (Modern Slavery) Vendor Management Policy	ESG Report, pages 33 and 35
Anti-bribery and corruption	IG Group Anti-Bribery Policy IG Group Gifts and Hospitality Policy IG Share Dealing Code IG Personal Account Dealing Policy Group Market Abuse Policy Group Conflicts of Interest Policy PEPs and Sanctions Policy Client Risk Categorisation Policy Group Whistleblowing Policy Group Global Anti-Money Laundering (AML) (including Counter Terrorist Financing)	ESG Report, page 35
Description of principal risks and impact on business activity		Key Trends Likely to Affect Our Business, pages 12-13, Risk Management, pages 46-53
Description of business model		Business Model, pages 14-15
Non-financial key performance indicators		KPIs, page 16

Products

Pillar 1

We offer a wide range of products. The first pillar of our Brighter Future framework is about how we manage the impact that these products can have on our clients and communities.

Stakeholders

→ Our clients
→ Our communities

1,063,480

total number of IG Academy users in FY22

This year we began a project to apply an ESG lens to the products we offer, to assess their societal and environmental impacts on different stakeholder groups. This is being carried out by our internal analysts, and we are using ESG rating data where available and applicable. This project will continue over the course of next year.

Financial education

We are proud to provide excellent educational content. This is intrinsic to our purpose and an expression of our values to champion the client, learn fast together and raise the bar.

We exist for every ambitious person. This means we are focused on inclusivity – both in terms of the accessibility of our content and the suitability of our content to different audiences. As an example of accessibility, anyone can now reach the resources on IG Academy without the need for an IG demo account. As an example of suitability, in October 2021 we launched the DailyFX Women In Finance Hub. Women represent nearly 30% of DailyFX's audience and the hub offers them ways to build and refine their skills through inspiring video stories, interviews with market movers and shakers, Q&As with female clients, and how-to content to help women become more informed, engaged and educated traders.

Onboarding and safeguards

Our products give our clients access to opportunities in financial markets. However, we are conscious of the impact that unaffordable losses can have and we have identified this as one of the most material of our ESG risks. We take a number of measures to make sure our products are appropriate for those using them. These steps range from responsible marketing and onboarding, through to monitoring for behaviour that could be indicative of vulnerability.

We set ourselves very high standards in this area. Not only do all of our systems meet the requirements set by the Financial Conduct Authority (FCA) and other international regulators, but we think beyond these obligations and ensure that we exemplify all three of our values.

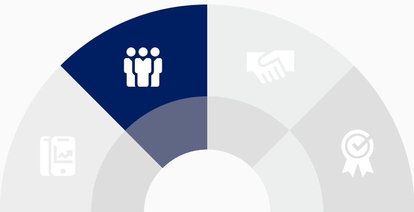
Data security

Our clients trust us with data and, in some cases, with their funds. We take this responsibility seriously and have state-of-the-art systems in place to ensure that these are protected. We continue to manage and maintain an Information Security Strategy and supporting framework with a focus on keeping our client data and funds secure, as well as the services we provide to our clients. As we operate within various global geographical jurisdictions, we also seek to maintain the highest levels of information security compliance with applicable regulations.

→ FIND OUT MORE AT **IGGROUP.COM/OUR-COMMITMENT-SUSTAINABILITY**

ESG Report continued

People



Pillar 2

Nurturing talented, dedicated people enables us to deliver the products and services that keep us at the forefront of our industry. The second pillar of our Brighter Future framework focuses on how we manage our responsibilities as an employer.

Stakeholders
→ Our people
→ Our communities

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH

82%

of our workforce would recommend us as a great place to work

(FY21: 80%)

Equality, diversity and inclusion

Our aim is to ensure that our Company is a safe, welcoming environment where everyone can be themselves and grow to their full potential. This year we have maintained our focus on gender diversity and have increased the percentage of female employees by 1%; from 33% to 34%. This represents progress towards our target of 35% but clearly there is still more to be done.

A key focus for this year's diversity agenda was inclusive recruitment, following our analysis of underrepresentation and how it may arise. Our technology department has been piloting initiatives to reduce potential bias in our recruitment processes, such as setting a target for all roles to have a minimum of 25% female representation on the shortlist based on merit, and that all interview panels are gender-balanced where possible. These changes contributed to improvement in the diversity of the talent pipeline across all grades, as well as an improved ratio between female leavers and joiners. These pilot initiatives have been supplemented by our engagement in specialist recruitment events, such as the Women of the Silicon Roundabout, and we have partnered with specialised recruitment agencies such as TargetJobs to reach the widest talent pool available. We have a goal of a 50/50 gender-balanced graduate cohort in FY23.

This year we have also taken significant steps to raise awareness of Equality, Diversity and Inclusion (EDI) issues among our employees. For example, our technology department invited external speakers to a series of monthly talks as part of a 'Belonging' series. Also, coinciding with International Women's Day, our global women's employee network, Inspire, organised a full week of educational panel sessions and networking events.

In addition to progressing our gender diversity agenda and raising awareness among our employees, we continue to consider other elements of EDI, such as ethnic diversity and disabilities. A good example of this is that we have been undertaking a review of our trading products to identify potential barriers to access that we'd not previously considered. This project was undertaken in collaboration with accessibility experts Nomensa and produced a number of recommendations that we will look to implement over the next 12 months.

Talent development

We strive to attract people with the right skills, experience and behaviours, and to retain these people and help them continue their journey of development. In FY22 we improved our Employee Value Proposition to ensure it better reflects our warm, vibrant and dynamic culture, and supports our purpose and values. The new design, narrative and tone of voice was then used to reshape our recruitment materials and used in external campaigns targeting our key talent groups.

In relation to retention, we have made a number of significant improvements to our employee learning and development offering. This has centred around the launch of a new Learning and Development (L&D) Hub, bringing all learning resources into one place. We have also created a Skills Share forum where employees deliver talks about their area of expertise. These talks regularly attract over 400 employees and exemplify our value to learn fast together.

We continue to curate a range of learning resources and give access to learning platforms and courses such as LinkedIn Learning, Coursera, O'Reilly and Gartner. We also completed an exciting pilot programme for new managers, and will be rolling this out globally in FY23.

Wellbeing

This year has been another challenging year from a wellbeing perspective. Our employees have continued to navigate the challenges posed by the Covid-19 pandemic, the emerging cost of living crisis and, for many colleagues in our Krakow office, impacts of the conflict in Ukraine.

Listening to our people is paramount to a successful wellbeing strategy. In recognition of the increases to living costs and after the issue being discussed at our global People Forum, we brought forward our annual inflationary-linked pay review. 50.4% of our staff received immediate pay rises, four months ahead of the scheduled

review. Additionally, our Board, Executive Directors and the wider Executive Committee decided to forego their pay rises or take materially reduced rises this year. The money saved was used to create a pool of money to increase the salaries of employees feeling the biggest impact of the cost of living.

In addition, on the theme of listening, we ran our annual engagement survey in January 2022. The results enabled us to compare our performance on 21 metrics against peers in the Financial Services sector and we were pleased to find ourselves above the benchmark across 18 of these metrics.

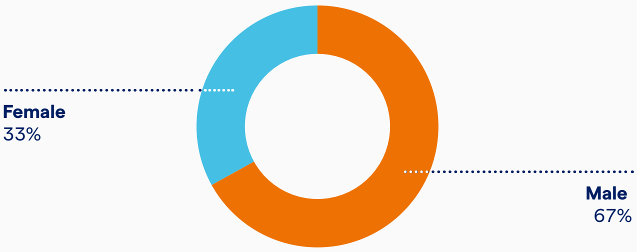
We were delighted to maintain our status as a Top Employer in the UK for 2022. We have gone on to receive the Great Place to Work certification in Poland and India – demonstrating the truly global commitment to HR excellence.[1]

1 These are awarded by the Top Employers Institute and Great Place to Work, respectively, both recognised authorities on excellence in people practices. These awards are based on HR-related surveys, looking at people practices across key HR themes.

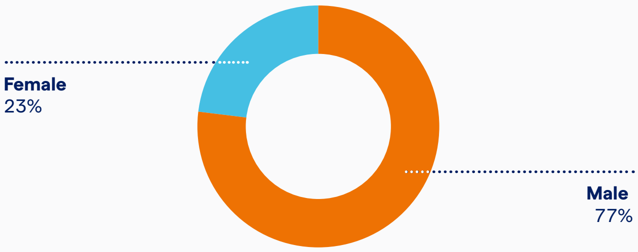
Gender breakdown across our workforce

Male Female

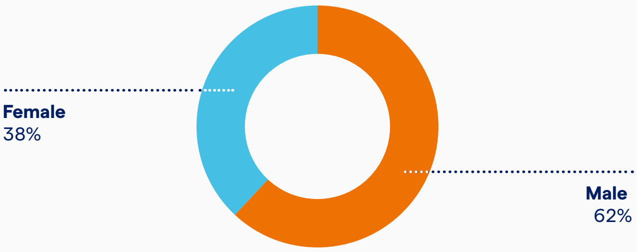
Board



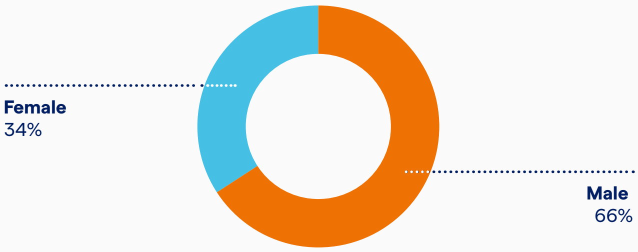
Senior leadership team



Executive Committee

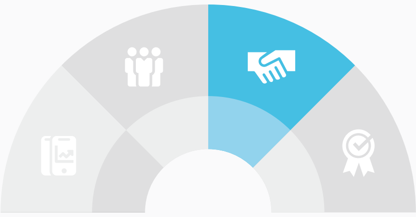


Total



ESG Report continued

Partnerships



Pillar 3

We amplify our ESG impact through collaboration with like-minded partners. The third pillar of our Brighter Future framework focuses on how collaboration helps us address challenges around educational equality, the environment and the principles of responsible business.

Stakeholders

→ Our people
→ Our communities
→ Our suppliers

94,751

young lives positively impacted through Brighter Future Fund initiatives

(FY21: 22,284, FY20: 3,819)

Educational equality

We firmly believe that a good quality education is the key to realising ambition and to unlocking potential. Therefore, as an expression of our purpose, we've continued to focus much of our community outreach work on removing barriers that are restricting access to education in our communities.

In FY22 we have continued to work closely with Teach For All and a number of their network partners. Our support for these partners, such as Teach For Poland, Teach For India and Teach For Australia, has helped them continue to find excellent teachers and place them into the schools and communities where they are needed the most. As well as supporting these organisations financially, colleagues have used our volunteering days to provide support to trainee teachers and directly to their student. For example, a group of colleagues have been helping students in the UK and South Africa as they work on job applications.

We had a target of positively impacting the lives of 100,000 young people by 2025. After extraordinary commitment from our passionate colleagues and charity partners, we are proud to have achieved this target several years early. During FY23 we will develop new ambitious targets for the outcomes and impact of our Brighter Future Fund.

Another significant focus for our community outreach work this year was offering support to those impacted by the terrible events unfolding in the Ukraine. For example, colleagues in Poland had their volunteering leave entitlement increased from two to five days, to help Ukrainian refugees as they escaped across the border to Krakow and beyond. We set up a charitable giving page in favour of Polska Akcja Humanitarna and double-matched all funds raised on this page – using money from our Brighter Future Fund to triple the total. More information on this and our other community outreach work can be found on our website.

→ FIND OUT MORE AT
IGGROUP.COM/OUR-COMMITMENT-SUSTAINABILITY

Environment

For the third year running, we have achieved carbon-neutral status, offsetting our scope 1, 2 and 3 emissions. Our other top priority has been to continue developing a strategy to reduce our relative emissions. Last year we set ourselves the goal of committing to the Science Based Targets initiative[1] by the end of FY22. We achieved this goal, and now have 24 months to define our pathway to net zero. We have also continued to look for improvements to our environmental reporting. For example, we are transitioning to a new process of collecting emissions data on a quarterly basis rather than an annual basis. We were also pleased to retain our C grade with the Carbon Disclosure Project.

Streamlined energy and carbon reporting

Our carbon footprint for FY22 has been prepared by an external consultant, Energise, and includes our scope 1, 2 and upstream scope 3 emissions across all Group companies. The data was quantified in line with the GHG Protocol standard and applying the most relevant emissions factors sourced from the Department for Environment, Food and Rural Affairs' 2020 UK Greenhouse Conversion Factors for Company Reporting, and other equivalent data sources for our emissions outside of the UK. Where data is not available, standard estimation methods have been applied to account for these emissions.

In relation to scope 1 and 2 emissions, our total carbon footprint for the year, using a location-based methodology, was 2,682.05 tCO_2e, or 1.12 tonnes per employee. This is a 22.2% reduction from last year. The reduction is mainly due to the emissions associated with operating our facilities falling to zero for the year. After replacing equipment last year, we did not need to recharge any F-Gas in our data centres which has had a significant impact on our scope 1 emissions.

GHG protocol scope	Sub-category	**Year ended 31 May 2022 tCO_2e**	Year ended 31 May 2021 tCO_2e
Scope 1	Operation of facilities	**0.00**	437.18
Scope 1	Combustion	**287.86**	168.36
Scope 1		**287.86**	605.54
Scope 2	Purchased energy	**2,394.18**	2,320.83
Scope 2		**2,394.18**	2,320.83
Scope 1 and 2 emissions		**2,682.05**	2,926.37
Employees		**2,393.00**	2,034.50
Intensity ratio[2]	Scope 1 and 2 emissions	**1.12**	1.44
Relevant change		**-22.1%**	
Global energy use		**10,272,137 kWh**	8,635,343 kWh
UK energy use		**7,888,644 kWh**	7,211,827 kWh
Overseas energy use		**2,383,493 kWh**	1,423,516 kWh
Scope 3	Business travel	**83.51**	15.36
	Employee commuting	**297.28**	1.51
	Fuel and energy-related activities	**860.33**	566.31
	Purchased goods and services	**20,297.48**	17,892.12
	Waste generated in operations	**116.50**	57.34
	Homeworking	**931.89**	704.72
Scope 3		**22,586.98**	19,237.36
Grand total	All three scopes (including homeworking)	**25,269.03**	22,163.73
Employees		**2,393.00**	2,034.50
Performance indicator	All three scopes (including homeworking)	**10.56**	10.89
Relevant change		**-3.07%**	

There have been some significant changes compared to last year, most notably the acquisition of tastytrade, which increased our scope 2 and 3 emissions. As some of our offices started to reopen after the pandemic, we have also seen increases in our business travel and employee commuting. However, our employee headcount has also increased and therefore when viewed on a relative basis, our emissions per employee have reduced by -3.07%, exceeding our target of a -2.5% relative reduction. We are actively managing our energy efficiency. For example, we are working on a set of new procurement standards across the business in key areas which will help us define our pathway to net zero. We are committed to completing this work by 2024. In the meantime, we continue to offset all scope 1, 2 and upstream scope 3 carbon emissions and are carbon neutral in line with PAS2060. All offsets are verified by either the Gold Standard or UN Clean Development Mechanism.

Suppliers

We have continued to embed the principles of responsible and sustainable business in our procurement processes and in our collaboration with existing suppliers. For example, we published a new Vendor Code of Conduct, setting out what suppliers can expect when working with us and setting out our expectations for suppliers. Furthermore, in FY22 we completed a review of our facilities contractors and increased pay where necessary to ensure we are fully compliant with the London Living Wage recommendations. We are now a signed-up member of the Living Wage community and will ensure we align with their recommendations in the future.

We are also looking for equivalent standards to adopt in all of the countries in which we have employees or, in lieu of such standards, will look to develop our own.

1 The Science Based Targets initiative (SBTi) is a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. They drive ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets.

2 As an intensity ratio we monitor our emissions per employee.

ESG Report continued

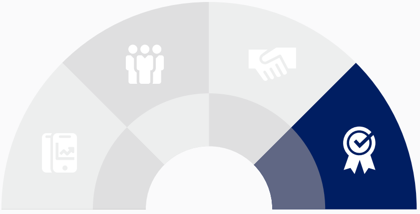
Task Force on Climate-related Financial Disclosures

In accordance with the TCFD recommendations, all material and significant climate-related information can be found in this Annual Report, as signposted in the table below. We have chosen to supplement these disclosures with extra information on our website.

We believe that these disclosures are fully consistent with the task force's recommendations. We do not yet measure or report downstream scope 3 emissions associated with the use of our products but note that doing so is optional under the Greenhouse Gas Protocols (GHG). In any case, we are working to better understand these emissions but do not anticipate that they will be significant.

Summary of disclosure	References to Annual Report
Governance The Board approves environmental strategy and targets and has responsibility for budgets and funding. Climate-related risks and opportunities are integrated into the Group's Risk Management Framework and the Board has overall accountability for the management of risk. Some of these risk governance responsibilities are delegated to Board Committees. Board and management responsibilities in relation to climate-related risks and opportunities are set out in our ESG governance table and in our Corporate Governance Statement. Furthermore, the management of climate-related risks and opportunities is incorporated into the environmental impact non-financial metric in our bonus and sustained performance plan remuneration structures. We first introduced a carbon-literacy training programme in FY21. In FY22 this was improved and updated and sessions were run for the Board and our Executive Committee. This training will be updated and delivered on an annual basis.	→ See Chair's Introduction to Corporate Governance statement, page 58 → See pages 35, 93
Strategy Over the course of FY22, our understanding of the climate-related risks and opportunities affecting our business has improved, enabling us to develop an environmental strategy. The aim of this strategy is to have a clearly defined pathway to net zero in place by 2024. Progress towards defining our pathway is improving our financial resilience in the face of the changing climate. Key achievements include: → Formal commitment to the Science Based Target Initiative → Starting to develop environmental procurement standards for key business areas including operations, buildings, travel and other services → Carbon literacy training for the Board and Executive Committee → Maintaining carbon-neutral status in line with PAS 2060 (offsetting our scope 1 and 2 emissions and upstream scope 3 emissions)	→ See Risk Management section, pages 46-53
Risk management In order to fully understand the climate-related risks and opportunities applicable to our business, we engaged a consultant to help us produce a detailed climate-related risks and opportunities register. This exercise was then repeated in the second half of FY22 and will be repeated on a bi-annual basis going forward. A summary of the risks identified can be found on our Group website. It has been concluded that, for now, neither these risks nor opportunities are material. We identify climate-related risks, opportunities and materiality based on the We Mean Business risk taxonomy and TCFD guidance. We group climate-related risks into two categories: physical risks which relate to the physical impacts of climate change, and transition risks, which relate to the transition to a low-carbon economy. They are analysed in relation to three possible climate-related scenarios: (1) a smooth transition to <2°C, (2) a disruptive transition to <2°C, and (3) no acceleration of action (>3°C), and considered in relation to the short, medium and long term.	→ See Risk Management section, pages 46-53 → https://www.iggroup.com/our-commitment-sustainability/our-environment
Metrics and targets We assess climate-related risks and opportunities by looking at absolute and intensity-based energy and (GHG) emission metrics, using 'CO_2 per employee' as our intensity metric. These are set out in our Streamlined Energy and Carbon Report. We have been reporting scope 1 and 2 emissions since FY13 and first reported upstream scope 3 emissions in FY20. We do not yet measure or report downstream scope 3 emissions but hope to include these emissions in our reporting when we have our pathway to net zero defined – aiming for 2024. We do not anticipate that these emissions will be significant. In May 2022 we made a formal commitment to the SBTi, and are working hard to develop an ambitious science-based target. Pending this target, we aim to reduce our year-on-year carbon emissions by 2.5%.	→ See pages 32 and 33

Best Practice



Pillar 4

The fourth pillar of our Brighter Future framework is concerned with setting high standards of business ethics, accountability and transparency, and ensuring that our policies and governance structures help meet these standards.

Stakeholders

→ Our shareholders
→ Our regulators
→ Our people
→ Our clients
→ Our communities

43.3%

ESG factors contribute to 43.3% of Sustained Performance Plan non-financial metrics

Business ethics

We maintain high standards of ethics across all elements of our business. We conduct our business in an ethical manner, protecting principles of human rights in all of our operations. For more information about how the principles of ethical business are embedded into our governance, please refer to our ESG Policy on our website.

As a UK-incorporated Company, we abide by the UK Bribery Act 2010 and we have a Share Dealing Code, a Disclosure Committee and associated policies to ensure that we meet the requirements of market abuse regulations. Furthermore, we have global policies to comply with anti-bribery and anti-corruption laws, which include employees wishing to give or receive gifts or hospitality. We do not make or endorse facilitation payments. Every year all employees receive mandatory anti-bribery and corruption training, and market abuse training, through an e-learning module which includes a knowledge assessment.

We make charitable donations that are legal and ethical under local laws and practices, but we don't make contributions to political parties.

Accountable leadership

In FY22 we focused on three elements of accountable leadership. Firstly, we maintained a diverse leadership team in terms of ethnic and gender diversity. Secondly, we worked hard to ensure our leadership team have access to the learning opportunities they need. For example, we offered carbon literacy training to the Board and Executive Committee for the second year running. Thirdly, we continued to ensure the leadership team is incentivised to deliver on our commitment to sustainable and responsible business. For more details about how ESG is integrated into the sustained performance plan and the bonus, see page 93.

Open and transparent

Operating in an open and transparent manner remains a top priority. Last year we published our ESG Policy and created an ESG reporting map to demonstrate how we approach responsible and sustainable business. We've updated the reporting map for FY22 and will keep the policy up to date.

Our tax strategy is published on our website. This year we paid £131.3 million (2021: £119.0 million) to tax authorities globally. As was the case last year, we did not accept any government support in relation to the Covid-19 pandemic. We paid £97.4 million in corporate income taxes (2021: £83.0 million). More details on our taxes paid and on our effective tax rate for FY22 can be found in the Financial Statements.

ESG governance

Oversight	IG Group Board of Directors		
	ESG Committee Chair: Sally-Ann Hibberd		
	Board Committees as appropriate		
Responsible	IG Group Executive Committee Sponsor: Jon Noble		
	Executive Committee ESG working group		
Delivery	Group Head of ESG		
	ESG Officer		
	Brighter Future Champions	Enterprise Leadership Group	IG Employee Networks

Chief Financial Officer's Statement

Another year of **record performance**

> Another year of record revenue performance puts us in a very strong financial position as we execute our strategy to become a more diversified business."

Charles A Rozes
Chief Financial Officer

I am delighted to report another year of record revenue and profits, against a challenging comparative which included the peaks of pandemic-related market volatility. Total revenue from continuing operations was £973.1 million, up 16% (FY21: £837.6 million). Excluding the foreign exchange gain associated with the financing of the tastytrade acquisition, adjusted total revenue was £967.3 million, up 14%. Excluding tastytrade, adjusted total revenue was still up 1%. This outstanding performance is reflective of the high-quality client base of ambitious, active traders that we are able to attract, and the excellent client service and educational resources and support that we provide in order to retain them. We reiterate our medium-term guidance for total revenue of 5-7% in Core Markets+ and 25-30% in the High Potential Markets segments.

We continue to practice good cost management, while also ensuring that we invest steadily and appropriately in our businesses and functions. We recognise technology as a key asset, in which we continually invest to innovate and increase resilience, security, and capacity. Over the last for years, for example, we have invested approximately £125 million in these areas, demonstrating our ability to continually invest and stay at the forefront of technology trends.

During the year, we incurred some one-off and non-cash recurring items. These were related to the tastytrade transaction, the sale of Nadex and Small Exchange, the debt refinancing and the revaluation of the Zero Hash convertible note. Excluding these items, our adjusted profit before tax margin for FY22 was 51% (FY21: 56%).

Profit before tax for the year was up 7% to £477.0 million (FY21: £446.0 million). On an adjusted basis, profit before tax was £494.3 million, up 4% on prior year (FY21: £473.6 million). The adjusted effective tax rate was 17.0%, driven by standard UK tax incentives and adjustments to prior year estimates. Our profit after tax for the year was £396.1 million, or £410.5 million on an adjusted basis, up 4%. Including profit from discontinued operations, profit for the period was £503.9 million, up 36%. Basic earnings per share from continuing operations was 92.9 pence (FY21: 99.8 pence), or 96.3 pence on an adjusted basis (FY21: 107.3 pence), down due to the shares issued for the tastytrade acquisition.

We are a highly cash-generative business, able to convert our OTC derivatives revenue to cash on the same day. The conversion rate of operating profit to own funds remains consistently above 100%.

During the year, we have seen some significant balance sheet movements, with our goodwill and intangibles balances increasing due to the tastytrade acquisition. Own funds increased due to profits made during the year, the sale of Nadex and Small Exchange, offset by the cash consideration paid for tastytrade.

Regulatory capital and liquidity remained very strong through the period, bolstered by our inaugural public debt issuance of £300 million of investment-grade, 7-year senior unsecured notes and the increased size of our committed revolving credit facility, which is now a £300 million facility. The debt capital markets issuance in November 2021 attracted strong investor demand, and provided longer-term financing through 2028.

Our new RCF further expands our on-demand available liquidity to support our strategic growth plans.

The Group's broker margin requirement in support of our risk management program at year end was £629.5 million, and reached a peak during the year of £774.7 million in comparison to a year end requirement of £590.9 million and peak requirement of £683.3 million in FY21. As a result of our record profits, strong cash conversion, as well as purchases and disposals during the year, own funds at 31 May 2022 were £1,253.8 million, up from £1,058.5 million at 31 May 2021.

Our record profits and comprehensive risk management programme further strengthened our capital resources. In January 2022, we adopted a new regulatory capital framework, the Investment Firms Prudential Regime (IFPR). For an initial transitory period, our regulatory capital requirement remains at a fixed amount of £497.4 million. At 31 May 2022 our regulatory capital resources were £1,025.6 million, up from £860.7 million at 31 May 2021. This translates to a headroom above the regulatory capital requirement of £528.2 million, including all profits from FY22, though prior to the execution of the share buyback programme.

During the year, the Board conducted a number of discussions around our uses of capital. The outcome of these discussions is set out in our new capital allocation framework. The framework provides the right balance for all our stakeholders, ensuring there is sufficient ability for investment in the Company, as well as returns for our shareholders. In line with the capital allocation framework, the Board has approved a final dividend of 31.24 pence, which would result in a full-year dividend of 44.2 pence per share, an increase of 1 pence from our FY21 dividend of 43.2 pence per share.

Given our current strong financial position following three consecutive record years of revenues and profits, we have also announced a share buyback programme of up to £150 million. We would expect this to be substantially completed within FY23.

We have reconfirmed our medium-term total revenue guidance of 5-7% in the Core Markets+ and 25-30% in the High Potential Markets portfolio and remain confident in achieving this guidance. We anticipate a profit before tax margin just above the mid-40s in FY23, and then increasing slightly over the medium term to the high-40s, which we see as the sustainable margin for the Group. We anticipate an effective tax rate in FY23 of around 19%, and then increasing beyond FY23 to be closer to the forecasted UK Corporate Tax rates.

In summary, another year of record revenue performance puts us in a very strong financial position as we execute our strategy to become a more diversified business.

Charles A Rozes
Chief Financial Officer
20 July 2022

Business Performance Review

Summary Group Income Statement

£ million (continuing operations)	FY22	FY22 Adjusted	FY21	FY21 Adjusted	Change %	Adjusted Change %
Net trading revenue[1]	**972.3**	**966.5**	**837.3**	**845.2**	**16%**	**14%**
Net interest on client money	0.8	0.8	0.3	0.3		
Total revenue	**973.1**	**967.3**	**837.6**	**845.5**	**16%**	**14%**
Other operating income and betting duty	6.1	4.6	6.1	6.1		
Net operating income	**979.2**	**971.9**	**843.7**	**851.6**		
Total operating costs[2, 3]	**(501.9)**	**(464.9)**	**(393.4)**	**(373.8)**	**28%**	**24%**
Operating profit	**477.3**	**507.0**	**450.2**	**477.8**	**6%**	**6%**
Other net gains/(losses)[4]	11.1	(2.3)	(0.4)	(0.4)		
Net finance cost[5]	(11.4)	(10.4)	(3.8)	(3.8)		
Profit before tax	**477.0**	**494.3**	**446.0**	**473.6**	**7%**	**4%**

1 Adjusted excludes £5.8 million foreign-exchange hedging gain associated with the financing of the tastytrade acquisition (FY21: loss of £7.9 million)
2 Operating costs include net credit losses on financial assets
3 Adjusted operating costs excludes £33.7 million of costs and recurring non-cash costs associated with the tastytrade acquisition and integration and £3.3 million relating to the proposed sale of Nadex and Small Exchange (FY21: £19.6m of one-time costs associated with the tastytrade acquisition)
4 Adjusted other net gains / (losses) excludes £9.3 million FV gain on revaluation of Zero Hash Holdings Limited (Zero Hash), and £4.1 million of gains on sale of Small Exchange and disposal of Zero Hash, £2.3 million loss from associate
5 Adjusted excludes £1.0 million of accelerated financing expense associated with the debt issuance

Statutory results

On 1 March 2022 we completed the sale of Nadex and Small Exchange to crypto.com, therefore Nadex is presented as a discontinued operation. Our share of the losses from our minority investment in Small Exchange for the period during which we owned it will continue to be presented within continuing operations.

On a statutory basis, net trading revenue was £972.3 million, up 16% on prior year, reflecting the inclusion of tastytrade revenue from 28 June 2021 following completion.

Revenue performance benefited from the size and quality of the active client base, which now includes 98,000 tastytrade clients, who share a similar demographic profile to those of IG. Total active clients, excluding those from tastytrade, remains significantly larger than the pre-pandemic period.

Statutory operating costs were £501.9 million, 28% higher than FY21, reflecting the inclusion of tastytrade's cost base, and one-off and recurring non-cash costs in relation to the tastytrade acquisition and integration, and costs relating to the sale of Nadex and Small Exchange.

Other net gains of £11.1 million arise from transactions relating to the Group's investments in its associates during the year. The net gains include the Group's share of losses from associates, the movement of the fair value of convertible debt associated with Zero Hash, and gains from sale of holdings in associates.

Net finance costs were £11.4 million, increasing from prior year due to additional debt in the period.

The Group's statutory profit before tax for FY22 was £477.0 million, 7% higher than FY21.

Adjusted results

The following section analyses results from continuing operations on an adjusted basis, which excludes a £5.8 million foreign-exchange gain related to financing of the tastytrade acquisition; £33.7 million of costs relating to the tastytrade acquisition, including £28.0 million of amortisation of acquisition related intangibles; £3.3 million relating to the sale of Nadex and our investment in Small Exchange; £1.0 million of financing costs relating to the new debt issuance; other net gains related to the sale of Small Exchange and disposal of Zero Hash of £4.1 million, and £9.3 million fair value gain on Zero Hash on a convertible note revalued in the period.

Adjusted net trading revenue was £966.5 million, 14% higher than prior year. Excluding tastytrade, which the Group acquired on 28 June 2021, the adjusted net trading revenue was £856.4 million, 1% higher than FY21, reflecting the continued strength of our core business despite less favourable market conditions.

Total revenue, which includes interest income, was £967.3m, up 14% on FY21.

Adjusted operating costs from continuing operations were £464.9 million, 24% higher than prior year, reflecting the addition of tastytrade.

Adjusted operating profit from continuing operations was £507.0 million, up 6% on FY21, and profit before tax was £494.3 million 4% higher than prior year.

Net trading revenue performance by product

Adjusted net trading revenue from continuing operations (£ million)	FY22	FY21	Change %
OTC derivatives	811.5	798.2	2%
Exchange traded derivatives	121.2	8.3	nm
Stock trading and investments	33.8	38.7	(13%)
Group	**966.5**	**845.2**	**14%**

	Active clients (000)			Revenue per client (£)		
	FY22	FY21	Change %	FY22	FY21	Change %
OTC derivatives	199.8	216.3	(8%)	4,063	3,690	10%
Exchange traded derivatives[1]	104.5	5.4	nm	1,142	913	25%
Stock trading and investments	93.2	89.5	4%	363	432	(16%)
Group[2]	**381.5**	**291.2**	**31%**			

1 Exchange traded derivatives revenue per client calculation excludes revenue generated from the Group's market maker on Nadex

2 Total Group active clients have been adjusted to remove the clients who are active in more than one product category (multi-product clients) to give a unique client count. In FY22 there were 16,000 multi-product clients, compared with 19,900 in FY21

OTC derivatives

OTC derivatives net trading revenue in FY22 was £811.5 million, 2% higher than FY21. OTC revenue now represents 84% of Group revenue, down from 94% in FY21, consistent with our strategic goal of diversifying our sources of revenue through growth in exchange traded derivatives and stock trading revenues.

OTC active clients were down 8% on FY21 reflecting the moderation in trading activity and reduced levels of new clients onboarded, down 32% from the elevated levels of demand seen in FY21, however remain at levels materially higher than the pre-pandemic period. Average revenue per client however was 10% higher reflecting a change in client mix with less dilution of revenue per client from new clients, as seen in FY21.

UK and EU revenue in FY22 was £431.5 million, 3% higher than in FY21. The impact of a 14% reduction in active clients was offset by a 20% increase in the average revenue per client, the result of a change in the client mix, consistent with other areas of the business.

Japan revenue of £98.5 million was 43% higher than FY21 driven by a 53% increase in active clients as new client acquisition continued to be exceptionally strong in the year. First trades increased 53% as Japan continues to benefit from the increased focus on localisation, brand building, and successful marketing relationships.

Australia revenue of £88.3 million was 26% lower than FY21, reflecting the impact of Australian Securities & Investments Commission (ASIC) regulations, which were introduced in FY21. As a result, the active clients in the period decreased by 28%, although revenue per client increased by 2% due to the change in client mix. Revenue from Australia remains higher than the pre-pandemic period.

Business Performance Review continued

Exchange traded derivatives

Net trading revenue from exchange traded derivatives, excluding Nadex as a discontinued operation, was £121.2 million, and represented 13% of Group revenue (FY21: 1%). tastytrade net trading revenue was £110.1 million, while revenue from Spectrum, the Group's multi-lateral trading facility, was £9.3 million.

With the addition of tastytrade, the number of exchange traded derivatives clients increased to 104,500 (FY21: 5,400), 27% of the total active client base of the Group. First trades increased significantly, reflecting the inclusion of tastytrade.

tastytrade net trading revenue was £110.1 million, up 15% on the prior year on a pro forma basis. Total revenue for tastytrade was £112.0 million, which includes interest income, increasing 16% on a pro forma basis. Active clients reduced by 2%, reflecting some normalisation from the high levels of activity in FY21, which was more than offset by a 17% increase in average revenue per client.

Spectrum revenue of £9.3 million nearly doubled and was 90% higher, driven by a 27% increase in the active client base and a 50% increase in average revenue per client as the client base continues to establish. This year Spectrum welcomed two additional brokers and further growth is expected in FY23 and beyond, as we integrate additional third-party brokers and plan to integrate two tier 1 European banks as product issuers later this year.

Stock trading and investments

Revenue from stock trading and investments was £33.8 million (FY21: £38.7 million) with assets under administration of £3.3 billion at the period end (31 May 2021: £3.2 billion). In the year, stock trading transaction fees, which were previously netted off against revenue, were reallocated to operating costs, increasing both net trading revenue and costs by £3.0 million. Including this, net trading revenue was down 13%. Active clients increased 4% and average revenue per client reduced by 16% due to both a reduction in trade frequency as market conditions have moderated, and a change in equity mix, with clients trading fewer US equities.

Operating costs

Total adjusted operating costs for FY22 were £464.9 million, 24% higher than FY21 primarily reflecting the acquisition of tastytrade.

Adjusted operating costs from continuing operations

£ million (unless stated)	FY22	FY21	Change %
Fixed remuneration	150.1	127.0	18%
Advertising and marketing	87.1	67.4	29%
Revenue related costs	45.3	28.3	60%
IT, structural market data and comms	35.0	24.4	43%
Regulatory fees	12.9	9.1	41%
Depreciation and amortisation	28.5	24.8	15%
Other costs	48.1	42.1	14%
General bonus	32.6	29.7	10%
Share-based compensation	17.8	11.2	60%
Sales bonuses	7.5	9.8	(23%)
Total operating costs	**464.9**	**373.8**	**24%**
Headcount at period end	**2,507**	**2,067**	**21%**

Fixed remuneration was £150.1 million, an increase of 18%. Group headcount at 31 May 2022 was 2,507, up 21% on 31 May 2021, reflecting the addition of around 200 tastytrade employees, and additional headcount in our technology, operations, risk and compliance functions to add capacity to the larger business and support on key projects.

This increase also reflects some inflationary pay increases, offset by favourable translational foreign-exchange rates compared with the prior year.

Advertising and marketing spend increased by 29% to £87.1 million, reflecting the addition of tastytrade costs.

Revenue related costs are variable items which typically fluctuate with the level of client activity and include trading fees for share dealing and US options and futures, client payment charges, variable market data charges, and provisions for client and counterparty credit losses. In total they were £45.3 million, 60% higher than FY21, reflecting the addition of the tastytrade costs. This also includes the impact of reclassifying £3.0 million of stock trading transaction fees, which in FY21 were reported as an offset to revenue.

IT maintenance, structural market data charges and communications costs were £35.0 million, an increase of 43% on FY21. This reflects additional investment in technology to innovate new platform features, support the larger active client base, and build capacity for future growth as well as the addition of tastytrade costs.

Regulatory fees, which include the Financial Services Compensation Scheme (FSCS) levy were £12.9 million in FY22, 41% higher than FY21. This reflects the increased eligible income of the relevant entities, as well as the addition of tastytrade costs.

Depreciation and amortisation costs increased 15% to £28.5 million reflecting the addition of tastytrade costs.

The charge for the general bonus pool was £32.6 million, up 10% on FY21. This reflects an increase in eligible employees but was offset by a release of prior period accruals.

Share-based compensation costs relate to the share incentive plans for executives and senior management. These costs increased by 60%, reflecting an increased number of participants, and outperformance on internal targets, compared with a prior year charge which was lower due to staff departures in the year.

Sales bonuses decreased by 23% to £7.5 million, reflecting lower commission payments to sales staff for the onboarding and management of their own-sourced high-value clients.

Earnings Per Share

£ million (unless stated)	FY22	FY22 Adjusted	FY21	FY21 Adjusted	Change %	Adjusted Change %
Profit before taxation from continuing operations	477.0	494.3	446.0	473.6	7%	4%
Taxation	(80.9)	(83.8)	(77.4)	(77.4)	5%	8%
Profit after taxation from continuing operations	396.1	410.5	368.6	396.2	7%	4%
Profit after taxation from discontinued operations	107.8	107.8	3.3	3.3	Nm	Nm
Profit after tax for the period	503.9	518.3	371.9	399.5	36%	30%
Weighted average number of shares for the calculation of EPS (millions)	426.3	426.3	369.2	369.2	15%	15%
Basic earnings per share (pence per share)	**92.9**	**96.3**	**99.8**	**107.3**	**(7%)**	**(10%)**

Profit before tax was £477.0 million in FY22, and £494.3 million on an adjusted basis, 4% higher than FY21.

The FY22 effective tax rate (ETR) was 17.0% based on profit before tax from continuing operations and 17.0% based on adjusted profit before taxation (FY21: 16.3%). The ETR is lower than the main rate of corporation tax of 19% in the UK, where the majority of the Group's profits are taxed, primarily as a result of standard UK tax incentives and adjustments to prior year estimates. The ETR for FY23 is anticipated to be approximately 19% on an adjusted basis. The ETR is dependent on a mix of factors including taxable profit by geography, tax rates levied in those geographies and the availability and use of taxable losses. The future ETR may also be impacted by changes in our business activities, client composition and regulatory status, which could affect our exemption from the UK Bank Corporation Tax surcharge.

Profit after tax was 36% higher than FY21 and 30% higher on an adjusted basis. Basic EPS was 7% lower than FY21 and 10% lower on an adjusted basis. This is primarily a result of the additional 61 million shares issued by the Group as part of the consideration to acquire tastytrade.

Business Performance Review continued

Dividend

A proposed final dividend of 31.24 pence per share will be paid on 20 October 2022 to those shareholders on the register at the close of business on 23 September 2022. This would represent a total FY22 dividend paid of 44.2 pence per share (FY21: 43.2 pence per share).

Summary Group Balance Sheet

The balance sheet is presented on a management basis which reflects the Group's use of alternative performance measures to monitor its financial position, with particular focus on own funds and liquid assets which are deployed to meet the Group's liquidity requirements. These alternative performance measures are reconciled to the corresponding UK adopted IAS balances in the appendix.

£ million	31 May 2022	31 May 2021	Change %
Goodwill	604.7	107.3	468%
Intangible assets	292.1	32.7	793%
Property, plant and equipment[1]	16.7	17.4	(4%)
Operating lease net assets	(2.0)	(1.9)	5%
Investments in associates	14.8	–	nm
Fixed assets	**926.3**	**155.5**	**495%**
Own cash	1,245.9	655.2	89%
Issued debt/long-term bank borrowings[2]	(299.2)	(100.0)	199%
Client funds held on balance sheet[3]	(520.9)	(354.3)	47%
Amounts due from brokers	657.1	710.6	(7%)
Own funds in client money	64.2	60.9	5%
Liquid assets threshold requirement/Liquid asset buffer	106.7	86.1	23%
Own funds	**1,253.8**	**1,058.5**	**18%**
Working capital	(82.5)	(86.4)	(5%)
Net current assets held for sale	0.4	–	nm
Tax payable	(20.5)	(6.4)	220%
Net deferred tax (liability)/asset	(49.7)	12.1	511%
Net assets	**2,027.8**	**1133.3**	**79%**

1 Excludes right-of-use assets
2 Excludes capitalised fees
3 Includes turbo warrants

The Group has recognised a £770.8 million increase in fixed assets during the period, primarily as a result of the acquisition of tastytrade, which completed on 28 June 2021.

The Group has assessed the impact of climate risk on the balance sheet and have concluded that there is no material impact on the financial position of the Group for the year ended 31 May 2022.

Liquidity

The Group maintains a strong liquidity position, ensuring that it has sufficient liquidity under both normal circumstances and stressed conditions to meet its working capital and other liquidity requirements, which include broker margin requirements, the regulatory and working capital needs of its subsidiaries, and the funding of adequate buffers in client money accounts.

The Group's available liquidity comprises assets that are available at short notice to meet additional liquidity requirements, which are typically increases in broker margin. The Group's liquid assets increased by £561.1 million during the period, compared to a smaller £164.1 million increase for liquidity requirements comprising broker margin, overseas cash balances, own funds in client money and assets held to satisfy the liquid assets threshold requirement.

£ million	31 May 2022	31 May 2021	Change %
Own cash	1,245.9	655.2	90%
Amounts due from brokers	657.1	710.6	(8%)
Own funds in client money	64.2	60.9	5%
Liquid assets threshold requirement/Liquid asset buffer	106.7	86.1	23%
Liquid assets	**2,073.9**	**1,512.8**	**37%**
Broker margin requirement	(629.5)	(590.9)	7%
Cash balances in non-UK subsidiaries	(342.9)	(248.0)	38%
Own funds in client money	(64.2)	(60.9)	5%
Available liquidity	**1,037.3**	**613.0**	**69%**
of which:			
Held to meet regulatory liquidity requirements	106.7	86.1	24%
Dividend due	134.8	130.4	3%

The Group's own cash balance of £1,245.9 million has increased by £590.7 million driven by a £199.2 million increase in third party debt, £166.6 million increase in client funds held on balance sheet and £53.5 million decrease in amounts at brokers. The Group measures the strength of its balance sheet using its 'own funds' balance which is a broader and more stable measure of the Group's liquidity position than cash. The Group's own funds position is explained in the next section.

Amounts due from brokers comprises cash and UK Government securities held on account by the Group's hedging counterparties, the valuation of open derivative positions and the valuation of physical cryptocurrency assets. During FY22 and driven by the ongoing high frequency and mix of client trading activity, the Group experienced record levels of broker margin, with a maximum margin requirement of £774.7 million in November 2021.

Own funds in client money represents the Group's own cash held in segregated client funds in accordance with regulatory requirements, including the UK's FCA Client Asset Sourcebook (CASS) rules. This increased by £3.3 million to £64.2 million, as a result of trading conditions on the last day of the month.

The Group holds a combination of UK Government securities and cash to meet its regulatory liquidity requirements, which have increased during the period. From 1 January 2022, the liquid asset buffer requirement that the Group had been subject to has been replaced by a new regime within the Investment Firms Prudential Regime rules. This includes a basic liquid assets requirement and a liquid assets threshold requirement, which can be met with a broader range of assets. As at 31 May 2022, this requirement was £106.7 million, 24% higher than the liquid assets buffer requirement at 31 May 2021.

The increase in liquidity requirements was primarily driven by an increase in funds in non-UK entities. The Group regularly repatriates cash from its overseas subsidiaries and for liquidity management and planning purposes, the Group conservatively excludes cash held by subsidiaries outside the UK from available liquidity. The amount of cash held in entities outside the UK was £342.9 million as at 31 May 2022 (31 May 2021: £248.0 million), £94.9 million higher than as at 31 May 2021, due to increased overseas cash requirements arising from the acquisition of tastytrade and increased client funds recognised on balance sheet in overseas entities, along with additional funds held in the US to settle tax payable following the sale of Nadex and Small Exchange.

In addition to the cash recognised on the balance sheet, as at 31 May 2022, the Group held £2,577.9 million (31 May 2021: £2,710.3 million) of client money in segregated bank accounts, which are not recognised on the Group's balance sheet. These funds are held separately from the Group's own cash balances and are excluded from the Group's liquid assets.

Business Performance Review continued

Own Funds

Own funds include liquid assets, less debt and client funds on its balance sheet. As at 31 May 2022, the Group had a cash balance of £1,245.9 million (31 May 2021: £655.2 million) compared with an own funds balance of £1,253.8 million (31 May 2021: £1,058.5 million).

£ million	31 May 2022	31 May 2021	Change %
Liquid assets	2,073.9	1,512.8	37%
Client funds on balance sheet	(520.9)	(354.3)	47%
Issued debt/Long-term borrowings	(299.2)	(100.0)	199%
Own funds	**1,253.8**	**1,058.5**	**18%**

Client funds on balance sheet are funds which are deposited with the Group's Swiss banking subsidiary, IG Bank SA, and client funds held by other subsidiaries which are not subject to the same legal or regulatory protections as client money held off balance sheet, including funds held by the Group under title-transfer collateral arrangements.

The Group issued £300 million of investment-grade, 7-year senior unsecured bonds as part of a comprehensive debt refinancing exercise. The majority of the proceeds were used to repay £250 million, short-dated term loans and following the refinancing exercise, total available credit facilities have risen from £375 million as at 31 May 2021, to £600 million as at 31 May 2022, with the potential to rise to £700 million if the new revolving credit facility is increased in size. The £300 million committed revolving credit facility was undrawn at 31 May 2022 (31 May 2021: undrawn).

Own Funds Flow

Own funds of the Group have increased by £195.3 million during the period, predominantly as a result of own funds generated from operations and the sale of Nadex and Small Exchange, which offset the consideration paid to acquire tastytrade and the dividends paid by the Group.

£ million	FY22	FY21
Own funds generated from operations	**536.5**	**505.8**
as % of operating profit	112%	111%
Taxes paid	(99.2)	(83.0)
Net own funds generated from operations	**437.3**	**422.8**
Net interest and fees paid	(13.2)	(4.8)
Capital expenditure and capitalised development costs	(17.5)	(16.0)
Net own funds movement from acquisitions and disposals of subsidiaries and investments in associates	(14.7)	–
Purchase of own shares held in employee benefit trusts	(6.7)	(0.2)
Pre-dividend increase in own funds	**385.2**	**401.8**
Dividends paid	(186.2)	(159.7)
Increase in own funds	**199.0**	**242.1**
Own funds at start of the period	**1,058.5**	**832.5**
Increase in own funds	199.0	242.1
Impact of movement in exchange rates	(3.7)	(16.1)
Own funds at the end of period	**1,253.8**	**1,058.5**

The Group's own funds generated from operations of £536.5 million, £30.7 million higher than in FY21. These funds were reduced by comparatively higher taxes paid driven by the sale of Nadex and Small Exchange, and the own funds used to acquire tastytrade which were partially offset by the net own funds generated from sale of Nadex and Small Exchange.

The Group recognised an increased own funds outflow to acquire shares in the employee benefit trust, as shares in the market were used to satisfy vesting awards rather than the issue of new shares.

The Group also recognised an increased dividend outflow during the year following the issue of 61 million shares to acquire tastytrade.

