IGGROUP.COM

IG Group

Empowering ambition, enabling freedom

IG GROUP HOLDINGS PLC

ANNUAL REPORT 2023

Welcome to our **Annual Report 2023**

Vonetta Logan, On-Air Personality, tastylive

Who we are

We are a purpose-led global fintech at the forefront of trading innovation since 1974.

What we do

We empower self-directed traders around the world by unlocking real-time trading opportunities, through our award-winning products, educational content and platforms.

Why a landscape report this year?

This report has been designed in a landscape format to optimise the online reading experience.

Navigating this report

The navigation buttons at the top of the page will guide you throughout the report. Click on the tabs for the start of key sections, or the buttons to view the next and previous pages.

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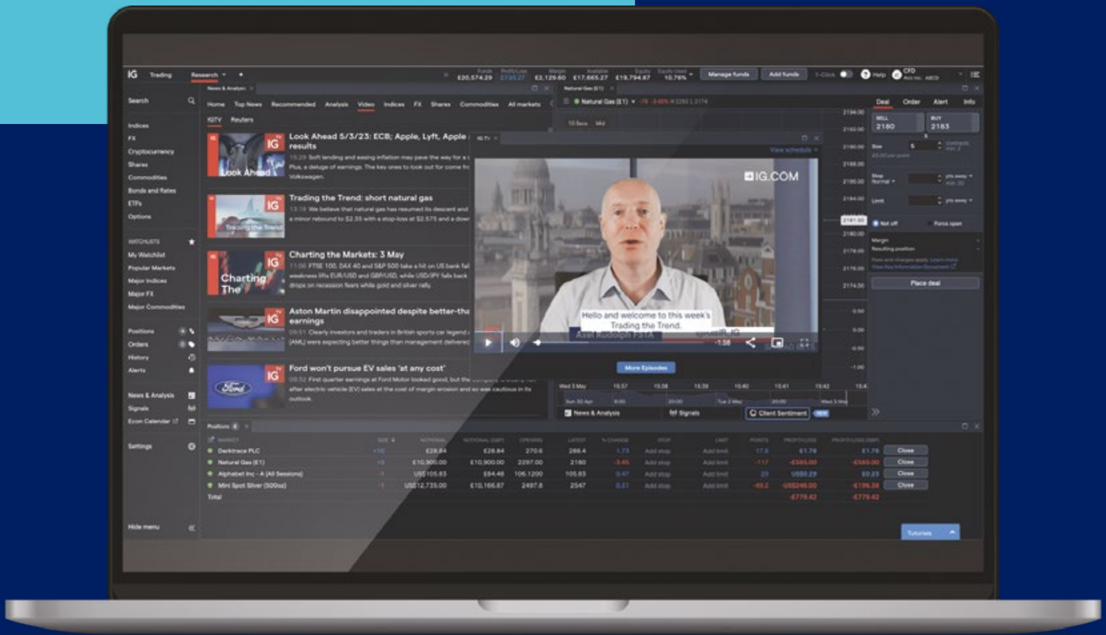
Inside this report

> Powering the pursuit of financial freedom **for the ambitious."**



FY23 Highlights

Our year **in summary**

A snapshot of our year

We are delighted to report a fourth consecutive record year, with total revenue exceeding £1 billion for the first time, an exciting milestone which reflects the success of our strategy.

BUSINESS PERFORMANCE REVIEW **PG. 39**

Financial[1]

Total revenue[2]

£1,022.6m

(FY22: £973.1m)

Basic earnings per share[4]

86.9p

(FY22: 92.9p)

Total dividend per share

45.2p

(FY22: 44.2p)

Profit before tax[3]

£449.9m

(FY22: £477.0m)

Net own funds generated from operations

£350.9m

(FY22: £437.3m)

Share buyback announced[5]

£250m

See appendices for reconciliation to statutory measures.
1 Numbers are presented on a continuing operations basis
2 On an adjusted basis, total revenue for FY22 was £967.3 million. Total revenue is calculated as net trading revenue plus net interest income. See appendices for reconciliation
3 On an adjusted basis, profit before tax was £490.5 million (FY22: £494.3 million)
4 On an adjusted basis, earnings per share was 94.7 pence (FY22: 96.3 pence)
5 Represents the value of share buyback announced at the full year results

At a Glance

Empowering ambition, **inspiring tomorrow**

About us

We are a purpose-led global fintech 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, educational content and platforms empower self-directed people the world over to unlock trading opportunities around the clock.

We are an established member of the FTSE 250 and have an investment grade credit rating.

Our client proposition

- Market access – we provide access to around 19,000 markets globally
- Superior trade execution – 99% of orders filled at desired price or better
- Platform reliability – we pride ourselves on the reliability of our platform, whatever the market conditions
- Content and education – we have a wide range of tools, content and education for all levels of client experience
- Client servicing – we take a personal approach to dealing with our clients
- Reputation – client surveys show our reputation is one of the top reasons they chose us

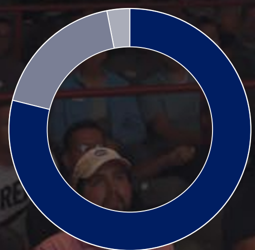
Products

Over-the-counter derivatives (OTC)

Exchange-traded derivatives (ETD)

Stock trading and investments

Content and education



OTC revenue	79%
ETD revenue	18%
Stock trading	3%

Our market-leading brands

IG | IG Prime | SPECTRUM | tastytrade | tastylive | DAILYFX provided by IG

tastylive Bad Trader tour, Phoenix

Chair's Statement

"We delivered another year of record total revenue, **surpassing £1 billion for the first time."**

Mike McTighe
Chair
19 July 2023

As I look back over the year, one aspect of business I have been particularly struck by is the tremendous impact of being able to reconnect again in person.

There is no doubt the pandemic has created a relationship deficit that we are still working to fill. Hundreds of new employees have joined us in that time, many of whom have only just started to work with colleagues regularly on a face-to-face basis in the past year.

As the Chair of the IG Board, being able to sit down again in an actual room with my fellow Directors notably improves our effectiveness. Being able to discuss matters and offer immediate reaction or challenge face-to-face across a table is empowering. It encourages lively and healthy debate and the opportunity to share our diverse thoughts and experiences. And of course, it provides the chance to connect at a more personal level as well.

Many of these elements were reflected in the review on Board effectiveness we conducted this year and remain front of mind as we look at ongoing Board composition, which I discuss further in the Governance section of the report.

Equally, the Directors and I have valued the opportunity to visit offices in various locations around the world over the past year and meet with local teams. This included a full Board meeting in the US in November, an important part of our growth strategy, as well as visits to Bangalore and Krakow, two of our largest locations and critical engines of our business. We were impressed at the energy and enthusiasm demonstrated by our people in all locations and the strong sense of accountability imbued throughout the business.

Experiencing this first-hand has really brought home the importance of interpersonal connections in building a strong workplace culture, founded on confidence and understanding. We are seeing the benefits of the return to office in delivering inspiring experiences for our employees. At the same time, we are also applying the lessons learnt on effective remote working to leverage the best of both worlds.

Performance

On a performance front, we have delivered good results in a year marked by an extremely uncertain geopolitical environment that continues to reverberate across the world. We delivered another year of record total revenue, surpassing £1 billion for the first time. This was underpinned by the sustainability and loyalty of our OTC client base, who continue to find opportunity in volatility. We also benefited from our ability to take advantage of the higher interest rate environment.

Importantly, we have retained a steady focus on the successful rollout of our diversification strategy across products and geography. While the Board will periodically stress test our approach, as appropriate, the strategy continues to deliver, with non-OTC revenue, including the associated interest income, now a meaningful contributor at 21% of total revenue.

Capital Allocation Framework

I am particularly proud that our disciplined approach to capital allocation and the framework we established in FY22 has allowed us to balance a consistent and steady return to shareholders with support for the

Chair's Statement continued

> We have taken steps again this year to make sure **our employees remain supported."**

communities that we belong to around the world. This is in addition to continued organic investment in the business for growth.

During FY23, we announced share buybacks of £200 million and the total capital returned for the period was £363 million. We have since announced a new buyback programme of £250m alongside a dividend of 45.2p per share.

Here at IG Group, we are committed to raising the bar by empowering all our stakeholders and communities on their respective journeys – whether benefiting directly as an investor in the company or accessing the enormous volume of content and tools we provide clients daily to hone their skills and act with confidence.

In FY22, we launched our Brighter Future Fund – a pledge to put 1% of our annual profits after tax towards charitable initiatives. This year we allocated £4 million to support programmes that align with our strategic theme of 'empowerment through education'. Whether focusing on financial literacy, or increasing diversity in the technology sector, our donations will contribute to UN Sustainable Development Goal (SDG) 4 – ensuring an inclusive and equitable education for all. Please take the time to read more about our global activities further on in the report.

Our people

In all of this we have not lost our focus at home. We have taken steps again this year to make sure our employees remain supported, not just financially but also in their broader wellbeing through formal and informal support networks. As always, they have also given back, with an incredible one in three of our people engaging in ESG-related activities during the year.

I would like to take this opportunity to thank my fellow Board members, the Executive Committee and all our employees for their ongoing dedication and work over the past year. At the time of writing this report, our CEO June Felix is taking a short period of medical leave. We look forward to welcoming her back soon and I look forward to an exciting and fruitful FY24.

£4m
allocated to charities

1 in 3
employees engaged in ESG-related activities

Total capital returned of
£363m

IG Group office, Bangalore

Chief Executive Officer's Statement

A passion to **create inspiring experiences for clients is at the heart of our business."**

June Felix
Chief Executive Officer
19 July 2023

At IG, we are driven by one unrelenting focus: to offer our ambitious clients the opportunity to create the financial freedom they strive for now and in the future.

This means offering a first-class trading experience that includes market-leading platforms and tools, access to around 19,000 markets, outstanding trade execution and unparalleled customer support.

This passion to surpass our clients' expectations and create inspiring experiences is at the heart of our business. It has enabled us to deliver sustainable, resilient growth over decades by building and retaining a strong and loyal client base.

While we continue to demonstrate the market-leading strengths of our OTC derivatives business, we are also making significant progress on the strategy we announced in May 2019 to expand and diversify by product and geography, which gives us the opportunity to grow the client base and give existing clients access to more products and asset classes. Our success in balancing core growth with diversification over the last four years positioned us extremely well for the market conditions we saw during FY23. This year our total revenue exceeded £1 billion for the first time, more than double our revenue in FY19, while consistently achieving margins exceeding 40%.