Regulatory Capital

The Group is supervised on a consolidated basis by the FCA in the UK, which requires it to hold sufficient regulatory capital at both Group and individual entity levels to cover risk exposures, valued according to applicable rules, and any additional regulatory financial obligations imposed.

Shareholders' funds comprise share capital, share premium, retained earnings and other reserves, and as at 31 May 2022 totalled £2,027.8 million (31 May 2021: £1,133.3 million). The Group's regulatory capital resources are an adjusted measure of shareholders' funds, and as at 31 May 2022 totalled £1,025.6 million (31 May 2021: £860.7 million), taking into account FY22 profits which are included in the regulatory capital calculation following approval from the FCA.

£ million	31 May 2022	31 May 2021
Shareholders' funds	**2,027.8**	**1,133.3**
Less foreseeable/declared dividends	(134.8)	(130.4)
Less goodwill and intangible assets	(833.7)	(140.0)
Less Deferred tax assets and significant investments in financial sector entities	(32.3)	–
Less adjustment for prudent valuation	(1.4)	(2.2)
Regulatory capital resources	**1,025.6**	**860.7**
Total requirement – £ million	**497.4**	**491.1**
Capital headroom – £ million	**528.2**	**369.6**

From 1 January 2022 the Group is subject to the Investment Firms Prudential Regime, which has changed the basis of calculation of the Group's regulatory capital. During the transitional period, the regulatory capital requirement remains broadly unchanged.

The Group's regulatory capital resources as at 31 May 2022 were £1,025.6 million (31 May 2021: £860.7 million) and the capital requirement as at 31 May 2022 was £497.4 million (31 May 2021: £491.1 million). This translates to a capital headroom of £528.2 million (31 May 2021: £369.6 million), demonstrating the Group's solid capital base and the minimal impact of the change in regulatory rules.

Risk Management

Effective risk management is essential in achieving our strategy and business objectives, and to preserve our strong financial position and regulatory reputation. The Board is responsible for ensuring that we maintain an appropriate risk management culture, supported by a robust Risk Management Framework.

Risk Management Framework

We have an established framework to identify, measure, manage, monitor and report the risks faced by the business. This includes the risk that our conduct may pose to the achievement of fair outcomes for clients, or to the sound, stable, resilient and transparent operation of financial markets.

This framework provides the Board with assurance that our risks, including the risks relating to the achievement of the our strategic objectives, are understood and managed in accordance with our appetite and tolerance levels.

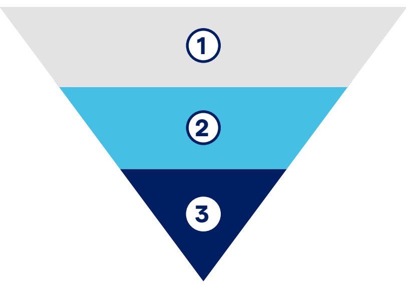
The RMF is supported by policies such as credit risk, market risk, liquidity, technology, operational risk, information security, vendor, business continuity, conduct and whistleblowing. The RMF and supporting frameworks are extended across tastytrade and the business model has been considered.

Risk culture

Embedding a sound risk culture is fundamental to the effective operation of our Risk Management Framework and sets the tone for broader conduct in all business activities, values and expected behaviours. Central to our risk culture is a commitment to integrity and to principles of responsible business. This is driven by individuals with defined roles and responsibilities over their respective areas as detailed under the Senior Managers Certification Regime in the UK.

We operate a 'three lines' Risk Governance Model.

Three lines of defence



1. Business functions

1st Line functions have the primary responsibility for the risk management of their respective risks, including day-to-day responsibility for ensuring that business areas operate within their risk appetite. They are responsible for the identification, assessment and management of risks faced, in line with the approved policies and procedures.

2. Risk and control functions

The 2nd Line functions operate independently from 1st Line functions, with the dual objective of providing advisory and oversight services. While other functions may perform some advisory and oversight activities, this is the main role of the Risk and Compliance functions. The Risk and Compliance teams maintain our risk management and control policies, provide independent analysis and monitoring of our risks against appetite, while staying abreast of industry and regulatory developments that might require enhancements to the Risk Management Framework.

3. Internal Audit

The 3rd Line function has responsibility for assurance and is performed by Internal Audit. Internal Audit helps the Board and Executive team protect the assets, reputation and sustainability of the organisation by providing independent, objective assurance reviews designed to add value and improve our operations. The scope of the annual audit plan includes reviews of the Risk Management Framework, along with the management of the Group's principal risks. This includes assessments of the design and operating effectiveness of controls, governance structures and processes.

Risk governance

Non-Executive oversight of the Risk Management Governance Framework has been delegated by the Board to the Board Risk Committee, with executive and operational oversight provided through the Executive Risk Committee (ERC).

The ERC meets weekly to discuss risks requiring executive-level oversight and management, with the frequency reflecting the commitment of senior management to play an active role in day-to-day risk management.

Specific sub-committees are delegated additional oversight with membership comprised of management with subject matter expertise. Examples of these committees are: Best Execution, Technology, Information Security, Capital & Liquidity, Vendor, Conduct & Operational Risk, and Transaction Reporting.

Risk appetite

Our Risk Appetite Statement (RAS) details the acceptable levels of risk to which we are willing to be exposed, so as to allow for a profitable business.

The RAS is supported by Key Risk Indicators (KRIs) that are used to identify instances which require escalation and investigation.

KRIs consist of two distinct categories:

1. **Board-Approved Limits (BALs)**
   Board approved thresholds and limits are set which serve to raise awareness of increased levels of risk. Early warning (Amber) thresholds are used to highlight increasing risk exposure, enabling action to be taken prior to exceeding a pre-defined risk limit (Red).

   It is the responsibility of the risk owner to manage and explain what actions have been taken once an Amber threshold has been breached. All efforts must be made to avoid a Red breach. In the event of a Red breach, action must be taken, without discretion, to ensure we come back inside the BAL. An explanation must be provided to the Board detailing the matter and why the BAL was breached.

2. **Escalation thresholds**
   For risks where limits cannot be set, a breach of a defined Amber threshold triggers escalation to management, which should result in consideration being given as to what appropriate actions, if any, are taken. Red threshold breaches are reported to the Group Board either immediately or on a monthly basis, depending on whether the KRI has been flagged for immediate escalation by the Board.

Risk taxonomy

1. **Regulatory environment risk**
   The risk that we face enhanced regulatory scrutiny with a higher chance of regulatory action, or the risk that the regulatory environment in any of the jurisdictions in which we currently operate, or may wish to operate, changes in a way that has an adverse effect on our business or operations, through reduction in revenue, increases in costs, or increases in capital and liquidity requirements.

2. **Commercial risk**
   The risk that our performance is affected by adverse market conditions, failure to adopt an effective business strategy or competitors offering more attractive products or services.

3. **Business model risk**
   The risk we face arising from the nature of our business and business model, including market, credit and liquidity risks and capital adequacy adherence.

4. **Conduct and operational risk**
   The risk that our conduct poses to the achievement of fair outcomes for consumers or the financial markets. The risk of loss resulting from inadequate or failed internal processes, people, systems or external events.

Within each of these broad categories the taxonomy identifies more detailed risks as outlined in the tables on the following pages (48-53).

Principal Risks

1. Regulatory environment risk

Regulatory risk

Risk

We are subject to enhanced regulatory scrutiny and therefore face a higher chance of investigation, enforcement or sanction by financial services regulators. This may be driven by internal factors, such as the strength of our control framework or its interpretation, or the awareness, understanding or implementation of relevant regulatory requirements. This risk can also arise from external factors, such as the current and changing priorities of our regulators' policy and supervision departments.

Mitigation and controls

- → Monitor operations to ensure they adhere to regulatory requirements and standards
- → Continuously review all regulatory incidents and breaches
- → Define and embed policies and procedures across the Group to ensure regulatory compliance

Regulatory change

Risk

We operate across highly regulated environments which are continually evolving, and face the risk of governments or regulators introducing legislation or new regulations and requirements in any of the jurisdictions in which we operates. This could result in an adverse effect on our business or operations, through reduction in revenue, increases in costs or increases in capital and liquidity requirements.

Mitigation and controls

- → Maintain strong relationships with key regulators and actively seek to converse in an effort to keep abreast of, contribute to and correctly implement regulatory changes
- → Monitor relevant public statements by regulators that affect our industry
- → Maintain current and emerging risk reports which timeline incoming changes

Tax

Risk

The risk of significant adverse changes in the manner in which we are taxed.

Examples of tax risks we face include the risk of the imposition of a financial transactions tax, which could severely impact the economics of trading and developments in international tax law, which in turn could impact the amount of tax that we pay.

Mitigation and controls

- → Monitor developments in international tax laws to ensure continued compliance and that stakeholders are aware of any significant adverse changes that might impact us
- → Where appropriate and possible, collaborate with tax and regulatory authorities to provide input on tax policy, or changes in law

2. Commercial risk

Strategic delivery

Risk

The risk that our competitive position weakens or profits are impacted due to the failure to adopt or implement an effective business strategy, including the risk of failing to appropriately integrate an acquisition.

Mitigation and controls

- The Board receive strategy updates from the Executive Directors throughout the year detailing the strategic progress of the business
- Undertake external consultation and extensive market research in advance of committing to any strategy in order to test and validate a concept
- Manage projects via a phased investment process, with regular review periods, in order to assess performance and determine if further investment is justified

Financial market conditions

Risk

The risk that our performance is affected by client sensitivity to adverse market conditions, making it harder to recruit new clients and reducing the willingness of existing clients to trade.

Mitigation and controls

- Review daily revenue, monthly financial information, KPIs and regular reforecasts of expected financial performance
- Use forecasts to determine actions necessary to manage performance and products in different geographical locations, with consideration given to changes in market conditions
- Regularly update investors and market analysts on revenue performance, and engage with them to manage the impact of market conditions on performance expectations

Competitor risk

Risk

We operate in a highly competitive environment and seek to mitigate competitor risk by maintaining a clear distinction in the market. This is achieved through compelling and innovative product development and quality of service, all while closely monitoring the activity and performance of our competitors.

Mitigation and controls

- Monitor conduct to ensure we do not engage in questionable practices, regardless of whether they would prove to be commercially attractive to clients
- Ensure that our product offering remains attractive, taking into account the other benefits that we offer our clients, including brand, strength of technology and service quality

Principal Risks continued

3. Business model risk

Market risk

Risk
The risk of loss due to movements in market prices arising from our net position in financial instruments. We seek to manage our market risk so our trading revenue predominantly reflects client transaction fees net of hedging costs and is not driven by market risk gains or losses.

We are also exposed to interest rate risk through our debt and holdings of cash and investments.

Mitigation and controls
- Use a real-time market position monitoring system
- Monitor market risk exposures with hourly scenario-based stress tests which analyse the impact of potential stress and market gap events
- Take appropriate action to reduce risk exposures as required. If exposures exceed pre-determined limits, hedging is undertaken to bring the exposure back within the limits
- Our framework consists of dynamic limits which can be fully utilised during market opening hours and contract in less liquid periods. Market risk limits have been increased over the year in line with the growth of the Group, bringing greater efficiency of internalisation of client flow. All increases are reviewed and approved by the Board

Credit risk – Client

Risk
The risk that a client fails to meet their obligations to us, resulting in a financial loss. Client credit risk principally arises when a client's total funds deposited are insufficient to cover any trading losses incurred.

Mitigation and controls
- Set client margin requirements considering the market for each instrument, requiring clients to deposit additional collateral or reduce positions where necessary
- Manage client credit risk in real time via our 'Close-out monitor' system. Monitor and manage client margin calls via automatic liquidation of account positions once pre-determined account close-out levels are breached
- Offer risk management training to clients which encourages them to collateralise their accounts at an appropriate level and set a level at which an individual deal will be closed

Credit risk – Financial institution

Risk
We have financial exposure to a number of financial institutions, owing to the placement of financial assets at banks and the hedging of market risk in the wholesale markets, which requires us to place margin with our hedging brokers.

Mitigation and controls
- Perform credit reviews on financial institutional counterparties when a new relationship is entered into; this is updated semi-annually (or ad hoc upon an event)
- Actively manage credit exposure to each of our broking counterparties, settling or recalling balances at each broker on a daily basis in line with the collateral requirements
- Ensure the majority of deposits are demand or overnight deposits, enabling us to react immediately to any deterioration in credit quality

Liquidity

Risk
This is the risk that the we are unable to meet our financial obligations as they fall due.

Mitigation and controls
- Manage liquidity within the UK Defined Liquidity Group (UK DLG) comprising of IG Markets (IGM), IG Index (IGI) and IG Trading and Investments (IGT&I)
- The UK DLG carries out a liquidity assessment each year to ascertain if it has sufficient liquidity to continue in operation under liquidity stress and provides mitigating actions to improve the liquidity position in these stress scenarios
- Mitigate liquidity risk through access to committed unsecured bank facilities and debt

Capital adequacy

Risk
The risk that the we hold insufficient capital to cover our risk exposures and have to curtail or cease operations.

We are supervised on a consolidated basis by the UK's FCA and our global entities' operations are directly authorised by the respective local regulators.

Mitigation and controls
- Manage capital resources with the objectives of facilitating business growth, maintaining our dividend policy and complying with the regulatory capital resource requirements
- Undertake an annual capital assessment and apply a series of stress-testing scenarios to our base financial projections, approved by the Board
- Operate a monitoring framework over our capital resources and minimum capital requirements daily

4. Conduct and operational risk

Platform outage

Risk

The risk that clients are unable to trade on the platform due to an operational outage and the risk that our operations are affected due to inadequate disaster recovery capabilities and delays in our ability to recover within appetite.

Mitigation and controls

- Maintain a 24/7 Incident Management function to manage the resolution of incidents.
- Perform regular disaster recovery capability testing to ensure that standby services are effective and minimise the impact to operations
- Apply denial-of-service (DOS) protection against cyber-attacks that would impact platform availability
- Maintain a Change Management function which undertakes risk assessments and utilises defined maintenance windows to protect core trading periods and client impact

System performance and capacity issues

Risk

The risk that system capability limitations or unexpected client activity results in degradation of client platforms or internal business service to clients. We need to ensure we have sufficient capacity to flex with client demand.

Mitigation and controls

- Undertake regular performance and capacity stress testing to ensure our platforms have sufficient headroom and resilience to perform in times of heightened volatility and increased demand
- Maintain an Enterprise Change function to manage business change and the development of new products and services
- Maintain a Quality Assurance function to test and identify system defects through the development lifecycle and resolve these before they impact applications

Information security

Risk

This is the risk of data loss that results in a regulatory breach or fine. This can be due to employee or vendor activity, non-compliance with data regulations, cyber-attack or data integrity issues.

Mitigation and controls

- Maintain a 24/7 Security Operations Centre for the review and triage of information security incidents, and employ mitigation services for threats such as hacking, malware, data loss and data gathering
- Host a dedicated Information Security Forum, through which senior management are updated on the strategy and progress of the Information Security Programme and the status of threats and risks

Employee working conditions issues

Risk

The risk that we have inadequate employment practices which are detrimental to staff or can create conflict with the business. Employees should be confident that they work in a safe environment.

Mitigation and controls

- Continuously refresh our employment policies and processes to ensure they match the latest industry standards and best practices
- Obtain regular feedback from staff members on employment practices and working conditions in order to assess and improve our practices and continue to be a top employer
- Undertake annual engagement surveys to identify any employee dissatisfaction which can then be investigated and improved upon
- Purchase suitable insurance programmes which cover employee requirements globally

Principal Risks continued

4. Conduct and operational risk continued

Trading issues

Risk

The risk related to any issues with the processes around our internal hedging and client trading. This also considers how we process clients' corporate action events, dividends and stock transfers.

Mitigation and controls

- Internalise client flow and hedge efficiently with return to volume of client income being a key monitoring metric
- Put in place market risk limits and have very low tolerance for operational issues that result in a market risk loss
- Strictly adhere to best execution rules which are monitored through the Best Execution Committee, applying the highest standards to all jurisdictions in which we operate
- Take a 'follow the sun' approach with trading desks located in Australia and London with shift patterns

Client management issues

Risk

This is the risk related to the operational and conduct issues in the client lifecycle spanning from the customer agreement, account set-up, interaction with us, and appropriateness of account types and product offerings.

Mitigation and controls

- Regular assessments of services which have been identified as being critical to clients and are required to be operationally resilient, with single points of failure identified and back-ups set in place
- Cross-team training to ensure resources are adequate to flex with demand
- Establish KPIs to monitor levels of service provided, and invite clients to provide feedback, with any issues identified being investigated

Financial crime

Risk

The failure to identify and report financial crime, and inadequate client due diligence and oversight, can result in a breach of regulatory requirements. Clients may attempt to use us to commit fraud or launder money, third parties may try to extract client or corporate funds, and employees could misappropriate funds if an opportunity arose.

Mitigation and controls

- Have a mature control framework for identifying suspicious transactions related to market abuse which must then be reported on
- Establish appropriate onboarding processes for different clients and vendors with an enhanced due diligence process
- Ensure Group policies and processes have segregated duties to ensure adequate oversight and control over internal fraud

Business support process issues

Risk
The risk that inadequate business processes and oversight can lead to internal issues within the business. These can relate to inaccurate or late client money or asset management, mismanaged corporate cash, unintentional breach of market risk limits, incorrect revenue calculation or allocation, or incorrect or late payroll processing.

Mitigation and controls
- Our operational risk framework ensures the control environment is monitored and aim to reduce the operational events which occur
- Escalation procedures efficiently manage the occurrence of these risks
- Specific committees and audits monitor topics such as client money and asset management
- Ensure correct resourcing to flex with client volumes and monitor attrition rates at a functional level

Financial integrity and statutory reporting issues

Risk
The risk of production issues which could lead to untimely, incomplete or inaccurate Financial Statements, transaction reporting, tax filing, regulatory capital, financial crime reporting and forecasting. Any issues or errors can have a detrimental impact on clients, markets and shareholders.

Mitigation and controls
- Monitor and enhance our control environment, which aims to reduce the number, size of and impact of these events which occur
- Implement escalation procedures to efficiently manage the occurrence of these risks
- Specific steering committees help manage areas such as transaction reporting, financial crime reporting, financial reporting and forecasting, Internal Capital Adequacy and Risk Assessment (ICARA) production and annual report production

Threats to employees and assets

Risk
The risk related to dangers to employees and damage to physical and non-physical property or assets from natural or non-natural external causes. We recognise the growing risks associated with climate change and a warming planet. These include the physical risks from changing weather patterns, and the transition risks arising from movement towards a less polluting, greener economy.

Mitigation and controls
- Secure data centres and offices and with state-of-the-art cyber security and fire safety protocols in place
- Purchase suitable commercial insurance globally for assets and each of our premises
- Engage with an external environmental consultant to help conduct climate-related risk assessments bi-annually

Going Concern and Viability Statement

Going Concern

The Group meets its day-to-day working capital requirements through its available liquid assets and committed banking facilities. The Group's liquid assets exclude all monies held in segregated client money accounts. In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Group, taking account of its liquidity position and cash generation, the adequacy of capital resources, the availability of external credit facilities and the associated financial covenants, stress-testing of liquidity and capital adequacy that takes into account the principal risks faced by the business, in addition to the impact of the tastytrade acquisition. Further details of these principal risks and how they are mitigated and managed is documented in the Risk Management section on page 46.

The Directors' assessment has considered future performance, solvency and liquidity over a period of at least twelve months from the date of approval of the Financial Statements. The Board, following the review by the Audit Committee, has a reasonable expectation that the Group has adequate resources for that period, and confirm that they consider it appropriate to adopt the going concern basis in preparing the Financial Statements.

Viability Statement

The UK Corporate Governance Code (the Code) requires the Directors to make a statement regarding the viability of the Group, including explaining how they have assessed the prospects of the Group, the period of time over which they have made the assessment and why they consider that period to be appropriate.

The Group has a forecasting and planning cycle consisting of a strategic plan, an annual budget for the current year and financial projections for a further three years. The output from this business planning process is used in the Group's capital and liquidity planning, and the most recent forecasts are for the four-year period ending May 2026.

The Group's revenue, which is driven by client transaction fees, has continued to benefit from financial market volatility over the course FY22, along with the revenue generated following the acquisition of tastytrade. Projections of the Group's revenue have conservatively considered financial market volatility returning to normal levels throughout the four-year period. Projections also include assumptions on interest rates that will result in increased interest on client funds in the tastytrade business. The Group has conservatively excluded the impact of potential interest rate rises on its business outside of the US.

The four-year forecasting period is the length of time over which the Board strategically assesses the business and the period of time over which the Board would typically look for investments to pay back.

No significant changes to regulatory capital and liquidity requirements have been assumed over the forecasting period. The Group is subject to the new IFPR which has not resulted in a significant change in the Group's capital and liquidity requirements and resources since its introduction on 1 January 2022. As the risk profile of tastytrade is similar to the Group, it has not contributed to a significant increase in capital requirements since acquisition, although the payment to acquire tastytrade did result in a one-off reduction in capital resources.

The first year of the planning period has a greater degree of certainty. It is therefore used to set detailed financial targets across the Group. It is also used by the Remuneration Committee to set targets for the annual incentive scheme. Caution about the degree of certainty needs to be exercised – in the short term, the performance of the Group's business is impacted by influences such as market conditions and regulatory changes that it cannot control.

The further three-year period provides less certainty of outcome, but provides a robust planning tool against which strategic decisions can be made. These forecasts are also considered when setting targets for the executive and senior management share plans.

The Group undertakes stress testing on these forecasts through the Individual Liquidity Adequacy Assessment (ILAA), Internal Capital Adequacy Assessment Process (ICAAP) and Recovery Plan, providing the Board with a robust assessment of the possible consequences of principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. The introduction of the IFPR for FCA-regulated investment firms from 1st January 2022 means that in future periods, the Group will perform an ICARA that will combine the ICAAP, ILAA and Recovery Plan processes.

The types of scenarios used include the collapse of a major financial services firm, an unexpected global economic event followed by a market dislocation and operational IT failures. The stress tests evaluate the impact of the scenarios on the relevant principal risks captured by the Group's Risk Management Framework.

Additionally, the Group has undertaken reverse stress testing to understand the circumstances under which the Group's business model is no longer viable. This information is used to ensure the relevant risks are sufficiently well-understood and appropriately managed. Scenarios are reviewed at least annually to ensure they remain relevant, with any updates being incorporated into the ICARA accordingly.

The Group has undertaken extensive modelling and analysis for potential changes in the regulatory landscape, in order to prepare the financial forecasts, and there is a range of potential outcomes. The Group is planning investments in new countries and in new products, that may be less successful than assumed by the financial forecasts and that are dependant on regulatory applications being successful.

The Directors are satisfied that these and other uncertainties have been assessed, and that the financial forecasts reflect an appropriate balance of the potential outcomes.

The Group continues to actively monitor and refine its comprehensive business continuity plan which was successfully implemented at the onset of the Covid-19 pandemic during FY20. The Group's significant long-term investment in communications and technology infrastructure has enabled the Group to transition to a hybrid-working environment, with all employees given the opportunity to work safely from home, and IG continues to provide the best possible service for its clients when they choose to trade the financial markets.

The conflict in Ukraine has had minimal impact on the commercial operations of the Group and steps were taken in the early stages to minimise any prospective future exposure to sanctions on clients and suppliers. Additional employee support has been provided to employees based in Poland, many of whom have been assisting refugees arriving from neighbouring Ukraine, to ensure their continued health and wellbeing.

Overall the Directors consider the Group well-placed to manage its business risks successfully, having taken into account the current economic outlook, the possible consequences of principal risks facing the business in severe but plausible scenarios, and the effectiveness of any mitigating actions on the Group's profitability and liquidity. The Group's business model provides the Directors with comfort that the business is being run in a sustainable way, acting in the interests of its clients and acting responsibly in managing relationships with other stakeholders.

The Board regularly assesses the principal risks facing the Group. These risks include regulatory, legislative, or tax changes which may detrimentally impact our business in the jurisdictions we operate or seek to operate in. In particular a change that impacts on the Group's ability to sell or trade OTC derivatives may have a fundamental effect on the viability of the Group and its businesses. Further details of these principal risks and how they are mitigated and managed is documented in the Risk Management section on pages 48 to 53. The Board receives reports on these and new emerging risks through the Risk Management Framework. On the basis of these and other matters considered and reviewed by the Board during the year, the Directors have reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period ending 31 May 2026.

The Strategic Report up to and including page 55 was approved for issue by the Board on 20 July 2022 and signed on its behalf by:

Charles A Rozes
Chief Financial Officer

Governance at a Glance

A strong core is the key to success

Statement of compliance
During FY22, we have applied the principles and complied with all the provisions of the Code. The Governance Report, which includes the principal Committee Reports listed on page 64, outlines the key features of the Corporate Governance Framework and sets out how the Group has applied the principles of the Code.

A copy of the Code is available on the Financial Reporting Council's (FRC's) website at www.frc.org.uk.

Annual General Meeting
The Board is looking forward to meeting shareholders, hearing their views and answering their questions at this year's Annual General Meeting (AGM), which will be held on 21 September 2022.

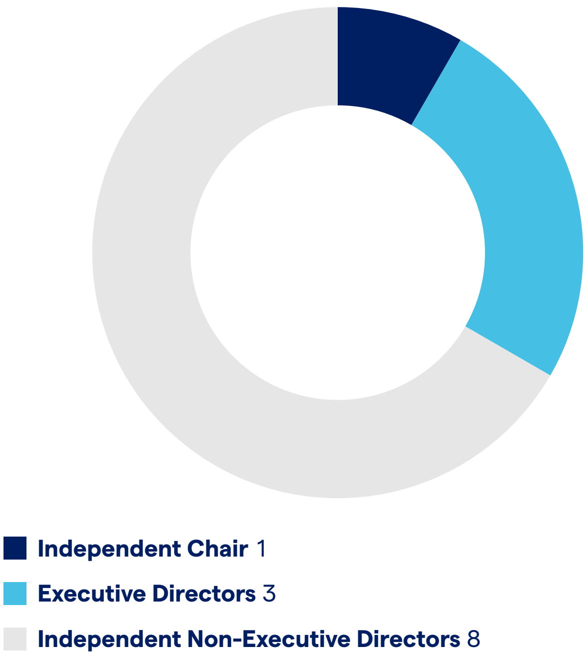
Further information about our AGM arrangements will be set out in the Notice of AGM.

Key decisions

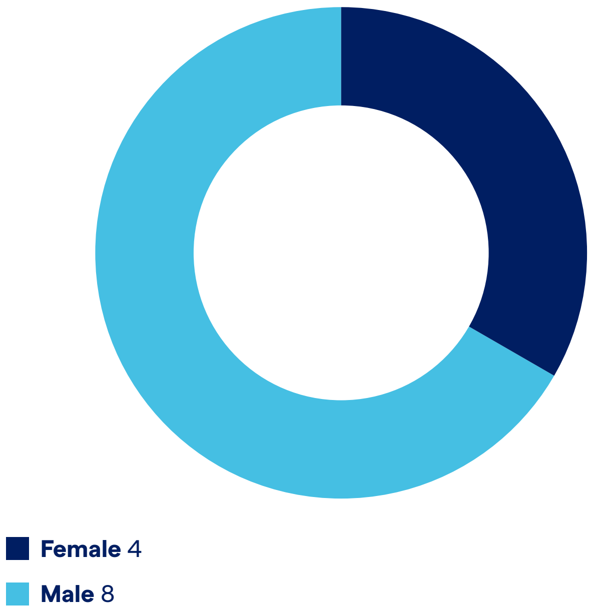
- → Approved a £1 billion EMTN Programme (pages 24 to 25)
- → Approved the sale of Nadex and Small Exchange (page 25)
- → Pledged 1% of post-tax profits to charitable causes from 2022 to 2025 (page 25)
- → Appointed Susan Skerritt as a Non-Executive Director (pages 76 and 77)
- → Established a North American Board, IGNA (pages 58 and 59)
- → Approved the Group's Equality, Diversity and Inclusion strategy
- → Approved the Group's Financial Education strategy (page 110)

The Board

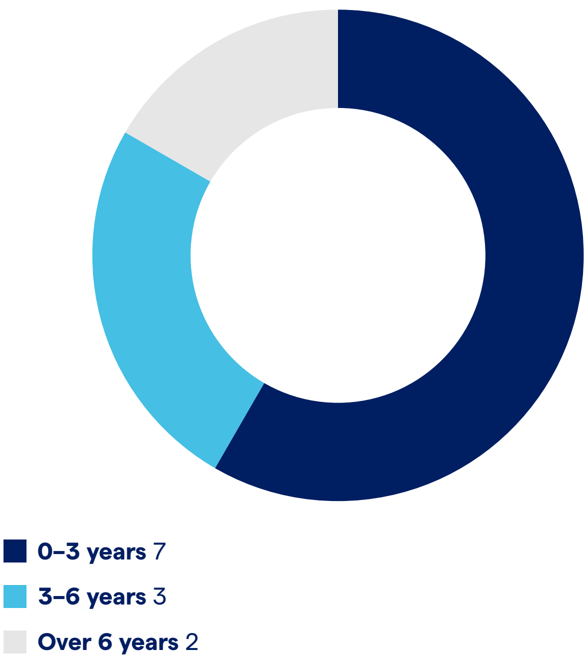
Composition of the Board



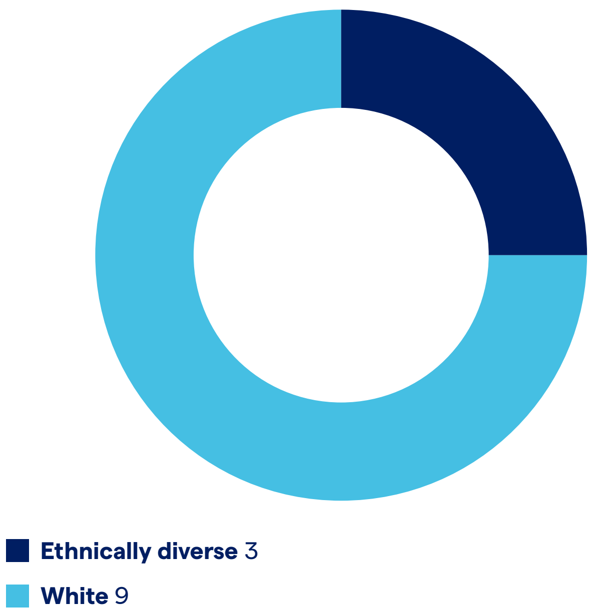
Gender



Length of tenure



Ethnicity



Chair's Introduction to Corporate Governance

"

We have made significant progress during the year to implement governance best practice, but there is still more work to be done as we strive to become 'best in class'."

Mike McTighe
Chair

Mike McTighe, Chair of the Board, gives his introduction to corporate governance in respect of the financial year.

During the year, the Board has been able to come together again in person, which has enabled us to consolidate the building blocks put in place last year as we become an ever-more cohesive and effective Board.

In support of the acquisition of tastytrade, the Board took the opportunity to review the governance arrangements in the US to optimise oversight and support of the US companies by the wider IG Group. The Board decided that a North American Board should focus on governance, regulation and compliance in particular. The IGNA Board is chaired by IGGH Non-Executive Director Malcolm Le May and comprises IGGH Non-Executive Director Susan Skerritt, IGGH Executive Director Charlie Rozes and Joe (JJ) Kinahan, the regional CEO for North America. In the year ahead, governance arrangements for IGNA will remain under review as the business develops, to ensure that optimal governance is in place to support the region's success.

During the financial year, a new UK regulated entity, IGT&I received FCA authorisation. In the early part of FY23, IG's UK non-leveraged business, currently within IGM will be transferred to this entity, allowing IGM to focus on the CFD business, including external-hedging arrangements. As with our other UK-regulated entities, IGM and IGI, the Board of IGT&I will mirror that of IGGH, with Non-Executive Directors providing enhanced oversight, and support and meetings for all four boards being held concurrently.

Governance structure

To ensure Board discussions are of appropriate length and with the right balance of time spent on historical, current and forward-looking agenda items, we have reviewed the Terms of Reference of each of our Committees and ensured that as much delegation as appropriate has been made. We also delegated some of IGGH's authority to the IGNA Board. All of this is to ensure we are making the most effective use of our time, moving governance oversight closer to our individual businesses where it is proportionate to do so and generally instilling good governance at the heart of our businesses and processes.

The Board remains committed to ensuring the highest standards of governance throughout the organisation and continuously strengthening our governance arrangements, as you will see reflected in the following pages of this report. As a key part of this, our ESG Committee goes from strength to strength as we embed ESG values into the heart of everything we do and deliver on our commitment to donate the equivalent of 1% of prior-year post-tax profits to the Brighter Future Fund.

Board and Committee changes

During the year, we have welcomed Susan Skerritt (appointed to the Board in July 2021) as a Non-Executive Director of the Company. Susan is an established Non-Executive Director and a US resident. She brings significant financial markets experience working with US-based companies and regulators. That experience and local knowledge is already proving invaluable to us as we increase our focus on the US. Susan is a member of both the IGNA Board and the IGGH Board Risk Committee.

A particular focus for the Board has been developing strong working relationships and getting to know each other in order to work together effectively. While the Board has continued to work together effectively remotely throughout the restrictions imposed by the Covid-19 pandemic, we have been particularly pleased to be able to come back together in person, which has helped to deepen these relationships. Newer Directors to the Board have benefited from in-depth 'deep-dive' sessions to help them understand our operations and culture, and build stronger relationships with management.

A review of the effectiveness of the Board, its Committees and individual Directors was undertaken by the Company, with facilitation from Lintstock, an independent consultancy. The evaluation showed that the Board has performed well as a collaborative team and continues to build good-quality relationships between ourselves and with management.

During the year we progressed the actions from the 2021 evaluation, including consideration of the structure and frequency of Board and Committee meetings and holding additional workshops in between formal meetings to provide the Non-Executive Directors with more in-depth and focused sessions into key areas of the Group's activities. Further details can be found on page 70.

Outside of Board meetings, we held a number of additional in-depth strategy sessions on a range of topics to support the Board in their knowledge and understanding of our operations, particularly from an international perspective, focusing in on each of the geographic regions.

Diversity, inclusion and equality

The Board is committed to having a diverse and inclusive membership, which helps us to make good decisions by having a broad range of perspectives. I'm pleased that we continue to meet the Hampton-Alexander target of at least one-third female representation on the Board and exceed the Parker Review target of one ethnic minority Director on the Board well ahead of the 2024 deadline.

The Board currently consists of nine Non-Executive Directors and three Executive Directors. While the Executive Directors run the operational aspects of the business on a day-to-day basis, the Non-Executive Directors provide appropriate guidance, challenge and support.

Priorities for the year ahead

Following the establishment of the IGNA Board, as anticipated, a project has begun to review the Board structures for our other Regulated Entities across the globe through the creation of a new Subsidiary Governance Framework that also supports our business model. Regional CEOs and leadership teams will be attending IGGH Board meetings and every financial year the Board will visit one of the regions, starting with North America in FY23.

As a purpose-led global fintech, we continue to power the pursuit of financial freedom for the ambitious, growing and becoming an ever more global, diversified and sustainable business.

Following strong performance in FY22, we continue to stand out from other companies, as we strive to make a difference for our clients and for the wider societies in which we operate. We have made significant process during the year to implement governance best practice, but there is still more work to be done as we strive to become 'best in class'.

Mike McTighe
Chair
20 July 2022

The Board
as at the date of this Report

The Board is responsible for determining the Group's strategy and for promoting our long-term success, through creating and delivering long-term value for shareholders.

Committee membership

- Audit Committee
- Board Risk Committee
- Disclosure Committee
- ESG Committee
- Nomination Committee
- Remuneration Committee
- C Chair of the Committee (in the colour of the relevant Committee)

Mike McTighe
Chair

Nationality: British
Ethnicity: White
Time on Board: Two years
(Appointed 3 February 2020)

Committee membership:

C

Mike has a wealth of leadership, board and regulatory experience from both public and private companies. Mike is the Chair of Openreach Limited and Together Financial Services Limited. For over 20 years he has held various non-executive director roles in a range of regulated and unregulated industries while also spending eight years on the board of Ofcom and one year on the board of Postcomm.

Mike has held many chairships over the years, including chairing several UK and US public company boards.

Mike spent most of his executive career at Cable and Wireless, Philips, Motorola and GE.

Mike holds a BSc(Eng) honours degree in Electrical Engineering.

June Felix
Chief Executive Officer

Nationality: American
Ethnicity: Chinese
Time on Board: Six years
(Appointed Non-Executive Director on 4 September 2015; and CEO on 30 October 2018)

Committee membership:

C

June was appointed as CEO on 30 October 2018, having previously served as a Non-Executive Director of the Company since 4 September 2015. June has had a successful career, growing and leading global financial services and tech companies, and living and working in Hong Kong, London and New York.

June brings to the role over 25 years' experience in both the finance and digital technology sectors. June is a Non-Executive Director of RELX PLC and also sits on the Board of Advisors of the London Technology Club. June has no other current external appointments.

Until the sale of Verifone Inc., June was President of Verifone Europe and Russia with responsibility for over 2,000 employees with the operation of the business throughout those territories. Prior to her role at Verifone, June held various executive management positions at a number of large multi-national businesses. These included Citibank where she was Managing Director of Global Healthcare, Citi Enterprise Payments, IBM Corporation where she was Global General Manager for the Global Banking and Financial Markets industry sector, and Chase Manhattan Bank where she was APAC Region Head of GPTS. June has also worked as a strategy consultant at Booz, Allen & Hamilton, in strategy roles at Chase Manhattan Bank, and as Chief Executive Officer of Certco, a risk management technology firm for global broker dealers.

June graduated from the University of Pittsburgh with a summa cum laude (first class honours) degree in Chemical Engineering and Pre-Med.

Former Directors who served during the year

Bridget Messer
Bridget stepped down from the Board on 22 September 2021.

Lisa Pollina
Lisa stepped down from the Board on 9 July 2021.

FIND OUT MORE AT
IGGROUP.COM/ABOUT-US/LEADERSHIP

Charlie Rozes
Chief Financial Officer

Nationality: British/American
Ethnicity: White
Time on Board: Two years
(Appointed 1 June 2020)

Committee membership:

Charlie was appointed as CFO on 1 June 2020.

Charlie has a proven track record of, and accountability for, financial control and reporting, accounting, tax, M&A, investor relations, risk and compliance, and audit. He is a highly experienced finance leader having held other executive director roles in the financial services sector prior to joining IG, and having driven a number of substantial change programmes both in the UK and internationally.

Charlie began his professional career with PricewaterhouseCoopers LLP, and became a Partner in 2001 in the US management consulting practice. Following that he held senior executive roles at IBM and Bank of America. In 2007, he joined Barclays plc where he was the Chief Financial Officer of Barclays UK Retail and Business Bank, and became the Global Head of Investor Relations in September 2011 until August 2015.

He was the Group Finance Director at Jardine Lloyd Thompson plc from September 2015 until April 2019 when it was acquired by Marsh & McLennan Companies Inc.

Charlie has no current external appointments.

Charlie has an undergraduate degree from Tufts University and an MBA from the Southern Methodist University.

Jon Noble
Chief Operating Officer

Nationality: British
Ethnicity: White
Time on Board: Four years
(Appointed 1 June 2018)

Committee membership:
None

Jon was appointed COO on 14 June 2019 with responsibility for Trading and Operations, and is a member of the Executive Committee. Jon also leads the business change office and chairs a number of the Company's management committees. Jon is also a standing attendee of the Board ESG Committee, providing Executive guidance.

Jon first joined IG in 2000 as a trainee dealer, rising to Dealing Director in 2007. In 2010, Jon became Dealing & Operations Director and in 2012 was appointed Chief Information Officer. In 2015, Jon was appointed as Head of IG's Delivery pillar. He was appointed to the Board as Chief Information Officer on 1 June 2018.

As Chief Information Officer, Jon had responsibility for setting and delivering our IT strategy, delivery of all programmes of work and for keeping the production environment stable and secure. He was responsible for IG's IT systems, including its client interface systems.

Jon has no current external appointments.

Jon graduated from Durham University with a degree in Economics and obtained an Executive MBA from London Business School in 2007.

Jonathan Moulds
Senior Independent Non-Executive Director

Nationality: British
Ethnicity: White
Time on Board: Three years
(Appointed 20 September 2018)

Committee membership:
C

Jonathan is the Chair of Citi Group's largest global subsidiary CGML and is also the Chair of Litigation Capital Management Limited, an AIM-listed litigation finance company. He has extensive experience in financial markets and has worked in the US, Asia and the UK during his career. He served as the Group Chief Operating Officer of Barclays plc until 2016.

Prior to Barclays, Jonathan had a 20-year career with Bank of America and was Chief Executive Officer of Merrill Lynch International following the merger of the two institutions in 2008, with responsibility for Bank of America's European businesses. He was a member of Bank of America's Global Operating Committee.

Jonathan has served widely on key industry associations including as Chair of the International Swaps and Derivatives Association (ISDA) from 2004 until 2008, and as a Director of the Association for Financial Markets in Europe (AFME). He remains a member of AFME's Advisory Board. Jonathan was a member of the Capital Markets Senior Practitioners of the UK Financial Services Authority and the Global Financial Markets Association.

Jonathan has a first-class honours in Mathematics from the University of Cambridge. He was also awarded a CBE in the 2014 Honours List for services to philanthropy.

Rakesh Bhasin
Non-Executive Director

Nationality: American/British
Ethnicity: Indian
Time on Board: Two years
(Appointed 6 July 2020)

Committee membership:

Rakesh brings extensive technology and global markets experience, specifically in Asia-Pacific. He is a Non-Executive Director for a portfolio of companies in multiple sectors and is also Chair of CMC Networks, a Carlyle Group investment company based in Africa, focused on providing telecommunications services across Africa and the Middle East.

In his executive career, Rakesh was the Chief Executive Officer and a member of the Board of Colt Technology Services, a Fidelity-owned company providing network, voice and data centre services globally. Rakesh was appointed into the role of Chief Executive Officer in December 2006 and completed his tenure at the end of 2015, concluding his secondment from Fidelity. Concurrently, he was Non-Executive Chair of KVH, an Asian-based technology company with headquarters in Tokyo and operations in Hong Kong, Seoul and Singapore, and Non-Executive Chair of Market Prizm, a financial services-focused technology company.

Rakesh has also previously held senior positions within AT&T, including Head of AT&T Asia-Pacific's managed network services business and President, AT&T Japan Limited. He was also formerly Senior Managing Director of Japan Telecom Company Limited.

Rakesh has a BSc in Electrical Engineering from George Washington University.

The Board continued

Andrew Didham
Non-Executive Director

Nationality: British
Ethnicity: White
Time on Board: Two years
(Appointed 19 September 2019)

Committee membership:

C

Andrew is currently Non-Executive Director and Chair of GCP Infrastructure Investments Limited, a Director of N.M. Rothschild & Sons Limited and is also Chair of the N.M. Rothschild Pension Trust. In 2017 Andrew was appointed to the Board of Shawbrook Group plc where he is a Non-Executive Director and Chair of its Audit Committee.

From 2017 to 2021 Andrew was a Non-Executive Director and, from 2017, Senior Independent Director of Charles Stanley Group plc, where he also served as Non-Executive Chair of its principal operating company Charles Stanley & Co. Limited. From 2017 to 2019 Andrew served as Non-Executive Director and Chair of the Audit and Risk Committees of Jardine Lloyd Thompson Group plc.

Andrew was a Partner at KPMG from 1990 to 1997 and is a Fellow of the Institute of Chartered Accountants in England and Wales. Upon leaving KPMG, Andrew served as Group Finance Director of the worldwide Rothschild group for 16 years from 1997 to 2012. From 2012 he has served as an Executive Vice Chair in the Rothschild group.

Andrew has a BA(Hons) in Business Studies (Finance).

Wu Gang
Non-Executive Director

Nationality: British
Ethnicity: Chinese
Time on Board: One year
(Appointed 30 September 2020)

Committee membership:

Wu Gang has a strong strategic and financial advisory background and a wealth of international experience gained from a career of over 25 years in investment banking in Asia and Europe. He set up and led the European investment banking team at CLSA Securities, the international investment banking platform of CITIC Securities, from 2015 to January 2019. Prior to CLSA Securities, he was head of M&A and General Industrials at ICBC International. Wu Gang also held senior level positions at Royal Bank of Scotland, HSBC and Merrill Lynch in Hong Kong and London. He started his investment banking career at Goldman Sachs.

Wu Gang is currently a Non-Executive Director of Tritax Big Box REIT plc and Ashurst LLP, where he is also Chair of the Risk Committee, and a senior adviser at Rothschild & Co Hong Kong Limited. He served as a Non-Executive Director and member of the Remuneration Committee of Laird plc from January 2017 to June 2018.

Wu Gang has an MBA from INSEAD, Fontainebleau, an MA in Asia Area Studies from SOAS, University of London, and a BA in English and American Literature from Fudan University in Shanghai.

Sally-Ann Hibberd
Non-Executive Director

Nationality: British
Ethnicity: White
Time on Board: Three years
(Appointed 20 September 2018)

Committee membership:

C

Sally-Ann has a broad background in financial services and technology. She previously served as Chief Operating Officer of the International Division, and latterly as Group Operations and Technology Director, of Willis Group, held a number of senior executive roles at Lloyds TSB and was a Non-Executive Director of Shawbrook Group plc until January 2019.

Sally-Ann serves as a Non-Executive Director of Simon Midco Limited and the Co-operative Bank plc where she is a member of its Audit, Remuneration and Risk Committees.

In addition, Sally-Ann is a non-executive member of the governing body of Loughborough University.

Sally-Ann holds a BSc in Civil Engineering from Loughborough University and an MBA from CASS Business School.

Malcolm Le May
Non-Executive Director

Nationality: British
Ethnicity: White
Time on Board: Six years
(Appointed 10 September 2015)

Committee membership:

Malcolm has broad experience and knowledge of the financial services and investment sectors, along with extensive experience on the boards of publicly listed companies.

Malcolm was Remuneration Committee Chair and Senior Independent Director of IGGH from September 2015 to September 2020.

Malcolm was appointed as Chief Executive Officer of Provident Financial plc in February 2018, having previously been its Senior Independent Director until November 2017 and, following the death of its Chair, Interim Executive Chair.

Malcolm served as a Non-Executive Director and Chair of the Remuneration Committee of Hastings Group Holdings plc prior to his resignation in April 2018. He also served as Senior Independent Director of Pendragon plc, and was a Non-Executive Director and Chair of the Investment Committee at RSA Insurance Group plc. Prior to this, he held various executive roles at Morgan Grenfell plc, Drexel Burnham Lambert, Barclays de Zoete Wedd Holdings, UBS AG, ING Barings Limited, Morley Fund Managers (now Aviva Investors) and JER Partners Limited, where he was European President and Matrix Securities Limited.

Susan Skerritt
Non-Executive Director

Nationality: American
Ethnicity: White
Time on Board: One year
(Appointed 9 July 2021)

Committee membership:

Susan is an Independent Director of Community Bank System, a commercial bank providing services across the north-eastern US, Tanger Factory Outlet Centers, an owner and operator of North American outlet centres, and Falcon Group, a leading worldwide inventory management solutions business. Susan previously served as Chair, CEO and President at Deutsche Bank Trust Company Americas, Non-Executive Director to Royal Bank of Canada US Group and Executive Board Member at Deutsche Bank USA and Bank of New York Mellon Trust Company.

Susan is a commercial banker, industry consultant and corporate treasury professional with expertise in global financial markets, regulatory matters and strategic project management. Susan has chaired and been a member of a number of board committees during her career, including Chair of the Human Resources and Corporate Governance Committee at Royal Bank of Canada US Group. She is currently Chair of the Audit and Risk Committee at Falcon Group, Chair of the Audit Committee of Tanger Factory Outlet Centers and a member of the Audit Committee of the Community Bank System.

Susan is a Trustee of the Village of Saltaire.

Susan has an MBA in Finance and International Business from New York University Stern School of Business and a BA in Economics from Hamilton College.

Helen Stevenson
Non-Executive Director

Nationality: British
Ethnicity: White
Time on Board: Two years
(Appointed 18 March 2020)

Committee membership:

C

Helen brings extensive marketing and digital experience from a range of industries, together with strong customer focus. Helen is an experienced Non-Executive Director with particular experience regarding remuneration matters. Helen is currently the Senior Independent Director of Reach plc, a Non-Executive Director of Skipton Building Society, and Non-Executive Director and Chair of RM plc.