Our people have been a driving force behind this success. They have a relentless focus on delivering an outstanding client experience through superior technology, education and content, and customer service. I want to extend my enormous thanks to everyone for the role they have played in delivering another year of strong results, and I am delighted that our employee engagement results for the Group were 87%. This is based on measures such as being proud to work for IG, understanding how their role contributes to IG's success, and being committed to helping IG fulfil its purpose.

Client focus

To support our self-directed and ambitious clients, we curate experiences that makes us a trusted partner, underpinned by our market-leading technology, wide product offering, and differentiated education and content.

In the US, for example, tastylive's passion for engaging self-directed traders has transformed the way our clients participate in the options and futures markets and how digital financial media is imagined and produced. It provides original content, delivered by renowned and respected personalities, seven days a week. Content is distributed through live programming, on-demand shows, blogs, podcasts, online educational courses, live in-person events and webinars. tastylive understands retail traders and their needs because they are traders themselves. This is also why leading financial institutions, such as CBOE and the CME have sought partnerships with us. Our engaging and accessible content, combined with our other content channels across IG is watched globally more than 100 million times each year.

We also continue to lead the way as champions of client welfare, and fair client outcomes remain a foundation of our business. Understanding their needs and shaping our business model to align with their interests has contributed to the long-term sustainable performance of our business. This approach is part of our culture and makes us

Chief Executive Officer's Statement continued

the first choice and natural home for active traders. It means we foster their long-term loyalty and trust, and brings to life the values we share to champion the client and do the right thing.

Our community commitments
Making a positive impact in our communities is important to everyone at IG.

We have pledged to contribute the equivalent of 1% of post-tax profits to charitable causes, and we are proud to deliver on this promise – supporting projects all around the world, with a particular focus on the theme 'empowerment through education'. For example, we continue to work in partnership with Teach For All and their network of partner organisations in most of the countries where we operate, including Teach First in the UK, Teach For Poland and Teach For India. With a shared purpose to make the education system work for every child, these partnerships continue to make a real difference. As part of this ongoing commitment, by the end of FY26 we aim to have positively impacted the lives of 1 million people around the world.

I am inspired by the work we are enabling through these partnerships and am humbled by the engagement of our people who have passionately supported them through volunteering and charitable activities. We have exceeded our goal of a third of our employees engaging in voluntary and charitable activities each year.

Our strategic progress
In FY19, we launched our strategy to expand and diversify the Group by both product and geography, leveraging our well-established strengths in trading and trading products, technology, and risk management.

Since then, we've made great progress and while total revenue has more than doubled, the proportion of revenue from non-OTC products increased from 5% to 21%, while the proportion of revenue from the UK market reduced from 42% to 34%, primarily driven by our organic and inorganic growth in the US market.

Given its position as the world's largest financial market, the growth in total US revenues this year, up 47% to £191.3 million, is a particular highlight. The main driver of this growth is tastytrade, where significantly higher levels of interest income offset some softer net trading revenue. In the year we laid stronger foundations for future growth, and some highlights of our progress at tastytrade include:

- Improving client experience by overhauling mobile applications, creating an open Application Programming Interface (API), and launching an upgraded web-based trading platform, which is now the newest in the sector. This delivers a scalable, powerful trading platform to our clients, backed by outstanding customer service.
- Expanding our equity trading capabilities to capture a greater share of our clients' trading portfolios and attract larger client balances. This allowed us to capitalize on the rising US interest rate cycle.
- Rebranding the brokerage firm from tastyworks to tastytrade earlier this year, setting the stage for it to become a household name for trading the US markets.

IG, official partner of England Cricket

Chief Executive Officer's Statement continued

"Our success in balancing core growth with diversification over the last four years **positioned us extremely well for the market conditions in FY23."**

- Leveraging Group marketing capabilities, including search engine optimization (SEO), and building a best-in-class marketing function.
- Launching the first-ever national brand campaign to raise the profile and awareness of the business.

Combining Group resources, platforms and capability with decades of experience from the tasty management team has proved successful. This has been a key driver in our marketing efforts and significant delivery of feature-rich client-facing technology over the last year. It has been great to see how, through a combination of these two initiatives, tastytrade has been able to grow its appeal from active options and futures traders to include active equity traders.

In Europe, Spectrum – our pan-European trading venue for securitised derivatives – is a standout example of our ability to innovate at scale. Conceived, incubated and built in-house, Spectrum marked an important milestone this year by welcoming two top-tier banks, Societe Generale and UniCredit, as new product issuers. This shows the strength of Spectrum's reputation in the European exchange market and means that IG's European retail clients (and other distributors on Spectrum) will have access to many thousands of new products. Spectrum has significant potential to continue on this growth journey as new products and distributors are onboarded, creating an engine for scalability and sustainable growth.

In Japan, our business has continued to succeed. This has been achieved through sustained investment in our products and brand to meet the needs of the local market. Our brand campaign and our differentiated advertising and product innovation have resulted in us achieving the status of number one international broker in Japan. We continue to improve our client experience, with a new risk analysis tool to support our clients' trading, and the launch of one of our content channels, DailyFX, in the region to boost our coverage and attract prospects to our trading platform. Through our continued investment in Japan, we remain confident of further growth and are excited by the significant opportunity the region offers as part of our strategy.

In the markets where our core OTC business dominates, we remain in the leadership position. FY23 provided some challenging conditions, with high-inflation, global recessionary fears and lower levels of market volatility than seen in recent years. Despite this, the sophisticated nature of IG's OTC client base shone through, and our market-leading offering has supported their trading during the period. We are committed to supporting these markets with brand-building investment, resulting in localised campaigns and sponsorships during the last 12 months, despite challenging conditions, to ensure we maintain our leadership position.

We are well positioned to invest steadily and consistently for growth given the strength and stability of our cash flows, our strong balance sheet and our focus on managing costs and profit margins.

More than a third of our people work in technology-related roles or teams and it is a linchpin in the success of our business. This year, my executive team and I have welcomed Adam Wheelwright as Chief Technology Officer; his vast experience and passion for client-centric software development will be a key driving force as we continue our journey of innovation.

A rich talent pool

We are privileged to have such a rich, diverse talent pool across the Group, and one which is growing in capability all the time. The continued engagement and commitment of our people is critically important, and we recognise this year has been challenging for many as high inflation rates have persisted and negatively impacted their standard of living. To support them through this period, we have undertaken a remuneration review targeted at our most impacted colleagues. This process has included external pay award benchmarking, one-off cost of living booster payments, and pay rises.

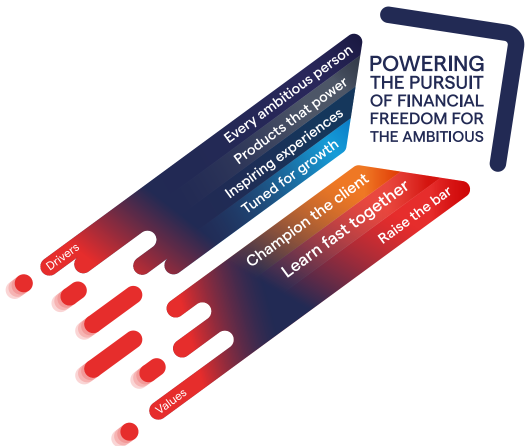
Finally, I am delighted to report that this year we have again achieved a number of impressive accreditations that recognise our fantastic culture and working environment. These include the Great Place to Work certification in our India and Poland offices, and the Top Employer certification in the UK and South Africa. In the UK, we were also named on The Sunday Times' Best Places to Work list for 2023 and ranked among Newsweek's 2023 Global Top 100 Most Loved Workplaces. These are all brilliant achievements and a real testament to the culture and environment we have built – one where we learn fast together, champion the client and continually raise the bar. I look forward to further strengthening that culture and enjoying continued success over the years to come as we drive the business towards our strategic ambitions.

Our Purpose and Values

Powering the pursuit of financial freedom for the ambitious

Purpose

Our purpose is simple: to power the pursuit of financial freedom for the ambitious. We are passionate about providing the best experience for our clients, putting them at the heart of everything we do to support them on their trading and investing journeys.



Strategic drivers

Our strategic drivers guide the decisions we make and keep us on track to achieve our purpose.

Every ambitious person
Unrelenting in our drive to reach ambitious people across the globe. Wherever they are, they 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.

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

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 our clients the understanding and confidence to harness that power to achieve their goals.

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.

Values

Our values inform all the decisions that we make, from day-to-day interactions with colleagues or clients through to the boardroom.

Champion the client
We want our clients to trade profitably, and our business model aligns our interests.

Learn fast together
This is key to our culture of innovation. We know that not everything will work perfectly the first time, but we encourage our colleagues to be innovative, productive and collaborative to accelerate growth and drive personal development.

Raise the bar
As the market leader in our industry, with a strong reputation for doing the right thing for all of our stakeholders, we encourage our colleagues to constantly raise the bar.

Business Model

A model for **building momentum**

Our resources

Technology

We continue to invest in product development, technology resilience and platform quality, and provide our clients with cutting-edge resources to support their trading.

Brand and reputation

We are a global leader in online trading, with a strong reputation which has been built over nearly 50 years. We are known for our excellent platforms, risk management and client service.

People and culture

Our values define a culture of support and innovation. We have some of the best talent in the industry and foster an environment which allows our people to excel, resulting in the best service for our clients.

Financial capacity

Our business model is highly cash generative. This gives us the capacity to invest in the business to support future growth, return capital to shareholders and evaluate other uses of capital, including acquisitions.

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)

Stock trading and investments

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

Content and education

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

Our market-leading brands

OTC derivatives	Exchange traded derivatives	Stock trading and investments	Content
IG	SPECTRUM	IG	IG
IG Prime	tastytrade		tastylive
			DAILYFX provided by IG

Creating value for our stakeholders

Investors

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

Clients

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

Communities

Playing our part to support our communities, with a focus on empowerment through education.

Colleagues

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

Business Model continued

A stronger business, **with broader options**

Spotlight on

Interest income

Interest income has become more significant for the business over the past 12 months. Although this has always been a revenue stream, it has been immaterial for many years due to persistently low interest rates. Higher interest rates have restored this source of income across the business.

Interest income is not dependent on trading activity, and therefore has different drivers to our trading revenue, bringing a meaningful stream of diversification. Interest income is also more predictable in nature on a short-term basis.

We benefit from interest income in two areas: the balances that clients hold on account, and our own corporate cash. Uninvested client balances are typically held to cover margin requirements on open trades, or for on-demand liquidity, so clients can place trades quickly as opportunities arise.

FY23 net interest income

£80.8m

(FY22 £0.8m)

Spotlight on

OTC business model

Our OTC business model sets us apart within our industry and is fundamental to our long-term success.

IG is the counterparty to every trade executed on our platform which creates market risk. Exposure from all trades placed globally is brought together into a central Exposure Monitor where offsetting positions are netted. Due to our scale and the volume of trading, the vast majority of trades are naturally offset as clients take opposing positions. Any residual market exposure above pre-agreed risk limits is hedged.

This model aligns us with our clients. Our revenue is driven by spread, commission and overnight funding charges, it is not driven by client losses. We want our clients to trade profitably.

As our revenue is independent of client trading performance, it is less volatile than competitors with higher market risk appetite.

4-year revenue CAGR

15%

Spotlight on

Content and education

We know how valuable content and education is to our ambitious clients, and we continue to invest heavily to provide best-in-class resources to empower them in their pursuit of financial freedom.

Our content is available in a range of formats and across different brands. tastylive's popular daily live show focuses on trading strategies, DailyFX is our in-depth market news and analysis portal, and IG Academy hosts comprehensive learning resources across many markets and products. We believe in the power of content and are excited to drive expansion and innovation in our offering.

As well as empowering our clients, the quality of our content differentiates our business and creates sustainable growth. Clients who interact with our content tend to make better trading decisions and we are more likely to retain them, and educational resources are key in attracting new clients to our platforms.

Content reach in FY23

20 million+

Key Trends Likely to Affect Our Business

Seeing further, thinking smarter

We continue to evaluate key trends in our industry and in the wider world, to understand the impact they may have on our business, either to spot opportunities, or to mitigate risk. We've highlighted below the main trends and what they mean for our business.

Financial markets

What's the trend?
Changing market conditions generate a variety of opportunities to trade, which may be more or less attractive to existing and new clients and therefore impact levels of new client onboarding and trading activity.

Over the past few years we have seen increased market volatility from the Covid-19 pandemic, the conflict in Ukraine, and challenges facing several regional banks in the US. We've experienced elevated levels of account applications and trading activity during these events.

More recently, we have experienced rising interest rates and inflation which have also provided trading opportunities but may also impact levels of disposable income and the propensity to trade of our clients.

What does it mean for us?
In general, our ambitious, active clients find opportunities to trade in a wide range of market conditions. However, lower volatility could have a negative effect on revenue growth, through lower active client numbers, lower rates of client acquisition and reduced activity per client

Conversely, events which cause higher levels of volatility across a range of financial markets are likely to increase our revenue.

Structural shift to self-directed trading and investing

What's the trend?
With the evolution of technology and freely accessible educational content, the financial markets have never been as accessible to such a vast potential audience. The online trading industry has seen a shift away from financial advisers and a move towards self-directed trading and investing. 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 and was accelerated by the long period of high volatility from the Covid-19 pandemic.

QR CODE: WATCH THE VIDEO
MARKET CAMPAIGN IN JAPAN

What does it mean for us?
Our target market is ambitious, self-directed individuals. We serve hundreds of thousands of clients like this 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 rely on our cutting-edge technology, platform reliability, risk management expertise 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 newcomers to the industry.

Key Trends Likely to Affect Our Business continued

Sector developments

What's the trend?

We operate in a highly competitive and evolving market environment, with new market entrants constantly challenging traditional players.

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. This spend has been primarily focused on the lower value end of the retail trader market.

We remain an undisputed market leader in the breadth and depth of our product offering, but we know we must continue to work hard to differentiate as competitors add new products.

What does it mean for us?

To date, elevated competitor marketing spend 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 monitor changes in the competitive landscape through local knowledge and market research. We are continually innovating to keep up with sector developments and anticipate the needs of our clients. 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 so that we stay ahead.

We recognise that leveraged derivative products are not suitable for all individuals and 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.

Interest rate movements

What's the trend?

During the financial year, we saw elevated inflation and significant increases in interest rates across the globe. Following 15 years of historically low interest rates, this has had significant implications for our revenue and for our clients.

What does it mean for us?

Increasing interest rates have both a direct and indirect impact on our business. The direct impact is on the cash balances we hold on behalf of our clients and our corporate cash. We have a strong net cash position, so rising interest rates mean that we earn additional income on these balances. Interest on client balances is recognised within total revenue, driving the top line of the business, whereas interest on corporate balances is recognised within finance income.

The indirect impact is seen in the trading opportunities that changing interest rate expectations can present, as well as the change in inflation, which is correlated with interest rates. Our clients are active traders who seek trading opportunities, which can often be created by macroeconomic events. However, higher inflation reduces disposable income and can impair consumer confidence, which may lower trading activity and reduce new client acquisition.

QR CODE: WATCH THE VIDEO
TASTYTRADE BRAND CAMPAIGN

Key Performance Indicators (KPIs)

We continually review our KPIs to ensure they best reflect our progress. This year we have updated some measures and added new metrics to provide a more holistic representation of the performance of the business. Our new metrics of employee engagement and gender diversity reflect our strategy to empower all of our stakeholders, and our commitment to equality within the business.

BUSINESS PERFORMANCE REVIEW **PG. 39**

READ MORE ABOUT OUR STAKEHOLDERS **PG. 20**

Financial KPIs

Our financial metrics cover revenue, profitability, diversification and cash flow. Profit before tax margin is presented on an adjusted basis, and net own funds generated from operations is a management metric for cash flow.

Within our financial metrics, we now present net operating income as a metric for revenue growth, in place of total revenue.

Net operating income

£1,023.4m

FY23	£1,023.4m
FY22	£979.2m
FY21	£843.7m

Net operating income is our revenue metric and represents revenue from products and services and interest on client money, other operating income less cost of hedging, and betting duty.

It has been updated from total revenue, to better align with our statutory income statement. The growth reflects the success of our strategy.

Adjusted profit before tax margin

48.0%

FY23	48.0%
FY22	51.1%
FY21	56.0%

Our profitability measure indicates the extent to which we're able to convert our revenue into profit, as we maximise value for shareholders while investing in growth and resilience. It is presented on an adjusted basis.

Our recent margin reduction reflects a reversion to a more sustainable profit margin.

Net trading revenue from non-OTC products

17%

FY23	17%
FY22	16%
FY21	6%

Our diversification metric shows the changing revenue mix by product. OTC products remains our primary revenue source. As we continue to diversify, we expect the proportion of revenue from non-OTC products to increase.

Net own funds generated from operations

£350.9m

FY23	£350.9m
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.

Non-financial KPIs

Our non-financial KPIs have been updated to reflect our strategic goals in relation to a wider range of stakeholders. The below KPIs reflect our targets in relation to our clients, people and communities. Together with our financial KPIs, we can present a more holistic view of our strategic direction.

Total number of active clients

358,300

FY23	358,300
FY22	381,500
FY21	291,200

This is a measure of overall client activity. As the Group diversifies, total active clients is the most relevant metric for reaching our target audience of ambitious individuals. This metric has been updated from OTC clients.

Active clients decreased due to challenging market conditions in the year.

Gender diversity

35%

FY23	35%
FY22	34%
FY21	33%

Our gender diversity metric represents the percentage of females employed across the Group.

Our goal is to increase this number over time, and we have a strategy in place to achieve this goal.

Employee engagement score

87%

FY23	87%
FY22	86%
FY21	74%

On an annual basis we run people surveys with all of our colleagues around the world. Our engagement score is the average score of several key questions.

Strategic Update: Diversify and grow

Our strategy

Our strategy is to diversify and grow our business by meeting the needs of more customers, launching new innovative products, and delivering inspiring experiences. The business is perfectly positioned to deliver on the strategy, with a global presence, a culture of innovation, and a strong financial position. Over the next few pages we will take a look at some of our businesses in more detail; what they have achieved this year, and how they will continue to deliver success.

Our 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.

Investment case

Growth levers	Diversification	Market-leading technology and content	Quality clients	Strong balance sheet and disciplined capital management
→ Multiple growth levers across the business → Positioned in some of the world's largest markets → Well placed to benefit from the structural shift towards self-directed trading and investing	→ Increasingly diversified business through organic and inorganic growth → Wide geographic footprint across five continents → Continued progress in product diversification	→ Sophisticated risk-management technology → Engaging live content and educational resources → Ongoing investment in our platforms	→ Significant proportion of revenue generated from long-term clients → Strict onboarding criteria ensure we welcome only appropriate clients → Our clients typically have years of trading and investment experience	→ Highly cash-generative business model → Strong regulatory capital and liquidity positions → Clear Capital Allocation Framework

Strategic Update continued

Sustainability of our over-the-counter (OTC) business

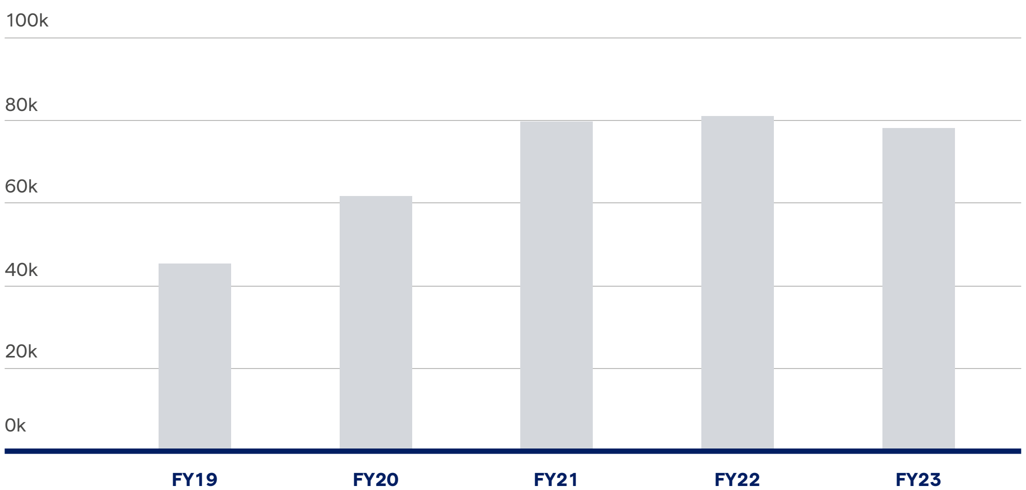
Our over-the-counter derivatives business is the flagship business of the Group and has been operating for nearly 50 years. Over that time it has expanded geographically, and we now have offices in five continents.

Over the past few years we have seen strong growth, particularly during the pandemic when volatile markets created frequent and more publicised trading opportunities. What really separates our OTC business from the rest of the market is the remarkable consistency we continue to deliver, which is down to two factors: the OTC business model and the high quality of our clients.

Our business model, which hedges market exposure, puts us on the same side as our clients – we want our clients to trade profitably. Our hedging model means that our results do not fluctuate based on client outcomes, increasing predictability of our results.