Helen served on the board of Kin and Carta from May 2012 to December 2021, where she was Remuneration Committee Chair and Senior Independent Director, and as Chief Marketing Officer UK at Yell Group plc from 2006 to 2012 and, prior to this, served as Lloyds TSB Group Marketing Director. Helen started her career with Mars Inc., where she spent 19 years, culminating in her role as European Marketing Director, leading category strategy development across Europe.

Helen is a member of the Henley Business School Strategy Board, and serves as a Governor of Wellington College.

Helen has a BA (Hons) Degree in Chemical Engineering from Cambridge University.

Governance Framework

Shareholders and stakeholders

THE BOARD

The Board provides leadership by setting our strategic direction, overseeing and supporting management in execution of our strategy. It is responsible for establishing our purpose and values, and for ensuring that our culture and behaviours are both appropriate and consistent. It provides robust challenge, within a framework of prudent and effective risk management and internal controls.

OUR STRATEGY **PAGE 11**

OUR PRINCIPAL RISKS **PAGE 48**

SECTION 172 STATEMENT **PAGE 24**

KEY ACTIVITIES OF THE BOARD **PAGE 74**

The Board delegates certain matters to its five principal Committees

Nomination Committee
Ensures the Board and its Committees have the appropriate balance of skills, knowledge, diversity, experience and independence.

SEE REPORT ON **PAGE 76**

Remuneration Committee
Establishes our Remuneration Policy and ensures there is a clear link between performance and remuneration.

SEE REPORT ON **PAGE 79**

Audit Committee
Oversees our financial reporting, maintains an appropriate relationship with the internal and external auditors and monitors our internal controls.

SEE REPORT ON **PAGE 102**

ESG Committee
Provides oversight and advice to the Board in relation to our ESG strategy.

SEE REPORT ON **PAGE 110**

Board Risk Committee
Reviews and monitors our principal and emerging risks and the effectiveness of our risk management systems.

SEE REPORT ON **PAGE 112**

Shareholders and stakeholders

EXECUTIVE COMMITTEE

The Board delegates the execution of the Company's strategy and the day-to-day management of the business to the Executive Committee.

CEO STATEMENT
PAGE 6

OUR BUSINESS MODEL
PAGE 14

OUR PURPOSE AND VALUES
PAGE 10

BUSINESS PERFORMANCE REVIEW
PAGE 38

SUPPORTING COMMITTEES

The Executive Committee operates a number of supporting committees that provide oversight on key business activities and risks.

- EXECUTIVE RISK COMMITTEE
- TECHNOLOGY COMMITTEE
- CLIENT MONEY & ASSETS COMMITTEE
- IG PEOPLE FORUM
- INVESTMENT COMMITTEE

Our shareholders and other key stakeholders play an important role in monitoring and safeguarding our governance. Further information on how we engage with our shareholders is on page 72, employees on pages 22 and 30-31, and other key stakeholders on page 73.

Board Governance

Leadership and responsibilities

The role of the Board

The Board provides leadership by setting our strategic direction and overseeing management's execution of the strategy. It is responsible for establishing our purpose and values, and for ensuring that our culture and behaviours are both appropriate and consistent. It provides robust challenge within a framework of prudent and effective risk management and internal controls. The Board is provided with timely and comprehensive information to enable it to discharge its responsibilities, to encourage strategic debate and to facilitate robust, informed and timely decision making. In addition, Directors receive briefings from the CEO, CFO and other members of the Executive Committee in between meetings.

The Board is collectively responsible for promoting our long-term sustainable success for the benefit of the Company's shareholders, through the creation of long-term value and contribution to wider society. In exercising this responsibility, the Board takes into account the needs of, and ensures effective engagement with, all relevant stakeholders – including clients, regulators, the workforce, suppliers and the wider community in which we operate – and the effect of our activities on the environment.

The Stakeholder Engagement section of the Strategic Report on pages 22 to 23 sets out the stakeholder engagement mechanisms that are currently in place, and identifies our key stakeholders and engagement undertaken with them during the year. It also highlights the principal issues that matter to each stakeholder group, our governance activities, and the actions and outcomes from these engagements that the Board takes into consideration when making decisions.

The Board considers Section 172 stakeholder interests in all of its discussions to which they are relevant. This requirement is integral to the procedure for preparing Board agendas, and there is a template identifying the relevant stakeholder considerations for inclusion in the Board papers that accompany such discussions.

As a collective body and as individual Directors, the Board is responsible for ensuring that it has the appropriate skills, knowledge, diversity and experience to perform its role effectively and independently.

There is a comprehensive schedule of matters reserved for the decision making of the Board. These include agreeing the strategy, approving major transactions, annual budgets and changes to our capital and governance structure. The matters reserved to the Board are supplemented by an annual Board calendar that provides for, among other things, regular reviews of operational and financial performance; reviews of succession planning for the Board and senior management; setting our risk appetite; and approving any changes to our Risk Management and Internal Control Framework.

Specific matters for approval and recommendation to the Board have been formally delegated to certain Committees. The matters reserved to the Board and Committee Terms of Reference are available on the Group website.

Division of Responsibilities

Chair

- Leadership of the Board and promoting the highest standards of corporate governance
- Setting the tone and culture for an effective Board, facilitating productive meetings
- Supporting and challenging management in the development of our strategy and commercial objectives
- Setting the Board agenda, allowing appropriate time for open and constructive discussion and challenge
- Engaging with major shareholders to understand their views on governance and strategy

Chief Operating Officer (COO)

- Delegated authority in respect of trading, operations, business change and ESG
- Developing and maintaining our processes and ensuring effective management for internal operations
- Responsibility for our Global Service Centres
- Chairing a number of the management committees

Company Secretary, Chief Legal and Governance Officer

- Works closely with the Chair, the CEO the CFO and the Board Committee Chairs in setting agendas for Board and Committee meetings
- Facilitates the accurate, timely and clear information flow to and from the Board, its Committees, and between Directors and senior management
- Supports the Chair in designing and delivering Directors' induction programmes, and the Board and Committee performance evaluations
- Advises the Board on corporate governance matters and Board procedures
- Responsible for administering IG's Share Dealing Code of Conduct and the AGM

Chief Executive Officer (CEO)

- Developing and executing our strategy
- Specific authority for day-to-day decision making relating to the management of our affairs, including:
  - Delivering financial performance in line with the agreed budget
  - Organisational design of our operations
  - Recruitment, leadership and development of our Executive team
  - Proposing to the Board our approach to vision, values, culture, diversity and inclusion
  - Maintaining relationships with key internal and external stakeholders

Chief Financial Officer (CFO)

- Supporting the CEO in implementing our strategy and financial and risk management
- Recommending the annual budget and four-year financial plan
- Management of our internal financial control systems, including those relating to safeguarding of client money and assets
- Oversight of liquidity
- Maintaining relationships with key stakeholders

Senior Independent Director

- Acting as a sounding board for the Chair
- Serving as an intermediary for the other Directors when necessary
- Available to shareholders if they have concerns when communication via the normal channels is inappropriate or has already been exhausted
- Evaluating the performance of the Chair on behalf of the other Directors

Non-Executive Directors

- Independent of management
- Advising and constructively challenging management
- Monitoring management's success in delivering the agreed strategy within the Risk Appetite and Control Framework
- Determining appropriate levels of remuneration and reward for the Executive Directors
- The Chair of the Audit Committee has responsibility for Internal Audit, including ensuring the independence of the function

Board Governance continued

How the Board operates

The Board meets regularly, at least six times a year, and during the year held six scheduled meetings. In addition, the Board has a Standing Committee whose responsibility is to consider Board-reserved matters at short notice, where full attendance is not possible or where there are administrative matters requiring evidencing that do not warrant a full Board meeting.

Senior executives below Board level are invited to attend meetings as required to present and discuss matters relating to their business areas and functions.

The full Board also meets when necessary to discuss important ad hoc emerging issues that require consideration between scheduled Board meetings. The Chair and the Executive Directors meet once a year, as the Board, to consider Non-Executive Directors' fees.

Each Director commits an appropriate amount of time to their duties during the financial year. The Non-Executive Directors met the time commitment reasonably expected of them pursuant to their letters of appointment.

The Chair and Non-Executive Directors regularly meet in the absence of the Executive Directors, and also separately with just the CEO present.

During the year, the Non-Executive Directors, led by the Senior Independent Director, met without the Chair, to evaluate the Chair's performance.

The Senior Independent Director also met with the Executive Directors, without the Chair, for this purpose.

Attendance at Board meetings

The number of scheduled Board meetings attended by each Director during the year is set out below. Where Directors are unable to attend meetings, they are encouraged to give the Chair their views in advance on the matters to be discussed.

Board member	● Meeting attended ○ Did not attend
Chair	
Mike McTighe	●●●●●●
Independent Non-Executive Directors	
Jonathan Moulds	●●●●●●
Rakesh Bhasin	●●●●●●
Andrew Didham	●●●●●●
Wu Gang[1]	●●●●●○
Sally-Ann Hibberd	●●●●●●
Malcolm Le May	●●●●●●
Susan Skerritt	●●●●●●
Helen Stevenson	●●●●●●
Executive Directors	
June Felix	●●●●●●
Charlie Rozes	●●●●●●
Jon Noble	●●●●●●
Past Directors	
Bridget Messer[2]	●●
Lisa Pollina[3]	N/A

1 Wu Gang was unable to attend one Board meeting due to illness.
2 Bridget Messer stepped down from the Board on 22 September 2021.
3 Lisa Pollina stepped down from the Board on 9 July 2021.

Board effectiveness

Board composition, balance and diversity

The Board's size – and the skills and experience of its members – have a significant impact on its effectiveness. It aims to maintain a balance of experience and skills of individual Board members. The breadth of skills and experience currently on the Board includes experience in key areas such as listed environments, international financial services, finance and accountancy, strategy, information technology, financial services regulation, marketing, risk management, investor relations, technology and digital. One Non-Executive Director currently undertakes an external executive role and one Executive Director currently undertakes an external non-executive role.

There is an appropriate combination of Executive Directors and Non-Executive Directors, such that no individual or small group of individuals can dominate the Board's decision making.

We continue to meet the Hampton-Alexander target of at least one-third female representation on the Board and exceed the Parker Review target of one ethnic minority Director on the Board by 2024.

Female 4

Male 8

Director independence

The Company is fully compliant with the Code, which requires that at least half of the Board, excluding the Chair, should comprise Non-Executive Directors who are determined by the Board to be independent.

Executive Directors 3

Independent Non-Executive Directors (excluding the Chair) 8

The independence of the Non-Executive Directors is considered by the Nomination Committee on behalf of the Board and reviewed annually. The Directors consider factors such as length of tenure and relationships or circumstances that are likely to affect, or may appear to affect, the Directors' judgement in determining whether they remain independent.

Following this year's review, the Board concluded that all the Non-Executive Directors continue to be independent in character and judgement and are free from any business or other relationships that could materially affect the exercise of their judgement.

Conflicts of interest

Directors have a statutory duty to avoid situations in which they may have interests that conflict with those of the Group. Directors are required to disclose both the nature and extent of any potential or actual conflicts at the beginning of every Board and Committee meeting.

In accordance with the CA2006, the Company's Articles of Association allow the Board to authorise potential conflicts that may arise, and to impose such conditions or limitations as it sees fit. During the year, potential conflicts were considered and assessed by the Board and approved where appropriate.

The Board has access to independent professional advice, at IG's expense, if required.

Succession planning and appointments to the Board

The Nomination Committee has specific responsibility for considering the appointment of Non-Executive and Executive Directors and recommending new appointments to the Board and takes a proactive approach to succession planning.

More information on the work of the Nomination Committee can be found in the Nomination Committee Report on pages 76 to 78. The whole Board is also involved in overseeing the development of management resources across the Group.

Board Governance continued

Board effectiveness continued

Board tenure

Executive Directors

0-3 years 1

3-6 years 1

6+ years 1

Non-Executive Directors (including the Chair)

0-3 years 6

3-6 years 2

6+ years 1

Induction

Following appointment, each Director receives a comprehensive and formal induction, linked to their individual experience, to familiarise them with their duties and our business operations, risk and governance arrangements. The induction programme, which is coordinated with the help of the Company Secretary, may include briefings on industry and regulatory matters relating to us, our strategy and business model, our history, risk management and risk appetite, as well as meetings with senior management in key areas of the business. These are supplemented by induction materials such as recent Board papers and minutes, organisation structure charts, governance matters and relevant policies. Newly appointed Directors may also meet the Company's external auditor, brokers and advisers, and attend a presentation from the Company Secretary (who is also the Chief Legal and Governance Officer) and the Company's corporate counsel on the roles and responsibilities of a UK-listed company director.

Ongoing professional development

To facilitate greater awareness and understanding of our business and operating environment, all Directors are given regular updates on changes and developments in the business.

Training opportunities are provided through internal meetings, workshops, presentations and briefings by internal advisers and management, as well as external advisers. The Company Secretary regularly updates the Board on any relevant legislative and regulatory corporate governance-related changes.

The Directors meet with executives to receive further insights into the operations of the business in the jurisdictions where we operate.

The Chair ensures that the Directors continually update and refresh their skills and knowledge.

Board evaluation

Each year, an evaluation of the effectiveness of the Board, its Committees and individual Directors is undertaken.

The evaluation last year was facilitated internally by the Company Secretary. The Board agreed the following areas of development, in respect of which there has been significant progress:

- The structure and frequency of Board and Committee meetings was reviewed to ensure sufficient time for key discussions to take place by the Committees and timely escalation to the Board, as well as ensuring the Board agenda contained the appropriate balance of historical, current and forward-looking agenda items
- Additional workshops were held in-between formal meetings to provide the Non-Executive Directors with more in-depth and focused overviews on key areas of our activities. This was also designed to support the newer Non-Executive Directors with their learning and understanding of our activities

In 2022, an internal evaluation was carried out, facilitated by Lintstock. The review consisted of the completion of performance evaluation surveys.

The responses were collated and shared with the Board, together with a report summarising the output of the evaluation and suggested areas for focus and discussion. A final report was circulated to the Board and its Committees and improvement actions agreed for FY23.

We will report on the action plan, actions taken and progress made in next year's Annual Report.

Board accountability

Financial and business reporting

The Strategic Report on pages 10 to 55 describes our purpose, strategy and business model, whereby we generate and preserve value over the long term and deliver our objectives.

A Statement of the Directors' Responsibilities in respect of the Financial Statements is set out on page 118, and a statement regarding the use of the going-concern basis in preparing these Financial Statements is provided in the Going Concern and Viability Statement on pages 54 and 55.

Risk management and internal control

We are exposed to a number of business risks in providing products and services to our clients. The Board is responsible for establishing the overall appetite for these risks, which is detailed and approved in the Risk Appetite Statement set out on page 47. The Board has responsibility for ensuring the maintenance of our risk management and internal-control systems, and for annually reviewing them.

The framework under which risk is managed in the business is supported by a system of internal controls, designed to embed within the business the effective management of our key business risks. The risk management and internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss.

Through reports from the Board Risk Committee and the Audit Committee, and consideration of the ICAAP, ILAA and Recovery Plans, the Board regularly reviews and monitors our risk management and internal control systems and the effectiveness with which we manage the emerging and principal risks we face.

The Directors confirm that the Board has carried out a robust assessment of the principal and emerging risks we face, including those that would threaten our business model, future performance, solvency and liquidity. We outline the risks to which we're exposed and the framework under which these risks are managed, including a description of the system of internal controls, in the Risk Management section on pages 46 to 53, and in the Going Concern and Viability Statement on pages 54 and 55.

An annual formal review of the effectiveness of our system of risk management and internal controls has been carried out which supports the statements included in the Annual Report and Financial Statements. The review focused on the overall Risk Governance Framework and the setting of our risk appetite. It considered the key risk assessment and monitoring activities, as well as the processes and controls in place to manage our principal and emerging risks and for escalating exceptions highlighted by the risk-management processes. No significant failings or weaknesses were identified during the year.

There are risk management and internal control systems in place for identifying, evaluating and managing the principal and emerging risks facing us in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the FRC.

Throughout the year and up to the date of this report, we have operated a system of internal controls that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

Internal controls over financial reporting

Our financial reporting process has been designed to provide reasonable assurance regarding the reliability of the financial reporting and preparation of Financial Statements, including consolidated Financial Statements, for external purposes in accordance with UK-adopted international accounting standards. The assessment of the overall effectiveness of the governance, and risk and control framework included reviews of systems and controls relating to the financial reporting process.

Internal controls over financial reporting include procedures and policies that:

- Relate to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposals of our assets and liabilities
- Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of Financial Statements, and that receipts and expenditures are being made only in accordance with authorisations of management and respective Directors
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of assets that could have a material effect on our Financial Statements

Board Governance continued

Board accountability continued

Engagement with shareholders

The Board recognises the importance of maintaining good and constructive communication with our stakeholders – including shareholders – and has in place a comprehensive programme to facilitate this each year.

Our Annual Report is an important way of communicating with shareholders, setting out detailed reviews of the business and its future developments in the Chair's Statement, the CEO's Statement, the CFO's Statement and the Strategic Report.

As part of the ongoing investor relations programme, the Executive team regularly meet with investors and market analysts to discuss market developments, business strategy and financial performance. This programme includes presentations by management, investor roadshows, attendance at investor conferences and other events. Following the debt issuance during the year, this programme has been extended to include debt investors and rating agencies as appropriate. Materials and presentations used during these events are made available on the Group website, which also provides a wide range of other useful information for both existing and prospective shareholders. We also respond to ad hoc requests from shareholders on a regular basis.

To ensure that members of the Board understand the views of major shareholders, feedback is provided to the Board on any opinions or concerns expressed by shareholders identified through the investor relations activity. The Directors also receive from the Executive team, as well as external sources, including brokers and financial advisers, regular updates on the market and share price performance, shareholder activity, and significant equity analysts' research, and are made aware of the consensus financial expectations of the Group from the outside market.

The Chair, the Senior Independent Director, the Audit Committee Chair, and the Remuneration Committee Chair are available to meet shareholders as part of the AGM and on request to discuss governance matters, succession planning, remuneration policy, or any other matters, and to ensure the Board is aware of shareholder concerns not resolved through other communication mechanisms. The Directors provide feedback to the Board on any views or concerns expressed to them by shareholders.

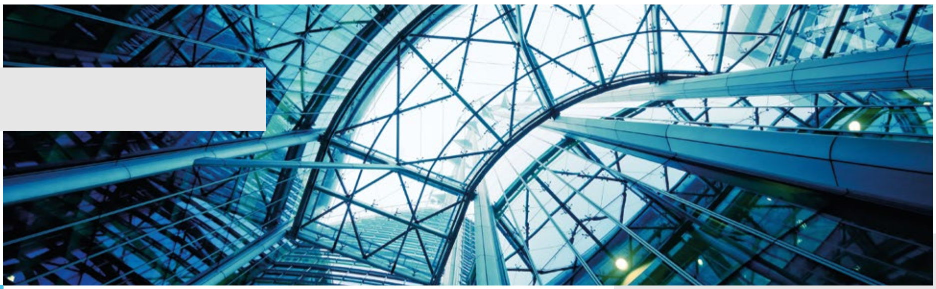
AGM

The AGM provides the Board with the opportunity to communicate with private and institutional investors, and we welcome and encourage their participation at the meeting. The Chair aims to ensure that all the Directors, including the Chairs of the Board Committees, are available at the AGM to answer questions.

At the 2021 AGM, all the proposed resolutions were passed on a poll, with the percentage of votes in favour of each resolution ranging from 92.3% to 100.0%.

The 2022 AGM will be held on 21 September 2022. The Notice of AGM will set out the resolutions to be proposed at the meeting. A copy of the Notice will be available on our website. We send our Annual Report and Notice to shareholders, or make them available on our website, at least 20 working days before the date of the meeting. The Notice sets out a clear explanation of each resolution to be proposed at the meeting. After the meeting, we will make available to shareholders full details of the votes, including proxy votes, received on each resolution, and will publish these on our website on the same day.

Further information about our AGM arrangements will be set out in the Notice of AGM.



Engagement with stakeholders

In addition to the shareholder engagement activities discussed in this section, the Board recognises that the success of the business depends on its ability to engage effectively and work constructively with all key stakeholder groups, and their views to be taken into consideration in Board discussions and decisions. The Board has identified a number of key stakeholder groups as follows. Details of the approach of the business to dealing with these various groups are discussed throughout the Annual Report as set out below:

Clients

- Strategic Report
- S172 Statement
- Business Model
- Key Trends Likely to Affect Our Business
- Stakeholder Engagement
- ESG Report (Products pillar)

READ MORE ON **PAGES 12-15, 22-25, 29**

People

- Strategic Report
- S172 Statement
- Business Model
- Stakeholder Engagement
- ESG Report (People pillar)

READ MORE ON **PAGES 14-15, 22-25, 30-31**

Investors

- Strategic Report
- S172 Statement
- Business Model
- Stakeholder Engagement

READ MORE ON **PAGES 14-15, 22-25**

Communities

- Strategic Report
- S172 Statement
- Business Model
- Stakeholder Engagement
- ESG Report (Products and Partnerships pillar)
- TCFD reporting

READ MORE ON **PAGES 14-15, 22-25, 29, 32-34**

Regulators

- Strategic Report
- S172 Statement
- Key Trends Likely to Affect Our Business

READ MORE ON **PAGES 12-13, 23-25**

Suppliers

- Strategic Report
- Stakeholder Engagement
- ESG Report (Partnerships pillar)

READ MORE ON **PAGES 22-23, 32-33**

Board Governance continued

Board activities during the year

Board meeting agendas during the year included consideration across the key areas of strategy, governance, risk and financial performance, as set out in the schedule of matters reserved to the Board and the agreed annual forward calendar.

Strategy

- Held four strategy sessions and a number of other deep-dive sessions, as well as discussions on strategy during Board meetings. This focused on the strategic development of the business, at which the Board analysed strategic business initiatives, our client base and their feedback
- Held detailed workshop on the four-year plan
- Received regional updates
- Examined sector themes and trends that could be used to help inform strategic development. The Board also reviewed the competitive environment, identified and developed strategic options and opportunities through internal teams, and agreed strategic development priorities, including the sale of Nadex and Small Exchange.

Business, operational highlights and current trading

- Received regular business performance updates on business progress and the issues and challenges faced by management through the CEO Report, CFO Report and COO Report and reports from the Chief Risk Officer on risk and compliance matters
- Reported on matters of interest such as the future of work, cyber security including protection from ransomware attacks, and IT resilience

Quarterly forecast and budget

- Received updates on performance against budget, prior year, and market analyst consensus
- Discussed risks and opportunities for the FY22 budget, and approved the FY23 budget and four-year plan, including integration of tastytrade

	June 2021	July	September	October
Board and Committee meetings	→ Nomination Committee → Remuneration Committee	→ Board → Board Risk Committee → Audit Committee → Remuneration Committee → ESG Committee	→ Board → Nomination Committee → Remuneration Committee → Audit Committee → Board Risk Committee → Joint Audit and Board Risk Committee	→ Standing Committee
Key announcements	→ Board change (resignation of Lisa Pollina) → Completion of tastytrade acquisition	→ FY21 results → Board change (appointment of Susan Skerritt) → Board change (resignation of Bridget Messer – took effect on 22 September 2021)	→ Result of AGM → Q1 revenue update	→ Publication of prospectus for EMTN Programme

Culture, people, governance, risk and regulation

- Evaluated the effectiveness of our risk management and internal-control systems, reviewed and approved our Risk Appetite Statement and key regulatory documents, including the ICAAP, the ILAA documents and Recovery Plans
- Discussed the employee engagement survey results
- Analysed the impact of emerging risks, including those related to tax
- Received progress updates for the IG Brighter Future Strategy
- Approved our Financial Education Strategy
- Approved our Equality, Diversity and Inclusion Strategy and Operation Plan
- Approved the Health and Safety Policy

Financial performance

- Reviewed our financial performance and approved all financial results announcements and the Annual Report
- Discussed our proposed Capital Allocation Framework

Dividends

- Approved and recommended the payment of dividends throughout the year in line with our policy

Other

- Considered the shareholder engagement programme
- Received regular reports from Board Committee Chairs, including on whistleblowing
- Approved a comprehensive debt refinancing programme
- Reviewed our corporate insurance programme
- Evaluated the effectiveness of the Board, each Board Committee and individual Director
- Approved the annual review of the Modern Slavery Statement
- Approved the Tax Strategy and the Tax Risk Management Policy
- Attended a TCFD training session

November	December	January 2022	March	May
→ Board → Board Risk Committee → Remuneration Committee → Nomination Committee → ESG Committee	→ Standing Committee	→ Board → Audit Committee → Remuneration Committee → Nomination Committee → ESG Committee	→ Board → Board Risk Committee → Remuneration Committee → Nomination Committee	→ Board → Audit Committee → Board Risk Committee → Remuneration Committee → Nomination Committee → ESG Committee
→ Completion of debt refinancing exercise	→ Proposed sale of Nadex and Small Exchange	→ HY22 results	→ Q3 revenue update → Completion of sale of Nadex and Small Exchange	

Nomination Committee Report

Mike McTighe
Chair of the
Nomination Committee

Following a period of reconfiguring Board roles and Executive structures…focus has now turned to individual and team development, succession plans for the Executive Committee and development plans for potential internal CEO candidates."

Members and attendance

Where Directors were unable to attend meetings, they gave the Chair their views in advance on the matters to be discussed.

● Meeting attended ○ Did not attend

Mike McTighe
Chair of the Committee
●●●●●●

Wu Gang[1]
Committee Member
●●●●●○

Jonathan Moulds
Committee Member
●●●●●●

Helen Stevenson[1]
Committee Member
●●●●●○

1 Unable to attend as meetings were held on an ad hoc basis during the year.

FY22 key focus areas

→ Non-Executive Director appointment
→ CEO succession planning
→ Appointments to the IGNA and IGT&I Boards

Mike McTighe, Chair of the Nomination Committee, gives his review of the Committee's activities during the financial year.

Chair's overview

The Nomination Committee reviews the structure, size, composition and independence of the Board and leads the process for Board appointments, including identifying and recommending suitable candidates. It ensures that the Board's composition meets our needs, using external search consultancies to help source candidates based on objective criteria. The Board and Committee are committed to ensuring that we are a truly diverse organisation in all respects, which includes gender, social and ethnic backgrounds, cognitive and personal strengths and experience. The Committee also ensures that plans are in place for orderly succession to the Board and senior management positions, with a diverse pipeline identified for succession.

The Committee is responsible for ensuring that the Board has the necessary combination of skills, experience, knowledge, diversity and independence needed to lead us and to support the development and delivery of our strategy.

During the year, the Committee engaged Audeliss to facilitate the recruitment of Susan Skerritt, who, following the Committee's recommendation, was appointed to the Board on 9 July 2021. Audeliss is independent of, and has no connection with, the Company or its individual Directors, other than in its role as a professional recruitment consultant for the Company. Russell Reynolds Associates, an independent external executive search firm, was appointed to support with a comprehensive CEO succession-planning process allowing the Committee to identify potential internal candidates and establish appropriate development plans.

Following a period of reconfiguring Board roles and Executive structures, the Committee is confident that the structure and composition of the Board of IGGH and the other nested entities and their sub-committees, as well as the Board of IGNA, provides effective leadership to support our future growth and strategy. Focus has now turned to individual and team development, succession plans for the Executive Committee and development plans for potential internal CEO candidates.

Role of the Nomination Committee

The principal roles and responsibilities of the Committee include:

- Reviewing the structure, size and composition of the Board and its Committees to ensure that they are appropriately balanced in terms of skills, knowledge, diversity, experience and independence, and making appropriate recommendations to the Board relating to succession planning at Board level
- Ensuring that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board
- Identifying, and nominating for Board approval, suitable candidates to fill Board vacancies as and when they arise
- Reviewing leadership needs, with a view to ensuring our continued ability to compete effectively in our marketplace and deliver on our strategy
- Keeping apprised of strategic issues and commercial changes affecting us and the market in which we operate
- Performance evaluation of the Board

The Terms of Reference of the Committee, which were last reviewed in May 2022, are available on our website.

Membership and attendance

The Committee currently consists of four independent Non-Executive Directors. It met six times during the year. Going forward, the Committee will hold four scheduled meetings each year.

The Chair of the Board is also the Chair of the Committee. The CEO and Chief People Officer are standing attendees.

How the Committee operates

To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's Terms of Reference, is approved by the Committee. The Company Secretary and Chief People Officer assist the Chair of the Committee in drafting the agenda for each Committee meeting.

Following each Committee meeting, a formal report is made to the Board in which the Chair of the Committee, describes the discussions and challenges from the Committee meeting, and has the opportunity to escalate any items and make recommendations to the Board as appropriate.

Main activities during the financial year

During the year, the Committee met principally to consider:

- The structure and composition of the Board and its Committees
- The appointment of Susan Skerritt as a Non-Executive Director
- The normal process of CEO succession planning and the identification and development of potential internal candidates
- Appointments and changes to the IGNA Board and appointments to the IGT&I Board (the new UK-regulated entity) (the latter as part of the nested board structure)
- Considered and, if appropriate, recommended that the Board approve the proposed external appointments of Non-Executive Directors

Oversight of IGNA Board Directors included recommending to that Board the appointment of JJ Kinahan as CEO.

CEO succession plans

The Committee appointed Russell Reynolds Associates to provide support with CEO succession planning and the identification and development of potential internal candidates and considered the capabilities, experience and personal attributes required of a future CEO.

Other activities

Membership of the Boards of IGNA and IGT&I has also been a focus. During the year all Non-Executive Directors were appointed as Directors of the IGT&I Board and two Non-Executive Directors (Malcolm Le May and Susan Skerritt) and one Executive Director (the CFO) were appointed to the Board of IGNA.

Board and Committee evaluation

An internal evaluation of the performance of the Committee was undertaken in line with the Committee's Terms of Reference. The evaluation process was facilitated by Lintstock, an independent consultancy.

The 2022 Board and Committee review process consisted of the following key elements:

- Performance evaluation surveys prepared and issued
- Feedback was analysed and outcomes presented to the Board and Committees
- The outcomes were discussed at Board and Committee meetings, with action plans and priorities set for 2023

Further information on the outcome of the evaluation of the Board and its Committees is given on page 70, together with a review of the progress on actions arising from the 2021 review.

Nomination Committee Report continued

Senior management gender balance

The table below analyses the gender balance of the Executive Committee and their direct reports as at 31 May 2022. We are pleased to see a slight increase to 34% total female representation despite a higher proportion of men in tastytrade. We continue to aspire to increase diversity across and at every level of our organisation. Our Diversity Commitment is available on our website.

		31 May 2022		31 May 2021		
		Numbers	**%**	Numbers	%	% Change
Board	Female	**4**	**33%**	5	38%	-5%
	Male	**8**	**67%**	8	62%	
Executive Committee	Female	**5**	**38%**	4	40%	-2%
	Male	**8**	**62%**	6	60%	
Senior leadership team[1]	Female	**8**	**23%**	8	29%	-6%
	Male	**27**	**77%**	20	71%	
Total employees	Female	**811**	**34%**	668	33%	1%
	Male	**1,608**	**66%**	1,336	67%	

1 The gender disclosure shown here relates to the senior leadership team, who are the Executive Committee and the next level of leadership below them, as opposed to including more junior team members who may also report directly to Executive Committee members.

Diversity statement

As a business, we believe that a diverse workforce brings creative energy to our business, powers innovation and sets us up for continued global success. We're committed to developing teams of individuals with a wide variety of perspectives, skills and thinking approaches to help us realise our vision and strategy. We welcome people of any age, ethnicity, culture, faith, gender identity or expression, sexual orientation or physical capacity who connect with our values and bring something fresh to our business. Our Equality, Diversity and Inclusion Policy is available on request.

At the financial year end, the Board had 33.3% female representation (2021: 33.3%,) continuing to meet the Hampton-Alexander target of at least one-third female representation on the Board and exceeding the Parker Review target of one ethnic minority Director on the Board ahead of time (deadline by 2024). We have three ethnic-minority Directors.

The Committee notes the recent FCA policy on Diversity and Inclusion issued in April 2022 and the Board will report on a comply or explain basis in next year's report as to how it has met the prescribed targets.

The Directors recognise the importance of diversity, in all of its forms, and understand the significant benefits that come with having a truly diverse Board.

The Board continues to appoint on merit, based on the skills and experience required for membership, while giving consideration to all forms of diversity, as well as independence. The Company insists on search firms presenting a diverse pool of candidates for consideration during the search process.

Mike McTighe
Chair of the Nomination Committee
20 July 2022

Directors’ Remuneration Report and Policy

Helen Stevenson
Chair of the Remuneration Committee

“2022 has been another strong year for us, where overall performance exceeded expectations at the start of the year. In addition, the Company continues to deliver on its strategy to expand and diversify the business and is well positioned for future growth.”

Members and attendance

Where Directors were unable to attend meetings, they gave the Chair their views in advance on the matters to be discussed.

● Meeting attended ○ Did not attend

Helen Stevenson
Chair of the Committee
●●●●●●●

Mike McTighe
Committee member
●●●●●●●

Jonathan Moulds
Committee member
●●●●●●○

Sally-Ann Hibberd
Committee member
●●●●●●●

Andrew Didham
Committee member
●●●●●●○

FY22 key focus areas

→ IFPR and Investment Firm Directive (IFD) readiness
→ Continued diversification of the Group
→ Preparation for and stakeholder engagement ahead of the FY23 Directors Remuneration Policy review

CONTENTS

Helen Stevenson, Chair of the Remuneration Committee, gives her review of the Committee’s activities during the financial year.

Chair’s overview

On behalf of the Board, I am pleased to present the Directors’ Remuneration Report for the year to 31 May 2022. This report includes a summary of our Directors’ Remuneration Policy which was approved at the 2020 AGM, details of remuneration arrangements in respect of the year to 31 May 2022 and a summary of how we intend to apply the Policy during the year to 31 May 2023.

Performance in FY22

We have had one of the busiest years in our history, and have delivered record revenues, driven by continuing momentum across our businesses as we deliver on our strategy to expand and diversify. Overall performance was excellent across the majority of regions, reflecting increased trading by a record number of clients in a number of key areas of the business. Throughout the period we have remained committed to client quality and we continue to be defined and differentiated by our good conduct and client-centric business model, highlighted by our client loyalty and successful retention programmes.

Directors' Remuneration Report and Policy continued

We are continuing to deliver on our strategy, diversifying into new product lines and into new geographies. The integration of tastytrade is on track, with a focus on operations and marketing, and the business is confident about the opportunities that it brings to the Company given the large total addressable market in the US, and also for further international expansion. In addition, we completed the sale of Nadex and Small Exchange, delivering a significant return on previous investments and allowing us to further sharpen our focus on integrating and expanding the US options and futures business where we see significant room for growth. Further details on our strategic progress can be found on pages 18 to 21.

Incentive outcomes for FY22

The sustained performance plan (SPP) for the 2022 financial year operated in line with the Policy. The SPP award for the 2022 financial year was based on three metrics: earnings per share (EPS) (55% weighting), relative Total Shareholder Return (TSR) (25% weighting) and non-financial measures (20% weighting). EPS performance for FY22 was 96.3 pence, which was significantly ahead of the maximum target and our TSR over the period 1 June 2019 to 31 May 2022 was well above upper quartile compared to the FTSE 250 (excluding investment trusts).

Non-financial performance during the year was measured and assessed giving due consideration to, amongst other factors, the successful ongoing integration of tastytrade and tastytrade's revenue performance versus initial expectations for FY22 set against our confidence in the long-term opportunities that tastytrade brings to the wider Group. Consideration was also given to an improved overall client experience, increased employee engagement, and improved societal and environmental impacts. After careful assessment, the Committee judged that non-financial performance was 95% out of 100%.

Based on the above, while the outcome of the SPP award for FY22 was calculated at 99% of maximum, the Committee elected to apply a discretionary adjustment for the Executive Directors of -5% to the outcome reflecting the relative performance against internal targets for some individual businesses. This has resulted in a final vesting outcome for FY22 of 94% of maximum.

This award will be granted following the announcement of results for the year and will be delivered following Policy requirements in 30% in cash, 20% in share options released in July 2025, and 50% share options released in July 2026.

COO salary increase to reflect increase in his responsibilities

During the year, the Committee reviewed the salary level for Jon Noble, our COO. Over the previous two years, the scope and responsibilities of the COO role have expanded significantly, including the leadership of the data science and governance strategy, and leading our approach on ESG. The outcome of this review was that the Committee determined to increase the COO's salary to £410k (an increase of 8.2%), effective from 1 October 2021, in order to reflect the expansion in the role's scope and responsibilities – the Committee is of the view that such an increase is appropriate in this context.

IFPR/IFD

A large part of our agenda during the year has been reviewing the new requirements of the IFPR in the UK and the IFD in Europe. The Committee carefully considered and made changes to our remuneration arrangements, policies, documentation and processes to ensure that we comply with these requirements.

There are no significant changes to the remuneration arrangements for Executive Directors, other than for SPP awards granted in respect of FY23 onwards, Executive Directors will be required to hold any shares that vest for a further six months following vesting to comply with the IFPR. Malus and clawback provisions have also been expanded.

Board changes

Executive Directors

As detailed in last year's report, Bridget Messer, Chief Commercial Officer, stepped down from the Board on 22 September 2021, remaining with the Company until the completion of her notice period on 21 January 2022. Bridget will be treated as a good leaver for the purposes of the SPP. More details on this can be found on page 96.

Non-Executive Directors and fees

During the year, we welcomed Susan Skerritt to the Board as a Non-Executive Director. As disclosed in last year's Directors' Remuneration Report, Lisa Pollina stepped down from the Board as a Non-Executive Director on 9 July 2021.

During the year we established a North American Board and additional fees and travel expenses have been provided to the North American Board Chair and Group non-executive representative on the Board to reflect the additional time commitment and responsibilities in undertaking these roles. More details on this can be found on page 89.

In light of inflation and the impact on the cost of living, the Chair and Non-Executive Directors elected not to receive an increase in fees for FY23 and requested that any increase be diverted to lower paid employees who are feeling the greatest impact in the rising cost of living.

Looking ahead

Salaries for FY23

Salaries for the Executive Directors for 2022 will be increased by 3%. The new salaries for June Felix (CEO), Charlie Rozes (CFO) and Jon Noble (COO), which apply from 1 June 2022, are £633k, £508.5k and £422.5k, respectively. This is below the 5.5% average increase awarded to the wider UK workforce. Similarly, the difference in the actual pay awarded and the average increase for the wider UK workforce will be diverted to lower paid employees in the same way as the increase for the Chairman and Non-Executive Directors.

Incentives for FY23

There are no changes to the incentive levels for FY23, with the maximum opportunity under the SPP remaining at 500% of salary for the CEO and 400% of salary for the CFO and COO. SPP awards for FY23 will continue to be based 55% on EPS performance, 25% on TSR performance relative to the FTSE 250 (excluding investment trusts) and 20% on non-financial measures. Further details of performance conditions attached to FY23 incentives can be found below on page 88.

Directors' Remuneration Policy

Our current Remuneration Policy will reach the end of its life at the 2023 AGM and therefore over the course of FY23 the Committee will undertake a detailed reviewed of the Policy to ensure that it is appropriate for, and aligned to, our evolving strategy, while ensuring that remuneration outcomes remain aligned to the experiences of our shareholders, employees and other stakeholders. As part of this we will carefully consider whether the SPP remains the right incentive plan or whether an alternative approach would be more appropriate. The Committee believes that the current Policy has operated as we intended during the year.

Wider workforce remuneration

The Committee has consistently considered wider colleague pay as context for the decisions it makes. The Committee is kept updated through the year on general employment conditions, basic salary increase budgets (with particular focus on this in FY22 in the context of inflation levels and increases in the cost of living), the level of bonus pools and payouts, and participation in share plans. The Committee is therefore aware of how total remuneration at the Executive Director level compares to the total remuneration of the general population of employees.

The Company has a People Forum which is attended by employee representatives from across the business. The People Forum discusses pay as well as other matters which affect employees. The impact of the rising cost of living was also discussed with the People Forum as well as what the Company is doing to support employees with this. It was explained to employees that the Directors of the Company had decided to either give up their increase for this year or take a materially reduced increase, with the money given up being used to increase salaries of lower-paid employees. I attended the People Forum during the year and was able to hear participants' views on pay – I would like to thank participants, whose feedback and views were considered by the Committee as part of its annual process.

Conclusion

The Committee is satisfied that our outcomes for FY22 are aligned with the interests of shareholders, that they reflect our strong performance over this year and that the Policy has operated as intended. I look forward to receiving your support for the Directors' Remuneration Report at the AGM on 21 September 2022.

Helen Stevenson
Chair of the Remuneration Committee
20 July 2022

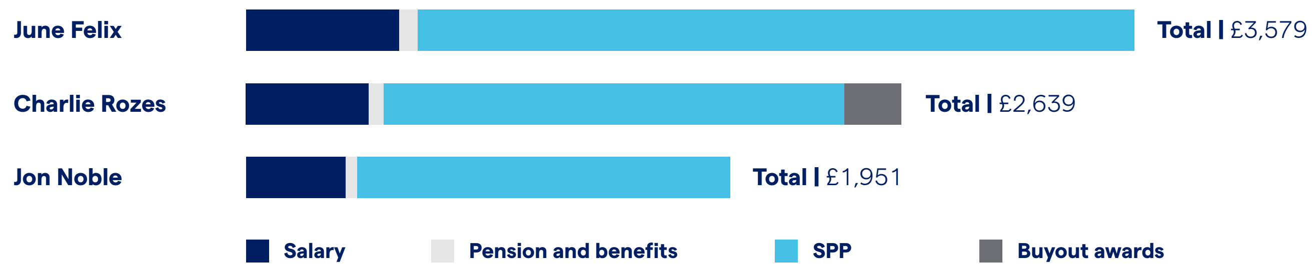
Remuneration at a Glance

Remuneration in FY22

We have delivered an excellent set of results in FY22 as well as continued to deliver on our strategy to expand and diversify, and this is reflected in pay outcomes.

The following section shows a summary of the performance measures we use, and the resulting pay for Executive Directors.

Total remuneration (£000)



FY22 SPP outcome

Metric	Weighting	Threshold EPS: 0% payout, TSR: 25% payout	Maximum 100% payout	Outcome
EPS	55%	**Actual:** 96.3p 62.2p	76.0p	100%
TSR	25%	**Actual:** 90th percentile Median ranking	Upper quartile ranking	100%
Non-financial Details of performance are set out on page 88	20%	**Actual:** 95% 0%	100%	95%
Total	100%			99%
Discretionary adjustment				-5%
Final				**94%**

	Maximum opportunity	SPP outcome % of maximum	SPP outcome % of salary	Delivered in cash (30%)	Deferred into shares (70%)
June Felix	500% of salary	94%	470%	£866,000	£2,022,000
Charlie Rozes	400% of salary	94%	376%	£557,000	£1,299,000
Jon Noble	400% of salary	94%	376%	£451,000	£1,052,000

Summary of 2020 Directors' Remuneration Policy

The Directors' Remuneration Policy describes the framework, principles and structures that guide the Remuneration Committee's decision-making process in relation to Directors' remuneration arrangements.

Objectives of the Remuneration Policy

The Remuneration Policy is set to ensure that remuneration is sufficiently competitive to attract and retain Senior Executives of a high calibre and to provide a suitable incentive to drive performance, while remaining appropriate in the context of our approach to pay throughout the organisation. The Policy has been designed taking into account the principles of Provision 40 of the Code, and the table below sets out how the Policy aligns with these principles.

Clarity	We provide open and transparent disclosures regarding our executive remuneration arrangements. Our Remuneration Policy is designed to recognise and reward performance that supports the execution of strategy and helps drive sustainable shareholder value growth.
Simplicity	Our Remuneration Policy is designed to be straightforward, easy for shareholders and employees to understand, and simple for the Group to monitor.
Predictability	Our Remuneration Policy contains details of the maximum opportunity levels for each component of pay. Actual incentive outcomes vary depending on the level of the performance achieved against specific measures.
Proportionality, risk and alignment to culture	We believe the Remuneration Policy is consistent with regulatory and corporate governance requirements. It is also designed to achieve effective risk management through the choice of performance measures and targets, shareholding requirements and malus and clawback provisions.

Remuneration Policy table

The following table summarises each element of the Remuneration Policy for the Executive Directors and provides an overview of how the Remuneration Policy will be implemented for FY23.

We have not made any changes to the Directors' Remuneration Policy that was approved at the 2020 AGM on 17 September 2020. Full details of the approved Policy are included within the 2020 Annual Report and Accounts, which can be viewed in the 'investors' section on our website iggroup.com. In line with the DRR reporting regulations we will be reviewing our Policy during the year and will be submitting a new policy to shareholders for approval at the 2023 AGM.

Directors' Remuneration Report and Policy continued

Purpose and link to strategy	Operation	Opportunity	Implementation for FY23
Base salary			
To recruit and retain key employees of an appropriate calibre to deliver the strategic objectives of the Group.	Base salaries are normally reviewed by the Committee annually, with salary increases effective from 1 June. Base salaries are set taking into account: → Scale, scope and responsibility of the role → Experience of the individual and their performance → Pay and workforce policies elsewhere in the Group → Business performance and prevailing market conditions → Salary levels at other companies of a similar size, complexity, geographic spread and business focus	While there is no maximum salary, increases will normally be in line with the typical increases awarded to other employees. However, increases may be above this level in certain circumstances.	During the year the Committee reviewed the COO's salary in light of the broadening of his role to include responsibilities such as leadership of the data science and governance strategy, and of our approach to ESG. Taking into account the increase in the COO's responsibilities, the Committee determined that it was appropriate to increase the COO's salary to £410,000 per annum (8.2% increase) from 1 October 2021. As part of the normal annual salary review, the Committee has agreed that salaries for Executive Directors will be increased by 3% this year, below the average increase for the wider workforce of 5.5%. This difference in the actual pay awarded and the average increase for the wider UK workforce will be diverted to lower-paid employees who are feeling the greatest impact from the rising cost of living. Salaries from 1 June 2022 are therefore: → CEO – £633k → CFO – £508.5k → COO – £422.5k

Purpose and link to strategy	Operation	Opportunity	Implementation for FY23
Pension and benefits			
Competitive, cost-effective flexible pension and benefits allowance to help recruit and retain Executive Directors.	Executive Directors are eligible to participate in the Company's flexible pension and benefits plan, from which Executive Directors can receive a range of benefits, Company pension contribution or cash allowance. Executive Directors may participate in a share-incentive plan (SIP), savings-related share option scheme (SAYE) or any other all-employee plans on the same basis as other employees up to HMRC-approved limits. The Committee may introduce other benefits if it is considered appropriate to do so. Where appropriate, the Company may provide support to Executive Directors in the preparation of their tax returns. Executive Directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred. Where an Executive Director is required to relocate to perform their role, the appropriate one-off or ongoing benefits may be provided (eg housing, schooling etc).	The maximum pension and benefits allowance for Executive Directors will be in line with the allowance available to the wider workforce in the UK. This rate is currently 12% of salary. Executive Directors may participate in a SIP, SAYE or other all-employee plan up to the same maximum as other employees.	Pension and benefits allowances for Executive Directors for FY23 are unchanged and are as follows: → CEO – 12% of salary → CFO – 12% of salary → COO – 12% of salary This is in line with the rate available to the wider workforce.

Directors’ Remuneration Report and Policy continued

Purpose and link to strategy	Operation	Opportunity	Implementation for FY23
Share ownership policy			
This aligns the interests of management and shareholders both in and post employment and promotes a long-term approach to performance and risk management.	Executive Directors are expected to build a holding of shares to the value of a minimum of 200% of base salary. It is normally expected that the shareholding guideline would be met within five years from the date of appointment (unless exceptional circumstances apply). The Committee will review progress annually, with an expectation that Executive Directors will make progress towards achieving the shareholding policy each year. Following ceasing to be an Executive Director, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years. This guideline applies to shares that are released from the SPP on or after the adoption of the new Policy at the 2020 AGM. Any shares purchased by the Executive Directors will not be subject to the guideline.	Not applicable	The current shareholdings of the Executive Directors are: → CEO – 630% of salary → CFO – 206% of salary → COO – 392% of salary

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation for FY23
Sustained performance plan				
The SPP provides a single incentive plan for Executive Directors rather than having separate annual and long-term plans. It provides a simple and competitive incentive mechanism that encourages and rewards both annual and sustained long-term performance, linked to the Group's strategic objectives. A significant portion of the SPP award is in shares, encouraging Executive Directors to build up a substantial stake in the Company, thereby aligning the interests of management with shareholders.	Awards are made after the announcement of results relating to each 'plan year'. For FY21 onwards, plan contributions pay out as follows: → 30% of the award is delivered in cash shortly following the end of the plan year → 20% of the amount earned will be awarded in shares which will be released to participants following the end of the fourth financial year that follows the start of the plan year → 50% of the amount earned will be awarded in shares which will be released to participants following the end of the fifth financial year that follows the start of the plan year The Committee retains discretion to scale back the vesting of awards at the end of years four and five if the underlying performance of the participant and/or the Group does not justify the payout of the award.	The maximum plan contribution in respect of a plan year is 500% of salary for the CEO and 400% of salary for other Executive Directors.	Awards are determined based on performance for the prior financial year (financial and strategic measures) and for up to three financial years ending with the plan year TSR measures. Performance measures may comprise, for example, EPS targets, TSR and strategic non-financial measures. The Committee may vary performance measures from year to year in accordance with strategic priorities and the regulatory environment. No more than 25% of the award will normally be payable for threshold levels of performance. The Committee may, in its discretion, adjust SPP awards, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant and/or the Group over the relevant period or that such vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement the Committee may take into account such factors as the Committee considers relevant.	For FY23 the maximum plan contribution will continue to be 500% of salary for the CEO and 400% for other Executive Directors. For FY23 the level of plan contribution will be based on: → 55% EPS performance → 25% on relative TSR compared to the FTSE 250 (excluding investment trusts) → 20% on non-financial measures, see below for further details Performance for EPS and non-financial measures will be assessed over FY23. TSR performance will be assessed over the three-year period from 1 June 2020 to 31 May 2023. EPS targets and non-financial measures are considered to be commercially sensitive and therefore have not been disclosed. The Committee's intention is that these targets will be disclosed retrospectively in next year's annual remuneration report.

Directors' Remuneration Report and Policy continued

Further details on performance measures

For FY23 it is intended that SPP awards will be based on a combination of EPS, TSR and non-financial strategic and operational performance measures.

Metrics	Rationale and link to the strategic KPIs	Further details
TSR relative to the FTSE 250 (excluding investment trusts) 25% weighting	TSR measures the total return to the Company's shareholders, both through share price growth and dividends paid, and as such it is aligned to shareholder interests. TSR is influenced by how well the Group performs on a range of other metrics, including financial indicators such as revenue, profit, cash generation and dividends, and non-financial indicators such as client satisfaction and operational performance.	TSR will be assessed over the period 1 June 2020 to 31 May 2023. 25% of this portion will be awarded for median performance with 100% of this portion being awarded for upper quartile performance (straight-line assessment in-between).
EPS 55% weighting	EPS is a key indicator of the profits generated for shareholders, and a reflection of both revenue growth and cost control.	EPS targets will be assessed based on performance for the year ending 31 May 2023. The Committee sets EPS targets taking into account relevant factors including Board-approved budget, market consensus expectations and historical targets. Payouts start to accrue for reaching threshold levels of performance with 100% of this portion being awarded for the achievement of maximum performance.

Non-financial strategic and operational performance schemes (20% weighting)
The non-financial metrics are specifically designed to measure factors important to IG in continuing to operate on a profitable and sustainable basis for the long term. These goals include a number of objectives which are focused on our sustainability agenda both from an environmental, people and societal perspective. Non-financial measures have been grouped into three categories: strategic enablers (50%), people and culture (including diversity and inclusion) (25%) and client experience (25%).

When assessing the non-financial metrics, the Committee deliberately separates the assessment from any review of financial performance, viewing them both as important, but recognising they are assessed and rewarded separately. This is to ensure that management are incentivised to deliver in-year non-financial milestones which are important to maintaining sound operations and delivering profit and shareholder value in the future.

Strategic enablers[1] 50% weighting	Driving the longer-term diversification and strategic direction of the organisation by measuring progress against key projects and initiatives that will deliver on our purpose to power the pursuit of financial freedom for the ambitious.
People and culture (including diversity and inclusion)[1] 25% weighting	Considering the development and conduct of our people, reinforcing our reputation as a responsible company and promoting a culture that champions the client, learns fast together to raise the bar.
Client experience 25% weighting[1]	The short and longer-term development of the client-focused initiatives to provide an outstanding client experience to our growing and diverse client base.

1 At IG we believe that in order to deliver sustainable progress it is important that a focus on ESG is embedded through the business strategy and its operation. In keeping with this we have embedded ESG-aligned metrics in the 'strategic enablers', 'people and culture' and 'client experience' sections of our non-financial metrics. For example, diversity and inclusion, business ethics and information security. ESG-aligned measures will account for at least 15% of the overall SPP.

Chair and Non-Executive Directors

The table below summarises each element of the Remuneration Policy applicable to the Chair and the Non-Executive Directors.

Purpose and link to strategy	Operation	Opportunity	Implementation for FY23
To attract and retain Non-Executive Directors of appropriate calibre and experience.	The Committee determines the fee for the Chair (without the Chair present). The Board is responsible for setting Non-Executive Directors' fees. The Non-Executive Directors are not involved in any discussions or decisions by the Board about their own remuneration. Fees are set taking into account the time commitment required to fulfil the role and typical practice at other similar companies. Fees are within the limits set by the Articles of Association and take account of the commitment and responsibilities of the relevant role.	The Chair receives a single fee to cover all of their Board duties. Non-Executive Directors receive a fee for carrying out their duties. They may receive additional fees if they chair the Board Committees, and for holding the post of Senior Independent Director. Additional fees may be paid for additional time commitments if considered appropriate. Committee membership fees may be paid. Reasonable costs in relation to travel and accommodation for business purposes are reimbursed to the Chair and Non-Executive Directors. The Company may meet any tax liabilities that may arise on such expenses. The Chair and Non-Executive Directors do not receive a pension and benefits allowance or participate in incentive schemes. Non-significant benefits may be introduced if considered appropriate.	In light of inflation and the impact on the cost of living, the Chair and Non-Executive Directors elected not to receive an increase in fees for FY23 and requested any increase be diverted to lower-paid employees feeling the greatest impact from the rising cost of living. The fees from 1 June 2022 are therefore as follows: → Non-Executive Director base fee – £65,500 → Committee Chairs (other than the Nomination Committee) – £25,000 → Senior Independent Director – £15,000 → Committee membership fees (excluding the Nomination Committee and the Group Board Chair) – £3,000 → North American Board Chair – £65,000 → North American Board member – £25,000 → Chair fee – £302,000 With effect from 1 November 2021, taking into account the additional responsibilities and time commitment, an additional fee of £65,000 was introduced for the Chair of the North American Board and an additional fee of £25,000 was introduced for being a member of the North American Board. The Chair of the North American Board also receives an additional £20,000 per annum to compensate for time spent in travel to attending Board meetings. Board Non-Executive Directors required to travel a significant distance to attend Board meetings receive an additional £20,000 per annum to compensate for time spent travelling. This has been applied for Susan Skerritt from December 2021.

Directors' Remuneration Report and Policy continued

Executive Directors' service contracts

Executive Directors are employed under a service contract with IG Group Limited (a wholly owned intermediate holding company) for the benefit of the Company and the Group.

The dates on which service contracts are entered into and notice periods are as follows:

- June Felix – 30 October 2018 (12 months' notice from either party)
- Charlie Rozes – 1 June 2020 (12 months' notice from either party)
- Jon Noble – 22 May 2018 (12 months' notice from either party). Note: Jon Noble's notice period increased from six months to 12 months with effect from 1 October 2021.

Non-Executive Directors' service contracts

Non-Executive Directors do not have service contracts; they are engaged by letters of appointment. Each Non-Executive Director is appointed for an initial term of three years subject to re-election, but the appointment can be terminated on three months' notice. Non-Executive Directors may receive reimbursement for business expenses incurred in the course of their duties, including tax therein if applicable.

Annual Report on Remuneration

This report has been prepared in accordance with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013, 2018 and 2019) and the FCA's Listing Rules. The Directors' Remuneration Report, excluding the Policy, will be subject to an advisory shareholder vote at the AGM on 21 September 2022.

This part of the report includes a summary of how we implemented the Policy in the financial year ended 31 May 2022.

The parts of the report that are subject to audit have been marked.

Implementation of Remuneration Policy in the financial year ending 31 May 2022

Total single figure of remuneration – Executive Directors (audited)

							Contribution to SPP account[6]			
Name of Director	Year	Fees/basic salary £000	Benefits allowance/ benefits[3,4] £000	Pension £000	Total fixed pay £000	Buy-out awards[5] £000	Vested element £000	Deferred element £000	Total variable pay £000	Total £000
J Felix	2022	615	76	–	691	–	866	2,022	2,888	3,579
	2021	610	87	–	695	–	855	1,994	2,849	3,546
C Rozes	2022	494	55	4	553	230	557	1,299	2,086	2,639
	2021	490	56	3	549	309	549	1,282	2,140	2,689
J Noble[1]	2022	400	44	4	448	–	451	1,052	1,503	1,951
	2021	376	41	4	421	–	422	985	1,407	1,828
Former Executive Director										
B Messer[2]	2022	118	13	1	132	–	133	310	443	575
	2021	376	42	4	422	–	422	985	1,407	1,829

1 J Noble received a salary increase from £379,000 to £410,000 (8.2% increase), effective from 1 October 2021. For further details see page 80.

2 B Messer stepped down from the Board on 22 September 2021. Remuneration is shown to this date. She remained with the business for the remainder of her notice providing handover, ceasing employment on 21 January 2022. She was entitled to a pro-rated SPP award in respect of her period of employment (to 21 January 2022) with a value totalling £913,484. This will be delivered 30% in cash and 70% in share options (which will be released 20% of the total amount in July 2025 and 50% of the total amount in July 2026).

3 Benefits can include critical illness cover, dental cover, health assessments, income protection cover, life assurance, travel insurance and private medical cover. It was agreed under the updated Remuneration Policy for FY21 that, where appropriate, the Company may provide support to Executive Directors in the preparation of their tax returns. J Felix, C Rozes, J Noble and B Messer received a flexible benefits and pensions allowance of 12% of base salary less any benefits taken. Executives have the option to receive part, or all, of their pension and benefits entitlement in cash.

4 The 2022 benefits figure for J Felix and the restated 2021 benefits figure includes the £1.8k of matching shares J Felix received as a participant in the share-incentive plan. The 2021 benefits figure has also been restated to include the £1.8k of matching shares J Felix received as a participant in the share incentive plan in 2021.

5 As disclosed in the 2020 Annual Report, C Rozes forfeited a number of share awards which the Company bought out on a like-for-like basis. As part of his buy-out, Charlie was granted an award over 35,616 shares which vested on 30 June 2022 based on the average of the performance outcome of the SPP for FY21 and FY22, which was 93.7% of maximum. This resulted in 33,372 shares vesting, with an additional 3,828 shares accrued in respect of dividends. For the purpose of the single figure this award has been valued based on the share price on the date of vesting of £6.905. The share price used to determine the level of award was £7.34 and the share price on the date vesting was £6.905 therefore none of the value in the single figure table is attributable to share price appreciation. The Committee did not exercise discretion in relation to this share price appreciation.

6 Figures provided are the cash values of the SPP contributions in respect of performance for the period ending 31 May 2022 (ie plan year 9). The vested element is the proportion of the plan year contribution for the relevant period that is paid in cash shortly following the end of the financial year (30% of the total amount). The deferred element is the proportion that is awarded in share options that will be released 20% of the total amount in July 2025 and 50% of the total amount in July 2026. Details of SPP awards held in the plan account related to awards for prior years are provided in the Other share awards outstanding table on page 94. As awards are included based on their value at the date of grant, no portion of the award disclosed is attributable to share price growth and the Committee did not exercise discretion in relation to share price.

Total single figure of remuneration – Non-Executive Directors (audited)

Name of Director	Year	Fees[5,6] £000	Benefits[7] £000	Total £000
M McTighe	2022	302	–	302
	2021	300	–	300
J Moulds	2022	109	–	109
	2021	102	–	102
R Bhasin[1]	2022	72	–	72
	2021	63	–	63
A Didham	2022	97	–	97
	2021	81	–	81
Wu Gang[2]	2022	69	–	69
	2021	45	–	45
S-A Hibberd	2022	97	–	97
	2021	94	–	94
M Le May	2022	114	4	118
	2021	79	–	79
S Skerritt[3]	2022	83	14	97
	2021	–	–	–
H Stevenson	2022	94	–	94
	2021	86	–	86
Former Directors				
L Pollina[4]	2022	16	–	16
	2021	16	–	16

1 R Bhasin joined the Board on 6 July 2020. Remuneration for FY21 is shown from this date.
2 Wu Gang joined the Board on 30 September 2020. Remuneration for FY21 is shown from this date.
3 S Skerritt joined the Board on 9 July 2021. Remuneration is shown from this date.
4 L Pollina joined the Board on 4 March 2021. Remuneration for FY21 is shown from this date. L Pollina stepped down from the Board on 9 July 2021. Remuneration for FY22 is shown to this date.
5 Other than in respect of the Chair, basic Non-Executive Director fees were £65,500 per annum in FY22 (£65,000 per annum in FY21) with an additional £25,000 paid for chairing a Board Committee (other than the Nomination Committee) and £3,000 for membership of a Committee (excluding the Nomination Committee). The Senior Independent Director also receives an additional fee. This was £10,000 until 17 September 2020 and was increased to £15,000 from this date. With effect from 1 November 2021, taking into account the additional responsibilities and time commitment, an additional fee of £65,000 was introduced for the Chair of the North American Board and an additional fee of £25,000 was introduced for being a member of the North American Board. The Chair of the North American Board also receives an additional £20,000 per annum to compensate them for the additional time spent in travel to attending Board meetings.
6 S Skerritt receives an additional £20,000 per annum to compensate her for the additional time spent in travel attending Group Board meetings.
7 Certain Non-Executive Directors' expenses relating to the performance of a Director's duties, such as travel to and from Company meetings and related accommodation, have been classified as taxable benefits. In such cases, the Company will ensure that the Director is kept whole by settling the expense and any related tax. The figures shown include the cost of the taxable benefit plus the related personal tax charge.

Directors' Remuneration Report and Policy continued

Sustained performance plan (SPP)

Determination of SPP contribution for the financial year ending 31 May 2022 (audited)

Performance targets for plan year 9 (financial year ending 31 May 2022) comprised EPS targets, TSR and non-financial measures. TSR performance was measured over the three-year period from 1 June 2019 to 31 May 2022, and EPS and non-financial measures over the financial year ending 31 May 2022.

Performance measure	Weighting	Threshold (25% payout for TSR and 0% for EPS)	Maximum (100% payout)	Actual performance	Percentage of maximum award to Directors
EPS	55%	62.2p	76.0p	96.3p	100%
TSR	25%	Median ranking	Upper quartile ranking	+74.9% TSR 18th out 164 companies	100%
Non-financial	20%	0%	100%	95% of maximum awarded (see below for details)	95%
Total	**100%**				**99%**
Discretionary adjustment					**-5%**
Final					**94%**

The maximum award for the CEO role is 500% of basic salary, with all other Executive Directors being eligible for a maximum award of 400% of basic salary.

Performance measures: how these are set, and a review of performance for the year ended 31 May 2022

EPS (55% weighting)

At the start of the financial year, the Committee established an EPS range in order to measure the performance and determine the payouts under the SPP. In doing this, the Committee took into account a number of relevant factors, including the Board-approved budget and market consensus expectations.

EPS performance for FY22 was 96.3 pence, which is materially ahead of internal and external expectations of performance at the start of the year. While EPS is lower than our record performance in FY21 it is still significantly ahead of our performance for FY20 and prior years, demonstrating the long-term progress we are making in the execution of our strategy.

TSR (25% weighting)

TSR performance is assessed against the FTSE 250 (excluding investment trusts). 25% of this element is awarded for median performance with the full portion being awarded for upper quartile performance or above with straight-line vesting in between.

For the award to be granted in respect of the year to 31 May 2022, TSR was measured over the three-year period from 1 June 2019 to 31 May 2022. Actual TSR performance for the three-year period was 74.9% (2021: 29.4%). TSR was positioned above the upper quartile compared to the comparator group over the three-year period and therefore 100% of this element will be awarded.

Non-financial measures (20% weighting)

The Committee approved a series of non-financial measures comprising strategic drivers, client experience, people and culture and environmental and societal impact during the year ended 31 May 2022. These measures are also used for determining a portion of the staff general bonus pool.

An average of the performance under the specific objectives resulted in an overall assessment of 95% (2021: 94%) of the potential payout under this element.

The table below provides details of the individual measures considered and their performance assessment for the year ended 31 May 2022.

Component	Detail	FY22 outcome
Strategic drivers 40% weighting	→ Completion of tastytrade acquisition. Excellent progress on integration from a talent, marketing, risk and controls, technology and operations perspective. Synergies workstreams progressing well → Excellent progress in technology development providing more capacity headroom for peak trading → Good progress in our exchange traded derivatives business in Europe	37%
Client experience 25% weighting	→ Excellent systems uptime reflecting the investment made in this area in recent years → Reduction in number of complaints and enhanced customer satisfaction	23%
People and culture 25% weighting	→ Excellent progress in embedding our purpose throughout the organisation. Improved employee engagement driven by strength of leadership team → Maintained good regulatory compliance and relationship with regulators → Improvement in gender diversity throughout the organisation, driven by changes in policies and practices	25%
Environmental and societal impact 10% weighting	→ Programmes implemented to support young people, significant donations to charitable causes and increase in volunteering days → Improved ESG rating from external rating agencies, maintained carbon neutral status. Carbon literacy training for all Board and senior executives	10%

Discretionary adjustment

The Group has continued to perform strongly during the year, with financial outperformance, upper quartile shareholder returns and excellent progress against our operational and strategic objectives.

Non-financial performance during the year was measured and assessed giving due consideration to, amongst other factors, the successful ongoing integration of tastytrade and tastytrade's revenue performance versus initial expectations for FY22 set against our confidence in the long-term opportunities that tastytrade brings to the wider Group. Consideration was also given to an improved overall client experience, increased employee engagement, and improved societal and environmental impacts. After careful assessment, the Committee judged that non-financial performance was 95% out of 100%.

Based on the above, while the outcome of the SPP award for the FY22 was calculated at 99% of maximum, the Committee elected to apply a discretionary adjustment for the Executive Directors of -5% to the outcome reflecting the relative performance against internal targets for some individual businesses. This has resulted in a final vesting outcome for FY22 SPP of 94% of maximum.

Following this discretionary adjustment, the Committee concluded that the level of the SPP award for FY22 was a fair reflection of the shareholder value delivered, as well as the enhanced financial performance, and that it was appropriate in the context of the experience of our other stakeholders.

Directors' Remuneration Report and Policy continued

Overall summary

Based on the performance for the financial year ending 31 May 2022, we will grant awards under the SPP at 94% of the maximum potential payout to the Executive Directors after the announcement of the results. The actual number of shares that will be contributed to a Director's plan account will be based on the ten-day average share price immediately prior to grant.

Since its introduction nine years ago, the average payout under the SPP is 66% of the maximum. The Committee considers that the outcomes under the SPP are a fair reflection of performance delivered, and that they are aligned with value achieved for shareholders over this period.

Financial year	2014	2015	2016	2017	2018	2019	2020	2021	2022	9-year average
SPP contribution (% maximum)	54%	41%	90%	27%	80%	18.6%	97.2%	93.4%	94.0%	66%

Awards granted during the year ended 31 May 2022 (audited)

The SPP awards granted during the financial year ended 31 May 2022 in respect of performance to 31 May 2021 (plan year 8) are as follows:

	Contribution						
	% of salary[1]	Value of options awarded	Number of options awarded[2]	Number of options in the plan account after plan year 8 contribution[3]	Number of options vested and exercised during the year[4]	Number of options lapsed	Number of options in the plan account at the end of the year
J Felix	467%	£1,994,988	224,610	529,833	101,741	–	428,092
C Rozes	374%	£1,281,442	144,339	144,339	–	–	144,339
J Noble	374%	£984,623	110,906	353,918	81,003	–	272,915
B Messer	374%	£984,623	110,906	347,577	78,890	–	268,687

1 30% of the award is delivered in cash following the end of the plan year. The remaining 70% of the award is delivered in nominal cost options (the number and value of which are shown above).

2 The number of options contributed to the plan account was based on the ten-business-day average share price immediately post the announcement date of the Group's results for the year ended 31 May 2021 of 887.8 pence per share. Awards were granted in the form of nominal cost options and are subject to continued employment. The release of shares is subject to the satisfaction of the underlying financial performance to be tested in the final year of the plan. Full details of performance targets applied to the FY21 SPP awards and the assessment of performance against targets are set on out pages 89 to 92 of the 2021 Directors' Remuneration Report.

3 In addition to the awards made in respect of plan year 8, this also includes the brought forward number of options in the plan account from plan years 1 – 7 (where relevant) with its respective accrued dividend shares.

4 The closing share price on 5 August 2021, the date of exercise, was £9.115 and the exercise price of the share options was 0.005p.

For awards granted in respect of years up to and including the financial year ending 31 May 2020 (plan years 1 – 7), in accordance with the scheme rules 33.3% of the cumulative awards in the plan account will vest in July 2022, with the vesting of the remaining options deferred. The July 2022 vesting will include additional dividend shares accrued as follows in respect of plan year 1 – 7 awards held in the plan account: J Felix 16,234, J Noble 12,926 and B Messer 12,733 based on reinvestment at the dividend payment date.

The SPP reaches the end of its ten-year life following the end of FY23. In accordance with the plan rules 50% of the remaining balance of the participants' plan account will be released in July 2023, with a further 25% of the remaining balance released in both July 2024 and July 2025. J Felix and J Noble have 143,181 shares and 113,997 shares, respectively, which will be subject to this treatment. Awards granted in relation to plan years from FY21 onwards will continue to vest according to their normal payout schedule following the termination of the SPP.

The vesting schedule for SPP award granted in respect of FY21 onwards are unaffected.

Buy-out awards for C Rozes (audited)

On leaving his previous role, C Rozes forfeited a number of share awards which the Company bought out on a like-for-like basis. All awards were granted by the Company on 6 August 2020 and were in the form of nominal cost options. Part of C Rozes' buy-out was in the form of nil-cost options which vest subject to continued employment between 1 May 2021 and 1 May 2023. As part of his buy-out, C Rozes was also granted an award over 35,616 shares which vested on 30 June 2022 based on the average of the performance outcome of the SPP for FY21 and FY22, which was 93.7% of maximum. This resulted in 33,372 shares vesting, with an additional 3,828 shares accrued in respect of dividends.

Awards to be granted in respect of the year ended 31 May 2022

SPP awards for the financial year ending 31 May 2022 will be delivered 30% in cash, 20% in share options released in July 2025 and 50% in share options released in July 2026.

Details of the 70% of the SPP award due to be awarded in shares, using an estimate of the options to be granted in respect of plan year 9 (ie performance to 31 May 2022), are set out below:

	Event	Plan contribution in respect of period ended 31 May 2022 (estimated number of options)[1]
J Felix	Plan year 9	282,558
C Rozes	Plan year 9	181,536
J Noble	Plan year 9	147,019

1 Executive Directors will be granted awards, in respect of 70% of the amount earned, for plan year 9 following the announcement of results for the year ended 31 May 2022 on 20 July 2022. The share price used to calculate the number of awards to be granted will be the ten-day average share price after this date. As the actual average share price is not known at the time of signing of the Annual Report, the above number of awards has been estimated using a share price of 715.5 pence, being the share price on 31 May 2022. Share awards have an exercise price of 0.005 pence.

Other share awards outstanding (audited)

	Award date	Share price at award date	Number as at 31 May 2021	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 22
J Felix							
SIP: matching shares	6 Aug 19	565.29p	318	0	0	0	318
SIP: matching shares	6 Aug 20	743.66p	242	0	0	0	242
SIP: matching shares	5 Aug 21	909.24p	0	198	0	0	198
Total			**560**	**198**	**0**	**0**	**758**

	Award date	Share price at award date	Number as at 31 May 2021	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 22
J Noble							
SIP: matching shares	6 Aug 19	565.29p	318	0	0	0	318
Total			**318**	**0**	**0**	**0**	**318**

	Award date	Share price at award date	Number as at 31 May 2021	Number awarded during the year	Number lapsed during the year	Number of dividend equivalents added at vesting	Number exercised during the year	Number outstanding at 31 May 22
C Rozes[1]								
Buy-out award[2]	6 Aug 20	734.00p	17,814	0	0	2,041	19,855	0
Buy-out award[3]	6 Aug 20	734.00p	35,616	0	0	0	0	35,616
Buy-out award[4]	6 Aug 20	734.00p	4,357	0	0	248	2,426	2,179
Total			**57,787**	**0**	**0**	**2,289**	**22,281**	**37,795**

1 On leaving his previous role, C Rozes forfeited a number of share awards which the Company has bought out on a like-for-like basis as summarised in the table above. For details of these awards see the 2020 Annual Report.
2 An award of restricted shares vesting in equal tranches on 1 May 2021 and 1 May 2022 (subject to continued employment).
3 An award of performance shares vesting on 30 June 2022 to the same extent as the average vesting outcome for the financial years ending 31 May 2021 and 31 May 2022 of awards granted under the IG Group sustained performance plan which was 93.7% of maximum. This resulted in 33,372 shares vesting, with an additional 3,828 shares accrued in respect of dividends.
4 An award of restricted shares vesting in equal tranches on 1 May 2021, 1 May 2022 and 1 May 2023 (subject to continued employment).

Directors' Remuneration Report and Policy continued

Table of Directors' share interests (audited)

	Legally owned[4]					Total	% of salary held under shareholding policy[7]
	31 May 2021	31 May 2022	Share with performance conditions	Share options without performance[5,6]	Vested but unexercised	31 May 2022	% salary
Executive Directors							
J Felix	206,111	318,626	–	428,850	–	747,476	630%
C Rozes	25,111	48,120	35,616	146,518	–	230,254	206%
J Noble	83,207	83,207	–	273,233	–	356,440	392%
Non-Executive Directors							
M McTighe	6,600	6,600	–	–	–	6,600	–
J Moulds	–	100,000	–	–	–	100,000	–
R Bhasin	–	–	–	–	–	–	–
A Didham	–	4,894	–	–	–	4,894	–
S-A Hibberd	–	–	–	–	–	–	–
Wu Gang	–	–	–	–	–	–	–
M Le May	–	–	–	–	–	–	–
S Skerritt[1]	–	–	–	–	–	–	–
H Stevenson	–	–	–	–	–	–	–
Former Directors							
B Messer[2]	53,172	–	–	268,687	–	268,687	262%
L Pollina[3]	–	–	–	–	–	–	–

1 S Skerritt joined the Board on 9 July 2021.
2 B Messer stepped down from the Board on 22 September 2021.
3 L Pollina stepped down from the Board on 9 July 2021.
4 This figure includes partnership shares that are purchased as part of the Group's share-incentive plan (SIP) which are not subject to vesting conditions.
5 These figures include the number of matching shares held at 31 May 2022 as part of the Group's SIP, which will vest after three years from the respective award date, as long as employees remain employed by the Group.
6 This figure excludes awards under the SPP scheme for performance year ending 31 May 2022, which will be granted following the announcement of the Group's results on 20 July 2022. The awards held in the SPP plan account include those in respect of plan years 1 – 8 as at 31 May 2022.
7 Calculated as shares owned on 31 May 2022 plus the unvested shares held within the SPP on a net of tax basis at the closing mid-market share price of 715.5 pence on 31 May 2022.

Under the share ownership policy, the Executive Directors are expected to hold shares to the value of a minimum of 200% of base salary. Shares owned by the Executive Directors as well as unvested SPP share options (on a net of tax basis) count towards this guideline. It is expected that this guideline is achieved within five years of the date of appointment.

C Rozes' performance-based buyout award vested on 30 June and as a result his share interest increased by 19,215 after accounting for shares sold to settle tax and dealing costs. There have been no other changes to any of the Directors' share interests between 31 May 2022 and the date of this report.

The awards to be made under the Company's SPP in respect of the performance period ending on 31 May 2022 are not included in this table (see page 94 for details).

Leaving arrangements for B Messer (audited)

B Messer, Chief Commercial Officer, stepped down from the Board on 22 September 2021, remaining with the Company until the completion of her notice period on 21 January 2022 providing handover. Between 22 September 2021 and 21 January 2022, B Messer continued to receive her base salary for this period totalling £125,229. B Messer also received £19,678 for accrued unused annual leave. B Messer also received income protection, life assurance and private medical insurance, and her fixed benefits allowance in cash for the period with a total value of £15,027. Tax and legal assistance was also provided to B Messer and these costs came to £35,101 (including any applicable tax costs).

B Messer was treated as a good leaver for the purposes of the SPP awards which she held in her plan account on cessation of employment. Outstanding awards in relation to plan years up to and including FY20 will be released one-third in July 2023, one-third in July 2024 and one-third in July 2025. Awards granted in respect of FY21 will be released in accordance with the normal vesting schedule. B Messer was also eligible to receive a pro-rated SPP award in respect of FY22 for her period in employment (to 21 January 2022). As noted above, the SPP in respect of FY22 vested at 94% of maximum and therefore the total value of this pro-rated award was £913,484. This will be delivered 30% in cash and 70% in share options (which will be released 20% of the total amount in July 2025 and 50% of the total amount in July 2026). All awards are subject to malus and clawback provisions.

B Messer is subject to our post-employment shareholding guideline and is required to retain 200% of base salary in shares (or actual shareholding if lower) for a period of two years from stepping down from the Board.

Payments to past Directors (audited)

No payments were made to past Directors in the year.

Change in Directors' remuneration compared to Group UK employees

The table below sets out the percentage change in remuneration for each of the Directors and UK Group employees over each of the last two years. There are no employees in IG Group Holdings plc, and therefore we have voluntarily disclosed the change in remuneration for UK Group employees.

	FY21/FY20			FY22/FY21		
	Base salary % change	Taxable benefits % change	Performance-related remuneration % change	Base salary % change	Taxable benefits % change	Performance-related remuneration % change
Executive Directors						
J Felix	1.7%	-21%	-2.3%	0.7%	-12.9%	1.4%
C Rozes[1]	–	–	–	0.7%	-1.7%	1.4%
J Noble	1.7%	1.7%	-2.3%	8.9%	7.3%	6.7%
Non-Executive Directors						
M McTighe	300%	–	–	0.7%	–	–
J Moulds	-39%	–	–	0.7%	–	–
R Bhasin[2]	–	–	–	0.7%	–	–
A Didham	72%	–	–	0.7%	–	–
S-A Hibberd	32%	-100%	–	0.7%	–	–
Wu Gang[3]	–	–	–	0.7%	–	–
M Le May	-23%	–	–	0.7%	–	–
S Skerritt[4]	–	–	–	–	–	–
H Stevenson	614%	–	–	0.7%	–	–
Group UK employees[5]	**10%**	**10%**	**17%**	**12%**	**12%**	**33%**

1 C Rozes joined the Board on 1 June 2020.
2 R Bhasin joined the Board on 6 July 2020.
3 Wu Gang joined the Board on 30 September 2020.
4 S Skerritt joined the Board on 9 July 2021.
5 Employee group consists of individuals employed by IG Index Limited the main UK employing entity as IG Holdings Group plc does not have any employees. Median employee salary, benefits and bonus have been calculated on a full-time equivalent basis. Salary and benefits are calculated as at 31 May, bonus is that earned during the year ending 31 May.

Relative importance of spend on pay

The following table sets out the dividends and overall spend on pay over the past financial year:

	2022 £m	2021 £m	Percentage change
Dividends	**186.2**	159.7	16.6%
Employee remuneration costs	**214.2**	177.5	20.7%

CEO to all employees pay ratio

The CEO's total remuneration as a ratio against the full-time equivalent remuneration of UK employees is detailed in the table below:

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	A	50:1	36:1	25:1
2021	A	55:1	40:1	29:1
2020	A	65:1	46:1	34:1

Directors' Remuneration Report and Policy continued

The Company has calculated the ratio in line with the reporting regulations using 'option A' (determine total full-time equivalent remuneration for all UK employees for the relevant financial year; rank the data and identify employees whose remuneration places them at the 25th, 50th and 75th percentile). We have used option A as we believe it provides the most consistent and comparable outcome. Data used to determine the pay ratios was taken as at 31 May 2022 and any part-time employees' salary and bonus have been pro-rated to convert them into a full-time equivalent.

	Base salary	Total remuneration
25th percentile[1]	£55,700	£71,634
50th percentile[1]	£70,250	£98,930
75th percentile	£94,950	£139,594

1 Employees on 25th and 50th percentiles were not considered representative therefore the closest employees we considered to be representative were used.

The CEO pay ratio has been rounded to the nearest whole number. The ratios for FY22 are slightly lower than FY21 and FY20, which reflects the increase in salaries applied to UK employees during FY22.

During the year the Board has received presentations from management on the approach to the Company's wider policies on employee pay, reward and progression. The Committee also reviewed year-end incentive outcomes.

Taking into account the above, the Committee believes that the CEO's pay ratio and the year-on-year change is fair in the context of our approach to remuneration more broadly within the organisation.

Statement of shareholder voting

The Directors' Remuneration Policy was approved at the 2020 AGM. The Directors' Remuneration Report for the financial year ended 31 May 2021 was approved at the 2021 AGM. The following votes were received:

	2020 Remuneration Policy	
	Total number of votes (000s)	% of votes cast
For[1]	268,201	88.1%
Against	36,221	11.9%
Total	304,422	100%
Withheld	9,350	–

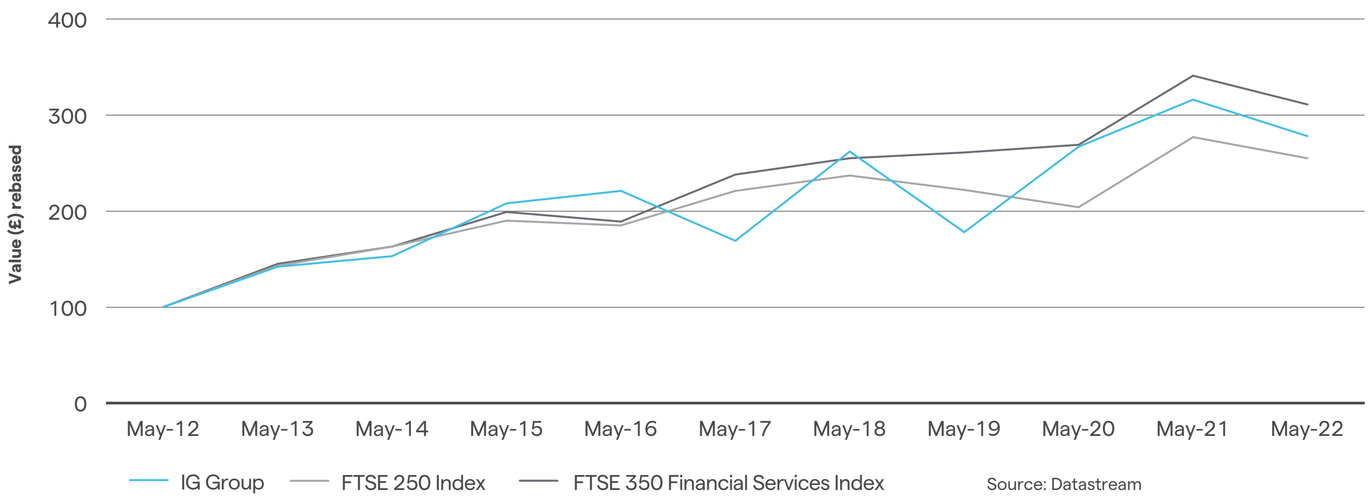
1 'For' includes votes at the Chairman's discretion.

	2021 Annual Report on Remuneration	
	Total number of votes (000s)	% of votes cast
For[1]	350,242	97.8%
Against	7,999	2.2%
Total	358,241	100%
Withheld	137	–

1 'For' includes votes at the Chairman's discretion.

Total Shareholder Return chart

This graph shows the value, by 31 May 2022, of £100 invested in the Group on 31 May 2012 compared with the value of £100 invested in the FTSE 250 Index and the FTSE 350 Financial Services Index. As the Group is a member of both of these indices, the Committee believes it is appropriate to compare the Group's performance against them.



Source: Datastream

CEO earnings history

	T Howkins			P Hetherington			J Felix		
	Single figure remuneration	Annual bonus outcome[1]	LTIP/VSP/SPP vesting outcome	Single figure remuneration	Annual bonus outcome[1]	LTIP/VSP/SPP vesting outcome	Single figure remuneration	Annual bonus outcome[1]	LTIP/VSP/SPP vesting outcome
2013	1,103	47%	6%	–	–	–	–	–	–
2014	1,970	–	3%[2] 54%[3]	–	–	–	–	–	–
2015	1,519	–	41%	–	–	–	–	–	–
2016	210	–	0%	2,641[4]	–	90%	–	–	–
2017	–	–	–	1,452	–	27.1%	–	–	–
2018	–	–	–	2,974	–	80%	–	–	–
2019	–	–	–	777[5]	–	18.64%	823[6, 7]	–	18.64%
2020	–	–	–	–	–	–	3,640	–	97.2%
2021	–	–	–	–	–	–	3,544	–	93.4%
2022	**–**	**–**	**–**	**–**	**–**	**–**	**3,577**	**–**	**94%**

1 The SPP replaced the annual bonus and value-sharing plan schemes from the financial year ending 31 May 2014.
2 Relates to Value Sharing Plan (VSP) award to T Howkins.
3 Relates to SPP award to T Howkins.
4 P Hetherington was appointed CEO on 15 October 2015; prior to this he was COO. This figure includes a portion of the remuneration that he received during this period.
5 P Hetherington stepped down as CEO on 26 September 2018. The figure shows salary, benefits and pension to this date. The full value of his SPP for FY19 is included in this figure.
6 P Mainwaring performed the role of acting CEO for the period between 26 September 2018 and 30 October 2018 but received no additional remuneration for this period. This figure therefore includes one month of P Mainwaring's compensation equating to £66k.
7 J Felix was appointed CEO on 30 October 2018; prior to this she was a Non-Executive Director on the Board. The figure excludes a portion of the remuneration that she received as a Non-Executive Director between 1 June 2018 and 30 October 2018, which equated to £23k.

Directors' Remuneration Report and Policy continued

Role of the Remuneration Committee

The Committee's principal roles are summarised below:

- Make recommendations to the Board on our Senior Executive Remuneration Policy
- Determine an overall remuneration package for the Executive Directors in order to attract and retain high-quality Directors capable of achieving our objectives
- Set and agree with the Board a competitive and transparent remuneration framework which is aligned to our strategy and is in the interests of both the Company and its shareholders
- Determine the contractual terms, remuneration and other benefits for the Executive Directors, Chair and senior management – including the Company Secretary
- Determine and review our Remuneration Policy, ensuring it is consistent with effective risk management, and consider the implications of this Remuneration Policy for risk and risk management
- Determine and agree the policy for the remuneration of the Company Chair and the Executive Directors
- Review pay, benefits and employment conditions and the remuneration trends
- Approve the structure of share-based awards under our employee incentive schemes, to determine each year whether awards will be made and, if awards are made, to monitor their operation, the size of such awards and the performance targets to be used
- Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised
- Receive and review reports annually directly from the risk management function on the implications of our Remuneration Policy for risk and risk management
- Monitor relevant regulatory developments, including those affecting UK-listed companies and financial services firms, to ensure the Company's Remuneration Policy and its operation is consistent with these
- Establish the selection criteria, appoint and set the Terms of Reference for any remuneration consultants who advise the Committee

The full Terms of Reference for the Committee can be found on our website, iggroup.com. To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's ToR, is approved by the Committee.

Main activities during the financial year

During the year, the Committee's key activities included:

- Reviewing the Directors' Remuneration Policy and the operation of the SPP
- Reviewing the Directors' Remuneration Report published in the 2021 Annual Report and Accounts
- Reviewing the fee for the Company Chair and Executive Directors' remuneration for the 2022 financial year
- Reviewing performance against targets for the 2021 SPP award, the vesting of long-term incentive plan awards and for the determination of the bonus pool
- Reviewing the remuneration and bonus awards, including for senior management
- Reviewing the proposed targets for the 2022 financial year SPP, including agreeing the non-financial metrics
- Reviewing the performance of our sales incentive plans to gain assurance that their design helps promote good conduct
- Reviewed and agreed changes required to remuneration arrangements, processes and documentation to comply with requirements under IFPR and IFD
- Reviewing remuneration-related risks, remuneration Code Staff reward outcomes and gender pay gap reporting
- Reviewing developments in market practice and corporate governance relating to remuneration

Membership and attendance of the Remuneration Committee

The Remuneration Committee is composed of independent Non-Executive Directors. Following the Board reorganisation there have been a number of changes to Committee membership this year. The current members of the Committee are Helen Stevenson (Chair), Jonathan Moulds, Sally-Ann Hibberd, Andrew Didham and Mike McTighe.

The CEO and the CFO attend the Committee meetings by invitation. The Company Chair is a member of the Committee although the Company Chair and Executive Directors do not attend or take part when matters relating to their own remuneration are discussed. The Chief People Officer and representatives from other areas of the business attend the Committee meetings by invitation as appropriate to the matter under consideration.

Following each Committee meeting, a formal report is made to the Board in which the Chair of the Committee describes the proceedings of the Committee meeting and makes recommendations to the Board as appropriate.

Advice to the Committee

During the financial year ended 31 May 2022, the Committee consulted the CEO about remuneration matters relating to individuals other than herself. The Chief People Officer and the Senior Reward Manager provide support to the Committee. The Company Secretary is secretary to the Committee and also provided advice and support as required.

External advisers attend Committee meetings at the invitation of the Committee Chair.

The Remuneration Committee appointed Deloitte LLP (Deloitte) as advisers to the Committee in April 2019, following a competitive tender process.

Deloitte's fees for advice provided to the Committee during the financial year ending 31 May 2022 were £182,800 (excluding VAT). Fees are charged on a time and material basis.

Deloitte are founding members of the Remuneration Consulting Group and are signatories to its Code of Conduct, which requires its advice to be objective and impartial. During the year, Deloitte also provided unrelated advisory services in respect of regulatory, risk management and tax advice, Internal Audit services and agreed-upon procedures-based assurance services.

It is the view of the Committee that the engagement team at Deloitte that provided remuneration advice to the Committee during the year do not have connections with the Group or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. The Committee considers that the advice received from the advisers is independent, straightforward, relevant and appropriate, and that it has an appropriate level of access to them and has confidence in their advice.

Committee evaluation

During the year, an evaluation of the performance of the Committee and its members was undertaken in line with the Committee's Terms of Reference. The evaluation process was facilitated by the Company Secretariat as part of the overall annual Board and Committee effectiveness review.

Further information of the evaluation of the Board and its Committees and of individual Directors is given on page 70, together with a review of the progress on actions arising from the internally run performance review undertaken during 2021.

This report was approved by the Board of Directors on 20 July 2022 and signed on its behalf by:

Helen Stevenson
Chair of the Remuneration Committee
20 July 2022

Audit Committee Report

Andrew Didham
Chair of the
Audit Committee

> Our key focus is oversight of financial reporting and the surrounding internal control environment."

Members and attendance

● Meeting attended ○ Did not attend

Andrew Didham
Chair of the Committee
●●●●

Rakesh Bhasin
Committee member
●●●●

Malcolm Le May
Committee member
●●●●

FY22 key focus areas

- Client money and assets review
- tastytrade acquisition accounting
- Privileged access management
- Disposal of Nadex and Small Exchange

Andrew Didham, Chair of the Audit Committee, gives his review of the Committee's activities during the financial year.

Chair's overview

I am pleased to present the Audit Committee Report setting out the Committee's activities during the year and how it has discharged its responsibilities. The Committee has continued to work closely with other Board Committees, in particular the Board Risk Committee, in respect to relevant issues affecting more than one Committee, including operational risk and control developments and strategic developments.

The acquisition of tastytrade and the subsequent disposal of Nadex and Small Exchange has been an area of focus for the Committee during FY22. The Committee has received regular updates on the finance integration of the tastytrade business and in relation to the appropriate reporting of the transactions.

During the financial year, we held a joint meeting with the Board Risk Committee to review and discuss matters common to both Committees. This included review of the Risk Acceptance Policy and Procedure; our ICAAP, ILAA and Recovery Plans; financial and regulatory capital forecasts; and privileged access management. All members of the Audit Committee and Board Risk Committee attended this meeting. It was agreed that this would take place on an annual basis going forward.

Role of the Audit Committee

The principal roles and responsibilities of the Committee are set out in its Terms of Reference, and include, but are not limited to:

- Reviewing the clarity, completeness and appropriateness of disclosures in the IGGH, IGM, IGI and IGT&I financial statements and the context in which statements are made, including the Going Concern and Viability Statement
- Reviewing and assessing the control environment via Internal Audit reports

- Reviewing and assessing the progress on implementation of audit recommendations via the Control Action List
- Monitoring and reviewing the effectiveness of our Internal Audit function in the overall context of the our internal controls and risk-management systems
- Recommending the appointment of the External Auditor and reviewing its effectiveness, fees, terms and independence
- Monitoring the availability of distributable profits for the purpose of considering dividend payments
- Reviewing and approving our whistleblowing arrangements

The Committee's full Terms of Reference are reviewed on an annual basis and were last reviewed in May 2022. They are available on our website.

Membership and attendance

All Committee members are independent Non-Executive Directors who between them draw on broad business and financial services experience.

The Code requires that at least one member of the Committee, determined by the Board, has recent and relevant financial experience, and I as Committee Chair continue to fulfil those requirements. The Committee as a whole has competence relevant to the sector in which we operate.

The CFO, CEO, Global Head of Internal Audit, Company Secretary and representatives from PricewaterhouseCoopers LLP (PwC), the External Auditor, attend Committee meetings by standing invitation. Members of senior management from various areas of the business attend the Committee meetings by invitation when necessary.

The Committee has four scheduled meetings a year and will additionally meet if and when required.

How the Committee operates

To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's Terms of Reference and covering key events in the financial reporting cycle, is approved by the Committee. The Company Secretary and the CFO assist me in drafting the agenda for each Committee meeting.

Following each Committee meeting, a formal report is made to the Board in which the Chair of the Committee describes the discussions and challenges from the Committee meeting, and has the opportunity to escalate any items and make recommendations to the Board as appropriate.

Members of the Committee also meet separately with the Global Head of Internal Audit and the External Auditor to focus on their respective areas of responsibility, and to discuss any potential requirements for support from the Committee to address any issues arising.

Main activities during the financial year

Financial reporting

In relation to financial reporting, the primary role of the Committee is to work with management and the External Auditor in reviewing the appropriateness of the half-year and annual Financial Statements. The Committee discharged its responsibilities in this area through focusing on the following, among other matters:

- Assessing the quality and acceptability of accounting policies and practices
- Ensuring disclosures are clear and compliant with financial reporting standards, and relevant financial and governance reporting requirements
- Considering material areas in which significant judgements and estimates have been applied or there has been discussion with the External Auditor
- Reviewing announcements and Financial Statements prior to issuance, including preliminary and half-year results announcements and recommending these to the Board for approval
- Reviewing the processes to support the assessment and determination of the principal risks that may have an impact on our solvency and liquidity, before recommending and approving the Going Concern and Viability Statement to the Board
- Evaluating on behalf of the Board whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess our position and performance, business model and strategy
- Receiving a paper summarising all statements and assurances required of Directors in the Annual Report and Accounts together with evidence to support the Directors' views and required statements
- Overseeing our approach to tax management and control
- Reviewing the inherent risks in the financial reporting process and systems
- Reviewing and considering both audit and non-audit services required.

To aid this review process, the Committee has considered reports from the CFO and his team and the Internal and External Auditors.

The Committee considered and discussed with management and the External Auditor the primary areas of judgement and disclosure in relation to the Financial Statements for FY22, details of which are set out on pages 104 to 109.