The reason that the OTC business has retained significantly higher levels of revenue since the pandemic is the quality of our client base. Our marketing strategy, onboarding criteria, high level of client servicing and superior trade execution continue to attract a high calibre of traders and investors. They are wealthy, knowledgeable and ambitious, and recognise trading opportunities across our offering of 19,000 markets. They trade daily, in all market conditions, and this creates a consistent, organic revenue stream.

Net trading revenue



Spotlight on IG US

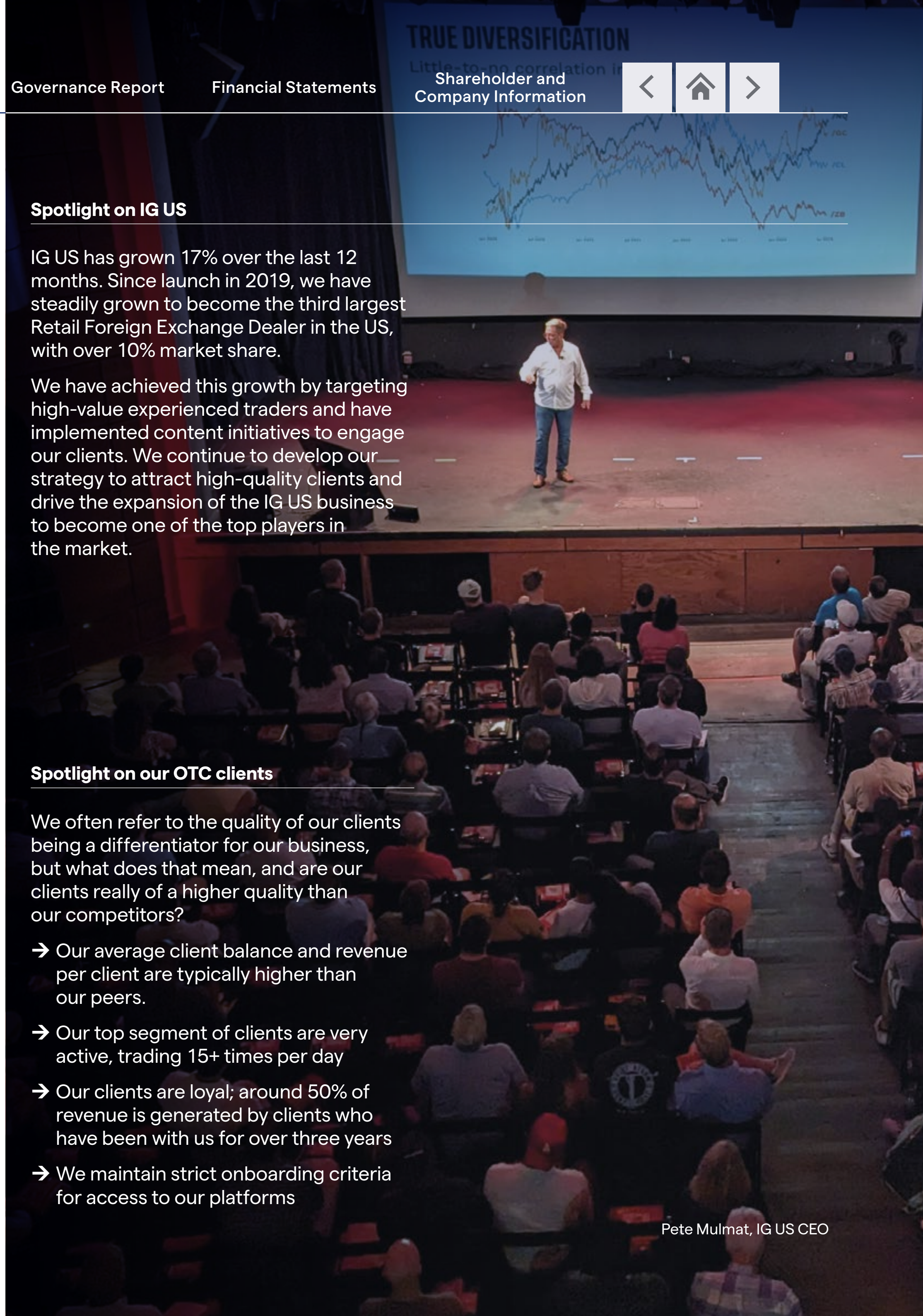
IG US has grown 17% over the last 12 months. Since launch in 2019, we have steadily grown to become the third largest Retail Foreign Exchange Dealer in the US, with over 10% market share.

We have achieved this growth by targeting high-value experienced traders and have implemented content initiatives to engage our clients. We continue to develop our strategy to attract high-quality clients and drive the expansion of the IG US business to become one of the top players in the market.

Spotlight on our OTC clients

We often refer to the quality of our clients being a differentiator for our business, but what does that mean, and are our clients really of a higher quality than our competitors?

- → Our average client balance and revenue per client are typically higher than our peers.
- → Our top segment of clients are very active, trading 15+ times per day
- → Our clients are loyal; around 50% of revenue is generated by clients who have been with us for over three years
- → We maintain strict onboarding criteria for access to our platforms



Pete Mulmat, IG US CEO

Strategic Update continued

Our exchange-traded derivatives (ETD) business

Our exchange-traded businesses have become a vital part of our Group. The exchange-traded market presented an attractive opportunity where we believed our core competencies – risk management, trading products and technology – would provide a strategic advantage. We have used these key strengths to grow our exchange-traded product range into a meaningful revenue stream.

Cultural preferences have played a significant role in our approach to different markets. For example, in Europe, Turbos are more commonly traded than CFDs, so building the Spectrum exchange gave us access to a larger market than with our traditional products.

Diversification of regulatory risk is another benefit we see. Although our OTC business is geographically diverse, this product line has accounted for almost 100% of our revenue for many years, so by adding new product lines we have a more diverse risk profile and have opened up different markets for growth.

Another key benefit of the exchange-traded business is the relatively lower regulatory capital requirements in comparison to our core OTC business. This gives the potential for a rapidly scalable business, which can generate significant return on investment.

ETD total revenue

£186.5m

(↑ 51%)

Spotlight on Spectrum

Spectrum had a fantastic year, with revenue growth of 67% to £15.7 million. The vast majority of this was generated through IG as the broker, and Brightpool as the market maker. The unique features of the exchange being pan-European and 24/5 have attracted customers quickly.

A significant opportunity for the business is the ability to plug in third-party brokers and product issuers, which can quickly multiply the products available, the number of clients, and therefore the liquidity on the platform. The announcement of UniCredit and Société Générale as product issuers on Spectrum brings additional opportunity and credibility.

European ETD revenue per client

£2,300

(↑ 67%)

“Our SPX exchange provides unparalleled access to innovative products and longer trading hours, with a sole focus on the retail investor.”

Matt Brief
Regional CEO, Europe

Strategic Update continued

Spotlight on tastytrade

As we reach the two-year anniversary of our acquisition of tastytrade, our US exchange-traded options and futures business, it is a great time to reflect on what we have achieved since we added it to the Group.

We are happy with the strong performance over this period, and excited about the potential that it still has to deliver.

The tastytrade brokerage and the content arm of the business, now branded tastylive, continue to work together seamlessly. tastylive remains a key differentiator for the business, providing engaging content and actionable trading strategies six days a week to both existing and potential clients, free of charge. A prime example of our client-focused approach.

Since the acquisition in June 2021, revenue has grown rapidly aided by rising interest rates. A common phrase around the tastytrade office in Chicago is that tastytrade is 'the best brokerage platform that no one has heard of'. Therefore, marketing has been a key focus over the past 12 months.

With the re-establishment of a significant interest income revenue stream, tastytrade has modified its strategy accordingly to take advantage of higher interest rates, by attracting clients with higher cash balances to join the platform. We expect this to be an enduring revenue stream for many years to come, as well as being a growth driver in the short term.

A significant event this year was the launch of the first-ever national brand campaign. Still in its early stages, we're already seeing many exciting green shoots of progress. In the first few months, we have increased our brand awareness and brand consideration, as well as the volume of Google searches and website traffic flow. All of these things increase the number of potential clients for tastytrade. We are continually analysing the impact of the campaign, including our conversion funnel, and amending client journeys to provide the best possible client experience. This gets us the most value out of the investment in our brand.

Another major achievement during the year, is the launch of our open API. This launch provides significant opportunity for marketing partners to be able to plug into tastytrade, and quickly increase our reach to a larger audience.

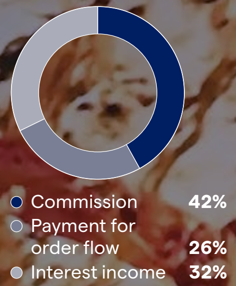
And we are excited by the opportunity to accelerate growth outside the US. There is significant interest in our product internationally, where tasty already has a large and growing client base.

tastytrade total revenue

$205m

(↑ 26% on a pro forma basis)

tastytrade total revenue



> "tastytrade is now perfectly positioned to disrupt the US market."
>
> **JJ Kinahan**
> Regional CEO, IG North America

QR CODE: WATCH THE VIDEO
TWO-YEAR ANNIVERSARY VIDEO

tastytrade brand campaign

Strategic Update continued

Stock trading and investments

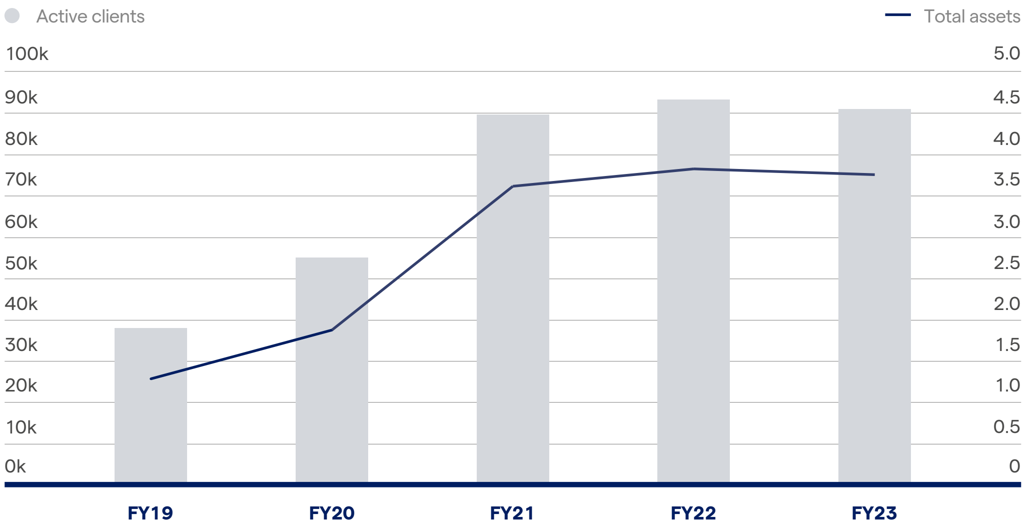
Our stock trading and investments business complements our OTC business and aligns well with our diversification strategy.