Audit Committee Report continued

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
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 evaluated various reports from management that set out the view of the Group's going concern and longer-term viability. These reports detailed the impact of outcomes of stress tests after applying multiple scenarios to determine how we were able to cope with deterioration in liquidity profile or capital position.	Taking into account the assessment by management of stress-testing results and risk appetite, the Committee agreed to recommend the Going Concern and Viability Statement to the Board for approval.
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.	The Committee reviewed a report from management setting out the key assumptions used in the impairment review of the goodwill balance and an associated sensitivity analysis. The Committee also considered the work of the External Auditor on goodwill and intangible assets. An independent external valuation agency has provided support in valuing the US cash-generating unit as part of the annual goodwill impairment testing.	Based on the assessment performed, the Committee concluded that there should be no change to the recorded carrying value of the goodwill and other intangible assets. The Committee concluded that adequate disclosure was included within the financial statements.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Business combinations and discontinued operations		
During the period, we completed the acquisition of tastytrade and its subsidiaries. We also completed the sale of our 100% holding in Nadex. 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.	The Committee reviewed various reports from management setting out the assumptions used to determine the fair value of assets and liabilities acquired with tastytrade. The Committee reviewed a report from management relating to the identification of assets held for sale and the profits associated with the Nadex discontinued operation. The Committee reviewed the disclosures relating to the acquisitions and disposals during the year. The Committee received an update from PwC on recent accounting developments including findings from the FRC Annual Review relating to business combinations.	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.
Alternative performance measures		
We are required to define any alternative performance measures used and to explain why they are useful or more meaningful to describe the performance during the period. We are also required to reconcile them to the closest UK-adopted International Accounting Standards measures.	The Committee discussed the alternative performance measures included within the Annual Report. The Committee received an update from PwC on recent accounting developments including findings from the FRC Annual Review relating to alternative performance measures.	The Committee concluded that the alternative performance measures provided a fair representation of business performance and position, and that adequate disclosure was included to reconcile them to the closest UK-adopted International Accounting Standards measures.
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 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. We've recognised deferred tax assets in respect of these losses to the extent that future profits have been forecast.	The Committee 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 on this matter to the Committee. The Committee has also reviewed our Tax Risk Management Policy and Tax Strategy.	The Committee concluded that the corporation tax charge and provisions recorded were appropriate and complete. The Committee recommended our Tax Risk Management Policy and Tax Strategy to the Board for approval.

Audit Committee Report continued

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Legal entity governance		
To aid with its review of corporate governance, the Committee has received support from the Company Secretary, whose Legal Entity Governance Committee has provided some oversight over the risk-based system for the governance, operation and maintenance of the Group's legal entities.	The Committee noted the work that had been undertaken during the year to review legal entity governance globally, including the development of appropriate procedures and policies. The establishment of a North American Board has helped to strengthen our Corporate Governance Framework following the acquisition of the tastytrade business. Work is underway to ensure appropriate governance arrangements are in place across our other Regulated Entities to support our future growth and strategy through the creation of a new Subsidiary Governance Framework.	The Committee was satisfied with the progress made and the proposal to create a new Subsidiary Governance Framework.

Control environment

Other matters addressed by the Committee included focus on the effectiveness of our control environment and performance of our IT systems, and the Internal Audit function, including the objectivity and independence of Internal Audit personnel. These are summarised below:

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
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	The Committee received a report from the Board Risk Committee including an assessment of those risks that might threaten our business model, future performance, solvency or liquidity. It considered and challenged management on the overall effectiveness of the Risk Management Framework and internal control systems. Particular focus was given by the Committee to the control environment in respect of corporate actions, following the significant growth in the number of clients serviced by the Stock Trading and Investments business, and privileged access management. The Committee reviewed the relevant disclosures within the Accountability section of the Governance Report within the Annual Report.	The Committee agreed to recommend to the Board the Annual Report statements relating to the effectiveness of the Risk Management Framework and internal control systems. The Committee has received regular updates from management regarding the positive progress made in these areas to address identified areas for improvement against the agreed action plans.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Internal Audit		
The Committee is required to oversee the performance, resourcing and effectiveness of the Internal Audit function.	The Committee monitored and reviewed the effectiveness of our Internal Audit function in the overall context of our internal controls and risk management systems. It reviewed and assessed the risk-based Internal Audit plan. It reviewed and monitored management's responsiveness to the findings of the Internal Audit function. It monitored the consolidated Control Action List, noting themes arising, and reviewed the effectiveness of the function. The Committee received all Internal Audit reports and, in addition, received summary reports on the results of the work of the Internal Audit function on a periodic basis. The Committee reviewed additional Internal Audit reports, not forming part of the annual plan. It reviewed the performance of the Internal Audit function against the plan and an assessment of the effectiveness of the Internal Audit function. The priorities for the Internal Audit function were considered.	The Committee reviewed the resourcing and effectiveness of the Internal Audit function and approved the risk-based audit plan. The Internal Audit function supports the work of the Committee. The Internal Audit function remains effective and has implemented the appropriate processes to ensure this. The function has sufficient resources to deliver the proposed plan. The function continues to be efficient, with robust processes.
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.	The Committee reviewed our Whistleblowing Policy to ensure that it remained fit for our needs.	The Committee decided that the Whistleblowing Policy remained fit for purpose. The Committee concluded that whistleblowing processes were operating effectively during the period under review. All employees acknowledged their understanding of the policy and additional training is also being rolled out.

Audit Committee Report continued

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
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.	The Committee monitored the effectiveness of the control environment relating to client money and assets and received an annual report on the operation of the Client Money and Assets Committee. The Committee also considered the report from the External Auditor on the client money control environment and operations. The Committee further received regular reports on the control environment of corporate actions.	The Committee reviewed the control environment at both Group and entity level. The Committee considered that the control environment remained effective.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Oversight of external audit		
The Committee is required to oversee the work and performance of PwC as External Auditor, including the maintenance of audit quality during the period.	The Committee met with the key members of the PwC audit team to discuss the FY22 audit plan and areas of focus. This included the valuation of tastytrade. It assessed regular reports from PwC on the progress of the FY22 audit and any material issues identified. It debated the draft audit opinion ahead of the FY22 year-end. The Committee was also briefed by PwC on critical accounting estimates, where significant judgement was needed.	The Committee approved the audit plan and the main areas of focus, including the potential risk of management override of controls and the valuation of customer relationships and assessment of the carrying value of the tastytrade cash-generating unit. More information on the Committee's role in assessing the performance, effectiveness and independence of the External Auditor and the quality of the external audit can be found on page 109.
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.	During the year, the Committee reviewed and approved a recommendation from management on the Company's audit and audit-related fees.	The Committee considers the FY22 audit and audit-related fees to be appropriate given the change in complexity of the Group structure. A breakdown of audit and non-audit related fees is in note 5 to the Financial Statements on page 150.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
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.	The Committee reviewed and approved 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. The Committee also requested and received an explanation from PwC of its own in-house independence process. The Committee ensured there were no exceptions to fee limits and approval processes, per the policy, during the year.	During the year, non-audit fees of £0.3 million were paid to PwC, as discussed in note 5 to the Financial Statements.

Effectiveness of the External Auditor

In assessing the effectiveness and independence of the External Auditor, the Committee considered relevant professional and regulatory requirements 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 our 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.

Following the review of the effectiveness of the External Auditor, the external audit process and an assessment of the External Auditor's independence and objectivity, the Committee recommends the reappointment of PwC to the Board for approval by shareholders at the Company's 2022 AGM.

There are no contractual obligations restricting choice of External Auditor.

Committee evaluation

During the year, an evaluation of the performance of the Committee was undertaken in line with the Committee's Terms of Reference. Further information of the evaluation of the Board and its Committees is given on page 70.

Andrew Didham
Chair of the Audit Committee
20 July 2022

ESG Committee Report

Sally-Ann Hibberd
Chair of the
ESG Committee

> Substantial progress has been made to embed ESG considerations in everything we do, in line with our purpose, culture and values."

Members and attendance

Where Directors were unable to attend meetings, they gave the Chair their views in advance on the matters to be discussed.

● Meeting attended ○ Did not attend

Sally-Ann Hibberd
Chair of the Committee
●●●●

Helen Stevenson[2]
Committee member
●●●○

Malcolm Le May[1]
Committee member
●●●○

Rakesh Bhasin
Committee member
●●●●

1 Unable to attend one Committee meeting due to illness.
2 Unable to attend one Committee meeting due to a prior commitment.

FY22 key focus areas

- → Commissioned a review of our products to better understand their ESG impacts. This project is ongoing and will be progressed throughout FY23
- → Commissioned a project to develop a data science driven process for identifying and supporting vulnerable clients. This project is ongoing and will be progressed throughout FY23
- → Recommended to the Board our Financial Education strategy
- → Recommended to the Board our Equality, Diversity and Inclusion strategy
- → Oversaw ESG-related disclosures including those under the TCFD recommendations
- → Sought and received insights and feedback from key stakeholders including shareholders to better understand their ESG priorities
- → Recommended that we pledge 1% of our prior-year post-tax profits to charitable causes through the Brighter Future Fund

Sally-Ann Hibberd, Chair of the ESG Committee, highlights some of the Committee's key activities during the year.

Chair's overview

The ESG Committee has an important role in providing oversight on behalf of, and advice to, the Board in relation to our ESG strategy and activities. The Board established the Committee in 2020 and, in the Spencer Stuart 2021 UK Board Index, was recognised as one of six FTSE 150 companies with such a Committee. During its second year of operation it has taken significant steps to ensure principles of responsible and sustainable business are formally embedded across the business. We are particularly proud to have started a review of the ESG impacts of our entire suite of products, and a project developing new tools to identify and support vulnerable clients. These link to what we recognise as two of the most material ESG risks posed by our business. We are also proud to have recommended a new Financial Education Strategy, an expression of our value to learn fast together, and a significant step towards ensuring that we truly exist for every ambitious person.

The Committee has worked closely with our COO, the executive accountable for ESG, as well as our Group Head of ESG. At each meeting, the Committee reviews progress against agreed metrics under each of the four pillars of the ESG strategy – Products, People, Partnerships and Best Practice. The Committee has continued to consider the ability of our ESG strategy to reflect our purpose and values.

Furthermore, the Committee has also continued to focus on challenging and supporting us in relation to our charitable outreach through Brighter Future initiatives (see page 32 for more information). In this area, we are particularly proud to have overseen a significant increase in the number of young people benefiting from our Brighter Future Fund initiatives, from 22,284 in FY21, to 94,751 in FY22 (see page 26 for more information).

Role of the ESG Committee

The principal roles and responsibilities of the Committee include:

- Oversight of our ESG strategy
- Monitoring and reviewing how the ESG strategy is received and regarded by our stakeholders
- Overseeing how all elements of the ESG strategy are reported externally
- Ensuring that there are appropriate policies in place to effectively support the ESG framework
- Assisting on other matters related to ESG as may be referred to it by the Board

The Terms of Reference of the Committee, which were last reviewed in May 2022, are available on our website.

Membership and attendance

The Committee consists entirely of independent Non-Executive Directors and meets on a quarterly basis. The Committee met four times during the year.

The Board Chair, CEO, COO, ESG Manager, Chief People Officer and Chief Risk Officer are standing attendees of the Committee. Representatives from other areas of the business attend the Committee meetings by invitation, as required.

How the Committee operates

To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's Terms of Reference is approved by the Committee. The Company Secretary, COO and ESG Manager assist the Chair of the Committee in drafting the agenda for each Committee meeting.

Following each Committee meeting, a formal report is made to the Board in which the Chair of the Committee describes the discussions and challenges from the Committee meeting, and has the opportunity to escalate any items and make recommendations to the Board as appropriate.

Work undertaken during the financial year

During the year, the Committee undertook a number of significant activities.

It has reviewed and monitored the implementation of our ESG strategy, as well as targets, key performance indicators, its budget and third-party partnerships. It has also considered whether the Group maintains appropriate policies in order to effectively support its ESG framework.

The first Internal Audit review of ESG was undertaken during the year at the Committee's request. The review concluded that the Committee was operating effectively. Unsurprisingly, given the Committee's recent formation, there are a number of areas to work on. Continued focus will remain on ensuring Committee members are kept up to date with best practice, acknowledging the area of ESG is rapidly evolving across the world. All Directors have received TCFD training during the year.

As we embed principles of ESG across all business activities, the Committee recognised the importance of ensuring ESG risks are fully integrated into the Risk Management Frameworks. To fully understand these risks, the Committee sought input from third-party providers.

Committee evaluation

During the year, an evaluation of the performance of the Committee was undertaken in line with the Committee's Terms of Reference. Further information of the evaluation of the Board and its Committees is given on page 70.

Sally-Ann Hibberd

Sally-Ann Hibberd
Chair of the ESG Committee
20 July 2022

Board Risk Committee Report

Jonathan Moulds
Chair of the Board Risk Committee

> During the year, we have continued to demonstrate the robustness of our Risk Management Framework."

Members and attendance

● Meeting attended ○ Did not attend

Jonathan Moulds
Chair of the Committee
●●●●●

Wu Gang
Committee member
●●●●●

Andrew Didham
Committee member
●●●●●

Sally-Ann Hibberd
Committee member
●●●●●

Susan Skerritt[1]
Committee member
●●●

1 Appointed to the Committee on 10 November 2021.

FY22 key focus areas

- Undertook a detailed evaluation of the risks and controls around the integration of tastytrade
- Continued to embed the operational risk framework, assisted by an ongoing upgrade in risk management tools. The operational risk strategy aligns with the business in FY23 with more focus on localised ownership of risk management across all entities
- Reviewed our Financial Crime Framework and associated controls
- Developed a strategy for the enhanced identification of clients displaying traits of vulnerability, together with support and intervention mechanisms
- Oversaw the implementation of the new IFPR in Europe and the UK, including preparatory work for the associated new Internal Capital and Risk Assessment (ICARA)
- Monitored closely the associated risks related to market volatility, people and business continuity relating to the war in Ukraine

Jonathan Moulds, Chair of the Board Risk Committee, gives his review of the Committee's activities during the financial year.

Chair's overview

The Committee has continued to focus on providing oversight and advice to the Board in relation to our current and potential future risk exposures, including risks to the achievement of our strategy. The Committee's agenda reflects the importance of reviewing the key actual and emerging risks faced by the business.

During the year, we have continued to demonstrate the robustness of our Risk Management Framework. Again, we have faced significant turmoil and heightened risks, including interest rate rises, geopolitical instability and the ongoing impact and after-effects of the global Covid-19 pandemic. We continue to adapt to changes in the regulatory landscape, ranging from the introduction of a Consumer Duty in the UK, to monitoring developments regarding Payment for Order Flow in the US. Our focus on good client outcomes, resilience and our control infrastructure means we have seen limited manifestation of risk, which would be considered out of keeping with the volume of business seen.

We have considered in detail the risks around the integration of tastytrade. This has included focusing on implementation of a new operational risk system to align and embed tastytrade into our Risk Management Framework.

The Risk function, headed by the Chief Risk Officer, seeks to ensure a holistic approach to risk management is embedded, including through clear linking of risk reporting to the key risks facing the business, through the Risk Taxonomy and Key Risk Indicators, in line with our Risk Appetite Statement and Risk Management Framework. The Committee reviews this framework on an annual and continuous basis.

The operational risk management systems continue to be developed and further embedded into the business, with strong stakeholder engagement that encourages a culture of event reporting. The Operational Risk team has adapted its approach to assist and coach first-line functions in root-cause analysis relating to events, enabling improvements to design and implementation of controls. Operational risk reports are regularly provided to related management committees, such as the Executive Risk Committee and the Client Money and Assets Committee.

This year's annual Non-Executive Director Risk Workshop, as previously, provided active oversight of, and input into, our regulatory capital calculations, as set out in our ICAAP and ILAA. It also covered the stress testing of our risks, and our capital and liquidity held against those, as well as our reverse stress-test Recovery Plans.

The Compliance function, headed by the Chief Compliance Officer, has provided the Committee with regular reporting of second-line compliance assurance activity, details of regulatory change and the assessment of key financial crime controls, with a focus on the detection and prevention of market abuse.

Cyber threats remain a significant issue for the financial sector and the Committee continues to support the Chief Information Security Officer in ensuring we manage our risks appropriately. Ransomware attacks have been a particular hot topic across the industry, with trends indicating attacks on the increase. The Committee has sponsored focused work to be conducted during 2022 to test our technical, people and process cyber capabilities to ensure they work in unison.

Reporting from Internal Audit has focused on the ongoing state of the Risk Management Framework – particularly the development of the operational risk framework, as well as our current and potential risk exposures.

During the year, we held a joint meeting with the Audit Committee to review and discuss matters common to both Committees. This included review of the Risk Acceptance Policy and Procedure; our ICAAP, ILAA and Recovery Plans; financial and regulatory capital forecasts; and privileged access management. All members of the Audit Committee and Board Risk Committee attended this meeting. It was agreed that this would take place on an annual basis going forward.

Role of the Board Risk Committee

The Committee provides oversight and advice to the Board in relation to our current and potential future risk exposures and future risk strategy. This includes the determination of risk appetite and tolerance, considering the current and prospective macroeconomic and financial environment. Key responsibilities of the Committee, in addition to those noted above, include:

- Reviewing the design and implementation of our general Risk Management Policy and measurement strategies
- Considering and regularly reviewing our risk profile relative to current and future strategy and risk appetite, identifying any risk trends, material regulatory changes, concentrations or exposures and any requirement for policy change
- Carrying out a robust assessment of our emerging and principal risks
- Considering our ILAA, ICAAP (to be replaced with ICARA going forwards), and Recovery Plans
- Considering the scope and nature of the work undertaken by the Risk Management and the control functions in analysing, monitoring and reporting of risks forming part of our Risk Taxonomy
- Providing advice to the Remuneration Committee on the alignment of the Remuneration Policy to risk appetite and annually reviewing remuneration-related risks
- Recommending to the Board the appointment and, when and if appropriate, replacement of the Chief Risk Officer and Chief Compliance Officer.

The Terms of Reference for the Committee were last reviewed in May 2022 and are available on our website.

Membership and attendance

The Committee is composed of five independent Non-Executive Directors.

The Terms of Reference require the Committee to meet at least four times a year and additionally as required. During the financial year the Committee met five times. As well as making decisions in its own right, the Committee makes recommendations to the Board and, where relevant, to other Board Committees. The business of the Committee is reported at the following Board meeting.

The Executive Directors, the Company Secretary, the Chief Risk Officer, Chief Compliance Officer and the Global Head of Internal Audit attend Committee meetings as standing attendees. Representatives from other areas of the business attend the Committee meetings by invitation, as required.

How the Committee operates

To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's Terms of Reference, is approved by the Committee. The Company Secretary and the Chief Risk Officer assist the Chair of the Committee in drafting the agenda for each Committee meeting.

Following each Committee meeting, a formal report is made to the Board in which the Chair of the Committee describes the discussions and challenges from the Committee meeting, and has the opportunity to escalate any items and make recommendations to the Board as appropriate.

Board Risk Committee Report continued

Main activities during the financial year

During the year, the Committee's key activities included:

- Reviewing the Risk Appetite Statement, Risk Taxonomy, Risk Management Framework and Compliance Framework
- Considering current and emerging risks facing the business, including regulatory change, the Covid-19 pandemic and the Russia/Ukraine conflict
- Undertaking an evaluation of tastytrade's risk profile and associated integration with the Group's Risk Management Framework
- Reviewing the adequacy of our global insurance cover
- Reviewing Product Governance
- Reviewing our Financial Crime Framework
- Reviewing and challenging operational risk development
- Reviewing IT and cyber security in relation to the annual technology risk review
- Undertaking a formal annual compliance assessment of material breaches
- Reviewing a culture risk dashboard and report covering client outcomes, IT, regulatory outcomes, people outcomes and conduct more broadly
- Reviewing our capital and liquidity position including through the ICAAP, ILAA and the Recovery Plans
- Overseeing the implementation of the new IFPR in Europe and the UK, including preparatory work for ICARA
- Receiving reports from Internal Audit on the Risk Management Framework
- Developing a strategy for the enhanced identification of clients displaying traits of vulnerability, together with support and intervention mechanisms.

Committee evaluation

During the year, an evaluation of the performance of the Committee was undertaken in line with the Committee's Terms of Reference. Further information of the evaluation of the Board and its Committees is given on page 70.

Jonathan Moulds
Chair of the Board Risk Committee
20 July 2022

Directors' Report

Directors' Report

The Directors present their report, together with the Group Financial Statements, for FY22. The Directors' Report comprises pages 115 to 117 of this report, together with the sections of the Annual Report incorporated by reference as set out below:

Section 414A of the CA2006 requires the Directors to present a Strategic Report in the Annual Report and Financial Statements. The information can be found on pages 10 to 55.

The Company has chosen, in accordance with Section 414C (11) of the CA2006 and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report, including the Non-Financial Information Statement required by Section 414C of the CA2006, which can be found on page 28.

In line with the IFPR and the Capital Requirements (Country-by-Country Reporting) Regulations 2013, requiring credit institutions and investment firms to publish annually certain tax and financial data for each country where they operate, the Group's UK-regulated subsidiaries will make available their country-by-country reporting on our website.

Disclosures required pursuant to Listing Rule 9.8.4R

In compliance with the UK FCA's Listing Rules, the information in Listing Rule 9.8.4R to be included in the Annual Report and Accounts, where applicable, can be found on the following pages:

Detail	Page
Waiver of dividends	115

Modern slavery

In compliance with Section 4 (l) of the Modern Slavery Act 2015, the Group has published its slavery and human trafficking statement on our website.

Branch offices

We have the following overseas branches within the meaning of the CA2006: offices in Australia, China (Representative Office), France, Germany, Hong Kong, Ireland, Italy, New Zealand, the Netherlands, Norway, Poland, South Africa, Spain and Sweden.

Corporate Governance Statement

In compliance with the UK FCA's Disclosure Guidance and Transparency Rules (DTR) 7.2.1, the disclosures required by the DTR are set out in this Directors' Report and in the Governance Report.

Profit and dividends

The Group's statutory profit for the year after taxation amounted to £503.9 million (2021: £371.9 million), all of which is attributable to the equity members of the Company.

The Directors recommend a final ordinary dividend of 31.24 pence per share, amounting to £134.8 million, making a total of 44.2 pence per share and £190.7 million for the year (2021: 43.2 pence per share and £178.3 million). Dividends are recognised in the Financial Statements for the year in which they are paid or, in the case of a final dividend, when approved by the shareholders. The amount recognised in the Financial Statements, as described in note 11, includes this financial year's interim dividend and the final dividend from the previous year, both of which were paid.

The final ordinary dividend, if approved, will be paid on 20 October 2022 to those shareholders on the register as at 23 September 2022.

Certain nominee companies representing our Employee Benefit Trusts hold shares in the Company, in connection with the operation of the Company's share plans. Evergreen dividend waivers remain in place on shares held by them that have not been allocated to employees.

Articles of Association

The Company's Articles of Association are available on our website, or by writing to the Company Secretary at the Group's registered office. The Articles of Association were last amended by shareholders by means of a special resolution on 22 September 2021.

Board of Directors and their interests

The Directors who held office during FY22 are set out below:

Chair

Mike McTighe

Independent Non-Executive Directors

Jonathan Moulds
Rakesh Bhasin
Andrew Didham
Wu Gang
Sally-Ann Hibberd
Malcolm Le May
Lisa Pollina – stepped down from the Board on 9 July 2021
Susan Skerritt – appointed on 9 July 2021
Helen Stevenson

Directors' Report continued

Executive Directors

June Felix
Bridget Messer – stepped down from the Board on 22 September 2021
Jon Noble
Charlie Rozes

Appointment and retirement of Directors

The rules concerning the appointment and replacement of Directors are set out in the Articles of Association. The Board has the power to appoint any person as a Director to fill a casual vacancy or as an additional Director, provided the total number of Directors does not exceed the maximum prescribed in the Articles of Association. Any such Director holds office only until the next AGM and is then eligible to offer themselves for election.

The Articles of Association also require that all those Directors who have been in office at the time of the two previous AGMs, and who did not retire at either of them, must retire as Directors by rotation. Such Directors are eligible to stand for re-election. However, in line with the Code's recommendation, all Directors will stand for re-election at the 2022 AGM.

Directors' conflicts of interest

In accordance with the CA2006, all Directors must disclose both the nature and extent of any potential, actual or perceived conflicts with the interests of the Company. We explain the procedure for this on page 69.

Insurance and indemnities

The Group has Directors' and Officers' liability insurance in place, providing appropriate cover for any legal action brought against its Directors. Qualifying third-party indemnity provisions (as defined by Section 234 of the CA2006) were in force during FY22 and a Deed of Indemnity with the Directors was put in place. These provisions remain in force for the benefit of the Directors, in relation to certain losses and liabilities which they may incur (or have incurred) to third parties in the course of acting as Directors of the Company.

Research and development

In the ordinary course of business, we regularly develop new products and services.

Political donations

The Company made no political donations to political organisations or independent election candidates and incurred no political expenditure in the year (2021: £nil).

Share capital

The Company has three classes of shares: ordinary shares, deferred redeemable shares and preference shares. As at 31 May 2022, our issued shares comprised 431,299,455 ordinary shares of 0.005 pence each (representing 99.98% of the total issued share capital), 65,000 deferred redeemable shares of 0.001 pence each (representing 0.01% of the total issued share capital) and 40,000 preference shares of £1.00 each (representing 0.01% of the total issued share capital). Details of movement in our share capital and rights attached to the issued shares are given in note 23 to the Financial Statements. Information about the rights attached to our shares can also be found in the Articles of Association. Details of the Group's required regulatory capital are disclosed in the Business Performance Review on page 45.

Variation of rights

Subject to the provisions of applicable statutes, the rights attached to any class of shares may be varied, either with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

Restrictions on transfer of securities

There are no specific restrictions on the transfer of securities in the Company, other than as contained in the Articles of Association, this paragraph and certain laws or regulations, such as those related to insider trading, which may be imposed from time to time. The Directors and certain employees are required to obtain approval prior to dealing in the Company's securities. Certain parties who were previously shareholders in tastytrade are subject to contractual restrictions on transfer in accordance with the terms of the sale arrangements. We are not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Exercise of rights of shares in employee share schemes

The trustees of the IG Group Employee Benefit Trusts do not seek to exercise voting rights on shares held in the employee trusts, other than on the direction of the underlying beneficiaries. No voting rights are exercised in relation to shares unallocated to individual beneficiaries. The trustees have a dividend waiver in place in respect of unallocated shares held in the trust.

Powers of the Directors to issue or purchase the Company's shares

The Articles of Association permit the Directors to issue or repurchase the Company's own shares, subject to obtaining shareholders' prior approval. The shareholders gave this approval at the 2021 AGM. The authority to issue or buy back shares will expire at the 2022 AGM, and it will be proposed at the meeting that the Directors be granted new authorities to issue or buyback shares. The Directors currently have authority to purchase up to 43,157,445 of the Company's ordinary shares. No ordinary shares were purchased during the year.

During the year, 61,000,000 ordinary shares with an aggregate nominal value of £3,050.00 were issued as part of the consideration for the acquisition of tastytrade. Furthermore, the Company instructed the trustees of the Employee Benefit Trusts to purchase shares in order to satisfy awards under our share-incentive plan schemes and also issued shares in respect of the sustained performance plan. Details of the shares held by our Employee Benefit Trusts, and the amounts paid during the year, are disclosed in note 24 to the Financial Statements.

At the AGM held on 22 September 2021, the Company was granted authority to allot ordinary shares in the Company up to an aggregate nominal amount of £7,000, being 33% of the total issued share capital at that date, amounting to 142,419,570 ordinary shares. In addition, the Company was granted authority to allot further ordinary shares in the Company up to an aggregate nominal amount of £7,000 pursuant to a rights issue, being 33% of the total issued share capital at that date, amounting to 142,419,570 ordinary shares. No ordinary shares were issued under these authorities during the year.

Major interest in shares

Information provided to the Company by major shareholders pursuant to the FCA and DTRs is published via a Regulatory Information Service and is available on our website. The information in the table below has been received in accordance with information made available to the Company and in accordance with DTR5, from holders of notifiable interests in the Company's issued share capital as at 31 May 2022. The lowest threshold is 3% of the Company's voting rights, and holders are not required to notify us of any change until this, or the next applicable threshold, is reached or crossed.

	31 May 2022	
Major interest in shares	No. of shares	Percentage
Artemis Investment Management LLP	25,617,216	5.94%
BlackRock (Index)	24,677,604	5.72%
MFS Investment Management	24,966,339	5.78%
Massachusetts Financial Services Company	21,530,650	4.98%
The Vanguard Group, Inc.	17,100,088	3.96%
Tom Sosnoff	15,996,740	3.71%
M&G	11,983,351	2.78%
Schroder	12,321,485	2.86%
Royal London Asset Management	10,718,335	2.48%

Subsequent to the year end, on 1 July 2022, the Company was notified that Massachusetts Financial Services Company now holds 21,612,131 shares representing 5.00% of the Company's voting rights. The Company has not been informed of any other changes to the notifiable interests between 31 May 2022 and the date of this Annual Report.

Change of control

Following any future change of control of the Company, participating lenders in the Group's bank facility agreements have the option to cancel their commitment. Upon such cancellation, any outstanding loans, including accrued interest and other amounts due to lenders, will become immediately due and payable. Further details may be found in note 18 to the Financial Statements.

There are no agreements between the Company and its Directors or employees providing for compensation on any loss of office or employment that occurs because of a takeover bid. However, options and awards granted to employees under our share schemes and plans may vest on a takeover, under the schemes' provisions.

AGM

The Company's AGM will be held on 21 September 2022. Details of the resolutions to be proposed will be provided in the Notice of AGM.

Independent Auditors

Resolutions to reappoint PwC as the Company's External Auditor, and to authorise the Directors to determine PwC's remuneration, will be put to shareholders at the AGM on 21 September 2022.

Subsequent events

Please refer to note 34 to the Financial Statements.

On behalf of the Board.

Charles A Rozes
Chief Financial Officer
20 July 2022

Statement of Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the FY22 Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group and the Company Financial Statements in accordance with UK-adopted International Accounting Standards.

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- State whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the CA2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the FY22 Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 115 to 116 confirm that, to the best of their knowledge:

- The Group and Company Financial Statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces

In the case of each Director in office at the date the Directors' Report is approved:

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

On behalf of the Board.

June Felix
Chief Executive Officer
20 July 2022

Independent Auditors' Report to the Members of IG Group Holdings plc

Report on the audit of the Financial Statements

Opinion

In our opinion, IG Group Holdings plc's Group Financial Statements and Company Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 May 2022 and of the Group's profit and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 May 2022; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

This was the second year that it has been my responsibility to form this opinion on behalf of PricewaterhouseCoopers LLP ("PwC"), who you first appointed on 8 December 2010 in relation to that year's audit. In addition to forming this opinion, in this report we have also provided information on how we approached the audit, how it changed from the previous year and details of the significant discussions that we had with the Audit Committee.

Key audit matters

- Fair value of customer relationships recognised on the acquisition of tastytrade, Inc. (Group)
- Estimation of the recoverable amount of the cash generating unit – tastytrade, Inc. (Group)
- OTC derivative revenue (Group)
- Carrying value of the investments in subsidiaries (Company)

Materiality

- Overall Group materiality: £23,800,000 (2021: £22,500,000) based on 5% of adjusted profit before tax.
- Overall Company materiality: £17,600,000 (2021: £7,600,000) based on 1% of total assets.
- Performance materiality: £17,800,000 (2021: £16,900,000) (Group) and £13,200,000 (2021: £5,700,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Independent Auditors' Report continued

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Fair value of customer relationships recognised on the acquisition of tastytrade, Inc., Estimation of the recoverable amount of the cash generating unit – tastytrade, Inc. and Carrying value of the investments in subsidiaries are new key audit matters this year. Impact of Covid-19 (Group and Company), which was a key audit matter last year, is no longer included because the impact of Covid-19 on the operations of the Group and the Company have lessened in the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Fair value of customer relationships recognised on the acquisition of tastytrade, Inc. (Group) The Group acquired tastytrade, Inc. on 28 June 2021 for total consideration of £723mn. On acquisition customer relationships and other intangible assets totalling £260mn were recorded. The valuation of the intangible assets requires management estimation as they are dependent on estimates of future cash flows, tax and discount rates and other asset specific assumptions such as the customer attrition rate for the customer relationship intangible. Management engaged their own external valuation experts to assist with the determination of the fair values of the acquired intangible assets. We have focused on this area as the valuation of intangible assets on acquisition involves a significant degree of judgement and the estimation uncertainty is high. Based on our risk assessment, we focused our testing on the customer relationship intangible asset given its size and the estimation uncertainty associated with the key assumptions. As part of our risk assessment procedures we assessed the sensitivity of the customer relationship intangible asset to reasonable variations in assumptions and identified customer attrition rates as the significant assumption. Refer to notes 1 – General information and basis of preparation and 30 – Business acquisition for further details.	We understood and evaluated the design and implementation of controls relating to the Group's purchase price allocation assessment. We obtained management's purchase price allocation results. We utilised our in-house valuation experts to evaluate the appropriateness of the valuation methodology used by management's experts against the requirements of the financial reporting framework and we tested the mathematical accuracy of the calculations. We also assessed the competency and objectivity of our in-house and management experts so that we were able to use their work. In respect of the significant assumptions utilised in the valuation of the customer relationship intangible asset we performed the following procedures: → For customer attrition we compared the forecast rates to historical tastytrade and Group data; → For the other remaining assumptions these were validated to underlying support provided by management, for example, future cash flows were agreed to approved acquisition business cases; and → For certain assumptions we used the work of our in-house valuation experts which included an independent assessment of the inputs used to determine the discount rate. We evaluated the appropriateness of the critical accounting estimates and key sources of estimation uncertainty in note 1 to the Group Financial Statements and the disclosures on the business acquisition in note 30 and considered these to be reasonable. We performed independent sensitivity calculations for the relevant assumptions included in note 30. Based on the procedures performed, we considered the directors' conclusion that the customer relationship intangible asset should be recognised at £163.5mn on acquisition of tastytrade, Inc. to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Estimation of the recoverable amount of the cash generating unit – tastytrade, Inc. (Group) The Group recorded £462mn of goodwill on the acquisition of tastytrade, Inc. on 28 June 2021. As required by IAS 36 – Impairment of assets, management has performed its first annual goodwill impairment assessment. The goodwill impairment assessment is dependent on an estimate of the recoverable amount of the tastytrade cash generating unit ("CGU"). Management used a value-in-use model to determine the recoverable amount of the tastytrade CGU in their impairment assessment. We have focused on this area as the calculation of value-in-use of the tastytrade CGU involves a significant degree of judgement and the estimation uncertainty is high. As part of our risk assessment procedures we also assessed the sensitivity of the value-in-use to reasonable variations in certain significant assumptions. A number of assumptions principally relating to short and long term revenue growth, earnings before interest, tax, depreciation and amortisation, and discount rates are required to be assessed by management. To assist with the determination of the value-in-use, management engaged their own external valuation experts. No impairment charge has been recorded for the year ended 31 May 2022. Refer to notes 1 – General information and basis of preparation, and 15 – Goodwill for further details.	We understood and evaluated the design and implementation of controls relating to the Group's impairment assessment. We obtained management's value-in-use impairment model. We assessed the methodology used by management and their experts against the requirements of the financial reporting framework and we tested the mathematical accuracy of the calculations. We validated the carrying amount of the CGU to underlying accounting records and compared the cash flows used in the impairment models to the Board approved plan. We utilised our in-house valuation experts to evaluate the appropriateness of the methodology used in the impairment model. We also assessed the competency and objectivity of our in-house and management experts so that we were able to use their work. In respect of management's assumptions, our in-house valuation experts assessed the reasonableness of the discount rate and long-term growth rate used in the impairment model. We performed the following procedures over significant assumptions: → Challenged the appropriateness of management's assumptions and, where relevant, their interrelationships; → We identified the key drivers in management's forecasts and obtained evidence to support the reasonableness of these assumptions including historic experience, third-party sources including market reports and information available from tastytrade management; and → Assessed whether judgements made in deriving the assumptions gave rise to indicators of possible management bias. Representations were obtained from management that assumptions used were their best estimate and were consistent with information currently available to them. We evaluated the appropriateness of the critical accounting estimates and key sources of estimation uncertainty in note 1 to the Group Financial Statements and the disclosures on goodwill in note 15 and considered these to be reasonable. We performed independent sensitivity calculations for the relevant assumptions included in note 15. Based on the procedures performed, we considered the directors' conclusion that the goodwill within the tastytrade CGU is not impaired to be reasonable.

Independent Auditors' Report continued

Key audit matter	How our audit addressed the key audit matter
OTC derivative revenue (Group) The Group's trading revenue is predominantly generated from over the counter ("OTC") derivatives placed by clients, offset by net gains or losses from the hedging trades that the Group places with external market counterparties to manage its market risk. The Group's revenue on these activities arises principally from spreads, overnight funding charges and commissions. The audit of revenue from OTC derivatives is a focus of our audit given the magnitude of the balance, the large volume of transactions and the automated nature of the revenue calculations. Refer to notes 2 – Significant accounting policies and 3 – Segment analysis for further details.	We focused firstly on understanding the control environment in which revenue is recorded. We understood and evaluated the design of key controls in place and tested their operating effectiveness. These controls included: → IT general controls over key revenue systems in scope; → Automated business controls such as interfaces between in-scope systems, key reports and automated calculations; → Validation of system calculated revenue numbers including manual client ledger postings by the Group's revenue control team; → Cash and settlement reconciliations; and → Market counterparty and other third party reconciliations. We concluded that we could place reliance on these controls for the purpose of our audit. Our substantive testing included, but was not limited to, the following: → Using data enabled audit techniques, we recalculated the revenue recorded in relation to a sample of trades and agreed these to the underlying accounting records; → Testing commission, overnight funding, guaranteed stop premium and cash currency transfer rates on a sample basis; → We tested the valuation of selected client and broker positions to third party pricing sources; → We agreed all cash account balances to external third-party evidence at year-end through a combination of independent confirmations and examination of bank statements; → We agreed all amounts and balances held with market counterparties to independent confirmations or other external third party evidence; and → We tested manual client ledger postings on a sample basis. Based on the procedures performed, no material issues arose from this work.

Key audit matter	How our audit addressed the key audit matter
Carrying value of the investments in subsidiaries (Company) The Company has total investments in subsidiaries of £1,076mn, of which the full amount is an investment in IG Group Limited ("IGGL"). IGGL is the Group holding Company which, via a series of other holding companies, owns all the operating entities of the Group. This investment is held at cost less any provision for impairment. IAS 36 'Impairment of Assets' requires that investments are subject to an impairment review when there is an indication that an asset may be impaired. Management identified an indicator of impairment and performed an impairment assessment and estimated the recoverable amount using a value-in-use model. We have focused on this area as the calculation of value-in-use involves a significant degree of judgement. Management's impairment assessment showed significant headroom at year-end, and consequently no impairment provision is held against this investment. Refer to notes 2 – Accounting policies and 6 – Investment in subsidiaries of the Company Financial Statements for further details.	We have evaluated management's impairment assessment that identified an indicator for impairment and found this to be reasonable. We obtained management's value-in-use calculation that was used to estimate the recoverable amount of the investment in subsidiaries and performed the following substantive procedures: → Assessed the reliability of management's data used as inputs to management's value-in-use calculation; → Assessed the discount rate used for reasonableness; → Assessed the long – term growth rate for reasonableness; and → Tested the mathematical accuracy of management's value-in-use model. We concluded that the carrying value of the investment is supported by the recoverable amount of the underlying operating companies and consider the directors' conclusion that the investments in subsidiaries balance is not impaired to be reasonable. We evaluated the appropriateness of the disclosures on the investment in subsidiaries in the Company Financial Statements and found these to be reasonable.

Independent Auditors' Report continued

How we tailored the audit scope

We performed a risk assessment, giving consideration to relevant external and internal factors including industry dynamics, litigation, climate change, impact of Covid-19, relevant accounting and regulatory developments, the Group's strategy and the changes taking place across the Group including the acquisition of tastytrade, Inc. and the disposal of Nadex. We also considered our knowledge and experience obtained in prior year audits.

As part of considering the impact of climate change in our risk assessment, we evaluated management's assessment of the impact of climate risk, the detail of which is set out on page 34, including their conclusion that there are no material risks. Management's assessment gave consideration to a number of matters, including the results of their climate related risks and opportunities exercise that was performed during the year. We have also understood the impact of the Group's carbon reduction targets, which are outlined on page 34 and these are not considered to have a material impact on the Financial Statements.

Using our risk assessment, we tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Company and the accounting processes and controls, and the industry in which they operate. We continually assessed risks and changed the scope of our audit where necessary.

The Group consists of a UK holding Company with a number of subsidiary entities and branches containing the operating businesses of both the UK, United States and overseas territories. Our risk assessment and scoping identified tastyworks, Inc. as a new significant component of the Group due to the acquisition of tastytrade, Inc. on 28 June 2021. We obtained a full scope audit opinion for the financial position as at 31 May 2022 and results of tastyworks, Inc. for the period from 28 June 2021 to 31 May 2022. The audit of tastyworks, Inc. was performed by a PwC member firm in the United States.

The other significant financial reporting component was determined to be the OTC derivatives and stock trading and investment businesses. As the accounting records and related controls for both the UK, United States and overseas businesses are primarily maintained and operated by the Group's finance teams in London and Krakow this was considered one financial reporting component. The technology and business process controls that are relevant to our financial statement audits are operated by the Group in London and Krakow. As a result, the audit work over this component was performed by the Group engagement team in London, supported by the PwC member firm in Poland, reflecting the centralised nature of the Group's financial reporting activities. Some of this work was also relied upon by the PwC engagement team auditing tastyworks, Inc.

All remaining components, which are Exchange Traded Derivative businesses, were subject to procedures which mitigated the risk of material misstatement including Group level analytical review procedures.

The Company audit was performed by the Group engagement team.

tastyworks, Inc. audit approach

We asked the partner and engagement team reporting to us on tastyworks, Inc. to work to an assigned materiality reflecting the size of the tastyworks, Inc. component. We were in active dialogue throughout the year with the partner and engagement team responsible for the audit, including consideration of how they planned and performed their work. We obtained direct access to their working papers to oversee and review their work. We also attended meetings with tastyworks, Inc. management at year-end. The majority of our interactions were undertaken virtually.

Using the work of others

We continued to make use of evidence provided by others. We used the work of PwC experts, for example, valuation experts for our work over the carrying value of goodwill and acquired intangible assets at 31 May 2022 and the fair value of those intangible assets recognised on acquisition.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

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

	Financial Statements – Group	Financial Statements – Company
Overall materiality	£23,800,000 (2021: £22,500,000).	£17,600,000 (2021: £7,600,000).
How we determined it	5% of adjusted profit before tax (2021: 5% of profit before tax)	1% of total assets
Rationale for benchmark applied	We believe a standard benchmark of 5% of adjusted profit before tax is an appropriate quantitative indicator or materiality, although certain items could also be material for quantitative reasons. This benchmark is standard for listed entities like IG. We selected an adjusted profit measure this year in order to exclude the performance and gain on sale of Nadex and Small Exchange during the period, as in our opinion they are non recurring items that do not form part of ongoing business performance.	We have used a benchmark of total assets as the Company's primary purpose is to act as a holding Company with investments in the Group's subsidiaries, not to generate operating profits and therefore a profit based measure is not relevant. The benchmark used is consistent with last year.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £5,000,000 to £22,600,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £17,800,000 (2021: £16,900,000) for the Group Financial Statements and £13,200,000 (2021: £5,700,000) for the Company Financial Statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,100,000 (Group audit) (2021: 1,100,000) and £880,000 (Company audit) (2021: £300,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- → Performing a risk assessment to identify factors that could impact the going concern basis of accounting.
- → Obtaining and evaluating management's going concern assessment.
- → Understanding and evaluating the Group's financial forecasts and the Group's stress testing of liquidity and capital, including the severity of the stress scenarios that were used.
- → Validation of year end financial resources such as cash and debt securities in issue.
- → Evaluating the adequacy of the disclosures made in the Financial Statements in relation to going concern.
- → Consideration of the regulatory capital and liquidity requirements applicable to the Group.
- → Obtaining and reviewing the Group's most recent internal capital adequacy assessment process and individual liquidity adequacy assessment documents.

Independent Auditors' Report continued

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

In auditing the Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 May 2022 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report and Policy to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent Auditors' Report continued

Responsibilities for the Financial Statements and the audit

Responsibilities of the directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the Financial Statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority (FCA) Listing Rules and rulebook requirements and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Enquiries of management, internal audit, and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of correspondence with regulators, and internal audit reports in so far as they are related to the Financial Statements;
- Specific written enquiries of external legal counsel to assist with our evaluation of known instances of non-compliance with laws and regulations, including their potential impact;
- Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to the carrying value of the goodwill and acquired intangible assets, fair value of the intangible assets recognised on acquisition and the investment in subsidiaries (see related key audit matters);
- Identifying and testing journal entries, including those posted to certain account combinations, posted with certain descriptions, backdated journals or posted by unexpected users;
- Incorporating unpredictability into the nature, timing and/or extent of our testing; and
- Review of reporting to the Audit Committee and minutes of Board of Directors' meetings and made enquiries of management to understand the business rationale for unusual and significant transactions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report
This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting
Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company Financial Statements and the part of the Directors' Remuneration Report and Policy to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment
We were appointed by the directors on 8 December 2010 to audit the Financial Statements for the year ended 31 May 2011 and subsequent financial periods. The period of total uninterrupted engagement is 12 years, covering the years ended 31 May 2011 to 31 May 2022.