Through it, we can reach a wider group of ambitious clients. Our share-dealing clients tend to be less active than our OTC clients, but they are self-directed, value our leading technology and client service, and have potential to cross over to other products.

We have many clients who use our platforms for both leveraged and non-leveraged trading. This enables us to access a large part of a client's wallet, by providing products with different levels of risk. Clients who use both products tend to be more valuable and more active and tend to stay with us for longer.

The performance of the stock trading and investments business over the past few years has been very strong, gaining a significant number of clients during the pandemic. Trading volumes peaked during this period and have now returned to pre-pandemic levels, though the number of clients on the platform has rebased at a higher level. The business has more than doubled since FY19.

Stock trading performance



Content and education

Content and education have always been part of our foundations. We have a client-first approach to everything we do, so producing content and educational materials as a part of our offering goes without saying. We want all our clients to fully understand our products, to better manage their risk, and to develop trading strategies so they can harness market opportunities. Across the Group, we have many content-focused brands: IG Academy, DailyFX and tastylive, each one distinct and with its unique value proposition, but all of which enhance our client's experience and allow them to trade with more confidence, and more understanding.

Our content offering not only benefits our clients, but also our business. It can be a powerful acquisition tool, reaching hundreds of millions of people who may go on to use our platforms. We know that clients who consume our content tend to be more active and are less likely to stop trading altogether. They value the total service package we offer them and have a longer average tenure than those who don't engage with content. Whilst these factors are not the primary reason we provide content, they do support our performance, and remain an integral part of our business ethos of putting our clients at the centre of everything we do.

Stakeholder Engagement

We work closely and proactively with our stakeholders to make sure we meet their needs, today and in the long term. We value trust, transparency and collaboration, just like they do.

Discover our key stakeholders and how and why we engage with them.

Our clients

Why we engage

Our clients want a seamless experience across our products, service and content, and we put them at the heart of everything we do. We're proud of our customer loyalty and want them to be completely satisfied.

How we engage

Our customer experts are based all around the world, so we can speak to customers round the clock, in their language where possible.

We invest in high-quality communication technology because we know how important it is for our clients to connect to us.

Our platforms offer many tools and features for clients to interact with a wide range of content and education for all experience levels.

What's more, we value client feedback and take any opportunity to hear it so we can continually improve our service.

What matters most

Products: We diversify and evolve our award-winning products in response to clients' needs.

Knowledge: We understand how important high-quality, relevant content is, and ours cuts through the noise to guide and support our clients. Our demo accounts bring our products to life in a low-risk environment.

Technology reliability: A stable, secure, reliable platform is non-negotiable. Our teams work hard to deliver flawless trade execution every time.

Support: Round-the-clock trading coverage means our clients can rely on us whenever they need assistance.

Our people

Why we engage

Our people are at the centre of all we do. An engaged, motivated, talented team means we can stand out and deliver excellence for our clients.

How we engage

We recognise that our people are all individuals, and we engage with them in as many different ways as possible, from social channels to surveys, townhalls to smaller workshops, and everything in between. Our home-grown employee networks promote inclusion and help us better understand all employee experiences.

Our more formal People Forum encourages feedback and connects employee voices with Board decision making. Chaired by our Chief People Officer (CPO) and attended by Non-Executive Director Sally-Ann Hibberd, employee representatives are democratically elected by our people and participate for two-year terms.

What matters most

A continuous two-way dialogue means we get the best from our people, which in turn means the best for our clients.

We're also passionate about being recognised as a top workplace and employer.

87%

employee engagement score (2022: 86%)

ESG REPORT
PG. 23

Our investors

Why we engage

Creating value and delivering for our investors is critical. Staying informed of their views gives us insight into their priorities and drives our business to be successful.

How we engage

In a post-pandemic world, a hybrid model of both in-person and virtual meetings is the norm. This offers the best of both worlds between relationship-building and flexibility for our investors.

Our open dialogue with investors can range from one-to-one or group meetings, webcasts and roadshows, conferences, and questions submitted on an ad hoc basis. Our Board stays on top of investor feedback, and any investor changes, and incorporates these into their decision making.

What matters most

Our experienced and well-informed Investor Relations team are always available, and any topic can be on the table: financial performance, strategy, capital allocation, client characteristics, cost control, regulation, and competitive position. We know that investor trust is key, and we are always receptive to both existing and prospective shareholders and bondholders.

Stakeholder Engagement continued

Nick Ryan, Finance Integration Specialist, Trees for Cities, UK

Our communities

Why we engage

Our unwavering commitment to being a responsible member of the communities in which we operate is a driving force for our business, purpose and culture. It informs our approach to issues of sustainability and social responsibility.

How we engage

Every one of our people is entitled to two days' paid volunteering leave per year, and up to £1,000 of matched funding for any charitable fundraising activities they participate in. We also encourage attendance at talks and events delivered by our charitable partners.

We are very proud of our Brighter Future Fund. We continue to pledge 1% of annual post-tax profits to charitable initiatives, and are building partnerships with regional and global charities focused on the theme of empowerment through education.

Our dedicated ESG and Community teams, overseen by our ESG Board Committee, drive us forward every step of the way.

What matters most

We're in this for the long run. Our aim is to have the biggest impact and sustain the biggest benefits for our communities.

95,876

people benefited from our charitable initiatives in FY23

ESG REPORT
PG. 23

Our regulators

Why we engage

Regulations influence how we can operate in the marketplace. We work proactively with our regulators to help them understand our products and our business model, so we can continue our existing activity and grow into new markets. We value our relationships with them and the insight they bring into upcoming changes and how we can best respond.

How we engage

We understand the importance of transparency, and know our regulators value this. Our regular two-way dialogue ensures that our actions and business model are consistent with regulatory expectations. From new business proposals to assisting with regulatory requests and investigations, we engage proactively and openly every time.

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 and 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.

RISK MANAGEMENT
PG. 48

Our suppliers

Why we engage

We recognise that suppliers are crucial to the quality of our service and products, and we enjoy mutually beneficial and lasting relationships with our vendors. Our supply chain is key in delivering our ESG strategy, and we expect our suppliers to embody our commitments to responsible business, education and the communities in which we operate.

How we engage

We prioritise selecting partners that have effective controls and high-quality standards. Our robust screening process ensures we meet the high standards our clients expect. Frequent dialogue with our suppliers, whether informal discussions or more official exchanges, means both sides get value from the relationship.

What matters most

Like them, we want long-term partnerships. This means providing 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.

Stakeholder Engagement continued

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.

Matt Macklin, Regional CEO, UK, APAC+ & EM

We believe that our business will continue to grow and prosper if we understand and respect the views and needs of our stakeholders. Typically for a global company like ours, we have a robust governance framework which includes delegation of day-to-day decision-making to our employees.

Under Section 172 of the Companies Act 2006 (CA2006), a Director of a Company 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 (amongst other matters) to:

- 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 value all of our stakeholders and make continual efforts to consider their needs and the impact decisions have on them. Below, we've highlighted sections of this report which particularly illustrate how our Directors drive the long-term success of our business at the same time as balancing the best outcomes for all.

- Stakeholder Engagement (pages 20–21): we identify our key stakeholders, and why and how we engage with them
- Our ESG Report (pages 23–36), which describes the progress we have made with our ESG strategy, including diversity and inclusion, our community outreach activities and our Task Force on Climate-related Financial Disclosures (TCFD) report
- Board Activities (pages 67–68), we give examples of how our Board interacts with, and makes decisions based on, our employees, investors and other stakeholders
- Understanding our Stakeholders (pages 70–71), we outline how Directors engage with investors, employees and the community and consider their interests

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 both the strategy and the setting of objectives for employees. Our risk-management procedures identify the potential consequences of short, medium and long term decisions, identifying appropriate levels of identification, mitigation, reduction, management or elimination in the best interests of the Group and stakeholders.

A continued understanding of the key issues affecting stakeholders is an integral part of how our Board operates. The insights that our Board gains through its engagement mechanisms form an important part of the context for all its discussions and decision-making processes. To find out more about how the Board has considered the interests of various stakeholders, and which matters the Directors considered when trying to align and mitigate opposing views, please see our Board Activities on pages 67–68.

ESG Report

A responsible and sustainable member **of the community**

Our goals

1 million
people we aim to benefit from community outreach by FY26

1%
post-tax profits pledged to community outreach initiatives

100%
Scope 1, 2 and upstream Scope 3 emissions offset

Georgina Kerr, Executive Assistant, Big Sleep Out, London

ESG Report continued

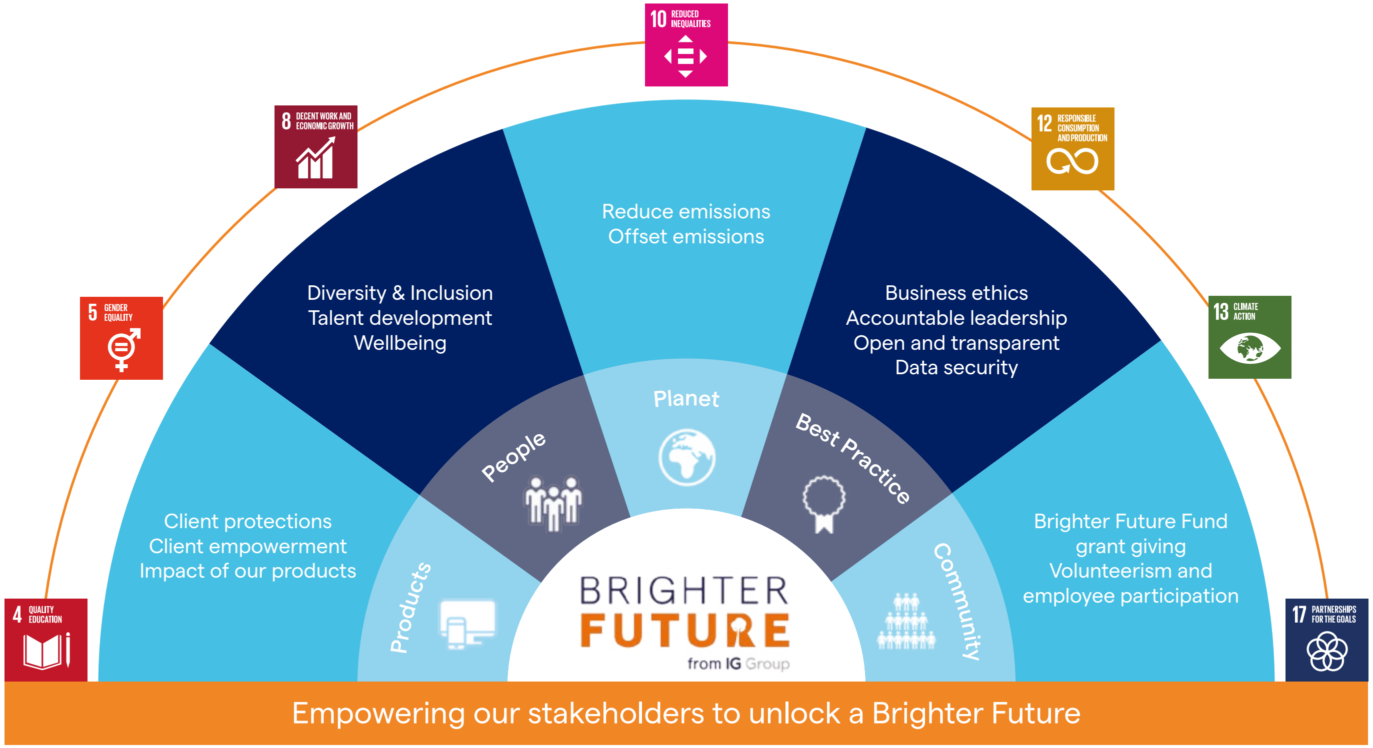
Our ESG **framework**

Powering the pursuit of financial freedom for the ambitious is about making a positive and inclusive contribution to society. We are purpose-led, meaning that the principles of responsible business and sustainability feed into everything that we do. The Brighter Future framework is our ESG strategy. Launched in FY21, it identifies the key risks posed by our business and the key benefits that we offer to our clients and our communities, and sets out our commitment to managing these in a responsible and sustainable manner. Read on for some highlights.

We've made a lot of progress over the last 12 months and, as a result, have made the decision to make some small changes to our Brighter Future framework. We regard these as natural evolution – and they demonstrate how we're becoming more mature and confident in our approach. We now have 14 priority areas and these are spread across five different pillars.

Recognition

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



Our ESG KPIs

KPI	Unit	FY22	FY23	Targets
Educational content	# views of IG Academy and Financial Freedom Hub	New for FY24	New for FY24	735,000 by end of FY24
Employee engagement score	% employees	86%	87%	Maintain or improve score in FY24
Gender diversity	% women in leadership roles	New for FY24	New for FY24	35% by end of FY25, 40% by end of FY28
Total emissions	tCO_2e per employee	9.78	9.45	Net zero pathway to be set out by the end of FY24
Community impact	# beneficiaries impacted	94,751	95,876	1 million by the end of FY26

ESG Report continued

Case study: Brighter Future Fund

Leading together with **Teach First**

In FY21, we pledged 1% of our post-tax profits to charitable causes. This was a hugely important milestone, and it is helping us secure a legacy of positive impact in our communities – particularly in the field of education.

One big beneficiary of our Brighter Future Fund has been the UK charity Teach First. Through a combination of employee skills, time, and cash donations, we've helped Teach First deliver their mission to ensure that children with the fewest opportunities have access to a great education to fulfil their potential.

We've been working with them for nearly five years, and the partnership has become truly strategic and operates on a number of levels. For example, our funding enabled Coppice Performing Arts School in Wolverhampton to enrol on Teach First's well-regarded Leading Together programme. This helps build and develop strong leadership teams in schools serving the poorest communities. But we didn't stop there. Last year, one of our IG leadership teams went to visit Coppice School to deliver a series of employment insight sessions, and we went on to host a group of their students at our offices in London.

Head of School, Claire Gilbert shared this with us:

"Thank you to everyone at IG Group who provided such an amazing opportunity for our students and staff. They were all buzzing about the opportunities they had, many saying they would never be able to do something like that again. They gained so much. One student commented that the trip had blown his mind and was better than he could have expected, so thank you all.

Participating in the 'Leading Together' programme has consistently enhanced our daily leadership of Coppice and our vision to be the best for our wonderful children. I can honestly say that the Outstanding judgement for our Leadership in Ofsted has a direct impact from the programme.

Please continue to fund Teach First so that future schools can benefit through Leading Together and their other excellent programmes."

Coppice Performing Arts is just one of 30 schools which we funded through the Leading Together programme, and the group of students that we welcomed to our London HQ are just one of many groups that we've hosted at IG offices around the globe. We are so proud of this work and it has given us the confidence to aim even higher – we are now looking to have a positive impact on 1 million people globally by the end of FY26.

Akinola Akinyemi, Head of Data Science, Run the River, London

ESG Report continued

Priority area	Comment	UN SDGs
Products		4 Quality Education; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production; 13 Climate Action
Client protections	We take the principles of product governance very seriously and do what we can to ensure that the risks clients take when using our products are at an appropriate level. 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 are proud to do what we believe is best for our clients. We apply a two-part appropriateness test for new clients and for those looking to start using more sophisticated products. Most elements of our new predictive vulnerable client model have been rolled out globally. Also, a vulnerability webpage has been launched in the UK and Australia, hosting useful information and resources. This will be rolled out to other regions in FY24.	
Client empowerment	Empowering our clients to pursue their financial freedom is the core of our business. We recognise the social value that this presents and regard it as a key component of our ESG offering. As part of our ESG strategy, we step back from our day-to-day business and consider what it means to truly exist for 'every' ambitious person, and the principles of inclusivity upon which this is founded. This prompted a number of exciting new projects and features, such as this year's launch of our Financial Freedom Hub. Take a look at the case study on page 28 to find out more details. This year we have also taken significant strides towards better aligning our products with the principles set out in the Web Content Accessibility Guidelines. Last year we partnered with external experts Nomensa to conduct audits of our key platforms, and this year we've been implementing their recommendations and training our design teams. This project will continue in FY24.	
Impact of our products	Managing the risks and opportunities that our products offer to clients is a key feature of our ESG strategy. We also recognise the need to consider the wider social and environmental impact of our products. This year, analysts from our trading team conducted a review of our products, applying an ESG lens to assess their social and environmental impacts. The key recommendation was to discontinue Sprint markets, and we subsequently removed these from our portfolio in November. The same exercise will be repeated again during FY24.	

Priority area	Comment	UN SDGs
People		5 Gender Equality; 10 Reduced Inequalities
Diversity & Inclusion	A full report on diversity is set out on pages 32–34. We have a number of influential and active employee networks, including our women's network, our LGBT+ network and our black network. In FY23, we were proud to launch a new global employee network IGU ('I get you'). This network is looking out for the interests of colleagues who are directly and indirectly impacted by disabilities, and is also a champion for neurodiversity across the business.	
Talent development	We strive to attract people with the right skills, experience and behaviours to deliver our strategy, and to retain these people and help them thrive. Highlights this year include the relaunch of our Early Careers programme, the delivery of an exciting Leadership Development Framework to develop leadership at all levels of the business, and a campaign to empower 'squiggly' career development. We were also really delighted with the success of our 'LEAD' training for new managers – and look forward to offering this to a second cohort in FY24.	
Wellbeing	We recognise that a healthy and happy workforce is an essential foundation for the delivery of our priorities. We are proud to offer all colleagues access to an employee assistance programme. This is free to our people and an entirely confidential service that can provide immediate advice and support on a range of personal topics. This year we kicked off a new Mental Health First Aiders programme, the result of which will be a cohort of trained mental-health first aiders across all our offices.	
Planet		12 Responsible Consumption and Production; 13 Climate Action
Reduce emissions	A top priority for us is to find ways to reduce our carbon emissions. In 2022, we made a formal commitment to the Science Based Target initiative and have until 2024 to define and publish a science-based pathway to net zero. See pages 29–31 to learn more about the progress we have made over the last 12 months.	
Offset emissions	We have maintained our carbon-neutral status, offsetting all Scope 1, 2 and upstream Scope 3 emissions. More details on our offsetting strategy are set out on pages 29–31.	