Other matter
As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these Financial Statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Carl Sizer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 July 2022

Financial Statements

A year of change; accelerating growth

PG. 131-181

Primary Statements

Notes to the Financial Statements

Consolidated Income Statement

for the year ended 31 May 2022

	Note	**Year ended 31 May 2022 £m**	Year ended 31 May 2021 (Restated)[1] £m
Continuing operations			
Trading revenue		**982.0**	846.9
Introducing partner commissions		**(9.7)**	(9.6)
Net trading revenue	3	**972.3**	837.3
Betting duty and financial transaction taxes		**(2.5)**	(0.9)
Interest income on client funds		**3.5**	2.1
Interest expense on client funds		**(2.7)**	(1.8)
Other operating income		**8.6**	7.0
Net operating income		**979.2**	843.7
Operating costs	4	**(499.2)**	(390.5)
Net credit losses on financial assets	28	**(2.7)**	(3.0)
Operating profit		**477.3**	450.2
Gain on disposal of associates		**4.1**	–
Loss on disposal of subsidiaries		**–**	(0.4)
Fair value gain on convertible loan note		**9.3**	–
Share of loss after tax from associates	32	**(2.3)**	–
Finance income	7	**3.4**	2.1
Finance costs	8	**(14.8)**	(5.9)
Profit before tax		**477.0**	446.0
Tax expense	9	**(80.9)**	(77.4)
Profit for the year from continuing operations		**396.1**	368.6
Profit for the year from discontinued operations	31	**107.8**	3.3
Profit for the year and attributable to owners of the parent		**503.9**	371.9
Earnings per ordinary share for profit from continuing operations:			
Basic	10	**92.9p**	99.8p
Diluted	10	**92.1p**	99.0p
Earnings per ordinary share for profit attributable to owners:			
Basic	10	**118.2p**	100.7p
Diluted	10	**117.2p**	99.9p

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

Consolidated Statement of Comprehensive Income

for the year ended 31 May 2022

	Year ended 31 May 2022		Year ended 31 May 2021	
	£m	£m	£m	£m
Profit for the year attributable to owners of the parent		**503.9**		371.9
Other comprehensive income:				
Items that may be subsequently reclassified to the income statement:				
Changes in the fair value of financial assets held at fair value through other comprehensive income, net of tax	**(4.0)**		(1.3)	
Foreign currency translation gain/(loss) attributable to continuing operations	**67.4**		(17.7)	
Foreign currency translation (loss) attributable to discontinued operations	**(3.0)**		(3.2)	
Other comprehensive income/(loss) for the year, net of tax		**60.4**		(22.2)
Total comprehensive income attributable to owners of the parent		**564.3**		349.7
Total comprehensive income attributable to owners of the parent arising from:				
Continuing operations		**459.5**		349.6
Discontinued operations		**104.8**		0.1
		564.3		349.7

Consolidated Statement of Financial Position

at 31 May 2022

	Note	31 May 2022 £m	31 May 2021 £m
Assets			
Non-current assets			
Goodwill	15	**604.7**	107.3
Intangible assets	13	**292.1**	32.7
Property, plant and equipment	12	**36.6**	38.6
Financial investments	14	**134.8**	127.6
Financial assets pledged as collateral	14	**25.3**	61.1
Investment in associates	32	**14.8**	–
Deferred income tax assets	9	**17.5**	12.9
		1,125.8	380.2
Current assets			
Cash and cash equivalents		**1,246.4**	655.2
Trade receivables	16	**469.5**	490.9
Financial investments	14	**200.9**	127.4
Financial assets pledged as collateral	14	**35.1**	26.0
Other assets	17	**14.2**	30.3
Prepayments		**23.2**	12.6
Other receivables		**9.8**	5.5
		1,999.1	1,347.9
Assets classified as held for sale		**1.2**	–
TOTAL ASSETS		**3,126.1**	1,728.1
Liabilities			
Non-current liabilities			
Borrowings	18	**–**	98.8
Debt securities in issue	18	**297.2**	–
Lease liabilities	19	**13.0**	16.4
Deferred income tax liabilities	9	**67.2**	0.8
		377.4	116.0
Current liabilities			
Trade payables	20	**571.2**	357.5
Other payables	21	**119.5**	108.2
Lease liabilities	19	**8.9**	6.7
Income tax payable	9	**20.5**	6.4
		720.1	478.8
Liabilities directly associated with assets classified as held for sale		**0.8**	–
TOTAL LIABILITIES		**1,098.3**	594.8
Equity			
Share capital and share premium	23	**125.8**	125.8
Translation reserve		**117.6**	53.2
Merger reserve		**590.0**	81.0
Other reserves	24	**8.4**	12.8
Retained earnings		**1,186.0**	860.5
TOTAL EQUITY		**2,027.8**	1,133.3
TOTAL EQUITY AND LIABILITIES		**3,126.1**	1,728.1

The consolidated financial statements on pages 131 to 181 were approved by the Board of Directors on 20 July 2022 and signed on its behalf by:

Charles Rozes
Chief Financial Officer
Registered Company number: 04677092

Consolidated Statement of Changes in Equity

for the year ended 31 May 2022

	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger Reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 1 June 2020		–	125.8	74.1	81.0	13.3	641.7	935.9
Profit for the year and attributable to owners of the parent		–	–	–	–	–	371.9	371.9
Other comprehensive loss for the year		–	–	(20.9)	–	(1.3)	–	(22.2)
Total comprehensive (loss)/income for the year		–	–	(20.9)	–	(1.3)	371.9	349.7
Tax recognised directly in equity on share-based payments	9	–	–	–	–	–	0.2	0.2
Equity dividends paid	11	–	–	–	–	–	(159.7)	(159.7)
Employee Benefit Trust purchase of own shares	24	–	–	–	–	(0.2)	–	(0.2)
Transfer of vested awards from the share-based payment reserve		–	–	–	–	(6.4)	6.4	–
Equity-settled employee share-based payments	25	–	–	–	–	7.4	–	7.4
At 31 May 2021		–	125.8	53.2	81.0	12.8	860.5	1,133.3
At 1 June 2021		**–**	**125.8**	**53.2**	**81.0**	**12.8**	**860.5**	**1,133.3**
Profit for the year and attributable to owners of the parent		**–**	**–**	**–**	**–**	**–**	**503.9**	**503.9**
Other comprehensive income/(loss) for the year		**–**	**–**	**64.4**	**–**	**(4.0)**	**–**	**60.4**
Total comprehensive income/(loss) for the year		**–**	**–**	**64.4**	**–**	**(4.0)**	**503.9**	**564.3**
Tax recognised directly in equity on share-based payments	9	**–**	**–**	**–**	**–**	**–**	**0.5**	**0.5**
Equity dividends paid	11	**–**	**–**	**–**	**–**	**–**	**(186.2)**	**(186.2)**
Employee Benefit Trust purchase of own shares	24	**–**	**–**	**–**	**–**	**(6.7)**	**–**	**(6.7)**
Transfer of vested awards from the share-based payment reserve		**–**	**–**	**–**	**–**	**(7.3)**	**7.3**	**–**
Equity-settled employee share-based payments	25	**–**	**–**	**–**	**–**	**13.6**	**–**	**13.6**
Issue of ordinary share capital for the acquisition of tastytrade	30	**–**	**–**	**–**	**509.0**	**–**	**–**	**509.0**
At 31 May 2022		**–**	**125.8**	**117.6**	**590.0**	**8.4**	**1,186.0**	**2,027.8**

Consolidated Statement of Cash Flows

for the year ended 31 May 2022

	Note	**Year ended 31 May 2022 £m**	Year ended 31 May 2021 £m
Operating activities			
Cash generated from operations[1]	29	**811.4**	573.5
Income taxes paid		**(99.2)**	(83.0)
Net cash flows generated from operating activities		**712.2**	490.5
Investing activities			
Interest received		**3.2**	1.5
Net cash flow to investment in associates		**(1.9)**	–
Purchase of property, plant and equipment		**(8.5)**	(9.1)
Payments to acquire and develop intangible assets		**(9.0)**	(6.9)
Net proceeds from disposal of subsidiaries		**143.3**	–
Net proceeds from disposal of investments in associates		**24.5**	–
Net cash flow from financial investments		**(57.1)**	(118.2)
Net cash flow to acquire subsidiaries		**(193.5)**	–
Net cash flows used in investing activities		**(99.0)**	(132.7)
Financing activities			
Interest paid		**(11.0)**	(5.0)
Financing fees paid		**(5.4)**	(1.3)
Interest paid on lease liabilities		**(0.6)**	(0.6)
Repayment of principal element of lease liabilities		**(7.5)**	(5.2)
Drawdown on term loan		**150.0**	–
Repayment of term loans		**(250.0)**	–
Net proceeds from issue of debt securities		**299.2**	–
Equity dividends paid to owners of the parent		**(186.2)**	(159.7)
Employee Benefit Trust purchase of own shares		**(6.7)**	(0.2)
Net cash flows used in financing activities		**(18.2)**	(172.0)
Net increase in cash and cash equivalents		**595.0**	185.8
Cash and cash equivalents at the beginning of the year		**655.2**	486.2
Impact of movement in foreign exchange rates		**(3.8)**	(16.8)
Cash and cash equivalents at the end of the year		**1,246.4**	655.2

1 Cash generated from operations include cash generated from both continuing and discontinued operations. Refer to note 31 for cash flows of discontinued operations.

Notes to the Financial Statements

1. General information and basis of preparation

General information

The Financial Statements of IG Group Holdings plc and its subsidiaries (together 'the Group') for the year ended 31 May 2022 were authorised for issue by the Board of Directors on 20 July 2022 and the Consolidated Statement of Financial Position was signed on the Board's behalf by Charles Rozes. IG Group Holdings plc is a public company limited by shares, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The address of the registered office is Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA.

Basis of preparation

(a) Compliance with International Financial Reporting Standards (IFRS)

On 31 December 2020, IFRS as adopted by the European Union was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in the Group Financial Statements on 1 June 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The Group's Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. There were no unendorsed standards effective for the year ended 31 May 2022 affecting these Consolidated Financial Statements.

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through other comprehensive income and fair value through profit and loss.

The accounting policies which have been applied in preparing the Group Financial Statements for the year ended 31 May 2022 are disclosed in note 2.

(b) Critical accounting estimates and judgements

The preparation of these Financial Statements in conformity with UK-adopted International Accounting Standards requires the Group to make use of certain critical accounting estimates that affect the amounts reported for assets and liabilities as at the reporting date, and the amounts reported for revenue and expenses during the period. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The nature of estimates and judgements means that actual outcomes could differ from those estimates. In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the presentation or measurement of items recorded in the Financial Statements are the following:

Fair value and useful economic lives of intangible assets acquired (estimate) – the Group has recognised intangible assets of £263.5 million upon acquisition of tastytrade, Inc. (tastytrade) based on estimates of fair values at the acquisition date of 28 June 2021. The fair values of intangible assets are based upon a number of factors including management's best estimates of future performance and estimates of an appropriate discount rate. The identified intangible assets are amortised over their remaining useful economic lives, which are also based on management's best estimates of the periods over which value from the intangible asset is generated. Further information outlining the valuation methodologies and the significant assumptions, together with sensitivities, is provided in note 30.

Recoverable amount of US (tastytrade) cash-generating unit (CGU) (estimate) – the Group has estimated the recoverable amount of its US (tastytrade) CGU, which includes goodwill of £502.8 million and other acquisition-related intangibles resulting from the tastytrade acquisition. Key assumptions used in the value-in-use calculations include management cash flow forecasts, the discount rate and the long-term growth rate. The recoverable amount of the US (tastytrade) CGU is sensitive to a reasonably possible change in some of these assumptions. Further information regarding the assumptions and their associated sensitivities is provided in note 15.

(c) New accounting standards and interpretations

There were no new standards, amendments or interpretations issued during the period which have had a material impact on the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The IASB has published a number of minor amendments to IFRSs that are effective from 1 January 2022 and 1 January 2023. These include amendments published to IAS 12 – Income Taxes, IAS 37 – Provisions and Contingent Liabilities and Contingent Assets. The Group is in process of assessing the impact of these amendments. There have also been amendments published to IAS 1 – Presentation of Financial Statements. However, the Group expects they will have an insignificant effect, when adopted, on the Consolidated Financial Statements of the Group.

1. General information and basis of preparation continued

(d) Segmental information

The Group's segmental information is disclosed in a manner consistent with the basis of internal reporting provided to the Chief Operating Decision Maker (CODM) regarding components of the Group. The Group has identified the CODM as the Executive Directors of IG Group Holdings plc, who regularly review this management information to assess the performance and allocate resources to the reportable segments. The CODM uses net trading revenue as the primary measure of performance of the various segments of the Group. Reportable segments that do not meet the quantitative thresholds required by IFRS 8 are aggregated.

(e) Foreign currencies

The functional currency of each entity in the Group is consistent with the primary economic environment in which the entity operates. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are revalued at the entity's functional currency exchange rate prevailing at the balance sheet date. Gains and losses arising on revaluation are taken to trading revenue in the Income Statement. Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

The Group's presentational currency is sterling. In the Group Financial Statements, the assets and liabilities of Group's overseas operations are translated into sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate. Exchange differences arising from the translation of overseas operations are recognised in other comprehensive income and translation reserve. On disposal of an overseas operation, exchange differences previously recognised in other comprehensive income are recycled to the Income Statement as income or expense.

(f) Going concern

The Directors have prepared the Group Financial Statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements.

In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Group, taking account of its liquidity position and cash generation, the adequacy of capital resources, the availability of external credit facilities and the associated financial covenants, and stress-testing of liquidity and capital adequacy that takes into account the principal risks faced by the business.

The Directors' assessment has considered future performance, solvency and liquidity over a period of at least 12 months from the date of approval of the Group Financial Statements. The Board, following the review by the Audit Committee, has a reasonable expectation that the Group has adequate resources for that period, and confirm that they consider it appropriate to adopt the going-concern basis in preparing the Financial Statements.

(g) Business acquisitions

The Group acquired tastytrade, Inc. and its subsidiaries (tastytrade) on 28 June 2021. The results of tastytrade have been consolidated within the Group since the date of acquisition. Where necessary, comparative information is presented in US dollar alongside sterling. Further details are disclosed in note 30.

As part of the acquisition of tastytrade, the Group acquired an investment in Small Exchange, Inc. (Small Exchange). In addition, at acquisition date, the Group recognised a convertible loan note with Zero Hash Holdings Limited (Zero Hash) at a fair value of $12.0 million. This was subsequently remeasured to $24.2 million prior to conversion to an equity shareholding in September 2021 and recognised as an investment in associate on the Statement of Financial Position.

(h) Disposals

On 1 March 2022, the Group completed the disposal of its North American Derivatives Exchange, Inc operations (Nadex) and its investment in Small Exchange.

The profits of Nadex have been separated from the profits of the Group's continuing operations for the year and shown as discontinued operations, with the comparative period restated accordingly. The Nadex operations were not classified as a disposal group as at 31 May 2021 and the Consolidated Statement of Financial Position has not been restated from that published in the FY21 Group Annual Report. Further details relating to the sale are disclosed in note 31.

Notes to the Financial Statements continued

1. General information and basis of preparation continued

Small Exchange does not meet the criteria for discontinued operations. The Group's share of losses prior to disposal and the Group's gain from the disposal are recognised within continuing operations.

(i) Reclassification of comparatives

To ensure consistency with the current period, comparative figures have been reclassified where the presentation of Financial Statements has been changed. The adjustments are:

(i) Goodwill of £604.7 million (31 May 2021: £107.3 million) has been separated out from intangible assets and presented as a separate line item in the Consolidated Statement of Financial Position.

(ii) Merger reserve of £590.0 million (31 May 2021: £81.0 million) has been separated out from other reserves and presented as a separate line item in the Consolidated Statement of Financial Position.

2. Significant accounting policies

The accounting policies and interpretations adopted in the preparation of the Group Financial Statements are consistent with those followed in the preparation of the Group Financial Statements for the year ended 31 May 2021, with the exception of changes in policy on presentation as outlined in note 1, and the following accounting policies adopted due to new transactions in the year:

- Investment in associates and joint ventures
- Debt securities in issue
- Non-current assets (or disposal groups) and discontinued operations
- Money market funds

Basis of consolidation

Subsidiaries

The Group Financial Statements consolidate the financial results of IG Group Holdings plc and the entities it controls (its subsidiaries) as listed in note 33.

Subsidiaries are consolidated from the date on which the Group obtains control, up until the date on which control ceases. Control is achieved where the Group has existing rights that give it the ability to direct the activities that affect the Group's returns and exposure, or rights to variable returns from the entity. The results, cash flows and final positions of the subsidiaries used in the preparation of the Group Financial Statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. Where necessary, adjustments are made to the Financial Statements of subsidiaries to align the accounting policies used with those used by other members of the Group. All inter-company transactions, balances, income and expenses between the Group entities, including unrealised profits arising from them, are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The cost of an acquisition is measured at the fair value of consideration transferred, including an estimate of any contingent or deferred consideration. Contingent or deferred consideration is remeasured at each balance sheet date with periodic changes to the estimated liability recognised in the Income Statement. Acquisition-related costs are expensed as they are incurred.

Goodwill is initially measured as the excess of the consideration transferred over the fair values of identifiable net assets. If this consideration is lower than the fair values of identifiable net assets acquired, the difference is credited to the Income Statement in the year of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Investments in associates and joint ventures

Associates are entities for which the Group has significant influence, but not control or joint control. Investments in associates are accounted for under the equity method of accounting after initially being recognised at cost. The investment is adjusted for the Group's share of the profit or loss after tax and other comprehensive income net of tax of the associate which is recognised from the date that significant influence begins, up until the date that significant influence ceases.

Joint ventures are entities for which the Group has joint control. Investments in joint ventures are accounted for under the equity method of accounting after initially being recognised at cost. The investment is adjusted for the Group's share of the profit or loss and other comprehensive income of the joint venture which is recognised from the date that joint control begins, up until the date that joint control ceases.

2. Significant accounting policies continued

Investments in associates and joint ventures are assessed for impairment indicators at the end of each reporting date. If such indicators exist, the recoverable amount is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. Impairment losses are immediately expensed in the Income Statement.

Revenue recognition

Trading revenue includes revenue arising from each of the Group's four revenue generation models: OTC derivatives, exchange traded derivatives, stock trading and investments.

OTC derivatives

Revenue from the OTC derivatives business represents:

(i) fees paid by clients for spread, commission and funding charges in respect of the opening, holding and closing of financial spread bets, contracts for difference or options contracts, together with gains and losses for the Group arising on client trading activity; less

(ii) fees paid by the Group in spread, commissions and funding charges arising in respect of hedging the risk associated with the client trading activity and the Group's currency exposures, together with gains and losses incurred by the Group arising on hedging activity.

Open client and hedging positions are fair valued daily with gains and losses arising on this valuation recognised in revenue. The policies and methodologies associated with the determination of fair value are disclosed in note 27.

Exchange traded derivatives

Revenue from exchange traded derivatives represents:

(i) fee and commission income earned through facilitation of client trades

(ii) payment for order flow generated from execution partners who accept trades from client securities transactions.

In addition to transaction fees, revenue from exchange traded derivatives also includes gains or losses arising from the change in fair value of the Group's market-making activity on its multilateral trading facility.

Revenue from exchange traded derivatives is recognised on a trade-date basis.

Stock trading

Revenue from stock trading represents fees and commission earned from transactions in the stock. Revenue is recognised in full on the date of the trade being placed or the fee being charged.

Investments

Revenue from investments represents management fees, which are earned as a percentage of assets under management. These are recognised over the period in which the service is provided.

Revenue is shown net of sales taxes. Trading revenue is reported before introducing partner commission, betting duties and financial transaction taxes, which are disclosed as an expense in arriving at net operating income. Net trading revenue represents trading revenue after adjusting for introducing partner commission.

Finance income and expense on client funds

Interest income and expense on client funds held with banks and execution partners is accrued on a time basis, by reference to the principal amount outstanding and at the applicable interest rate are included in operating income. This is consistent with the nature of the Group's operations.

Interest income and interest expense on firm cash and client funds that are not held in segregated client money accounts are disclosed within finance income and finance costs, respectively.

Dividends

Dividends declared but not yet distributed to the Company's shareholders are recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Employee benefits

Pension obligations

The Group operates defined contribution schemes. Contributions are charged to the Income Statement when they become payable according to the rules of the schemes. Once the contributions have been paid, the Group has no legal or constructive obligations to pay further contributions.

Notes to the Financial Statements continued

2. Significant accounting policies continued

Bonus schemes

The Group recognises an accrual and an expense for bonuses based on formulae that take into consideration specific financial and non-financial measures. Liabilities for the Group's cash-settled portion of the Sustained Performance Plan are recognised as an employee benefit expense over the relevant service period and remeasured at each balance sheet date until settlement.

Termination benefits

Termination benefits are payable when an employment contract is terminated by the Group. The Group recognises termination benefits when the Group can no longer withdraw the offer of those benefits.

Leases

The Group's leases are recognised as a right-of-use asset with a corresponding lease liability from the date at which the asset is available for use.

Leasing arrangements can contain both lease and non-lease components. The Group has elected to separate out the non-lease component and to account for these separately from the right-of-use asset.

The lease liability is initially measured as the net present value of the following payments:

- Fixed payments less any lease incentives,
- Variable lease payments dependent on an index or rate initially measured as at the commencement date,
- Amounts payable by the Group under residual guarantees,
- Payments of penalties for terminating the lease.

Lease payments are discounted at the Group's estimated secured incremental borrowing rate. This represents the cost to borrow funds in order to obtain a similar valued right-of-use asset in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising:

- Lease liability at initial recognition,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs,
- Restoration costs.

Right-of-use assets are depreciated over the duration of the lease term.

Lease payments for low-value assets or with a period of 12 months or less are recognised on a straight-line basis as an expense.

Taxation

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

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

Deferred tax is accounted for on all temporary differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences may be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2. Significant accounting policies continued

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items credited or charged directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount is expected to be recovered through a sale transaction rather than through continuing use, and provided that the sale is highly probable. The assets are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets which are measured at fair value. Where the fair value less costs to sell is lower than the carrying amount, an impairment is recognised. Any subsequent increases in fair value less costs to sell which are not in excess of previously recognised impairment losses are recognised in the Income Statement.

Non-current assets are not depreciated or amortised while they are classified as held for sale and the assets held for sale are separately presented from other assets on the Statement of Financial Position. Liabilities associated with assets held for sale are presented separately from other liabilities on the Statement of Financial Position.

A discontinued operation is a component that has been disposed or classified as held for sale, and represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately in the Income Statement with comparatives restated.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset, including costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value based upon estimated useful lives. Estimated residual value and useful lives are reviewed annually and residual values are based on prices prevailing at the balance sheet date. Depreciation is charged on a straight-line basis over the expected useful lives as follows:

Leasehold improvements	→ over the lease term of up to 15 years
Office equipment, fixtures and fittings	→ over 5 years
Computer and other equipment	→ over 2, 3 or 5 years
Right-of-use asset	→ over the lease term of up to 15 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, at which point they are written down immediately to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition is determined as the difference between the sale proceeds and carrying amount of the asset, and is immediately recognised in the Income Statement.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill is recognised as an asset and is allocated to CGUs by management for purposes of impairment testing. A CGU represent the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where the recoverable amount of a CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in the Income Statement.

The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of a business unit, or of an operation within it.

Notes to the Financial Statements continued

2. Significant accounting policies continued

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination, such as a trade name or customer relationship, is recognised at fair value and identified separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Development expenditure is recognised as an intangible asset only after all the following criteria are met:

- The project's technical feasibility and commercial viability can be demonstrated,
- The availability of adequate technical and financial resources and an intention to complete the project have been confirmed, and
- Probable future economic benefit has been established.

Development expenditure on internally developed intangible assets, excluding internal software development costs, which do not meet these criteria is taken to the Income Statement in the year in which it is incurred.

Intangible assets with a finite life are amortised over their expected useful lives, as follows:

Internally developed software	→ straight-line basis over 3 to 5 years
Software and licences	→ straight-line basis over the contract term of up to 5 years
Trade names	→ straight-line basis over 2 to 15 years
Customer relationships	→ straight-line basis over 9 years
Non-compete arrangements	→ straight-line basis over 5 years
Domain names	→ straight-line basis over 10 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed before being brought into use.

Impairment of non-financial assets

When impairment testing is required, the carrying amounts of the Group's non-financial assets are reviewed to determine whether there is any indication of impairment. If any such indication exists (or at least annually for goodwill), the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and previously recognised impairment losses are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, although impairment losses relating to goodwill may not be reversed.

Financial instruments

Classification, recognition and measurement

The Group determines the classification of its financial instruments at initial recognition in accordance with the following categories outlined and re-evaluates this designation annually. When financial instruments are recognised initially, they are measured at fair value. In the case of financial assets and financial liabilities not at fair value through profit or loss, the fair value of these assets and/or liabilities is measured net of directly attributable transaction costs. Financial instruments are disclosed in note 27 of the Financial Statements.

2. Significant accounting policies continued

(a) Financial assets and liabilities measured at fair value through profit or loss

Financial assets and liabilities measured at fair value through profit or loss are financial assets and liabilities that are not classified and measured at amortised cost or as fair value through other comprehensive income. The financial assets and liabilities included in this category are the financial derivative open positions included in trade receivables (due from brokers). The Group uses derivative financial instruments in order to hedge derivative exposures arising from open client positions, which are also classified as fair value through profit or loss.

All financial instruments at fair value through profit or loss are carried at fair value with gains or losses recognised in trading revenue in the Income Statement.

(b) Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets which are held to collect the contractual cash flows. The contractual terms of the financial assets give rise to payments on specified dates that are solely payments of principal amount and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's financial assets measured at amortised cost comprise trade receivables, other receivables, cash and cash equivalents and fixed term deposits that are categorised under financial investments.

Fixed term deposits do not meet the criteria of cash and cash equivalents under IAS 7 as they have a maturity of longer than three months. Furthermore, the Group is unable to withdraw these deposits before their respective maturity date. Therefore, these are categorised as financial investments as stated above.

Interest on term deposits is included in finance income using the effective interest rate method. The effective interest rate is either the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses unless the asset is credit impaired. The calculation includes all fees and spreads paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

(c) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are assets that are held to collect the contractual cash flows or to be sold. The contractual terms of these assets give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are included in non-current assets unless the investment matures or management intend to dispose of them within 12 months of the end of the reporting period. The Group's fair value through other comprehensive income financial assets are financial investments (other than fixed term deposits) and financial assets pledged as collateral.

Unrealised gains or losses, other than loss allowances for expected credit losses, arising from financial investments measured at fair value through other comprehensive income are reported in equity (in the fair value through other comprehensive income reserve) and in other comprehensive income, until such investments are sold, collected or otherwise disposed of.

On disposal of an investment, the accumulated unrealised gain or loss included in equity is recycled to the Income Statement for the period and reported in other income. Gains and losses on disposal are determined using the fair value of the investment at the date of derecognition.

Interest on financial investments is included in finance income using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses unless the asset is credit impaired. The calculation includes all fees and spreads paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

(d) Financial liabilities

The Group's financial liabilities include trade payables, lease liabilities, borrowings and other payables. These are initially recognised at fair value less transaction fees. They are subsequently measured at amortised cost using the effective interest method, excluding the derivative element of trade payables – amounts due from brokers, which is measured at fair value through profit or loss and recognised as part of trade receivables as detailed in (a) above. The interest expense is calculated at each reporting period by applying the effective interest rate, and the resulting charge is reflected in finance costs in the Income Statement.

Notes to the Financial Statements continued

2. Significant accounting policies continued

(e) Determination of fair value

Financial instruments arising from open client positions, financial derivative open positions included in trade receivables (due from brokers), financial investments (other than fixed term deposits) and financial assets pledged as collateral are stated at fair value. They are disclosed according to the valuation hierarchy required by IFRS 13 Fair Value Measurement. Fair values are predominantly determined by reference to third-party market values (bid prices for long positions and offer prices for short positions) as detailed below:

- Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments.
- Level 2: valued using techniques where a price is derived based significantly on observable market data. For example, where an active market for an identical financial instrument to the product offered by the Group to its clients or used by the Group to hedge its market risk does not exist.
- Level 3: valued using techniques that incorporate information other than observable market data that is significant to the overall valuation

Impairment of financial assets

The impairment charge in the Income Statement includes a loss allowance reflecting the change in expected credit losses. Expected credit losses are recognised for trade receivables, cash and cash equivalents, other receivables, financial investments and financial assets pledged as collateral. Expected credit losses are calculated as the difference between the contractual cash flows that are due to the Group and the cash flows that the Group expects to receive given the probability of default and loss given default, discounted at the original effective interest rate.

At initial recognition of financial assets, an allowance is made for expected credit losses resulting from default events that are possible within the next 12 months, except for where the simplified approach is used where an allowance is made for the lifetime expected credit loss. In the event of a significant increase in credit risk, an allowance is made for expected credit losses resulting from possible default events over the expected life of the financial asset. The Group applies the simplified approach for trade receivables and other receivables where the revenue associated with these receivables is recognised in accordance with IFRS 15 Revenue from Contract with Customers. The Group applies the general approach for all other financial assets.

Financial assets that have not experienced a significant increase in credit risk are categorised as Stage 1 and 12 month expected credit losses are recognised; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are considered to be Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly considers changes in the credit rating associated with the asset, whether contractual payments are more than 30 days past due and other reasonable information demonstrating a significant increase in credit risk. In accordance with the Group's internal credit risk management definition, financial instruments have a low credit risk when they have an external credit rating of investment grade. If no external credit rating is available, reference is made to the Group's internal credit risk policy.

Assets are transferred to Stage 3 when an event of default, as defined in the Group's credit risk management policy, occurs or where the assets are credit impaired. The Group determines that a default occurs when a payment is 90 days past due for all assets, except for receivables from clients where it uses 120 days. This is aligned with the Group's risk management practices.

All changes in expected credit losses subsequent to the assets' initial recognition are recognised as an impairment loss or gain. Financial assets are written off, either partially or in full, against the related allowance when the Group has no reasonable expectations of recovery of the asset. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the Income Statement.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

(a) Financial assets

A financial asset is derecognised when the right to receive cash flows from the asset has expired; or the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or the Group has transferred its right to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Significant accounting policies continued

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, whereby the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

(c) Offsetting financial instruments

Assets or liabilities resulting from gains or losses on open positions are carried at fair value. Amounts due from or to clients and amounts due from and to brokers are offset, with the net amount reported in the Statement of Financial Position. Amounts are offset where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Trade payables and receivables

Trade receivables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions results in an amount due to the Group. Trade receivables balances also include commissions and required deposits due from the Group's broker-dealer counterparties.

Trade payables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions result in an amount payable by the Group.

For trade receivables under IFRS 15 Revenue from Contracts with Customers that do not contain a significant financing element, the Group has applied the simplified approach for measuring impairment. For all other trade receivables, the general approach has been applied for measuring impairment. The expected lifetime credit loss is recognised at initial recognition of the financial asset, with the loss allowance calculated by reference to an ageing debt profile, adjusted for forward-looking information. Trade receivables are written off when there is objective evidence of non-collectability or when an event of default occurs.

Other assets

Other assets represent rights to cryptocurrency assets controlled by the Group. The Group offers various cryptocurrency-related products that can be traded on its platform. The Group purchases and sells cryptocurrency assets as part of its hedging activity.

The Group holds cryptocurrency assets for trading in the ordinary course of its business, effectively acting as a commodity broker-dealer in respect of the underlying cryptocurrency asset because the salient features of these assets are, in economic terms, consistent with certain commodities under IAS 2 Inventories, 3(b). The assets are recognised on trade date and measured at fair value less costs to sell, with changes in valuation being recorded in the Income Statement in the period in which they arise. Cryptocurrency assets are not financial instruments and they are categorised as non-financial assets.

Other receivables

Other receivables are financial assets which give rise to payments on specified dates that are solely payments of principal amount and interest on the principal amount outstanding. They are assets that have not been designated as fair value through profit or loss. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant.

For other receivables under IFRS 15 Revenue from Contracts with Customers that do not contain a significant financing element, the Group applies a simplified approach for measuring impairment, similar to that as trade receivables.

Prepayments

Prepayments are assets with fixed or determinable payments made in advance for services or goods. They do not qualify as financial assets and are amortised over the period in which the economic benefit is expected to be consumed.

Notes to the Financial Statements continued

2. Significant accounting policies continued

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits which may be accessed within 90 days without penalty. Cash equivalents comprise of short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. This includes money market funds.

The Group holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority (FCA) and other regulatory bodies. Such monies are classified as either cash and cash equivalents or segregated client funds in accordance with the relevant regulatory requirements or legal protections attached to the monies.

The majority of the Group's cash balances are held with investment-grade banks. The Group considers the risk of default, and how adverse changes in economic and business conditions might impact the ability of the banks to meet their obligations. The Group assesses the expected credit losses on cash and cash equivalents on a forward-looking basis and if there has been a significant increase in credit risk since initial recognition. At 31 May 2022, the Group held £236.7 million (31 May 2021: £161.3 million) of segregated client funds for customers of the Group's Japanese subsidiary, IG Securities Limited. Under local Japanese law, the Group is liable for any credit losses suffered by clients on the segregated client money balance.

Money market funds are mutual funds that invest in a diversified range of money market instruments, such as government owned instruments and short-term debt from highly credit rated counterparties. Money market funds are presented within cash and cash equivalents as they are short-term highly liquid investments that are readily convertible into known amounts of cash, they are subject to an insignificant risk of changes in value and they can be withdrawn without penalty. At 31 May 2022, the Group's cash and cash equivalents balance included £437.5 million (31 May 2021: £nil) of money market funds.

The Group's Swiss banking subsidiary, IG Bank S.A., is required to protect customer deposits under the FINMA Privileged Deposit Scheme. At 31 May 2022, IG Bank S.A. was required to hold £35.1 million (31 May 2021: £36.5 million) in satisfaction of this requirement. This amount, which represents restricted cash, is included in cash and cash equivalents.

Segregated client funds are held in segregated client money accounts which restrict the Group's ability to control the monies and accordingly are held off-balance sheet. The amount of segregated client funds held at 31 May 2022 was £2,577.9 million (31 May 2021: £2,710.3 million). The return received on managing segregated client funds is included within net operating income.

Title transfer funds are held by the Group under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Group. Title transfer funds are accordingly held on the Statement of Financial Position with a corresponding liability to clients within trade payables.

Other payables

Non-derivative financial liabilities are recognised initially at fair value and carried at amortised cost using the effective interest rate method if the time value of money is significant.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Contingent liabilities

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, and contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote.

2. Significant accounting policies continued

Borrowings

Borrowings are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method with any difference between net proceeds and the redemption value being recognised in the Income Statement over the period of borrowings.

Debt securities in issue

Debt securities in issue are recognised initially at fair value. Subsequently, debt securities are measured at amortised cost, with any difference between net proceeds and the redemption value being recognised in the Income Statement over the lifetime of the security using the effective interest rate method. Transaction fees are recognised on the Statement of Financial Position, and amortised over the expected life of the security.

Share capital

(a) Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability on the balance sheet; measured initially at fair value net of transaction costs and subsequently at amortised cost until extinguished on conversion or redemption. Dividends paid are charged as an interest expense in the Income Statement.

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(b) Own shares held in Employee Benefit Trusts

Shares held in Employee Benefit Trusts for the purposes of employee share schemes are classified as a deduction from shareholders' equity and are recognised at cost. Consideration received for the sale of such shares is recognised in equity, with any difference between the proceeds from the sale and the cost being taken to reserves. No gain or loss is recognised in the Income Statement on the purchase, sale, issue or cancellation of equity shares.

(c) Share-based payments

The Company operates four employee share plans: a share-incentive plan, a sustained performance plan, a medium-term incentive plan and a long-term incentive plan. For market-based vesting conditions, the cost of these awards is measured at fair value calculated using option pricing models and are recognised as an expense in the Income Statement on a straight-line basis over the vesting period based on the Company's estimate of the number of shares that will vest.

For non-market-based vesting conditions, the cumulative expense is calculated representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions determining the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the Income Statement as part of operating expenses, with a corresponding credit to equity.

The grant by the Company of options over its equity instruments to employees of the subsidiary undertakings in the Group is treated as a capital contribution. The fair value of the employee services received is recognised over the vesting period as an increase in the investment in subsidiary undertakings, with a corresponding credit to equity. Upon awards vesting, the cost of awards is transferred from the share-based payments reserve into retained earnings.

Notes to the Financial Statements continued

3. Segmental analysis

The Executive Directors are the Group's Chief Operating Decision Maker (CODM). Management has determined the reportable segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group manages market risk and a number of other activities on a Group-wide portfolio basis and accordingly a large proportion of costs are incurred centrally. These central costs are not allocated to individual segments for decision-making purposes for the CODM, and, accordingly, these costs have not been allocated to segments. Additionally, the Group's assets and liabilities are not allocated to individual segments and not reported as such for decision making purposes to the CODM. Therefore, the segmental analysis shown below does not include a measure of profitability, nor a complete segmented balance sheet, as this would not reflect the information which is received by the CODM on a regular basis.

Net trading revenue by reportable segment

Net trading revenue represents trading revenue that the Group generates from client trading activity after deducting introducing partner commissions. The CODM uses net trading revenue as the primary measure of performance of the various segments of the Group. The CODM considers business performance from a product perspective, split into OTC derivatives, exchange traded derivatives and stock trading and investments. The segmental analysis shown below by product aggregates the different geographical locations given the products are economically similar in nature. Revenue from OTC derivatives is derived from the UK, EU, EMEA – Non-EU, Australia, Singapore, Japan, Emerging Markets and the US. Exchange traded derivatives revenue derives from tastytrade and the Spectrum business located in the US and the EU, whereas stock trading and investments revenue derives from the UK and Australia. The segmental analysis does not include a measure of profitability, nor a segmented Statement of Financial Position, as this would not reflect the information which is received by the CODM.

The segmental breakdown of net trading revenue is as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Net trading revenue by product:		
OTC derivatives	**817.3**	790.3
Exchange traded derivatives	**121.2**	8.3
Stock trading and investments	**33.8**	38.7
Total net trading revenue from continuing operations	**972.3**	837.3
Net trading revenue from discontinued operations	**9.4**	16.1

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

The CODM also considers business performance based on geographical location. This geographical split reflects the location of the office that manages the underlying client relationship. Net trading revenue represents an allocation of the total net trading revenue that the Group generates from client trading activity.

3. Segmental analysis continued

	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Net trading revenue by geography:		
UK	**365.3**	346.8
US	**128.6**	15.1
EU	**112.9**	108.0
Japan	**98.5**	68.7
Australia	**96.2**	128.0
Singapore	**74.1**	75.3
EMEA – Non-EU	**53.5**	60.6
Emerging markets	**43.2**	34.8
Total net trading revenue	**972.3**	837.3

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

The Group does not derive more than 10% of revenue from any one single client. The UK geographic segment, and the OTC derivatives segment, includes a £5.8 million gain (31 May 2021: £7.9 million loss) arising from financing of the tastytrade acquisition, as set out in note 30.

The segmental breakdown of non-current assets excluding financial investments, financial assets pledged as collateral and deferred income tax assets, based on geographical location, is as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
UK	**133.8**	129.1
US	**795.1**	30.0
EU	**5.5**	6.6
EMEA – Non-EU	**7.3**	5.5
Australia	**0.8**	1.3
Japan	**0.8**	4.9
Emerging Markets	**3.4**	1.2
Total non-current assets	**946.7**	178.6

4. Operating costs

	Note	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Employee-related expenses:			
Fixed remuneration		**151.5**	126.9
Variable remuneration		**62.7**	50.6
		214.2	177.5
Advertising and marketing		**87.2**	67.4
Premises-related costs		**9.1**	6.3
IT, market data and communications		**45.1**	30.7
Legal and professional costs		**19.6**	31.8
Regulatory fees		**12.9**	9.2
Depreciation and amortisation	12,13	**56.5**	24.8
Other costs		**54.6**	42.8
Total operating costs		**499.2**	390.5

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

Included in premises-related costs is £0.5 million relating to short-term operating leases which do not meet the criteria to be capitalised as right-of-use assets (year ended 31 May 2021: £0.1 million).

Notes to the Financial Statements continued

5. Auditors' remuneration

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Audit fees		
Parent	**1.2**	0.7
Subsidiaries	**1.1**	0.7
Total audit fees	**2.3**	1.4
Audit related fees		
Services supplied pursuant to legislation	**0.6**	0.6
Other audit related assurance services	**–**	0.1
Total audit related fees	**0.6**	0.7
Non-audit fees		
Other services	**0.3**	0.1
Total non-audit fees	**0.3**	0.1

Audit related fees include services that are specifically required of the Group's Auditors through legislative or regulatory requirements, controls assurance engagements required of the Auditors by the regulatory authorities in whose jurisdiction the Group operates and other audit related assurance services.

6. Staff costs

Staff costs for the year, including Directors, were as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Wages and salaries, performance-related bonus and equity-settled share-based payment awards	**185.1**	152.4
Social security costs	**20.2**	17.4
Other pension costs	**8.9**	7.7
	214.2	177.5

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

The Group does not operate any defined benefit pension schemes. Other pension costs includes employee-nominated payments to defined contribution schemes and Company contributions.

The Directors' remuneration for the years ended 31 May 2022 and 31 May 2021 is set out in the Directors' Remuneration Report on page 83.

The average monthly number of employees, including Directors, split into the key activity areas was as follows:

	Year ended 31 May 2022	Year ended 31 May 2021
Prospect acquisition	**356**	311
Sales and client management	**257**	277
Technology	**895**	759
Operations	**545**	386
Business administration	**371**	293
	2,424	2,026

7. Finance income

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Bank interest receivable	**1.5**	0.6
Interest receivable on cash held at brokers	**0.8**	0.6
Interest accretion on financial investments	**0.4**	0.9
Interest receivable on money market funds	**0.3**	–
Other interest	**0.4**	–
	3.4	2.1

8. Finance costs

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Interest and fees on issued debt securities	**5.3**	–
Term loan interest and fees	**3.5**	2.6
Revolving credit facility interest and fees	**1.6**	0.5
Interest payable to brokers	**2.7**	1.6
Interest payable on lease liabilities	**0.6**	0.6
Bank interest payable	**1.1**	0.6
	14.8	5.9

9. Taxation

Tax on profit on ordinary activities

Tax charged in the income statement:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Current income tax:		
UK corporation tax	**79.1**	80.9
Non-UK corporation tax	**39.3**	6.4
Adjustment in respect of prior years	**(6.1)**	(6.0)
Total current income tax	**112.3**	81.3
Deferred income tax:		
Origination and reversal of temporary differences	**(1.6)**	(2.0)
Adjustment in respect of prior years	**(1.0)**	(0.4)
Impact of change in tax rates on deferred tax balances	**0.3**	(0.5)
Total deferred income tax	**(2.3)**	(2.9)
Tax expense in the Income Statement attributable to continuing operations	**80.9**	77.4
Tax expense attributable to discontinued operations	**29.1**	1.0
Tax not charged to income statement:		
Tax recognised in other comprehensive income	**0.5**	–
Tax recognised directly in equity	**(0.5)**	(0.2)

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

Notes to the Financial Statements continued

9. Taxation continued

Reconciliation of the total tax charge

The standard rate of corporation tax in the UK for the year ended 31 May 2022 is 19.0% (31 May 2021: 19.0%). Taxation outside the UK is calculated at the rates prevailing in the relevant jurisdictions. The tax expense in the income statement for the year can be reconciled as set out below:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Profit before taxation		
From continuing operations	**477.0**	446.0
From discontinued operations	**136.9**	4.3
Total profit before tax	**613.9**	450.3
Profit multiplied by the UK standard rate of corporation tax of 19.0% (year ended 31 May 2021: 19.0%)	**116.7**	85.6
Higher taxes on overseas earnings	**7.9**	1.4
Adjustment in respect of prior years	**(8.2)**	(6.4)
Expenses not deductible for tax purposes	**0.8**	4.6
Patent Box deduction	**(7.0)**	(4.7)
Impact of change in tax rates on deferred tax balances	**0.3**	(0.5)
Recognition and utilisation of losses previously not recognised	**(1.2)**	(2.7)
Current year losses not recognised as deferred tax assets	**0.7**	1.1
Total tax expense attributable to:	**110.0**	78.4
Continuing operations	**80.9**	77.4
Discontinued operations	**29.1**	1.0

The effective tax rate for the year is 17.9% (year ended 31 May 2021: 17.4%).

The Finance Act 2021 passed into legislation in May 2021 and increased the main rate of UK corporation tax from 19% to 25% effective from 1 April 2023. The impact of these changes on deferred tax has been assessed and deferred tax assets and liabilities have been measured at the tax rates that are expected to apply when the related asset is realised or liability settled.

Deferred income tax assets

	31 May 2022 £m	31 May 2021 £m
Tax losses available for offset against future profits	**3.7**	4.0
Temporary differences arising on share-based payments	**3.7**	3.1
Temporary differences arising on fixed assets	**2.1**	2.0
Other temporary differences	**8.0**	3.8
	17.5	12.9

Deferred income tax liabilities

	31 May 2022 £m	31 May 2021 £m
Temporary differences arising on business combinations	**(62.9)**	-
Temporary differences arising on fixed assets	**(0.2)**	(0.3)
Other temporary differences	**(4.1)**	(0.5)
	(67.2)	(0.8)

Deferred income tax recovery

	31 May 2022 £m	31 May 2021 £m
Deferred tax assets to be recovered within 12 months	**5.4**	3.7
Deferred tax assets to be recovered after 12 months	**12.1**	9.2
	17.5	12.9

9. Taxation continued

Deferred income tax settlement

	31 May 2022 £m	31 May 2021 £m
Deferred tax liabilities to be settled within 12 months	(7.7)	(0.3)
Deferred tax liabilities to be settled after 12 months	(59.5)	(0.5)
	(67.2)	(0.8)

The recognised deferred tax asset reflects the extent to which it is considered probable that future taxable profits can be offset against the tax losses carried forward and sufficient capital gains arising in the future.

Share-based payment awards have been charged to the income statement but are not allowable as a tax deduction until the awards vest. The excess of the expected tax relief in future years over the amount charged to the income statement is recognised as a credit directly to equity.

Unrecognised deferred tax assets

	31 May 2022			31 May 2021		
	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date
Overseas trading losses	14.6	3.9	N/A	14.4	4.2	N/A
UK capital losses	23.5	5.9	N/A	23.5	5.9	N/A
	38.1	9.8		37.9	10.1	

The recoverability of unrecognised deferred tax assets is dependent on sufficient taxable profits of the entities.

The movement in the deferred income tax assets is as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
At the beginning of the year	12.9	11.5
Amounts arising on acquisitions in the year	7.4	–
Tax (charged)/credited to the Income Statement	(2.2)	3.0
Tax charged directly to equity	(0.3)	(0.6)
Impact of movement in foreign exchange rates	–	(1.0)
Reallocations between deferred tax assets and liabilities	(0.3)	–
At the end of the year	17.5	12.9

The movement in the deferred income tax liability is as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
At the beginning of the year	(0.8)	(0.7)
Amounts arising on acquisitions in the year	(66.1)	–
Tax credited/(charged) to the Income Statement	4.5	(0.1)
Tax charged to other comprehensive income	(0.5)	–
Impact of movement in foreign exchange rates	(4.6)	–
Reallocations between deferred tax assets and liabilities	0.3	–
At the end of the year	(67.2)	(0.8)

Notes to the Financial Statements continued

9. Taxation continued

Factors affecting the tax charge in future years

Factors that may affect the Group's future tax charge include the geographic location of the Group's earnings, the tax rates in those locations, changes in tax legislation, the recognition of previously unrecognised tax losses and the resolution of open tax issues. The Group's future tax charge may also be impacted by changes in the Group's business activities, client composition and regulatory status, which could impact the Group's exemption from the UK Bank Corporation Tax Surcharge.

The calculation of the Group's total tax charge involves a degree of estimation and judgement with respect to the recognition of deferred tax assets, which are dependent on the Group's estimation of future profitable income, transfer pricing and of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The Group operates in a number of jurisdictions worldwide, and tax laws in those jurisdictions are themselves subject to change. The Group determines its tax liability by taking into account its tax risks and it makes provision for those matters where it is probable that a tax liability will arise. Tax payable may ultimately be materially more or less than the amount already accounted for.

10. Earnings per ordinary share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding shares held as own shares in the Group's Employee Benefit Trusts. Diluted earnings per share is calculated using the same profit figure as that used in basic earnings per share and by adjusting the weighted average number of ordinary shares assuming the vesting of all outstanding share scheme awards and that vesting is satisfied by the issue of new ordinary shares.

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Earnings attributable to owners of the parent	**503.9**	371.9
Weighted average number of shares:		
Basic	**426,289,898**	369,181,516
Dilutive effect of share-based payments	**3,614,236**	3,222,900
Diluted	**429,904,134**	372,404,416

	Year ended 31 May 2022	Year ended 31 May 2021 (Restated)
Basic earnings per ordinary share	**118.2p**	110.7p
– Attributable to continuing operations	**92.9p**	99.8p
– Attributable to discontinued operations	**25.3p**	0.9p
Diluted earnings per ordinary share	**117.2p**	99.9p
– Attributable to continuing operations	**92.1p**	99.0p
– Attributable to discontinued operations	**25.1p**	0.9p

11. Dividends paid and proposed

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Final dividend for 31 May 2021 at 30.24p per share (FY20: 30.24p)	**130.3**	111.8
Interim dividend for 31 May 2022 at 12.96p per share (FY21: 12.96p)	**55.9**	47.9
	186.2	159.7

The final dividend for the year ended 31 May 2022 of 31.24 pence per share was proposed by the Board on 20 July 2022 and has not been included as a liability at 31 May 2022. This dividend will be paid on 20 October 2022, following approval at the Company's AGM, to those members on the register at the close of business on 23 September 2022.