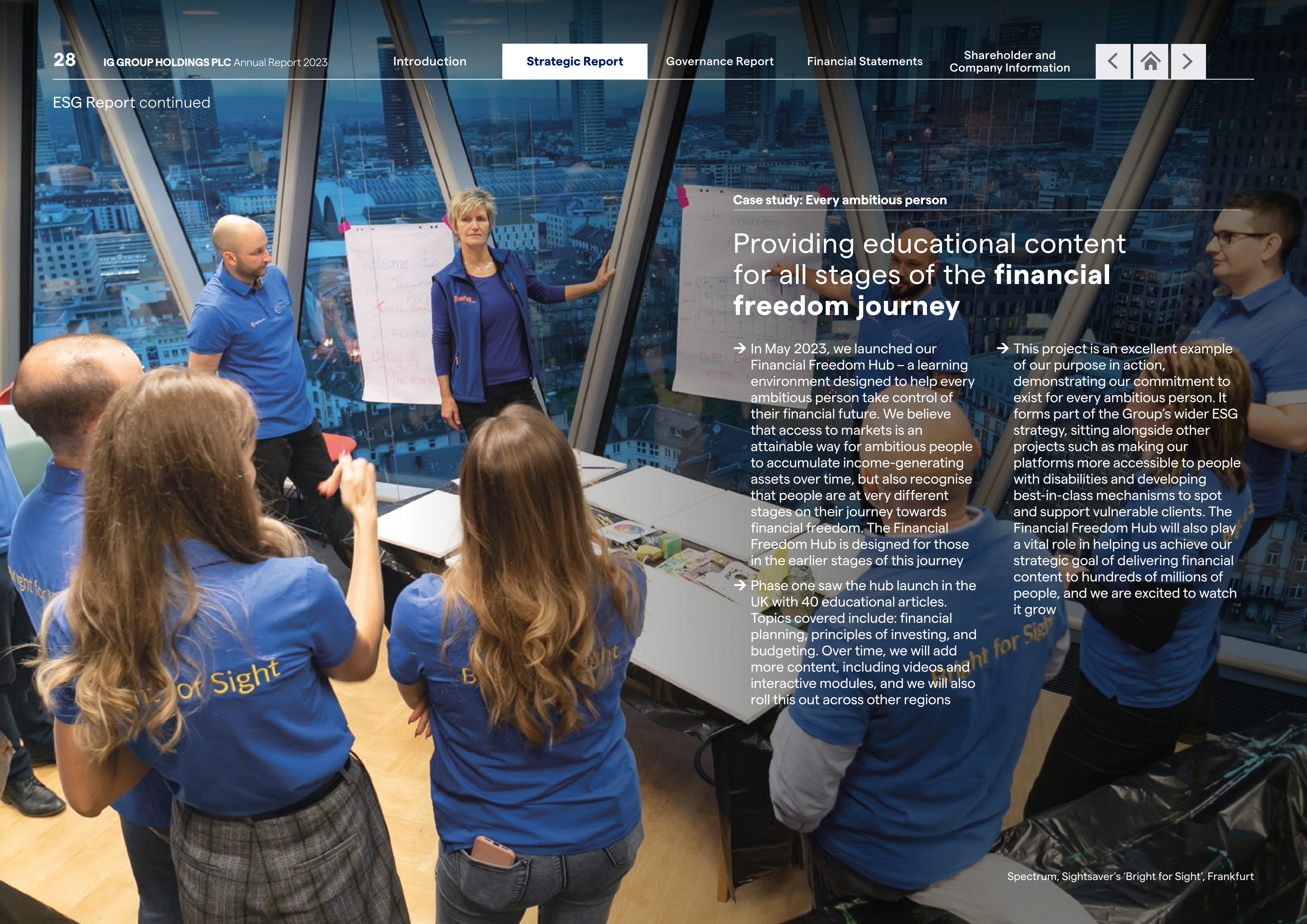
ESG Report continued

Priority area	Comment	UN SDGs
Best Practice		4 Quality Education; 8 Decent Work and Economic Growth
Business ethics	We conduct our business in an ethical manner, protecting the principles of human rights in all of our operations. As a UK-incorporated company, we abide by the UK Bribery Act 2010 and we have a Dealing Policy, a Disclosure Committee and associated policies to ensure that we meet the requirements of market abuse regulations. We also have global policies to comply with anti-bribery and anti-corruption laws, including those covering employee gifts and 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 do not make contributions to political parties.	
Accountable leadership	In FY23 we focused on three elements of accountable leadership. Firstly, we worked hard to ensure our leadership teams are diverse and inclusive. More details can be found in our Diversity Report on pages 32–34. Secondly, we've ensured that our leadership team have the skills they need to thrive in their role. More information about this can be found under the 'talent development' section on page 23, and in the Nomination Committee Report on pages 74–75. Finally, 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 98.	
Open and transparent	We are committed to being open and transparent – with our clients, with our people, with our regulators, our investors and our communities. One way we achieve this is to publish our ESG Policy and an ESG reporting map on our website. Here you can also find more information about our tax strategy. This year we paid £161.3 million (2022: £131.3 million) to tax authorities globally. We paid £116.6 million in corporate income taxes (2022: £97.4 million). More details on our taxes paid and on our effective tax rate for FY23 can be found in the Financial Statements.	
Data security	Our clients trust us with their data and with their funds. This is a huge responsibility and one we take seriously. It means that we maintain state-of-the-art systems and strategies to keep our client data and funds secure. As we operate within various global geographical jurisdictions, we also seek to maintain the highest levels of information security compliance with applicable regulations.	

Priority area	Comment	UN SDGs
Community		4 Quality Education; 10 Reduced Inequalities; 17 Partnerships for the Goals
Brighter Future Fund grant giving	We are immensely proud of our community outreach programme and the positive impact that it has had over the last 12 months. We commit the equivalent of 1% of our post-tax profits to charitable causes. This is a combination of employee time and cash donations, and we support some truly remarkable charities around the globe. You can find lots of inspiring examples of our fund in action on our website and across the IG Group LinkedIn accounts.	
Volunteerism and employee participation	All our people are entitled to two full days of volunteering leave per year. We also encourage colleagues to participate in community outreach work through fundraising events, where we match any funds raised up to £1,000 per employee. Not only are these programmes excellent for team building and mental wellbeing, but our charity partners also really benefit from the wide-ranging talents found across our teams. After a big push over the last 12 months, nearly half of our people volunteered or otherwise participated in charity related activities – and we will work hard to maintain this excellent level of engagement in the years to come.	

Supporting Food from Heart, Singapore

ESG Report continued



Case study: Every ambitious person

Providing educational content for all stages of the **financial freedom journey**

- In May 2023, we launched our Financial Freedom Hub – a learning environment designed to help every ambitious person take control of their financial future. We believe that access to markets is an attainable way for ambitious people to accumulate income-generating assets over time, but also recognise that people are at very different stages on their journey towards financial freedom. The Financial Freedom Hub is designed for those in the earlier stages of this journey
- Phase one saw the hub launch in the UK with 40 educational articles. Topics covered include: financial planning, principles of investing, and budgeting. Over time, we will add more content, including videos and interactive modules, and we will also roll this out across other regions
- This project is an excellent example of our purpose in action, demonstrating our commitment to exist for every ambitious person. It forms part of the Group's wider ESG strategy, sitting alongside other projects such as making our platforms more accessible to people with disabilities and developing best-in-class mechanisms to spot and support vulnerable clients. The Financial Freedom Hub will also play a vital role in helping us achieve our strategic goal of delivering financial content to hundreds of millions of people, and we are excited to watch it grow

Spectrum, Sightsaver's 'Bright for Sight', Frankfurt

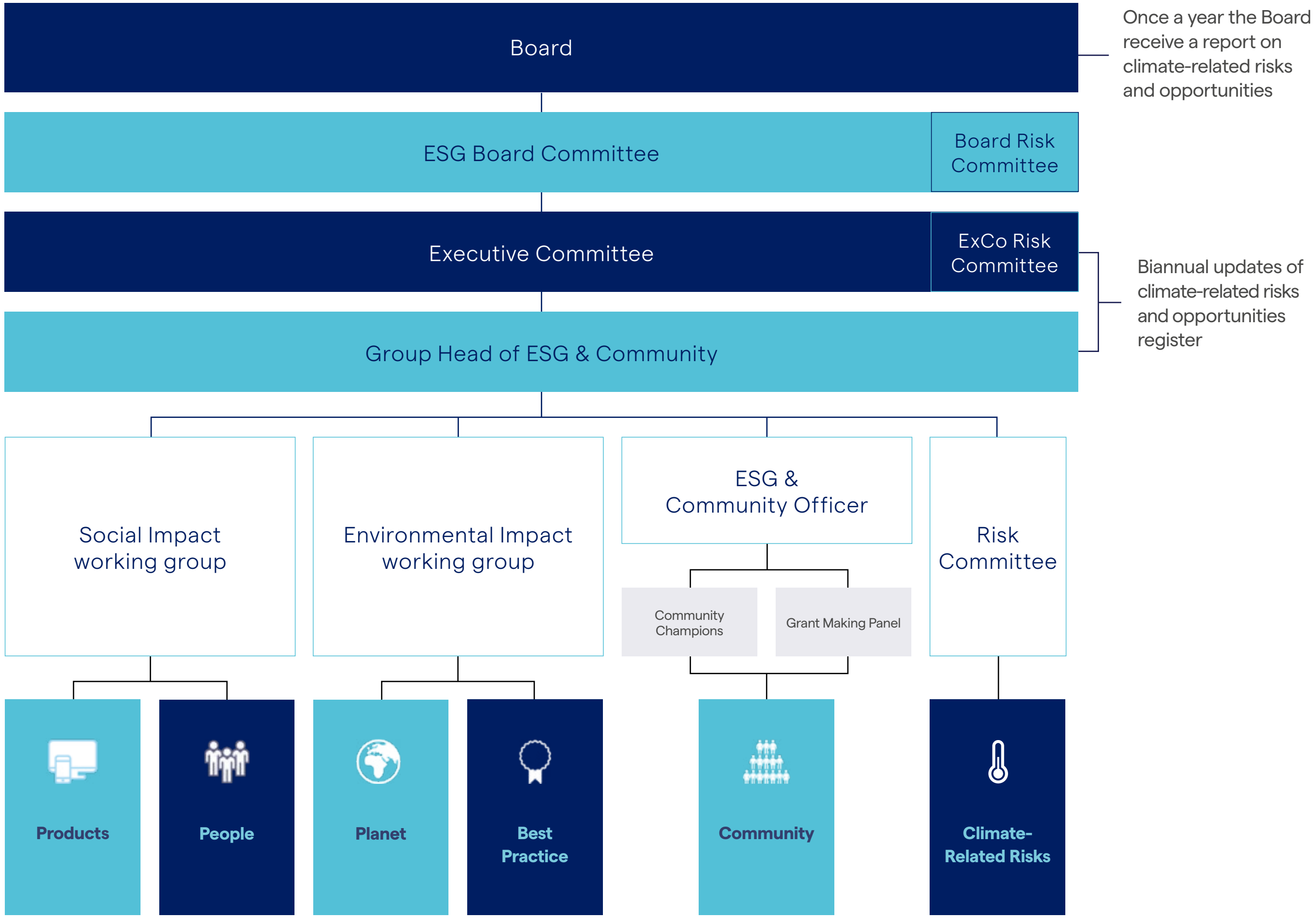
Task Force on Climate-related Financial Disclosures

This section provides our full TCFD disclosure consistent with all 11 of the TCFD recommendations and in accordance with Listing Rule 9.8.6R. We still do not measure or report downstream Scope 3 emissions and note that derivative instruments – our core business – are still not covered by the GHG Protocol.

Key developments for FY23 and notes on compliance with TCFD recommendations

- Oversight of climate-related risks and opportunities was moved from our ESG Committee to our Board Risk Committee, with this being incorporated into the Board Risk Committee's Terms of Reference
- We have deepened our understanding of our impact on the environment by incorporating supplier-specific factors into our reporting
- We worked with our environmental consultants to refresh our climate-related risks and opportunities register twice during the year. It remains the case that, for now, we do not consider any of the risks identified to be material in the short term

ESG Governance Structure



Task Force on Climate-related Financial Disclosures continued

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 which means that the Board has overall accountability for the management of these climate-related risks. For the third year running we delivered carbon literacy training to our entire Board and Executive Committee, ensuring that the climate agenda and our approach to managing environmental impacts remains a focus.

The Board delegates to the ESG Committee the oversight of our environmental strategy and elements of the 'Planet' pillar. Oversight of climate-related risks and opportunities was formally delegated to the Board Risk Committee and this responsibility was added to that Committee's Terms of Reference in FY23. To help them fulfil this responsibility, each year the Board Risk Committee will receive a report prepared in collaboration between our Risk Committee, the ESG & Community function and our external environmental consultants.