12. Property, plant and equipment

	Leasehold improvements £m	Office equipment, fixtures and fittings £m	Computer and other equipment £m	Right-of-use assets £m	Total £m
Cost:					
At 1 June 2020	23.0	6.9	41.8	36.2	107.9
Additions	1.0	0.1	8.0	0.3	9.4
Impact of movement in foreign exchange rates	(0.4)	(0.3)	(0.7)	(2.0)	(3.4)
At 31 May 2021	23.6	6.7	49.1	34.5	113.9
Additions	**0.1**	**0.1**	**8.3**	**8.4**	**16.9**
Additions – business acquisition	**0.8**	**0.1**	**1.3**	**0.7**	**2.9**
Disposals – discontinued operations	**–**	**–**	**(3.4)**	**(0.8)**	**(4.2)**
Other disposals	**–**	**(0.1)**	**(0.6)**	**(5.6)**	**(6.3)**
Classified as assets held for sale	**(0.7)**	**–**	**–**	**(1.5)**	**(2.2)**
Impact of movement in foreign exchange rates	**0.3**	**0.3**	**0.6**	**0.9**	**2.1**
At 31 May 2022	**24.1**	**7.1**	**55.3**	**36.6**	**123.1**
Accumulated depreciation:					
At 1 June 2020	17.2	4.8	32.6	6.9	61.5
Charge for the year	1.4	0.6	6.1	6.9	15.0
Impact of movement in foreign exchange rates	(0.1)	(0.1)	(0.4)	(0.6)	(1.2)
At 31 May 2021	18.5	5.3	38.3	13.2	75.3
Charge for the year	**1.9**	**1.0**	**7.8**	**7.6**	**18.3**
Disposal – discontinued operations	**–**	**–**	**(2.5)**	**(0.2)**	**(2.7)**
Other disposals	**–**	**(0.1)**	**(0.5)**	**(3.3)**	**(3.9)**
Classified as assets held for sale	**(0.3)**	**–**	**–**	**(0.7)**	**(1.0)**
Impact of movement in foreign exchange rates	**0.3**	**–**	**0.1**	**0.1**	**0.5**
At 31 May 2022	**20.4**	**6.2**	**43.2**	**16.7**	**86.5**
Net book value – 31 May 2021	5.1	1.4	10.8	21.3	38.6
Net book value – 31 May 2022	**3.7**	**0.9**	**12.1**	**19.9**	**36.6**

Notes to the Financial Statements continued

13. Intangible assets

	Customer relationships £m	Trade Names £m	Non-compete agreements £m	Internally developed software £m	Domain names £m	Software and licences £m	Total £m
Cost:							
At 1 June 2020	–	–	–	40.9	37.7	28.1	106.7
Additions	–	–	–	3.3	–	3.6	6.9
Disposals	–	–	–	–	–	(0.2)	(0.2)
Impact of movement in foreign exchange rates	–	–	–	0.1	(4.3)	(0.3)	(4.5)
At 31 May 2021	–	–	–	44.3	33.4	31.2	108.9
Additions	**–**	**–**	**–**	**6.1**	**–**	**2.9**	**9.0**
Additions – business acquisition	**163.5**	**56.9**	**28.8**	**14.3**	**–**	**–**	**263.5**
Disposals – discontinued operations	**–**	**–**	**–**	**(0.6)**	**–**	**(0.7)**	**(1.3)**
Other disposals	**–**	**–**	**–**	**(1.5)**	**–**	**–**	**(1.5)**
Impact of movement in foreign exchange rates	**15.9**	**5.5**	**2.8**	**1.5**	**3.6**	**0.2**	**29.5**
At 31 May 2022	**179.4**	**62.4**	**31.6**	**64.1**	**37.0**	**33.6**	**408.1**
Accumulated amortisation:							
At 1 June 2020	–	–	–	27.7	15.4	24.5	67.6
Charge during the year	–	–	–	4.7	3.5	2.5	10.7
Disposals – discontinued operations	–	–	–	–	–	(0.2)	(0.2)
Impact of movement in foreign exchange rates	–	–	–	(0.1)	(1.7)	(0.1)	(1.9)
At 31 May 2021	–	–	–	32.3	17.2	26.7	76.2
Charge during the year	**16.8**	**3.6**	**5.5**	**6.8**	**3.5**	**3.0**	**39.2**
Disposal – discontinued operations	**–**	**–**	**–**	**(0.4)**	**–**	**(0.5)**	**(0.9)**
Other disposals	**–**	**–**	**–**	**(1.5)**	**–**	**–**	**(1.5)**
Impact of movement in foreign exchange rates	**0.7**	**0.1**	**0.3**	**0.2**	**1.6**	**0.1**	**3.0**
At 31 May 2022	**17.5**	**3.7**	**5.8**	**37.4**	**22.3**	**29.3**	**116.0**
Net book value – 31 May 2021	–	–	–	12.0	16.2	4.5	32.7
Net book value – 31 May 2022	**161.9**	**58.7**	**25.8**	**26.7**	**14.7**	**4.3**	**292.1**

14. Financial investments and financial assets pledged as collateral

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
UK Government securities	**351.1**	342.1
Term deposits	**45.0**	–
	396.1	342.1
Split as:		
Non-current portion	**160.1**	188.7
Current portion	**236.0**	153.4
	396.1	342.1

Of the UK Government securities, £289.9 million (31 May 2021: £256.0 million) is held at brokers to satisfy margin requirements. The remaining balance is held to meet regulatory liquidity requirements.

15. Goodwill

The movement in the goodwill for the year is as follows:

Cost or valuation	31 May 2022 £m	31 May 2021 £m
At the beginning of the year	**107.3**	108.1
Additions – business acquisition	**462.4**	–
Disposals	**(13.4)**	–
Impact of foreign exchange movement	**48.4**	(0.8)
At the end of the year	**604.7**	107.3

Goodwill has been allocated for impairment testing purposes to cash-generating units (CGUs) as follows:

	31 May 2022 £m	31 May 2021 £m
US (tastytrade)	**502.8**	–
UK	**100.9**	100.9
US (Nadex)	**–**	5.3
South Africa	**0.9**	1.0
Australia	**0.1**	0.1
	604.7	107.3

Goodwill arose as follows:
- US (tastytrade) – from the acquisition of tastytrade on 28 June 2021. As part of the transaction, the Group acquired an investment in Small Exchange, which was considered an operation within the US (tastytrade) CGU. The Group sold its interest in Small Exchange during the year and a portion of the US (tastytrade) goodwill was allocated to it and disposed of.
- UK – from the reorganisation of the UK business on 5 September 2003.
- US (Nadex) – from the acquisition of Nadex previously recognised was disposed of during the year. Refer to note 31 for further details.
- South Africa – from the acquisition of Ideal CFDs on 1 September 2010.
- Australia – from the acquisition of the non-controlling interest in IG Australia Pty Limited in the year ended 31 May 2006

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Impairment testing

The Group's goodwill balance has been subject to a full impairment assessment and there has not been any impairment recognised for the year ended 31 May 2022 (31 May 2021: £nil). For the purposes of the Group's impairment testing of goodwill, the carrying amount of each CGU is compared to the estimated recoverable amount of the relevant CGU and any deficits are considered impairments requiring recognition in the year.

The carrying amount of a CGU includes only those assets that can be attributed directly to it, or allocated on a reasonable and consistent basis.

The US (tastytrade) CGU carrying value includes the investment in associate held in relation to Zero Hash Holdings Limited. There are no cash flows included within the future cash flow projections relating to this investment. As Zero Hash forms part of the US (tastytrade) CGU, the Group disposed of £2.2 million goodwill following partial sale of its holding in Zero Hash. Refer to note 32 for further details relating to the disposal.

The estimated recoverable amount for each CGU is based upon the value-in-use (VIU) of each CGU. For all CGUs, the estimate of the recoverable amount was higher than the carrying value.

Key assumptions used in the calculation of the recoverable amount of the CGUs

The key assumptions for the VIU calculations are those regarding regional long-term growth rates, future cash flow projections, and discount rates.

Regional long-term growth:

Regional long-term growth is used to extrapolate the cash flows to perpetuity for each CGU. After a management forecast period of four years, a terminal growth rate of 2.0% (31 May 2021: 2.0%) has been applied to the cash flows to derive a terminal value.

Notes to the Financial Statements continued

15. Goodwill continued

Future cash flow projections:

The future cash flow projections are based on the most recent financial forecasts considered for each CGU which cover a four year period. These cash flow projections comprise of revenue, structural costs base and capital expenditure. Projected revenue is based on assumptions relating to client acquisition and trading activity, and assumptions on interest earned on client funds. The projected costs are based on assumptions relating to revenue-related costs, including trading and client transaction fees, and structural costs. The projected profitability takes into account historical performance and the Group's knowledge of the current market, together with the Group's views on the future achievable growth.

Discount rates:

The discount rates used to calculate the recoverable amount of each CGU are based on a post tax weighted average cost of capital (WACC) which is specific to each geographical region. The discount rate depends on a number of inputs reflecting the current market assessment of the time value of money, determined by external market information, and inputs relating to the risks associated with the cash flow of each individual CGU which are subject to management's judgement.

The post-tax WACC is grossed up to a pre-tax discount rate. The pre-tax discount rate applied to calculate the recoverable amount of each CGU is as follows:

	31 May 2022	31 May 2021
US (tastytrade)	**17.5%**	–
UK	**12.0%**	10.0%
US (Nadex)	**–**	12.0%
Australia	**13.0%**	12.0%
South Africa	**18.0%**	15.0%

Sensitivity to changes in key assumptions

The VIU calculations have been subject to a sensitivity analysis reflecting reasonable changes in individual key assumptions. The most significant goodwill balance recognised by the Group relates to the US (tastytrade) CGU. The table below shows the reduction in the recoverable amount and where relevant the associated potential impairment arising from reasonable changes in key assumptions used in the US (tastytrade) impairment testing:

		US (tastytrade)	
Assumption	Sensitivity applied	Reduction in recoverable amount £m	Impairment £m
Long-term growth rate	0.5% decrease	**27.7**	**Nil**
EBITDA	20% decrease	**185.4**	**70.4**
Discount rates	1% increase (post-tax)	**72.6**	**Nil**

The assumptions that would result in the recoverable amount equalling the carrying value of the US (tastytrade) CGU are:

Long-term growth rate	(0.5)%
EBITDA margin	13% underperformance
Discount rates	19.8%

For all other goodwill balances, there is sufficient headroom in the recoverable amount of the CGU based on the assumptions made, and there is not considered to be any reasonably likely scenario under which material impairment could be expected to occur based on the testing performed.

16. Trade receivables

	31 May 2022 £m	31 May 2021 £m
Amounts due from brokers	**381.0**	424.3
Own funds in client money	**85.5**	63.3
Amounts due from clients	**3.0**	3.3
	469.5	490.9

Amounts due from brokers represent balances with brokers and execution partners where the combination of cash held on account and the valuation of financial derivative open positions, or unsettled trade receivables, results in an amount due to Group.

Own funds in client money represent the Group's own cash held in segregated client funds, in accordance with the UK's Financial Conduct Authority (FCA) CASS rules and similar rules of other regulators in whose jurisdiction the Group operates and includes £7.6 million (31 May 2021: £9.2 million) to be transferred to the Group on the following business day.

Amounts due from clients arise when a client's total funds held with the Group are insufficient to cover any trading losses incurred by the client or when a client utilises a trading credit limit. Amounts due from clients are stated net of an allowance for impairment.

17. Other assets

Other assets are cryptocurrency assets and rights to cryptocurrency assets, which are owned and controlled by the Group for the purpose of hedging the Group's exposure to clients' cryptocurrency trading positions. The Group holds rights to cryptocurrency assets on exchange and in vaults as follows:

	31 May 2022 £m	31 May 2021 £m
Exchange	**1.8**	13.8
Vaults	**12.4**	16.5
	14.2	30.3

Other assets are measured at fair value less costs to sell. Other assets are level 2 assets in accordance with the fair value hierarchy (note 27).

18. Borrowings and debt securities in issue

In June 2021, the Group drew down on a £150.0 million term loan to finance the tastytrade acquisition, taking the total committed term loan facilities to £250.0 million.

The Group subsequently performed a debt refinancing exercise and implementation of a long term funding structure, which was completed in November 2021. The refinancing involved the following:

- Issue of £299.2 million 3.125% senior unsecured bonds due in 2028
- A new £300.0 million committed revolving credit facility, with an initial maturity of three years
- Repayment and cancellation of the Group's existing £125.0 million revolving credit facilities and £250.0 million term loan facilities

The issued debt has been recognised at fair value less transaction fees. As at 31 May 2022, £2.0 million unamortised arrangement fees are recognised on the Statement of Financial Position, with £1.0 million unamortised fees relating to the repaid term loans expensed to the Income Statement in the year. Unamortised arrangements fees of £1.6 million in relation to the new revolving credit facility have been recognised on the Statement of Financial Position.

The Group has the option to request an increase in the revolving credit facility size to £400.0 million and to request two maturity extensions of one year each, all subject to bank approval. Following this refinancing exercise, total available credit facilities have risen from £375.0 million as at 31 May 2021 to £600.0 million as at 31 May 2022, with the potential to increase to £700.0 million if the new revolving credit facility is increased in size.

Under the terms of the new revolving credit facility agreement, the Group is required to comply with financial covenants covering maximum levels of leverage and debt to equity. The Group has complied with all covenants throughout the reporting period.

Notes to the Financial Statements continued

19. Lease liabilities

The liability represents the obligation to make payments relating to leasing of premises. The table below shows the maturity analysis of these lease liabilities as at the balance sheet date.

	31 May 2022 £m	31 May 2021 £m
Future minimum payments due:		
Within one year	**8.9**	6.7
After one year but not more than five years	**13.2**	15.5
After more than five years	**0.6**	0.9
	22.7	23.1

In addition to the £22.7 million lease liability (31 May 2021: £23.1 million), the Group has £0.3 million lease commitments under non-cancellable operating leases which are not capitalised as right-of-use assets (31 May 2021: £0.1 million). Included within this balance is a £0.8 million lease liability relating to lease assets classified as held for sale.

Please refer to note 28 below for the maturity analysis of the undiscounted cash flows for non-cancellable leases.

20. Trade payables

	31 May 2022 £m	31 May 2021 £m
Client funds:		
UK and Ireland	**359.0**	222.0
US	**34.1**	21.6
EU	**71.6**	46.6
EMEA Non-EU	**48.8**	58.7
Singapore	**1.5**	2.6
Japan	**4.4**	1.7
	519.4	353.2
Issued turbo warrants	**1.5**	1.1
Amounts due to brokers	**28.0**	–
Amounts due to clients	**22.3**	3.2
	571.2	357.5

Client funds reflects the Group's liability for client monies which are recognised on balance sheet in cash and cash equivalents.

Amounts due to brokers represents balances where the value of unsettled positions, or the value of open derivatives positions held in accounts which are not covered by an enforceable netting agreement, results in an amount payable by the Group.

Amounts due to clients represent balances that will be transferred from cash and cash equivalents into segregated client funds on the following business day in accordance with the UK's Financial Conduct Authority CASS rules and similar rules of other regulators in whose jurisdiction the Group operates.

21. Other payables

	31 May 2022 £m	31 May 2021 £m
Accruals	**112.6**	97.2
Payroll taxes, social security and other taxes	**6.9**	11.0
	119.5	108.2

22. Contingent liabilities and provisions

In the ordinary course of business, the Group is subject to legal and regulatory risks in a number of jurisdictions which may result in legal claims or regulatory action against the Group. Through the Group's ordinary course of business there are ongoing legal proceedings and engagements with regulatory authorities. Where possible, an estimate of the potential financial impact of these legal proceedings is made using management's best estimate, but where the most likely outcome cannot be determined no provision is recognised.

The largest group of related claims that the Group is subject to could have a financial impact of approximately £20.6 million as at 31 May 2022. This is in its early stages and it is not possible to determine whether any amounts will be payable to the clients. As a result, no provision has been recognised. The Group was not subject to any significant claims at 31 May 2021.

Under the terms of the agreement with the Group's clearing broker for its operations in the US, Apex Clearing Corporation, the Group guarantees the performance of its customers in meeting contracted obligations. In conjunction with the clearing broker, the Group seeks to control the risks associated with its customer activities by requiring customers to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines is monitored daily and, pursuant to such guidelines, the customers may be required to deposit additional collateral, or reduce positions where necessary.

The Group does not expect there to be other contingent liabilities that would have a material adverse impact on the Group Financial Statements. The Group had no material provisions as at 31 May 2022 (31 May 2021: £nil).

23. Share capital and share premium

	Number of shares	Share capital £m	Share premium account £m
Allotted and fully paid:			
(i) Ordinary shares (0.005p)			
At 31 May 2020	369,439,455	–	125.8
Issued during the year	860,000	–	–
At 31 May 2021	370,299,455	–	125.8
Issued during the year	61,275,000	–	–
At 31 May 2022	**431,574,455**	**–**	**125.8**
(ii) Deferred redeemable shares (0.001p)			
At 31 May 2021	65,000	–	–
At 31 May 2022	**65,000**	**–**	**–**
(iii) Redeemable preference shares (£1.00)			
At 31 May 2021	40,000	–	–
At 31 May 2022	**40,000**	**–**	**–**

During the year ended 31 May 2022, 61,000,000 ordinary shares with an aggregate nominal value of £3,050.00 were issued as part of the consideration for the acquisition of tastytrade. The issue of shares qualifies for merger relief under Section 612 of the Companies Act 2006, and the amount in excess of the nominal value of ordinary shares, totalling £509.0 million, has been recognised in the merger reserve instead of the share premium account.

IG Group Holdings plc also issued 275,000 ordinary shares (31 May 2021: 860,000 ordinary shares) with an aggregate nominal value of £13.75. The 275,000 ordinary shares (31 May 2021: 860,000) were issued to the Employee Benefit Trust in order to satisfy the exercise of sustained performance plan and long-term incentive plan awards, for consideration of £13.75 (31 May 2021: £43.00). Except as the ordinary shareholders have agreed or may otherwise agree, on a winding up of the Company, the balance of assets available for distribution, after the payment of all of the Company's creditors and subject to any special rights attaching to other classes of shares, are distributed among the shareholders according to the amounts paid up on shares by them.

Notes to the Financial Statements continued

23. Share capital and share premium continued

Deferred redeemable shares

These shares carry no entitlement to dividends and no voting rights.

Redeemable preference shares

The preference shares are entitled to a fixed non-cumulative dividend of 8.0% paid in preference to any other dividend. Redemption is only permissible in accordance with capital distribution rules or on the winding up of the Company where the holders are entitled to £1 per share plus, if the Company has sufficient distributable reserves, any accrued or unpaid dividends. The preference shares have no voting rights, except that they are entitled to vote should the Company fail to pay any amount due on redemption of the shares. The effective interest rate on these shares is 8.0% (31 May 2021: 8.0%).

24. Other reserves

	Share-based payments reserve £m	Own shares held in Employee Benefit Trusts £m	FVOCI reserve £m	Total other reserves £m
At 1 June 2020	16.7	(4.6)	1.2	13.3
Equity-settled employee share-based payments	7.4	–	–	7.4
Exercise of employee share awards	(3.2)	3.2	–	–
Employee Benefit Trust purchase of shares	–	(0.2)	–	(0.2)
Transfer of vested awards from share-based payment reserve	(6.4)	–	–	(6.4)
Change in value of financial assets held at fair value through other comprehensive income	–	–	(1.3)	(1.3)
At 31 May 2021	14.5	(1.6)	(0.1)	12.8
At 1 June 2021	**14.5**	**(1.6)**	**(0.1)**	**12.8**
Equity-settled employee share-based payments	**13.6**	**–**	**–**	**13.6**
Exercise of employee share awards	**(2.3)**	**2.3**	**–**	**–**
Employee Benefit Trust purchase of shares	**–**	**(6.7)**	**–**	**(6.7)**
Transfer of vested awards from share-based payment reserve	**(7.3)**	**–**	**–**	**(7.3)**
Change in value of financial assets held at fair value through other comprehensive income	**–**	**–**	**(4.0)**	**(4.0)**
At 31 May 2022	**18.5**	**(6.0)**	**(4.1)**	**8.4**

The share-based payments reserve relates to the estimated cost of equity-settled employee share plans based on a straight-line basis over the vesting period. The fair value through other comprehensive income reserve includes unrealised gains or losses in respect of financial investments, net of tax.

Own shares held in Employee Benefit Trusts

The movements in own shares held in Employee Benefit Trusts in respect of employee share plans during the year were as follows:

	Year ended 31 May 2022 Number	Year ended 31 May 2021 Number
At the beginning of the year	**872,272**	1,279,338
Subscribed for and purchased during the year	**1,012,130**	898,139
Exercise and sale of own shares held in trust	**(1,224,473)**	(1,305,205)
At the end of the year	**659,929**	872,272

The Group has a UK-resident Employee Benefit Trust which holds shares in the Company to satisfy awards under the Group's HMRC-approved share-incentive plan (SIP). At 31 May 2022, 161,918 ordinary shares (31 May 2021: 205,623) were held in the trust. The market value of the shares at 31 May 2022 was £1.2 million (31 May 2021: £1.8 million).

The Group has a Jersey-resident Employee Benefit Trust which holds shares in the Company to satisfy awards under the long-term incentive plan and sustained performance plan. At 31 May 2022 the Trust held 488,094 ordinary shares (31 May 2021: 651,444). The market value of the shares at 31 May 2022 was £3.5 million (31 May 2021: £5.6 million).

The Group has an Australian-resident Employee Equity Plan Trust which holds shares in the Company to satisfy awards under a SIP. At 31 May 2022, 9,917 ordinary shares (31 May 2021: 15,205) were held in the Trust. The market value of the shares at 31 May 2022 was £0.1 million (31 May 2021: £0.1 million).

25. Employee share plans

The Company operates four employee share plans; a sustained performance plan (SPP), a long-term incentive plan (LTIP), a share-incentive plan (SIP) and a medium-term incentive plan (MTIP). The LTIP, MTIP and SIP are equity-settled. The SPP awarded prior to 31 May 2021 was fully equity-settled. The SPP awarded after 31 May 2021 has changed such that 30% of the award for the Executive Directors is settled in cash, and does not meet the criteria to be recognised as either a cash-settled share-based payment or an equity-settled share-based payment.

Sustained performance plan (SPP)

The SPP award was introduced in the year ended 31 May 2014 for the Group's Executive Directors and other selected senior employees. The Remuneration Committee approves any awards made under the plan and is responsible for setting the policy for the operation of the SPP, agreeing performance targets and participation.

The legal grant of awards under the SPP occurs post the relevant performance period. At the outset of the financial year the Remuneration Committee approves, and communicates to the participants, performance conditions and a pre-defined maximum monetary award in terms of multiple of salary. The grant of awards, in the form of equity-settled par value options, is based upon three performance conditions: relative Total Shareholder Return (TSR), earnings per share (EPS) and operational non-financial performance (NFP). Awards subsequently vest periodically in tranches until three years after the expiry of the SPP scheme in August 2023, unless a decision is made by the Remuneration Committee to extend the life of the SPP scheme. As at 31 May 2022, no decision had been made to extend the life of the SPP scheme.

The following table shows the movement of options in the SPP, and the additional awards issued for the year ended 31 May 2022:

Award date	Performance period (year ended)	Share price at award	Expected full vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Exercised during the year Number	Dividend equivalent awarded during the year Number	At the end of the year Number
04-Aug-14	31 May 2014	609.90p	1 Aug 2025	24,776	–	–	(13,547)	622	11,851
06-Aug-15	31 May 2015	742.55p	1 Aug 2025	26,849	–	–	(14,355)	693	13,187
02-Aug-16	31 May 2016	868.65p	1 Aug 2025	111,044	–	–	(60,627)	2,798	53,215
01-Aug-17	31 May 2017	626.50p	1 Aug 2025	98,688	–	–	(49,795)	2,713	51,606
07-Aug-18	31 May 2018	893.00p	1 Aug 2025	336,128	–	–	(162,502)	9,634	183,260
06-Aug-19	31 May 2019	559.20p	1 Aug 2025	245,860	–	–	(106,144)	7,753	147,469
06-Aug-20	31 May 2020	734.00p	1 Aug 2025	1,334,825	–	–	(444,940)	49,368	939,253
06-Aug-20	–	734.00p	1 May 2022	17,814	–	–	(19,855)	2,041	–
06-Aug-20	31 May 2021	734.00p	30 Jun 2022	35,616	–	–	–	–	35,616
06-Aug-20	–	734.00p	1 May 2023	4,357	–	–	(2,426)	248	2,179
05-Aug-21	31 May 2022	911.50p	1 Aug 2025	–	1,322,774	(34,678)	–	38,684	1,326,780
10-Jan-22	–	829.50p	30 Jun 2023	–	15,390	–	–	–	15,390
10-Jan-22	–	829.50p	30 Jun 2024	–	12,990	–	–	–	12,990
			Total	2,235,957	1,351,154	(34,678)	(874,191)	114,554	2,792,796

The average share price at exercise of options during the year was 905.87 pence. The exercise price of all SPP awards is 0.005 pence and the weighted average remaining contractual life of share options as at 31 May 2022 was 3.11 years (30 May 2021: 4.17 years).

The SPP awards for the year ended 31 May 2022 will be granted in August 2022 following the approval of actual performance against targets set by the Remuneration Committee. A ten-day share price averaging period, that commences after the Company's closed period, is utilised to convert the notional value awarded into a number of options.

The table below details the number of options expected to be awarded for the year ended 31 May 2022, based on the year-end share price:

Expected award date	Closing share price at 31 May 2022	Expected full vesting date	Awards expected for the year ending 31 May 2022 Number
4 Aug 2022	715.5p	1 Aug 2025	2,002,411

Notes to the Financial Statements continued

25. Employee share plans continued

Long-term incentive plan (LTIP)

The LTIP is made available to senior management who are not invited to participate in the SPP. Awards under the LTIP are nominal cost options, which vest after three years, conditional upon continued employment at the vesting date. There are no other performance targets.

The maximum number of LTIP awards that can vest under the awards made are:

Award date	Share price at award	Expected vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Dividend equivalent awarded during the year Number	Exercised during the year Number	At the end of the year Number
7 Aug 2018	893.00p	7 Aug 2021	218,371	–	(3,636)	47,510	(259,810)	2,435
6 Aug 2019	559.20p	6 Aug 2022	438,844	–	(61,125)	–	–	377,719
6 Aug 2020	734.00p	6 Aug 2023	386,697	2,210	(64,803)	–	–	324,104
5 Aug 2021	911.50p	5 Aug 2024	–	397,257	(41,962)	–	–	355,295
Total			1,043,912	399,467	(171,526)	47,510	(259,810)	1,059,553

The exercise price of all options awarded under the LTIP is 0.005 pence and the weighted average remaining contractual life of share options as at 31 May 2022 was 1.16 years (31 May 2021: 1.34 years).

Medium-term incentive plan (MTIP)

The MTIP is made available to certain employees within the Group. Awards under the MTIP are nominal cost options, which vest after 15 months, conditional upon continued employment at the vesting date. There are no other performance targets.

The maximum number of MTIP awards that can vest under the awards made are:

Award date	Share price at award	Expected vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Dividend equivalent awarded during the year Number	Exercised during the year Number	At the end of the year Number
5 Aug 2021	911.50p	5 Nov 2022	–	205,487	(9,968)	–	–	195,519
Total			–	205,487	(9,968)	–	–	195,519

The exercise price of all options awarded under the MTIP is 0.005 pence and the weighted average remaining contractual life of share options as at 31 May 2022 was 0.43 years (31 May 2021: nil).

Share-incentive plan (SIP)

SIP awards are made available to all UK, Australian and US employees. The terms of the award are approved by the Remuneration Committee.

The UK and Australian awards invite all employees to purchase up to £1,800/A$3,000 (31 May 2021: £1,800/A$3,000) of partnership shares, with the Company matching on a one-for-one (31 May 2021: one-for-one) basis. All matching shares vest after three years as long as the employee remains employed with the Group for the term of the award. Shares awarded under the scheme are held in trust in accordance with local tax authority rules. Employees are entitled to receive dividends on the partnership and matching shares held in trust for as long as they remain employees.

The US award invites employees to invest a maximum of 5% of their salary to the award. Employees are invited to purchase shares in IG Group Holdings plc at a discount of 15% to the scheme price, being the lower of the opening share price and the closing share price for the period.

25. Employee share plans continued

The maximum number of matching shares that can vest based on the SIP awards made are:

Country of award	Award date	Share price at award	Expected vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Exercised during the year Number	At the end of the year Number
UK	7 Aug 2018	893.00p	7 Aug 2021	85,158	–	(2,634)	(82,524)	–
Australia	15 Jul 2018	935.84p	15 Jul 2021	7,178	–	–	(7,178)	–
UK	6 Aug 2019	559.20p	6 Aug 2022	61,239	–	(8,027)	(88)	53,124
Australia	15 Jul 2019	597.00p	15 Jul 2022	2,075	–	(283)	–	1,792
UK	6 Aug 2020	734.00p	6 Aug 2023	55,003	–	(5,400)	(484)	49,119
Australia	15 Jul 2020	740.79p	15 Jul 2023	3,663	–	(666)	–	2,997
UK	5 Aug 2021	911.50p	5 Aug 2024	–	50,302	(2,335)	(198)	47,769
Australia	15 Jul 2021	851.50p	15 Jul 2024	–	4,179	(190)	–	3,989
			Total	214,316	54,481	(19,535)	(90,472)	158,790

Of the above SIP awards exercised during the year ended 31 May 2022, the average weighted share price at exercise was:

Country of award	Award date	Weighted average share price at exercise
UK	7 Aug 2018	871.26p
Australia	15 Jul 2018	859.50p
UK	6 Aug 2019	556.00p
Australia	15 Jul 2019	614.12p
UK	6 Aug 2020	751.60p
Australia	15 Jul 2020	825.70p
UK	5 Aug 2021	910.50p
Australia	15 Jul 2021	827.89p

The weighted average exercise price of the SIP awards exercised during the year ended 31 May 2021 is 903.89 pence.

Accounting for share schemes

The expense recognised in the Income Statement in respect of share-based payments was £13.7 million (31 May 2021: £7.4 million).

The fair value of the equity-settled share-based payments to employees is determined at the date at which a shared understanding of the terms and conditions of the arrangement is reached between the Company and the participants. The weighted average fair value of the equity-settled awards granted or deemed as such under IFRS 2 during the year was £15.3 million (31 May 2021: £12.7 million). For SIP awards the fair value is determined to be the share price at the grant date without making an adjustment for expected future dividends, as award recipients are entitled to dividends over the vesting period. For LTIP and MTIP awards the fair value is determined to be the share price at grant date without making an adjustment for the expected future dividends as dividend equivalents are awarded on options granted under the LTIP.

For potential SPP awards made under the TSR criteria, fair value is calculated using an option pricing model prepared by advisers. For the SPP awards made under the EPS and NFP operational measures, the fair value is determined by taking the share price at deemed grant date less the present value of expected future dividends for the duration of the performance period. Dividend equivalents accrue under the SPP on awarded but not yet vested options post the performance period. Dividend equivalents cease to accrue on unexercised options after the vesting date.

The inputs below were used to determine the fair value of the TSR element of the SPP award:

Date of grant	16 August 2021
Share price at grant date (pence)	£9.13
Expected life of awards (years)	0.79
Risk-free sterling interest rate (%)	0.05%
IG Group Holdings plc expected volatility (%)	24.09%

Notes to the Financial Statements continued

25. Employee share plans continued

IG Group Holdings plc's expected volatility is based on historical TSR volatility of IG Group Holdings plc measured daily over a period prior to the date of grant and commensurate with the remaining performance period. The weighted average fair values for outstanding awards across all schemes are as follows:

	At the beginning of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At the end of the year
Year ended 31 May 2022	**618.63p**	**760.27p**	**807.52p**	**641.61p**	**683.09p**
Year ended 31 May 2021	577.48p	695.98p	667.22p	689.06p	618.63p

26. Related party transactions

The Directors and other members of management classified as persons discharging management responsibility in accordance with the Market Abuse Regulation are considered to be the key management personnel of the Group in accordance with IAS 24 Related Party Disclosures. The Directors' Remuneration Report discloses all benefits and share-based payments earned during the year and the preceding year by the Executive Directors. The total compensation for key management personnel was as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Short-term employee benefits	**6.8**	6.4
Share-based payments	**10.6**	6.5
	17.4	12.9

The average number of key management personnel during the year was twelve (year ended 31 May 2021: nine). Included within short-term employee benefits are pension charges of £nil million (year ended 31 May 2021: £0.1 million).

The Group incurred short-term office rental costs in relation to office space leased from key management personnel totalling £0.3 million in 31 May 2022 (31 May 2021: £nil). During the year ended 31 May 2022, the Group incurred £0.4 million of arrangement fees for the issue of debt securities with a financial advisory firm that a member of key management personnel holds a directorship in.

In November 2021, the Group took part in a funding round of Small Exchange and invested an additional £1.9 million. Prior to the disposal of the Group's shareholding in Small Exchange, the Group recognised its share of losses in the year from Small Exchange of £2.3 million. In addition, the Group paid various operating expenses on behalf of Small Exchange and is reimbursed for these expenses. The total value of these expenses in the year ended 31 May 2022 was £2.0 million (31 May 2021: £nil).

On acquisition of tastytrade, the Group initially recognised a convertible loan note with Zero Hash at a fair value of £9.3 million ($12.0 million). This was subsequently converted into an equity shareholding of 17.4% at fair value of £17.9 ($24.2 million) in September 2021. On 22 December 2021, the Group sold shares in Zero Hash and reduced its shareholding to 9.86%. The gain on revaluation on conversion of loan note and the gain on disposal have been shown as a separate line item in the Income Statement.

Zero Hash facilitates cryptocurrency trading for clients of tastyworks. tastyworks recognised £0.6 million revenue, net of integration fees, from Zero Hash (year ended 31 May 2021: £nil).

There were no other related party transactions which had a material impact on the Financial Statements. The Group had no transactions with its Directors other than those disclosed in the Directors' Remuneration Report.

27. Financial instruments

Accounting classifications and fair values

The table below sets out the classification of each class of financial assets and liabilities and their fair values.

As at 31 May 2022	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets:						
Cash and cash equivalents		–	1,246.4	–	1,246.4	1,246.4
Financial assets pledged as collateral		–	–	60.4	60.4	60.4
Financial investments	14	–	45.0	290.7	335.7	335.7
Trade receivables – amounts due from brokers	16	(159.3)	540.3	–	381.0	381.0
Trade receivables – own funds in client money	16	–	85.5	–	85.5	85.5
Trade receivables – amounts due from clients	16	–	3.0	–	3.0	3.0
Other receivables		–	9.8	–	9.8	9.8
		(159.3)	1,930.0	351.1	2,121.8	2,121.8
Financial liabilities:						
Trade payables – client funds	20	117.4	(636.8)	–	(519.4)	(519.4)
Trade payables – issued turbo warrants	20	(1.5)	–	–	(1.5)	(1.5)
Trade payables – amounts due to brokers	20	(1.0)	(27.0)	–	(28.0)	(28.0)
Trade payables – amounts due to clients	20	–	(22.3)	–	(22.3)	(22.3)
Debt securities in issue	18	–	(297.2)	–	(297.2)	(269.6)
Lease liabilities	19	–	(22.7)	–	(22.7)	(22.7)
Other payables – accruals	21	–	(112.6)	–	(112.6)	(112.6)
		114.9	(1,118.6)	–	(1,003.7)	(976.1)

As at 31 May 2021	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets:						
Cash and cash equivalents		–	655.2	–	655.2	655.2
Financial assets pledged as collateral		–	–	87.1	87.1	87.1
Financial investments	14	–	–	255.0	255.0	255.0
Trade receivables – amounts due from brokers	16	17.1	407.2	–	424.3	424.3
Trade receivables – own funds in client money	16	–	63.3	–	63.3	63.3
Trade receivables – amounts due from clients	16	–	3.3	–	3.3	3.3
Other receivables		–	5.5	–	5.5	5.5
		17.1	1,134.5	342.1	1,493.7	1,493.7
Financial liabilities:						
Trade payables – client funds	20	38.4	(392.7)	–	(354.3)	(354.3)
Trade payables – issued turbo warrants	20	–	–	–	–	–
Trade payables – amounts due to brokers	20	–	–	–	–	–
Trade payables – amounts due to clients	20	–	(3.2)	–	(3.2)	(3.2)
Borrowings	18	–	(98.8)	–	(98.8)	(98.8)
Lease liabilities	19	–	(23.1)	–	(23.1)	(23.1)
Other payables – accruals	21	–	(97.2)	–	(97.2)	(97.2)
		38.4	(615.0)	–	(576.6)	(576.6)

Notes to the Financial Statements continued

27. Financial instruments continued

Financial instrument valuation hierarchy

The hierarchy of the Group's financial instruments carried at fair value is as follows:

As at 31 May 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
Trade receivables – amounts due from brokers	**9.2**	**(168.5)**	**–**	**(159.3)**
Financial assets pledged as collateral	**60.4**	**–**	**–**	**60.4**
Financial investments	**290.7**	**–**	**–**	**290.7**
Financial liabilities:				
Trade payables – amounts due to brokers	**–**	**(1.0)**	**–**	**(1.0)**
Trade payables – client funds	**14.1**	**103.3**	**–**	**117.4**
Trade payables – issued turbo warrants	**–**	**(1.5)**	**–**	**(1.5)**

As at 31 May 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
Trade receivables – due (to)/from brokers	0.6	16.5	–	17.1
Financial assets pledged as collateral	87.1	–	–	87.1
Financial investments	255.0	–	–	255.0
Financial liabilities:				
Trade payables – amounts due to brokers	–	–	–	–
Trade payables – client funds	–	38.4	–	38.4

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 assets are valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes the Group's open-exchange traded hedging positions. The quoted market price used for financial assets held by the Group is the period end bid price.
- Level 2 assets are valued using techniques where a price is derived based significantly on observable market data. For example, where an active market for an identical financial instrument to the product used by the Group to hedge its market risk does not exist. This category includes the Group's open non-exchange traded hedging positions. This comprises shares, foreign currency and foreign currency options. The fair values used in the valuation of these products are sometimes brokered values and may occur after the close of a market but before the measurement date. The effects of discounting are generally insignificant for these Level 2 financial instruments.
- Level 3 assets are valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

There have been no changes to the fair value hierarchy or the valuation techniques for any of the Group's financial instruments held at fair value in the year (31 May 2021: none). There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements for years ended 31 May 2022 and 31 May 2021.

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the Group's financial assets and liabilities measured at amortised cost approximates their carrying amount, with the exception of debt securities in issue.

Items of income, expense, gains or losses

All of the Group's gains and losses arising from financial assets and liabilities classified as fair value through the profit and loss are included in net trading revenue for the years ended 31 May 2022 and 31 May 2021.

27. Financial instruments continued

Offsetting financial assets and liabilities

The following financial assets and liabilities have been offset and are subject to enforceable netting agreements.

As at 31 May 2022	Note	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off £m	Net amounts of financial assets and liabilities £m
Financial assets:				
Trade receivables – amount due from/(to) brokers	16	**1,119.3**	**(738.3)**	**381.0**
Financial liabilities:				
Trade payables – amount due from/(to) brokers	20	**68.0**	**(96.0)**	**(28.0)**
Trade payables – client funds	20	**121.3**	**(640.7)**	**(519.4)**
		1,308.6	**(1,475.0)**	**(166.4)**

As at 31 May 2021	Note	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off £m	Net amounts of financial assets and liabilities £m
Financial assets:				
Trade receivables – amount due from/(to) brokers	16	954.6	(530.3)	424.3
Financial liabilities:				
Trade payables – client funds	20	42.1	(396.4)	(354.3)
		996.7	(926.7)	70.0

Amounts due from brokers and client funds have been presented net to reflect the impact of offsetting. The Group is entitled to offset amounts due from brokers on a broker account level by currency. Collateral at brokers represent UK Government securities listed with brokers to meet the broker's requirements. Client funds represents balances with clients where the cash held on balance sheet and the valuation of open derivative positions result in an amount due to clients.

28. Financial risk management

Financial risks arising from financial instruments are analysed into market, credit, concentration and liquidity risks. Details of how risks are managed are discussed in the risk management section on page 46.

Market risk

Market risk disclosures are analysed into the following categories:

- Non-trading interest rate risk.
- Price and foreign currency risk, which is further analysed between the impact on financial investments held at fair value through other comprehensive income and the impact on the Group's year-end net trading book position. The Group's foreign currency exposure on its financial assets and liabilities denominated in currencies other than the reporting currency is included in the trading book.

Notes to the Financial Statements continued

28. Financial risk management continued

Non-trading interest rate risk

The interest rate risk profile of the Group's financial assets and liabilities at each year end was as follows:

	Within 1 year		Between 2 and 5 years		More than 5 years		Total	
	31 May 2022 £m	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m
Fixed rate:								
Financial assets pledged as collateral	**35.1**	26.0	**25.3**	61.1	**–**	–	**60.4**	87.1
Financial investments	**200.9**	127.4	**134.8**	127.6	**–**	–	**335.7**	255.0
Debt securities in issue	**–**	–	**–**	–	**(297.2)**	–	**(297.2)**	–
Floating rate:								
Cash and cash equivalents	**1246.4**	655.2	**–**	–	**–**	–	**1246.4**	655.2
Trade receivables – due from brokers	**381.0**	424.3	**–**	–	**–**	–	**381.0**	424.3
Trade receivables – own funds in client money	**85.5**	63.3	**–**	–	**–**	–	**85.5**	63.3
Trade payables – due to brokers	**(28.0)**	–	**–**	–	**–**	–	**(28.0)**	–
Borrowings	**–**	–	**–**	(98.8)	**–**	–	**–**	(98.8)
	1,920.9	1,296.2	**160.1**	89.9	**(297.2)**	–	**1,783.8**	1,386.1

Non-trading interest rate risk sensitivity analysis – fixed rate

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The level of future fixed interest receivable would be similar to that received in the year and is considered immaterial to the Group's profit for the year.

Non-trading interest rate risk sensitivity analysis – floating rate

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Trade receivables and payables include client and broker balances upon which interest is paid or received based upon market rates.

Interest rate sensitivity has been performed on floating rate financial instruments by considering the impact of a 1% decrease in interest rates on financial assets and financial liabilities. The impact of such a movement on the Group's profit before tax for the year is shown below.

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
(Decrease)/increase in profit before tax:		
Cash and cash equivalents	**(12.5)**	(6.6)
Trade receivables – amounts due from brokers	**(0.9)**	(1.2)
Trade receivables – own funds in client money	**0.9**	0.6
Trade payables – amounts due to brokers	**(0.3)**	–
Borrowings	**–**	0.1

Price risk

The Group is exposed to investment securities price risk because financial investments and financial assets pledged as collateral held by the Group are priced based on closing market prices published by the UK Debt Management Office.

The table below summarises the impact of decreases in the value of financial investments on the Group's other comprehensive income. The analysis is based on the assumption that the yield curve of financial investments moved upwards by 1% with all other variables held constant:

Impact:	**Year ended 31 May 2022 £m**	Year ended 31 May 2021 £m
Decrease in FVOCI reserve (equity)	**(2.9)**	(3.1)

The Group is also exposed to price and foreign currency risk in relation to its net trading book position. The Group accepts some residual market risk to facilitate instant execution of client trades but does not take proprietary positions for the purposes of speculative gain. The Group manages the market risk it faces in providing its services to clients by internalising client flow (allowing individual client trades to offset one another) and hedging when the residual exposures reach pre-defined limits. The Group's Risk Management Framework is set out on page 46 of the Annual Report.

28. Financial risk management continued

The Group's market risk policy includes Board-approved notional market risk limits (KRIs) which set out the Group's appetite and the extent to which the Group is willing to be exposed to this residual market risk. Product market risk limits control the maximum (long or short) residual exposure the Group can hold before hedging externally. Predefined limits are set and regularly reviewed in accordance with a limits framework which references client trading volumes, market liquidity, volatility and expected shortfall results for each underlying market.

Alongside these notional limits the Group employs a range of risk measurement techniques including Value at Risk (VaR), Expected Shortfall and Stress-Testing models which are used to quantify potential market risk and client credit risk losses against all products. These measures cover all products offered to clients and are monitored on an hourly basis, with breaches investigated and reported to the Chief Risk Officer and senior stakeholders in each line of defence on a daily basis.

These measures quantify the potential uncertainty in relation to the Group's current exposure by estimating the potential impact of a negative change in the value of each underlying financial market the Group is exposed to. The VaR model uses a 99% confidence interval over one day and one year's historical price data for all markets as inputs to determine the risk factors to apply to the portfolio exposures. VaR has limitations as it is reliant on historical data only and estimates potential future losses on this basis. Additionally, VaR does not quantify the potential losses outside of the 99% confidence level – the tail risk. To overcome these limitations the Group also measures and monitors Expected Shortfall and Stress Testing results alongside VaR results as part of its overall risk management strategy. Expected Shortfall measures the Group's expected losses outside of the 99% confidence level (average losses in the 1% tail), while Stress Testing models potential losses in extreme but plausible events. Stress Testing covers a range of scenarios including future known economic and political events, market or region-specific scenarios and potential macro systemic shocks, which references the 20-year price returns for all markets at the 99.9th percentile confidence interval. The Group's end of day market risk VaR for the year is shown in the table below:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Market risk as at 31 May	**5.0**	5.3
Average market risk (daily)	**3.6**	9.6
Maximum market risk (daily)	**13.1**	25.5
Minimum market risk (daily)	**1.3**	2.8

Foreign currency risk

The Group faces foreign currency exposures on financial assets and liabilities denominated in currencies other than the functional currency of its subsidiaries. In the normal course of business, the Group hedges these exposures along with its trading book positions.

Associated with the tastytrade, acquisition, the Group entered into a foreign exchange contract to hedge the $300 million exposure arising from the cash consideration due upon completion of the transaction. In the year ended 31 May 2022, the Group recognised a £5.8 million realised foreign exchange gain (31 May 2021: £7.9 million unrealised foreign exchange loss) in net trading revenue as a result of this hedge.

Credit risk

The principal sources of credit risk to the Group's business are from financial institutions and individual clients. Amounts due from financial institutions, which are stated net of an expected credit loss of £nil (31 May 2021: £nil), are all less than 30 days past due. Amounts due from clients, which are stated net of an expected credit loss of £18.0 million at 31 May 2022 (31 May 2021: expected credit loss of £17.0 million), include both amounts less than and greater than 30 days past due. The analysis in the following table shows credit exposures by credit rating.

	Cash and cash equivalents		**Trade receivables – amounts due from brokers**		**Trade receivables – amounts due from clients**		**Trade receivables – own funds in client money**	
	31 May 2022 £m	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m
Credit rating:								
AA+ and above	**24.1**	27.3	**–**	–	**–**	–	**–**	–
AA to AA-	**437.8**	158.1	**–**	8.2	**–**	–	**5.3**	0.6
A+ to A-	**730.9**	426.2	**320.0**	402.1	**–**	–	**80.0**	61.8
BBB+ to BBB-	**25.5**	30.0	**32.8**	–	**–**	–	**0.2**	0.8
BB+ to B	**17.6**	13.6	**1.5**	1.1	**–**	–	**–**	–
Unrated	**10.5**	–	**26.7**	12.9	**3.0**	3.3	**–**	0.1
Total carrying amount	**1,246.4**	655.2	**381.0**	424.3	**3.0**	3.3	**85.5**	63.3

Notes to the Financial Statements continued

28. Financial risk management continued

Loss allowance

Below is a reconciliation of the total loss allowance:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
At the beginning of the year	**17.0**	15.8
Loss allowance for the year:		
– gross charge for the year	**6.5**	8.0
– recoveries	**(3.6)**	(5.1)
– debts written off	**(1.7)**	(1.3)
Foreign exchange	**0.4**	(0.4)
At the end of the year	**18.6**	17.0

The loss allowance has been calculated in accordance with the Group's expected credit loss model. The following table provides an overview of the Group's credit risk and the associated loss allowance for assets held at amortised cost and fair value through other comprehensive income.

	31 May 2022			
	Stage 1 12-month £m	Stage 2 Lifetime £m	Stage 3 Lifetime £m	Total £m
Credit grade:				
Investment grade	**2,213.9**	**–**	**–**	**2,213.9**
Non-investment grade	**70.2**	**1.0**	**17.6**	**88.8**
Gross carrying amount	**2,284.1**	**1.0**	**17.6**	**2,302.7**
Loss allowance	**–**	**(1.0)**	**(17.6)**	**(18.6)**
Total carrying amount	**2,284.1**	**–**	**–**	**2,284.1**

	31 May 2021			
	Stage 1 12-month £m	Stage 2 Lifetime £m	Stage 3 Lifetime £m	Total £m
Credit grade:				
Investment grade	1,439.6	–	–	1,439.6
Non-investment grade	37.0	–	17.0	54.0
Gross carrying amount	1,476.6	–	17.0	1,493.6
Loss allowance	–	–	(17.0)	(17.0)
Total carrying amount	1,476.6	–	–	1,476.6

The Group's trade receivables in stage 3 include amounts arising from IFRS 15 Revenue from Contracts with Customers which are assessed in accordance with the simplified approach. The comparatives for 31 May 2021 have been re-presented to split out amount previously presented as being classified within the simplified approach column into the relevant staging.

Concentration risk

The Group's largest credit exposure to any one individual broker at 31 May 2022 was £55.7 million (A+ rated) (31 May 2021: £69.9 million (A+ rated)). Included in cash and cash equivalents, the Group's largest credit exposure to any bank at 31 May 2022 was £320.9 million (AA- rated) (31 May 2021: £117.3 million (A+ rated)). The Group has no significant credit exposure to any one particular client or group of connected clients.

28. Financial risk management continued

Liquidity risk

Maturities of financial liabilities

The table below outlines the Group's financial liabilities into relevant maturity categories based on their contractual maturities. The amounts disclosed below are the contractual undiscounted cash flows.

	31 May 2022				
	Within 1 year £m	Between 2 and 5 years £m	Over 5 years £m	Total £m	Carrying amount of liability £m
Debt securities in issue	9.4	37.6	304.7	351.7	299.2
Lease liabilities	8.9	14.6	0.6	24.1	22.7
Trade payables – client funds	519.4	–	–	519.4	519.4
Trade payables – amounts due to clients	22.3	–	–	22.3	22.3
Trade payables – amounts due to brokers	28.0	–	–	28.0	28.0
Trade payables – issued turbo warrants	1.5	–	–	1.5	1.5
Other payables – accruals	112.6	–	–	112.6	112.6
Total	702.1	52.2	305.3	1,059.6	1,005.7

	31 May 2021				
	Within 1 year £m	Between 2 and 5 years £m	Over 5 years £m	Total £m	Carrying amount of liability £m
Borrowings	2.0	102.4	–	104.4	98.8
Lease liabilities	6.7	16.5	0.9	24.1	23.1
Trade payables – client funds	353.2	–	–	353.2	353.2
Trade payables – amounts due to clients	3.2	–	–	3.2	3.2
Trade payables – issued turbo warrants	1.1	–	–	1.1	1.1
Other payables – accruals	97.2	–	–	97.2	97.2
Total	463.4	118.9	0.9	583.2	576.6

Capital management

The Group manages its capital resources in line with its capital allocation framework.

The regulatory capital resources of the Group is a measure of equity, adjusted for goodwill and intangible assets, deferred tax assets, declared dividends and prudent valuation, which at 31 May 2022 totalled £1,025.6 million (31 May 2021: £860.7 million).

The Group operates a monitoring framework over the capital resources and minimum capital requirements daily, calculating the market and credit risk requirements arising from exposure at the end of each day and this includes internal warning indicators as part of the Group's Board Risk Dashboard.

Until 31 December 2021, the Group was subject to CRD IV regulations. The Group was required to undertake a Pillar 2 Internal Capital Adequacy Assessment Process (ICAAP) at least annually, which involved an assessment of capital requirements through a series of stress-testing scenarios against the financial projections. From 1 January 2022, the Group is subject to the Investment Firm Prudential Regime (IFPR), which changes the basis of calculation of the Group's regulatory capital, and replaces the ICAAP with an Internal Capital and Risk Assessment (ICARA) prepared under the requirements of the MiFIDPRU.

The Group met all externally imposed capital requirements throughout the years ended 31 May 2022 and 31 May 2021. In addition to regulatory capital requirements, the Group is required to comply with financial covenants covering a maximum leverage ratio and net debt to equity. Further details can be found in note 18.

Notes to the Financial Statements continued

29. Cash flow information

Cash generated from operations

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Operating activities		
Operating profit	**477.3**	454.5
From continuing operations	**477.3**	450.2
From discontinued operations	**–**	4.3
Depreciation and amortisation	**57.5**	25.7
Profit on disposal of assets	**(0.3)**	–
Equity-settled share-based payments charge	**13.6**	7.4
Decrease/(increase) in trade receivables, other receivables and other assets	**53.9**	(161.9)
Increase in trade and other payables	**209.4**	247.8
Cash generated from operations	**811.4**	573.5

Liabilities arising from financing activities

	Debt Securities in Issue £m	Borrowings £m	Leases £m	Total £m
Liabilities as at 1 June 2020	–	99.7	29.3	129.0
Changes to existing lease agreements	–	–	0.4	0.4
Lease payments made in the year	–	–	(5.8)	(5.8)
Unwinding of discount	–	–	0.6	0.6
Financing arrangement fees	–	(1.3)	–	(1.3)
Amortisation of fees	–	0.4	–	0.4
Impact of movement in foreign exchange rates	–	–	(1.4)	(1.4)
Liabilities as at 31 May 2021	–	98.8	23.1	121.9
Liabilities as at 1 June 2021	**–**	**98.8**	**23.1**	**121.9**
Changes to existing lease agreements	**–**	**–**	**5.6**	**5.6**
Lease agreements through acquisition	**–**	**–**	**0.9**	**0.9**
Unwinding of discount	**–**	**–**	**0.6**	**0.6**
Lease payments made in the year	**–**	**–**	**(8.1)**	**(8.1)**
Issuance of debt securities	**299.2**	**–**	**–**	**299.2**
Draw down of term loan	**–**	**150.0**	**–**	**150.0**
Repayment of term loan	**–**	**(250.0)**	**–**	**(250.0)**
Financing arrangement fees	**(2.1)**	**–**	**–**	**(2.1)**
Amortisation of fees	**0.1**	**1.2**	**–**	**1.3**
Impact of movement in foreign exchange rates	**–**	**–**	**0.6**	**0.6**
Liabilities as at 31 May 2022	**297.2**	**–**	**22.7**	**319.9**

30. Business acquisition

On 28 June 2021, the Group completed the acquisition of tastytrade, Inc. (tastytrade), a company incorporated in the US and headquartered in Chicago. tastytrade is a US online brokerage and trading education platform operating within the US listed options and futures market.

The acquisition of tastytrade has strategic benefits for the Group and provides immediate scale in the US listed options and futures market. It transforms the scale and breadth of the Group's existing US presence through IG US LLC and DailyFX and its relevance to US retail clients. The acquisition also extends the Group's global product capabilities into exchange traded options and futures, diversifying IG's regulatory risk profile beyond its historical focus on OTC derivatives, and increases the contribution from capital efficient agency-only activities.

A fair value exercise has been prepared in accordance with IFRS 3 Business Combinations. The results of this exercise are set out below, along with the fair value of the purchase consideration.

30. Business acquisition continued

Purchase consideration

Under the terms of the purchase agreement, IG Group Holdings plc (directly and through certain wholly owned subsidiaries) acquired the entire voting share capital of tastytrade and in exchange, $296.9 million cash consideration was paid and IG Group Holdings plc issued 61,000,000 ordinary shares. The shares were issued on 28 June 2021 and upon issue the total value of the shares was £509.4 million, based upon the closing share price on 28 June 2021 of £8.35. The issue of shares is determined to qualify for merger relief under Section 612 of the Companies Act 2006, and the amount in excess of the nominal value of ordinary shares has been recognised in the merger reserve, along with issue costs of £0.4 million which were directly attributable to the issue of the shares. The Group part-financed the transaction by drawing down on a £150.0 million term loan which was arranged during the year ended 31 May 2021.

The fair value of the purchase consideration is as follows:

	$m	£m
Cash consideration	296.9	213.8
Issued ordinary shares	707.2	509.4
Total consideration	1,004.1	723.2

Identified assets and liabilities

The Group has a 12 month measurement period from date of acquisition to estimate the fair value of acquired assets and liabilities. The fair value exercise is complete as at the reporting date. The fair values recognised at acquisition is set out below:

	$m	£m
Cash and cash equivalents	31.2	22.6
Trade receivables	21.6	15.6
Prepayments and other receivables	4.6	3.3
Convertible loan notes	4.0	2.9
Total current assets	61.4	44.4
Investments in associates	12.5	9.0
Property, plant and equipment	4.0	2.9
Internally developed software	19.8	14.3
Trade name	78.7	56.9
Customer relationships	226.1	163.5
Non-compete agreements	39.8	28.8
Convertible loan notes	8.0	5.8
Deferred tax asset	10.3	7.4
Total non-current assets	399.2	288.6
Accruals and other payables	(7.8)	(5.6)
Total current liabilities	(7.8)	(5.6)
Deferred tax liability	(91.4)	(66.1)
Lease liabilities	(0.7)	(0.5)
Total non-current liabilities	(92.1)	(66.6)
Total identifiable net assets acquired	360.7	260.8

The gross contractual amount of trade receivables is £15.6 million ($21.6 million) and it is expected that the full contractual amounts, less the amounts already provided for, is recoverable.

The fair value of assets and liabilities acquired was determined based on the assumptions that reasonable market participants would use in the principal or most advantageous market. The assumptions used included a discount rate of 17.3% and unobservable inputs within the valuation methodologies, which are outlined in the section below alongside sensitivity analysis for certain key inputs.

Notes to the Financial Statements continued

30. Business acquisition continued

Customer relationships: Income approach (excess earnings method)

This approach estimates the projected cash flows of the asset, adjusted for capital charges from other contributory assets. In addition to the assumptions applied in the cash flow forecasts, key inputs include the customer attrition rate, the discount rate and the long-term growth rate.

- A 5 percentage point increase in the attrition rate would reduce the fair value of the asset by £34.9 million.
- A 2 percentage point increase in the discount rate would reduce the fair value of the asset by £12.2 million.
- A 0.5 percentage point decrease in the long-term growth rate would reduce the fair value of the asset by £4.2 million.

The value of customer relationships has increased from £156.3 million ($216.2 million) to £163.5 million ($226.1 million) since the values reported at 30 November 2021 as a result of a change in assumptions related to attrition rates.

Trade names: Income approach (relief from royalty method)

This approach estimates the future cost savings that arise as a result of not having to pay a royalty or licence fee on the future revenues earned through using the asset. In addition to the assumptions applied in the revenue forecasts, key inputs include the royalty rate and the discount rate.

- A 0.5 percentage point decrease in the royalty rate would reduce the fair value of the asset by £5.7 million.
- A 2 percentage point increase in the discount rate would reduce the fair value of the asset by £5.4 million.
- A 5-year reduction in the useful life of the asset would reduce the fair value by £10.3 million.

Non-compete agreement: Income approach (with or without method)

This approach estimates the fair value of the cash flows both with the non-compete agreement and without the non-compete agreement. The non-compete arrangements in place apply for a period of five years for the founders. The key inputs are the assumptions relating to likelihood and value of lost revenue over the five year period. There are no inputs where a reasonable change in the assumptions results in a significant change in the fair value.

Internally developed software: Cost approach

This approach applies the concept of replacement cost as an indicator of fair value, where an investor would pay no more for an asset than the amount the asset could be replaced for. In addition to the estimate of cost, the key inputs are the estimated mark-up generated by a developer and obsolescence factors. There are no inputs where a reasonable change in the assumptions results in a significant change in the fair value.

Goodwill arising from the acquisition has been recognised as follows:

	$m	£m
Purchase consideration	1,004.1	723.2
Less: fair value of identified net assets	(360.7)	(260.8)
Goodwill	**643.4**	**462.4**

Goodwill is attributable to the workforce, future technology and future growth of tastytrade. Goodwill is not deductible for tax purposes.

From the date of acquisition, tastytrade contributed £110.1 million of net trading revenue in the year ended 31 May 2022 and operating profit of £17.8 million, which includes the amortisation of acquisition related intangible assets. If the acquisition had occurred on 1 June 2021, the contribution to trading revenue is estimated to be £118.7 million and operating profit of £19.3 million. Operating profit includes the additional amortisation that would have been charged assuming that the fair value of intangible assets had been applied from 1 June 2021.

Purchase consideration outflow

	$m	£m
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	296.9	213.8
Less: cash balance acquired	(31.2)	(22.6)
Net outflow of cash	265.7	191.2

The Group incurred acquisition costs not directly attributable to the issuance of shares of £20.7 million for legal, insurance, bank and broker services. Of this, £1.1 million was recognised in the year ended 31 May 2022 and the remaining £19.6 million was recognised in the year ended 31 May 2021. These costs have been recognised as part of operating expenses and operating cash flows.

Included within the cash consideration above is a working capital adjustment of £2.3 million ($3.1 million), due back to the Group.

31. Discontinued operations

On 1 March 2022, the Group completed the sale of its operations in Nadex to Foris DAX Markets, Inc for cash consideration of $213.7 million (£162.7 million). The financial performance and cash flow information of Nadex for the nine month period up until the date of disposal are reported in discontinued operations as set out below.

Financial performance and cash flow information

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Net trading revenue	9.4	16.1
Other operating income	0.6	0.8
Operating income	**10.0**	16.9
Operating costs	(9.9)	(12.5)
Net credit losses	(0.1)	(0.1)
Operating profit	–	4.3
Profit before tax	–	4.3
Tax expense	–	(1.0)
Profit after tax	–	3.3
Gain on sale of subsidiary after tax expense	107.8	–
Profit from discontinued operations	**107.8**	3.3

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Net cash inflow from ordinary activities	1.0	7.2
Net cash inflow/(outflow) from investing activities	121.6[1]	(1.4)
Net cash (outflow) from financing activities	(0.1)	(4.5)
Impact of movement in foreign exchange rates	1.0	(2.3)
Net cash increase/(decrease) generated by the subsidiary	**123.5**	(1.0)

1 Includes sales proceeds net of cash retained of £143.3 million.

Details of disposal of operations in Nadex

	£m
Consideration received	162.7
Carrying amount of net assets sold	(24.7)
Costs associated with disposal	(4.1)
Reclassification of foreign currency translation reserve	3.0
Tax expense on gain on sale	(29.1)
Gain on sale after income tax	**107.8**

The carrying amounts of assets and liabilities as at the date of disposal were:	£m
Property, plant and equipment	1.5
Intangible assets (including goodwill)	6.2
Net current assets	0.2
Non-current lease liabilities	(0.6)
Cash and cash equivalents	17.4
Net assets	**24.7**

	Year ended 31 May 2022	Year ended 31 May 2021
Basic earnings per ordinary share from discontinued operations	25.3p	0.9p
Diluted earnings per ordinary share from discontinued operations	25.1p	0.9p

Notes to the Financial Statements continued

32. Investment in associates

	31 May 2022 £m	31 May 2021 £m
At the beginning of the period:	–	–
Additions – business acquisition	26.9	–
Additions – increase in investment in associate	1.9	–
Disposals	(13.1)	–
Share of loss after tax	(2.3)	–
Foreign exchange movement	1.4	–
At the end of the year	14.8	–

As a part of the acquisition of tastytrade, the Group acquired a 37.18% investment in Small Exchange. During the year, the Group increased its investment in Small Exchange by £1.9 million and subsequently sold its entire shareholding in Small Exchange for consideration of £18.9 million recognising a gain of £4.0 million.

As part of the acquisition of tastytrade, the Group acquired a convertible loan instrument with a fair value of £9.3 million. On 24 September 2021, the convertible loan instrument was wholly converted into equity providing the Group with a 17.4% equity shareholding in Zero Hash with a fair value of £17.9 million. The Group also held 25% voting rights in Zero Hash and it was therefore recognised as an associate. Zero Hash has a reporting date of 31 December. The Group disposed of 7.54% of its equity interest in Zero Hash on 22 December 2021 for consideration of £5.6 million.

Name of entity	Principal place of business	Registered office and country of incorporation	Class of shares	% equity owned by the Group	Nature of business
Zero Hash Holdings Limited	Chicago, Illinois	1013 Centre Rd. Suite 403-A, City of Wilmington, County of New Castle, 19805.US	Series C-preferred shares	9.86%	Digital asset trading

Interactive Broker Group (IBG) LLC holds 33.3% interest in Zero Hash. The Group has an account with IBG for hedging purposes. However, IBG is not the Group's primary or secondary broker and no trades have been placed with IBG during the year ended 31 May 2022.

33. Investments in subsidiaries

The following companies are all owned directly or indirectly by IG Group Holdings plc:

Name of Company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
Subsidiary undertakings held directly:				
IG Group Limited	Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA United Kingdom	Ordinary shares	100%	Holding company
Subsidiary undertakings held indirectly:				
IG Index Limited	Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA United Kingdom	Ordinary shares	100%	Spread betting
IG Markets Limited		Ordinary shares	100%	CFD trading, foreign exchange and market risk management
IG Markets South Africa Limited		Ordinary shares	100%	CFD trading
Market Data Limited		Ordinary shares	100%	Data distribution
IG Nominees Limited[1]		Ordinary shares	–	Nominee company
IG Knowhow Limited		Ordinary shares	100%	Software development
Extrabet Limited[1]		Ordinary shares	–	Non-Trading
IG Finance[1]		Ordinary shares	–	Financing
IG Finance Two[1]		Ordinary shares	–	Financing
IG Finance Three[1]		Ordinary shares	–	Financing
IG Finance Four[1]		Ordinary shares	–	Financing
IG Finance 5 Limited[1]		Ordinary shares	–	Financing
IG Forex Limited[1]		Ordinary shares	–	Financing
IG Spread Betting Limited[1]		Ordinary shares	–	Financing
IG Finance 8 Limited[1]		Ordinary shares	–	Financing
IG Finance 9 Limited		Ordinary shares	100%	Financing
Financial Domaigns Limited[1]		Ordinary shares	–	Holding company
Financial Domaigns Registry Holdings Limited		Ordinary shares	100%	Holding company
Financial Domaigns Registrar Limited[1]		Ordinary shares	–	Domains registrar
Financial Domaigns (Services) Limited[1]		Ordinary shares	–	Domains registry
Deal City Limited		Ordinary shares	100%	ETF trading
InvestYourWay Limited[1]		Ordinary shares	–	Non-trading
IG Trading and Investments Limited		Ordinary shares	100%	Non-trading
IG Australia Pty Limited	Level 15, 55 Collins Street, Melbourne VIC 3000 Australia	Ordinary shares	100%	Sales and marketing office
IG Share Trading Australia Pty Limited		Ordinary shares	100%	Non-trading
IG Asia Pte Limited	9 Battery Road, 01-02 MYP Centre, 049910 Singapore	Ordinary shares	100%	CFD trading and foreign exchange
Kunxin Translation (Shenzhen) Co. Limited	19-B16, Shenzhen Dinghe Tower, No.100 of Fuhua 3rd Road, Fuan Community, Futian District, Shenzhen	Ordinary shares	100%	Translation services

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33. Investments in subsidiaries continued

Name of Company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
IG Securities Limited	Izumi Garden Tower 26F, 1-6-1 Roppongi, Minato-ku, 106-6026 Tokyo	Ordinary shares	100%	CFD trading and foreign exchange
IG Europe GmbH	Westhafenplatz 1, Frankfurt am Main, 60327 Germany	Ordinary shares	100%	CFD trading and foreign exchange
IG Bank S.A.	42 Rue du Rhone, Geneva, 1204 Switzerland	Ordinary shares	100%	CFD trading and foreign exchange
IG Infotech (India) Private Limited	Infinity, 2nd Floor, Katha No 436, Survey No 13/1B, 12/2B, Challagatta Village, Bangalore, 560071 India	Ordinary shares	100%	Software development and support services
IG US Holdings Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808 US	Ordinary shares	100%	Holding company
Market Risk Management Inc.		Ordinary shares	100%	Market maker
FX Publications Inc		Ordinary shares	100%	Publications
IG US LLC		Ordinary shares	100%	Foreign exchange trading
Fox Sub Limited[1]	57/63 Line Wall Road, Gibraltar	Ordinary shares	100%	Financing
Fox Sub 2 Limited		Ordinary shares	100%	Financing
Fox Japan Holdings		Ordinary shares	100%	Holding company
IG Limited	Office 2&3, Level 27, Currency House – Tower 2, Dubai International Financial Centre, P O Box – 506968 Dubai, United Arab Emirates	Ordinary shares	100%	CFD trading and foreign exchange
Brightpool Limited	Christodoulou Chatzipavlou, 221 Helios Court, 3rd floor 3036, Limassol Cyprus	Ordinary shares	100%	Market maker
IG Markets Kenya Limited	William House, 4th Ngong Avenue, Nairobi, Nairobi West District, PO Box 40111, 00100 Kenya	Ordinary shares	100%	Non-trading
Spectrum MTF Operator GmbH Raydius GmbH	Westhafenplatz 1, Frankfurt am Main, 60327 Germany	Ordinary shares	100%	Multilateral Trading Facility Issuer of turbo warrants
IG International Limited	Canon's Court, 22 Victoria Street, Hamilton, HM 12 Bermuda	Ordinary shares	100%	CFD trading and foreign exchange
IG Securities Hong Kong Limited	19/F, Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong	Ordinary shares	100%	Financial services
tastytrade, Inc.[3]	1000 W Fulton Market St, Suite 220	Ordinary shares	100%	Holding company

33. Investments in subsidiaries continued

Name of Company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
tastyworks, Inc[2]	327 N Aberdeen, Chicago, IL 60607	Ordinary shares	100%	Brokerage firm
tastyworks Australia, Pty Ltd.[2]	Unit 13, 5 Gladstone Rd, Castle Hill NSW 2154	Ordinary shares	100%	Australian brokerage firm
tastyworks Canada, Inc[2]	800 – 885 West Georgia Street, Vancouver BC, V6C 3H1 Canada	Ordinary shares	100%	Canadian brokerage firm
Quiet Foundation, Inc.[2]	327 N Aberdeen, Chicago, IL 60607	Ordinary shares	100%	Investment advisory
Dough LLC[2]	19 N Sangamon St, Chicago, IL 60607	Ordinary shares	100%	Inactive
Tastyworks Singapore Pte	#28-00, One Marina Boulevard, Singapore (018989)	Ordinary shares	100%	Singaporean brokerage firm

1 The subsidiary entered into Members' Voluntary Liquidation (solvent liquidation) and was handed over to liquidators on 28 May 2021.
2 The subsidiary was acquired on 28 June 2021.
3 As part of the acquisition of tastytrade, Inc., a series of merger transactions took place between Spring Merger Sub I, Inc., Spring Merger Sub II, Inc. and the acquired tastytrade, Inc. The surviving entity resulting from the series of merger was Spring Merger Sub II, Inc. which was subsequently renamed as tastytrade, Inc.

The following UK entities, all of which are 100% owned by the Group, are not subject to an audit by virtue of s479A of the Companies Act 2006 relating to subsidiary companies: IG Finance 9 Limited (07306407) and Deal City Limited (09635230).

Financial Domaigns Registry Holdings Limited (09235699) is a UK entity, which is 100% owned by the Group and is exempt from the requirement to prepare individual financial statements by virtue of s394A of the Companies Act 2006 relating to the individual financial statements of dormant subsidiaries.

Employee Benefit Trusts:

IG Group Holdings plc Inland Revenue Approved Share Incentive Plan (UK Trust)
IG Group Limited Employee Benefit Trust (Jersey Trust)
IG Group Employee Equity Plan Trust (Australian Trust)

34. Subsequent events

On 1 July 2022, the Group signed an Accordion Increase Request increasing the revolving credit facility by £25.0 million. This increase is effective from 1 August 2022.

On 20 July 2022, the Board approved a share buyback programme of up to £150.0 million, commencing 21 July 2022. The share buyback programme is expected to be substantially completed during the FY23 period.

There have been no other subsequent events that have material impact on the Group's Financials Statements.

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Primary Statements

Notes to the Company Financial Statements

Company Statement of Financial Position

as at 31 May 2022

	Note	31 May 2022 £m	31 May 2021 £m
Assets			
Non-current assets			
Investment in subsidiaries	6	**1,076.3**	553.3
Right-of-use asset	7	**5.0**	6.1
Other receivables	9	**298.3**	–
		1,379.6	559.4
Current assets			
Prepayments		**2.2**	0.5
Other receivables	9	**383.1**	209.2
Cash and cash equivalents		**1.8**	0.4
		387.1	210.1
TOTAL ASSETS		**1,766.7**	769.5
Liabilities			
Non-current liabilities			
Debt securities in issue	10	**297.2**	–
Lease liabilities	7	**4.3**	6.0
		301.5	6.0
Current liabilities			
Other payables	11	**13.9**	18.1
Lease liabilities	7	**2.1**	1.8
		16.0	19.9
TOTAL LIABILITIES		**317.5**	25.9
Equity			
Share capital and share premium	12	**125.8**	125.8
Merger reserve		**590.0**	81.0
Other reserves	14	**7.5**	7.9
Retained earnings		**725.9**	528.9
Total equity		**1,449.2**	743.6
TOTAL EQUITY AND LIABILITIES		**1,766.7**	769.5

The Company's profit for the year was £375.9 million (2021: profit of £223.8 million).

The Financial Statements of IG Group Holdings plc (registered number 04677092) were approved by the Board of Directors on 20 July 2022 and signed on its behalf by:

Charles Rozes
Chief Financial Officer

Company Statement of Changes in Equity

for the year ended 31 May 2022

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 June 2020	–	125.8	81.0	7.1	458.4	672.3
Profit and total comprehensive income for the year	–	–	–	–	223.8	223.8
Equity-settled employee share-based payments	–	–	–	7.4	–	7.4
Employee Benefit Trust purchase of own shares	–	–	–	(0.2)	–	(0.2)
Equity dividends paid	–	–	–	–	(159.7)	(159.7)
Transfer of vested awards from the share-based payment reserve	–	–	–	(6.4)	6.4	–
At 31 May 2021	–	125.8	81.0	7.9	528.9	743.6
At 1 June 2021	**-**	**125.8**	**81.0**	**7.9**	**528.9**	**743.6**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**375.9**	**375.9**
Equity-settled employee share-based payments	**–**	**–**	**–**	**13.6**	**–**	**13.6**
Employee Benefit Trust purchase of own shares	**–**	**–**	**–**	**(6.7)**	**–**	**(6.7)**
Transfer of vested awards from the share-based payment reserve	**–**	**–**	**–**	**(7.3)**	**7.3**	**–**
Equity dividends paid	**–**	**–**	**–**	**–**	**(186.2)**	**(186.2)**
Issue of ordinary share capital for the acquisition of tastytrade	**–**	**–**	**509.0**	**–**	**–**	**509.0**
At 31 May 2022	**-**	**125.8**	**590.0**	**7.5**	**725.9**	**1,449.2**

Company Statement of Cash Flows

for the year ended 31 May 2022

	Note	**Year ended 31 May 2022 £m**	Year ended 31 May 2021 £m
Operating activities			
Cash generated from operations	8	**203.9**	164.7
Net cash flow generated from operating activities		**203.9**	164.7
Investing activities			
Investment in subsidiary		**–**	(4.0)
Loan issued to Group companies		**(298.3)**	–
Net cash flow used in investing activities		**(298.3)**	(4.0)
Financing activities			
Interest paid on lease liabilities		**(0.2)**	(0.2)
Interest and other financing costs paid		**(8.4)**	–
Repayment of principal element of lease liabilities		**(1.9)**	(0.3)
Net proceeds from issue of debt securities		**299.2**	–
Equity dividends paid to owners of the parent		**(186.2)**	(159.7)
Employee Benefit Trust purchase of own shares		**(6.7)**	(0.3)
Net cash flow from/(used in) financing activities		**95.8**	(160.5)
Net increase in cash and cash equivalents		**1.4**	0.2
Cash and cash equivalents at the beginning of the year		**0.4**	0.2
Cash and cash equivalents at the end of the year		**1.8**	0.4

Notes to the Company Financial Statements

1. Authorisation of Financial Statements and statement of compliance

The Financial Statements of IG Group Holdings plc (the Company) for the year ended 31 May 2022 were authorised for issue by the Board of Directors on 20 July 2022 and Statement of Financial Position was signed on the Board's behalf by Charles Rozes. IG Group Holdings plc is a public company limited by shares, which is listed on the London Stock Exchange and incorporated in the United Kingdom and domiciled in England and Wales. The address of the registered office is Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA.

On 31 December 2020, IFRS as adopted by the European Union was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in the Company Financial Statements on 1 June 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The Financial Statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. There were no unendorsed standards effective for the year ended 31 May 2022 affecting these consolidated and separate Financial Statements.

The Financial Statements have been prepared under the historical cost convention and in conformity with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no significant areas of judgement or complexity, or areas where assumptions and estimates are significant to the Company's Financial Statements.

As permitted by Section 408(1)(b), (4) of the Companies Act 2006, the individual Income Statement of IG Group Holdings plc (the Company) has not been presented in these Financial Statements. The amount of profit for the year included within the Financial Statements of IG Group Holdings plc is £375.9 million (year ended 31 May 2021: £223.8 million). A Statement of Comprehensive Income for IG Group Holdings plc has also not been presented in these Financial Statements. No items of other comprehensive income arose in the year (31 May 2021: £nil).

2. Accounting policies

The accounting policies applied are the same as those set out in note 2 of the Group Financial Statements except for the following:

Investment in subsidiaries

Subsidiaries are entities on which the Company has control. Control is achieved where the Company has existing rights that give it the ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. Investments in subsidiaries are stated at cost less accumulated impairment losses.

Impairment of investment in subsidiaries

The Directors of the Company carry out an annual assessment to determine if any indication of impairment exits. If such indicators are identified, then the amount of impairment is ascertained by comparing the carrying amount of the investment in each subsidiary to its recoverable amount. The recoverable amount of a subsidiary is determined based on value-in-use calculations (VIU) which requires the use of assumptions. The calculation of VIU incorporates cash flow projections based on financial budgets approved by management.

Dividends

Dividends receivable are recognised when the shareholders' right to receive the payment is established.

3. Auditors' remuneration

Auditors' remuneration is disclosed within note 5 of the Group Financial Statements.

4. Directors' remuneration

Directors' remuneration is disclosed within the Director's Remuneration Report section of the Annual Report.

5. Staff costs

The Company has no employees (31 May 2021: nil).

6. Investment in subsidiaries

At cost

	31 May 2022 £m	31 May 2021 £m
At the beginning of the year	**553.3**	541.9
Additions	**1,027.1**	11.4
Disposals	**(504.1)**	–
At the end of the year	**1,076.3**	553.3

Additions during the year include the acquisition of tastytrade, Inc. As part of the acquisition of tastytrade, a series of merger transactions took place between Spring Merger Sub I, Inc., Spring Merger Sub II, Inc. and the acquired tastytrade, Inc. The surviving entity resulting from the series of mergers was Spring Merger Sub II, Inc. which was subsequently renamed as tastytrade, Inc. Refer to note 30 and note 33 for further information. Immediately following the acquisition of tastytrade, Inc., the Company contributed its investment in tastytrade, Inc, to its wholly owned subsidiary, IG Group Limited and in return received 100 ordinary shares in IG Group Limited.

The Company's direct and indirectly owned subsidiaries are disclosed in note 33 of the Group Financial Statements.

The investments in subsidiaries are assessed annually by the Directors of the Company, to determine if there is any indication that any of the investments might be impaired. Based on an assessment carried out, the carrying amount of the Company's investments in subsidiary is supported by the net present value of future cash flows. Therefore, no impairment was recognised during the current year.

Additions in the year include also equity-settled share-based awards for employees of subsidiaries of £13.6 million (year ended 31 May 2021: £7.4 million).

7. Leases

(i) Right-of-use asset

	31 May 2022 £m	31 May 2021 £m
Cost:		
At the beginning of the year	**9.2**	9.0
Additions	**0.5**	–
Dilapidation adjustment	**–**	0.2
At the end of the year	**9.7**	9.2
Accumulated depreciation:		
At the beginning of the year	**3.1**	1.5
Provided during the year	**1.6**	1.6
At the end of the year	**4.7**	3.1
Net book value	**5.0**	6.1

The Company's right-of-use asset represents the commercial lease for office space. The table below shows the discounted rental commitments under non-cancellable operating leases.

Future minimum payments due:	31 May 2022 £m	31 May 2021 £m
Not later than one year	**2.1**	1.8
After one year but not more than five years	**4.3**	6.0
	6.4	7.8

The following table shows the maturity analysis of the undiscounted cash flows for non-cancellable leases. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Company Financial Statements continued

7. Leases continued

(ii) Lease liability

Future minimum payments due:	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Within one year	**2.1**	1.8
After one year but not more than five years	**4.5**	6.2
	6.6	8.0

8. Cash flow information

	31 May 2022 £m	31 May 2021 £m
Operating activities		
Operating loss	**(9.0)**	(24.2)
Dividends received	**385.0**	248.2
Lease asset depreciation	**1.6**	1.6
Increase in trade and other receivables	**(169.0)**	(75.2)
Increase/(decrease) in trade and other payables	**(4.7)**	14.3
Cash generated from operations	**203.9**	164.7

Included within operating loss are legal and professional fees incurred in relation to the acquisition of tastytrade. For further details refer to note 30 of the Group Financial Statements.

Liabilities arising from financing activities

	Debt securities in issue £m	Leases £m	Total £m
Liabilities as at 1 June 2020	–	7.7	7.7
Lease payments made in the period	–	(0.5)	(0.5)
Unwinding of discount	–	0.2	0.2
Changes to existing lease agreements	–	0.4	0.4
Liabilities as at 31 May 2021	–	7.8	7.8
Liabilities as at 1 June 2021	**–**	**7.8**	**7.8**
Issued Debt	**299.2**	**–**	**299.2**
Financing arrangement fees	**(2.1)**	**–**	**(2.1)**
Unwind of capitalised financing fees	**0.1**	**–**	**0.1**
Lease payments made in the period	**–**	**(2.1)**	**(2.1)**
Unwinding of discount	**–**	**0.2**	**0.2**
Changes to existing lease agreements	**–**	**0.5**	**0.5**
Liabilities as at 31 May 2022	**297.2**	**6.4**	**303.6**

9. Other receivables

	31 May 2022 £m	31 May 2021 £m
Amounts due from Group companies:		
– IG Markets Limited	**370.3**	205.5
– IG Index Limited	**11.1**	3.3
– Other Group companies	**0.8**	0.3
Other debtors	**0.9**	0.1
	383.1	209.2

All amounts above are repayable on demand and are non-interest bearing.

Under the Group's cash management framework, entities holding cash that is surplus to short term requirements generally lend the money to IG Markets Limited. In addition to the £370.3 million due from IG Markets Limited outlined above, the Company has entered into an agreement with IG Markets Limited to provide a £298.3 million loan with an interest rate of 3.125% per annum to be repaid as one final payment in November 2028. This is classified within non-current other receivables in the Statement of Financial Position.

10. Debt securities in issue

The Company undertook a debt financing exercise and implementation of a long-term funding structure, which was completed in November 2021. The financing involved the following:

→ Issue of £299.2 million 3.125% senior unsecured bonds due 2028.
→ A £300.0 million committed revolving credit facility, with an initial maturity of three years.

The issued debt has been recognised at fair value less transaction fees. As at 31 May 2022, £2.0 million unamortised arrangement fees are recognised on the Statement of Financial Position. Unamortised arrangements fees of £1.6 million in relation to the revolving credit facility have been recognised on the Statement of Financial Position.

The Company has the option to request an increase in the revolving credit facility size to £400.0 million and to request two maturity extensions of one year each, all subject to bank approval. Total available credit facilities as at 31 May 2022 were £600.0 million (31 May 2021: £nil), with the potential to rise to £700.0 million if the revolving credit facility is increased in size.

Under the terms of the revolving credit facility agreement, the Company is required to comply with financial covenants covering maximum levels of leverage and debt to equity for Group at a consolidated level. The Company has complied with all covenants throughout the reporting period.

11. Other payables

	31 May 2022 £m	31 May 2021 £m
Accruals	**13.9**	17.3
Amounts due to Group companies	**–**	0.8
	13.9	18.1

12. Share capital and share premium

Share capital and share premium is disclosed within note 23 of the Group Financial Statements.

Notes to the Company Financial Statements continued

13. Related party transactions

Transactions with related parties are as follows:

	31 May 2022 £m	31 May 2021 £m
Revenue:		
Subsidiary – dividends	**385.0**	248.2
	385.0	248.2
Finance income:		
Subsidiary	**5.1**	–
	5.1	–

Refer to note 9 for balances outstanding in respect of related parties.

14. Other reserves

	Share-based payments £m	Own shares held in Employee Benefit Trusts £m	Total other reserves £m
At 1 June 2020	11.7	(4.6)	7.1
Equity-settled employee share-based payments	7.4	–	7.4
Exercise of employee share awards	(3.2)	3.2	–
Employee Benefit Trust purchase of shares	–	(0.2)	(0.2)
Transfer of vested awards from the share-based payments reserve	(6.4)	–	(6.4)
At 31 May 2021	9.5	(1.6)	7.9
As at June 2021	**9.5**	**(1.6)**	**7.9**
Equity-settled employee share-based payments	**13.6**	**–**	**13.6**
Exercise of employee share awards	**(2.3)**	**2.3**	**–**
Employee Benefit Trust purchase of shares	**–**	**(6.7)**	**(6.7)**
Transfer of vested awards from the share-based payments reserve	**(7.3)**	**–**	**(7.3)**
At 31 May 2022	**13.5**	**(6.0)**	**7.5**

15. Directors' shareholdings

The Directors of the Company hold shares as disclosed in the Remuneration Report in the Group Annual Report.

16. Contingent liabilities and provisions

In the ordinary course of business, the Company is required to issue guarantees on behalf of its subsidiaries. These primarily relate to guarantees provided to third-party banks and hedging counterparties. Under the terms of the agreements the Company acts as guarantor for unsettled liabilities that may arise under other agreements between Group companies and financial institutions. The amounts guaranteed by the Company as at 31 May 2022 was £0.2 million (31 May 2021: £0.4 million).

17. Financial risk management

Financial risks arising from financial instruments are managed at a Group-wide level and details are in the Risk Management section of the Group Annual Report.

Credit risk

Held within other receivables are amounts receivable by the Company from related parties that are unrated. The Directors consider the Company's receivables to be recoverable as they are with Group companies and the companies have adequate resource to ensure repayment in full. Therefore, credit risk is minimal.

Liquidity risk

The tables below analyse the Company's financial liabilities into relevant maturity categories based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. The Company is able to obtain financial support from other Group companies if this is needed. Therefore, liquidity risk is minimal.

	31 May 2022				
	Within 1 year £m	**Between 2 and 5 years £m**	**Over 5 years £m**	**Total £m**	**Carrying amount £m**
Issued debt securities	**9.4**	**37.6**	**304.7**	**351.7**	**299.2**
Lease liabilities	**2.1**	**4.5**	**–**	**6.6**	**6.6**
Total	**11.5**	**42.1**	**304.7**	**358.3**	**305.8**

	31 May 2021				
	Within 1 year £m	Between 2 and 5 years £m	Over 5 years £m	Total £m	Carrying amount £m
Lease liabilities	1.8	6.2	–	8.0	8.0
Total	1.8	6.2	–	8.0	8.0

Capital management

The capital of the Company is managed as part of the capital of the Group. Full details, including details of dividends paid during the year, are contained in the Group Financial Statements in note 28.

18. Subsequent events

The subsequent events of the entity are the same as those disclosed in the notes to the Group Financial Statements in note 34.

19. Dividends paid and proposed

The dividends paid and proposed by the entity are the same as those disclosed in the notes to the Group Financial Statements in note 11.

Shareholder and Company Information

Shareholder information

Shareholder communications

You can opt to receive communications from us by email rather than by post and we will email you whenever we add shareholder communications to the Company website. To set this up, please visit www.investorcentre.co.uk/ecomms and register for electronic communications.

If you wish to change this instruction you can do so by contacting our Registrar at the address shown overleaf. You can also make this request online via your Investor Centre account.

The Registrar can also be contacted by telephone on +44 (0)371 495 2032. Calls to this number cost no more than a national rate call from any type of phone or provider. These prices are for indication purposes only; if in doubt, please check the cost of calling this number with your phone line provider. Lines are open 8.30am to 5.30pm, Monday to Friday excluding bank holidays.

Shareholder enquiries

If you have any queries relating to your shareholding, dividend payments, lost share certificates, or change of personal details, please contact Computershare by visiting www.investorcentre.co.uk or by using the contact details above.

American Depositary Receipts (ADRs)

IG's ADR programme trades in the US OTC market, under the symbol IGGHY. Each ADR currently represents one ordinary share.

Dividend dates

Ex-dividend date	22 September 2022
Record date	23 September 2022
Last day to elect for dividend reinvestment plan	29 September 2022
Final dividend payment date	20 October 2022

Annual shareholder calendar

Company reporting

Final results announced	21 July 2022
Annual Report published	15 August 2022
Annual General Meeting	21 September 2022

Interim report

As part of our e-comms programme, we have decided not to produce a printed copy of our Interim Report. We will instead publish the report on our website, where it will be available around mid-January each year.

Company information

Directors (as at 20 July 2022)

Executive Directors

J Y Felix (Chief Executive Officer)
C A Rozes (Chief Financial Officer)
J M Noble (Chief Operating Officer)

Non-Executive Directors

R M McTighe (Chair)
J P Moulds
R Bhasin
A Didham
Wu Gang
S-A Hibberd
M Le May
S Skerritt
H C Stevenson

Company Secretary

J S Nayler

Registered number

04677092

Registered office

Cannon Bridge House
25 Dowgate Hill
London
EC4R 2YA

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Lloyds Banking Group plc
25 Gresham Street
London
EC2V 7HN

Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

Brokers
Barclays Bank plc
5 The North Colonnade
Canary Wharf
London
E14 4BB

Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Solicitors
Linklaters LLP
1 Silk Street
London
EC2Y 8HQ

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol
BS99 6ZZ

Cautionary statement
Certain statements included in our 2022 Annual Report, or incorporated by reference to it, may constitute 'forward-looking statements' in respect of the Group's operations, performance, prospects and/or financial condition.

Forward-looking statements involve known and unknown risks and uncertainties because they are beyond the Group's control and are based on current beliefs and expectations about future events about the Group and the industry in which the Group operates.

No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. The forward-looking statements contained herein reflect knowledge and information available at the date of this Annual Report and the Group undertakes no obligation to update these forward-looking statements except as required by law.

This report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any shares or other securities in the Company, and nothing in this report should be construed as a profit forecast.

Market share
Market share data has been provided by Investment Trends Pty Limited (website: www.investmenttrends.com/). Contact: Brian Chong (email: b.chong@investmenttrends.com). Unless stated, market share data is sourced from the following current reports:
- Investment Trends France Leverage Trading Report, released August 2021
- Investment Trends US Leverage Trading Report, released September 2021
- Investment Trends Singapore Leverage Trading Report, released October 2021
- Investment Trends Australia Leveraged Trading Report, released December 2021
- Investment Trends Hong Kong Warrants & FX Report, released February 2022
- Investment Trends Germany Leverage Trading Report, released March 2022
- Investment Trends Spain Leverage Trading Report, released April 2022
- Investment Trends UK Leverage Trading Report, released June 2022

Appendices

Adjusted net trading revenue

£ million	FY22	FY21	Change %
Net trading revenue	972.3	837.3	16%
Hedging (gain)/loss on tastytrade acquisition	(5.8)	7.9	nm
Adjusted net trading revenue	**966.5**	845.2	14%
Core Markets+	828.7	825.2	–
High Potential Markets	137.8	20.0	589%

Adjusted operating costs

£ million	FY22	FY21
Operating costs	**499.2**	390.5
→ Net credit losses on financial assets	2.7	2.9
Adjusted operating costs inc. net credit losses	**501.9**	393.4
→ Operating costs relating to the tastytrade acquisition and integration	(2.0)	(19.6)
→ Amortisation on tastytrade acquisition intangibles and recurring non-cash costs	(31.7)	–
→ Operating costs relating to the Nadex sale	(3.3)	–
Adjusted operating costs	**464.9**	373.8

Adjusted profit before tax and earnings per share

£m (unless stated)	FY22	FY21
Earnings per share (pence)	92.9	99.8
Weighted average number of shares for the calculation of EPS (millions)	426.3	369.2
Profit after tax	396.1	368.6
Tax expense	80.9	77.4
Profit before tax	**477.0**	446.0
→ Hedging (gain)/loss on tastytrade acquisition	(5.8)	7.9
→ Operating income relating to Nadex sale	(1.5)	–
→ Operating costs relating to the tastytrade acquisition and integration	2.0	19.6
→ Amortisation on tastytrade acquisition intangibles and recurring non-cash costs	31.7	–
→ Operating costs relating to the Nadex sale	3.3	–
→ Financing costs relating to the debt issuance	1.0	–
→ Gains on sale of Small Exchange and disposal of Zero Hash	(4.1)	–
→ Movement in the FV of convertible debt associated with Zero Hash	(9.3)	–
Adjusted profit before tax (A)	**494.3**	473.6
Adjusted tax expense	(83.8)	(77.4)
Adjusted profit after tax	410.5	396.2
Adjusted earnings per share (pence)	96.3	107.3
Adjusted total revenue (B)	**967.3**	845.5
Adjusted profit before tax margin (A/B) %	**51%**	56%

High Potential Markets total revenue – pro forma

£ million	FY22	FY21	Change %
US options and futures (tastytrade)[1]	112.0	96.1	16%
US FX	16.6	11.6	43%
European ETDs	9.3	4.9	90%
US market making	1.8	3.5	(49%)
Pro forma High Potential Markets[1]	**139.7**	116.1	20%

1 Pro forma basis reflects revenue from tastytrade in the period post-acquisition, from 28 June 2021 to 31 May 2022, and for the equivalent prior period in FY21

Own cash

£ million	Note	31 May 2022	31 May 2021
Cash and Cash equivalents		1,246.4	655.2
Financial investments – termed cash	14	45.0	–
Less: Cash held to meet regulatory liquidity requirements		(45.5)	–
Own cash		**1,245.9**	655.2

Amounts due from brokers

£ million	Note	31 May 2022	31 May 2021
Financial investments – UK Government securities held at brokers	14	289.9	256.0
Trade receivables – amounts due from broker	16	381.0	424.3
Trade payables – amounts due to broker	20	(28.0)	–
Other assets	17	14.2	30.3
Amounts due from broker		**657.1**	710.6

Liquid assets threshold requirement

£ million	Note	31 May 2022	31 May 2021
Financial investments – regulatory liquidity requirements	14	61.2	86.1
Cash held to meet regulatory liquidity requirements		45.5	–
Liquid assets threshold requirement		**106.7**	86.1

Own funds in client money

£ million	Note	31 May 2022	31 May 2021
Trade receivables – own funds in client money	16	85.5	63.3
Trade payables – amounts due to clients[1]	20	(21.3)	(2.4)
Own funds in client money		**64.2**	60.9

1 Amounts considered part of 'own funds'.

Net own funds movement from acquisitions and disposals of investments in subsidiaries and associates

£ million	FY22
Net cash flow to investment in associates	(1.9)
Net proceeds from disposal of subsidiaries	143.3
Proceeds from disposal of investments in associates, net of cash disposed	24.5
Net cash flow to acquire subsidiaries	(193.5)
Net own funds derecognised upon disposal of subsidiary	(2.7)
Net own funds recognised upon acquisition of subsidiary	15.6
Net own funds movement from acquisitions and disposals of investments in subsidiaries and associates	**(14.7)**

Net own funds generated from operations

£ million	FY22	FY21
Cash generated from operations	811.4	573.5
→ decrease in other assets	(19.7)	(0.4)
→ Increase in trade payables	(209.4)	(222.2)
→ (decrease)/increase in trade receivables	(37.7)	160.7
→ Repayment of lease liabilities	(7.5)	(5.2)
→ Interest paid on lease liabilities	(0.6)	(0.6)
Own funds generated from operations (A)	**536.5**	505.8
Profit before taxation (B)	477.0	446.0
Conversion rate from profit to cash (A/B) %	**112%**	113%

Group-wide Key Performance Indicator (KPI) Definitions

Adjusted total revenue (£m)
Adjusted total revenue represents revenue from products and services and interest on client money less cost of hedging, excluding certain costs relating to the tastytrade acquisition.

Adjusted net trading revenue (£m)
Represents the transaction fees paid by clients (client income), net of introducing partner commissions, our external hedging costs, client trading profit and losses, and corresponding hedging profits and losses, on an adjusted basis.

Adjusted net trading revenue generated from non-OTC products (%)
Represents net trading revenue generated from exchange traded derivatives and stock trading and investments, on an adjusted basis.

Adjusted profit before tax margin (%)
Measures the profit that we generate as a percentage of total revenue, prior to tax charges, on an adjusted basis.

Net own funds generated from operations (£m)
Measures the level of net own funds (cash) that we generate from our operations after deductions for taxes.

Total number of active OTC derivative clients (000)
The total number of clients who have generated revenue in the relevant financial year by trading our OTC derivative products.

Platform uptime (%)
This measures the percentage of time that IG's online trading platforms were online during the financial year. Partial outages or degradation of service are included as uptime.

ESG KPI: scope 1–3 greenhouse gas emissions per employee (TCO_2e)
Total scope 1–3 greenhouse gas emissions in the financial year, divided by average headcount during the year ended 31 May 2022.

ESG KPI: young people benefiting from our Brighter Future initiatives globally
Total benefiting from collaboration between IG Group and charity partners such as Teach First. This includes both direct and indirect impact.

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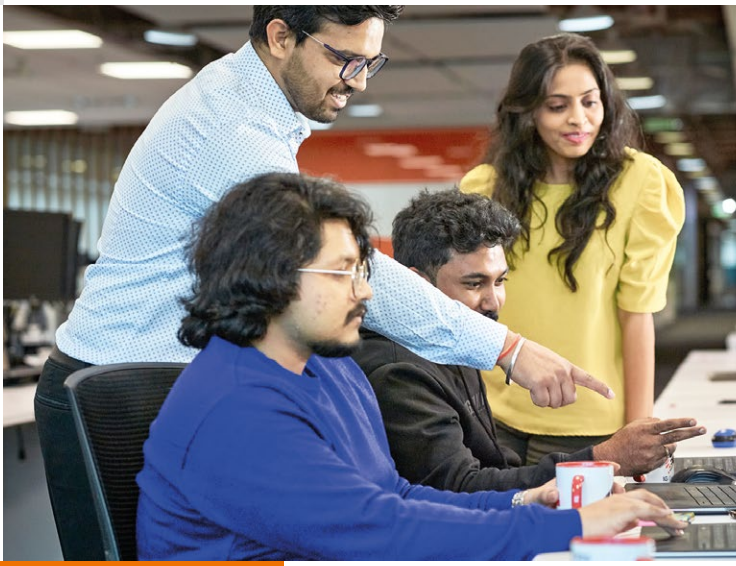

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