Strategy

In FY22, we committed to the Science Based Targets initiative, and it remains a strategic priority to have a pathway to net zero approved in 2024. As we work towards this milestone, we are focused on three key areas:

Learn: A top priority is to better understand our impact on the environment. In FY23, we talked to our landlords in key locations to learn about the sources of the electricity we purchase through our lease agreements, and about options to move to renewable tariffs. In FY23, 100% of the electricity that we purchased in our Poland office and 90% of the electricity that we purchased in our India office are from renewable sources. These two offices join our UK locations which have been operating on renewable-only tariffs for several years, and this means that approximately 67% of our total workforce operated using electricity from renewable sources.

Secondly, in relation to Scope 3 emissions, we began productive dialogue with eight key suppliers. These were selected because they are amongst our most significant spends, and also because they represent a good cross section of our key services – such as business travel, cloud services and client relationship management services. We sent these eight companies a supply chain questionnaire and assessed them across six different categories: management, human rights, safety and diversity, net zero, natural resources, environmental transparency, and product stewardship. Their responses have helped us advance our thinking in relation to our pathway to net zero. Furthermore, this exercise has enabled us for the first time to apply supplier-specific factors in our Scope 3 emissions reporting.

Reduce: Our pathway to net zero will be a comprehensive plan to reduce our emissions. In the meantime, year-on-year emissions per employee have reduced for the third year running – with more detail provided on page 31.

Offset: We have maintained our carbon neutral status, off-setting our entire Scope 1, 2 and upstream Scope 3 emissions in line with PAS 2060. All offsets are verified by either the Gold Standard or UN Clean Development Mechanism.

Risk management

We continue to work with Energise, our environmental consultant, to assess the climate-related risks and opportunities applicable to our business. Energise help us maintain a risk register, which is updated biannually. They also advised on appropriate governance of these risks. 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: (i) a smooth transition to <2°C, (ii) a disruptive transition to <2°C, and (iii) no acceleration of action (>3°C). These scenarios were considered in the short, term (<5 years), the medium term (5–15 years) and the long term (15+ years).

The impact of rising energy costs along with risks of damage to our servers and IT infrastructure from extreme weather events are currently considered to be the highest climate risks. Although currently deemed to be immaterial in relation to the wider business risks in the short term, we are monitoring these closely to determine the appropriate controls with regards to any future impacts on our business strategy in the medium and long term. More information about these risks and opportunities can be found on the sustainability pages of our Group website.

Metrics and targets

We assess climate-related risks and opportunities by looking at absolute and intensity-based energy and greenhouse gas (GHG) emission metrics, using 'tCO_2e per employee' as our intensity metric. This is one of our key ESG metrics, and this is how we monitor our impact on the environment.

Our tCO_2e per employee for FY23 was 9.45; a 3.37% reduction from FY22. More information about this can be found in our Streamlined Energy and Carbon Report on page 31.

We have been reporting Scope 1 and 2 emissions since FY13 and first reported Scope 3 emissions in FY20. This year we have carefully reviewed the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and, in particular, downstream Scope 3 emissions category 15. This sets out reporting obligations in relation to emissions associated with investment activity and with the provision of financial services.

We have concluded that for now we do not have any downstream Scope 3 emissions that fall into sub-categories that require reporting. The financial instruments at the core of our business are derivatives and there is not yet any established approach of guidance on how to attribute Scope 3 emissions to these products. We will monitor this situation closely and include such emissions if and when they are incorporated into the protocol. As regards other downstream emissions, we do have some general corporate debt holdings where the use of proceeds is not identified – this applies to both our £300 million bond and our £350 million revolving credit facility. However, reporting of this sub-category is optional and our credit facility remains undrawn. As regards our share-dealing products, this is an execution-only brokerage service, and as regards our Smart Portfolios, these are managed by a third party. We do not, therefore, manage any investments on behalf of our clients, provide investment or asset management services, provide corporate underwriting and issuance services, nor do we provide any financial advisory services.

Streamlined Energy and Carbon Report

Our carbon footprint for FY23 has been prepared by an external consultant, Energise, and includes our Scope 1, 2 and upstream Scope 3 emissions across all our businesses in all locations. 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 Gas 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 was 1,124.00 tCO_2e or 0.422 tCO_2e per employee. In relation to all three scopes, our total carbon footprint for the year was 25,186.20 tCO_2e or 9.45tCO_2e per employee – a relative reduction of 3.37% from last year. This relative reduction has been achieved because our headcount has increased more than our emissions. Also, we made improvements to our Scope 3 data collection process and now benefit from adopting supplier-specific factors in relation to some of our most significant suppliers, rather than applying industry standard factors. This improvement has made our footprint more accurate and also it has reduced our Scope 3 emissions by 1,106.4 tCO_2e compared to the total had we only used industry standard factors.

It demonstrates to us the value of a robust, environmentally conscious vendor management processes and of working with suppliers that have a progressive approach to managing their impact on the environment. We intend to increase our use of supplier-specific factors in the future and, therefore, to continue improving the accuracy of our report. Finally, it is worth noting that there has been a change to the presentation of our data. We have switched to reporting on a market-based methodology rather than location-based. The market-based figure is 1,837.3 tCO_2e less than the equivalent location-based figure. This is a more accurate calculation because it accounts for the renewable energy we source in our UK, Poland and India offices. Note that, for the purposes of comparison, this means that the figures in our table for FY22 are market-based figures as opposed to the location-based figures that we reported last year.

GHG Protocol scope	Sub-category	31 May 2023 tCO_2e (market based)	31 May 2022 tCO_2e (market based)
Scope 1	Operation of facilities	**521.90**	0.00
Scope 1	Combustion	**201.00**	287.86
Scope 1		**722.90**	287.86
Scope 2	Purchased energy	**401.10**	832.70
Scope 2		**401.10**	832.70
Scope 1 and 2 emissions		**1,124.00**	1,120.56
Employees		**2,665**	2,424
Intensity ratio		**0.422**	0.462
Relevant change		**-8.66%**	
Global energy use		**10,206,432 kWh**	10,272,137 kWh
UK energy use		**9,027,165 kWh**	7,888,644 kWh
Overseas energy use		**1,179,267 kWh**	2,383,493 kWh
Scope 3	Business travel	**552.00**	83.51
	Employee commuting (including homeworking)	**547.50**	1,229.17
	Fuel and energy-related activities	**779.60**	860.33
	Purchased goods and services	**22,124.50**	20,297.48
	Waste generated in operations	**88.40**	116.50
Scope 3		**24,062.10**	22,586.98
Grand total	All three scopes	**25,186.20**	23,707.54
Employees		**2,665**	2,424
Performance indicator	All three scopes	**9.45**	9.78
Relevant change		**-3.37%**	

Diversity Report

Our approach **to Diversity**

Supporting Supper Foundation (NGO), Johannesburg

At IG Group, we are committed to creating a culture where all our people can achieve their potential, and where our leadership at every level reflects the diversity of our people as well as the markets in which we operate. Diversity & Inclusion (D&I) is one of our priorities because we've promised our people that they will be given the opportunities to achieve their ambitions. We also recognise that the Investment Association (IA) *Shareholder Priorities for 2023*, Feb 2023 report 'set(s) out four Shareholder Priorities, which the IA members had identified as critical drivers of long-term value for companies'. One of these four priorities is Diversity. The IG D&I strategy focuses on inclusive behaviour and decision-making, more than the development of groups under-represented in our senior leadership. This approach represents a significant shift where our leaders are accountable for D&I goals, which are linked to reward. We are driving this approach because it is our leaders who own the power to create a truly diverse and inclusive company where ambitious people want to work and ambitious clients want to do business.

Achievements in FY23

Last year we conducted an end-to-end review of our D&I agenda, and in October 2022, our Executive Committee approved the refreshed strategy, goals and approach. Our behavioural-change approach focuses on:

- Equipping our leaders at all levels to lead inclusively every day
- Integrating inclusion goals and capability in everything that we do
- Holding leadership accountable for D&I goals linked to reward

We've gone further and identified 'stretch' targets for our senior leadership population – our goal is to have 35% female senior leadership by the end of FY25, and 40% by the end of FY28. We are now laying the foundations to expand beyond gender and introduce a comparable target for race and ethnicity.

So we can support leaders at all levels to understand the impact of their everyday decisions, and what they can do if their good intent is not reflected in their impact, we have designed the bespoke IG Powering Inclusion Programme. To date, IG senior leaders, the majority of line managers and all of the People function have attended. We plan to continue rolling out this programme in the next financial year, and later, integrate it into mandatory learning for all IG leaders.

Diversity Report continued

Key deliverables for our refreshed strategy include:

- Updating the Non-Financial Metrics to enable us to link inclusion performance to reward
- Designing and delivering the bespoke IG-wide Powering Inclusion Programme to equip leaders at all levels to lead more inclusively
- Integrating inclusion goals and capabilities in key business as usual areas:
  - End-to-end review of Talent Acquisition with clear reporting KPIs:
    - Robust, diverse shortlists on a 'comply or explain' basis, and structured and diverse interview panels
    - Contractual terms for search firms to provide robust diverse candidate pools
    - Open and transparent posting of all roles
    - Proactive external pipelining
    - Regular progress report to track how different groups fare through our processes
  - Embedding inclusion best practice in the Talent Process:
    - Tracking proportionate outcomes for different groups/regions
    - Equipping leaders to deliver inclusive processes and outcomes, with detailed planning for the coming year
  - Integrating inclusion narrative and principles in the refreshed Employee Value Proposition
  - Resetting the IG Employee Networks, and establishing a new network focused on disability and neurodiversity. We are shifting away from a programmatic approach to one focused on engagement and impact to help us bind all our people to IG
  - Designing and implementing an approach to make us more inclusive around religion – for example, helping managers understand what they can do to support our people during Ramadan
- Partnering with the 30% Club Moving Ahead programme for mentoring for our mid-level women to improve their visibility and connections with senior leaders, and for our senior leaders to mentor women in other organisations
- Delivered, through the Inspire Network, International Women's Day (IWD) activities, which included hearing from our own global leaders and external speakers, as well as inviting students from local schools as part of our efforts to inspire future talent

Statement on listing rule compliance

The Nomination Committee and the Board carefully considered the diversity-related reporting requirements set out in the Listing Rules and recommended by the FTSE Women Leaders Review. As at 31 May 2023, we have not met the Listing Rules target set out under LR 9.8.6R (9) that at least 40% of our Board should be women. While the Directors are committed to a diverse organisation including the Board, we will continue to appoint on merit, based on the skills and experience required for membership, while considering all forms of diversity, as well as independence.

We plan to achieve the 40% target for female representation on the Board by the end of the calendar year 2024.

We have met the target that at least one senior position on the Board is held by a woman, and that at least one individual on the Board is from a minority ethnic background – in fact we have three ethnic-minority Directors.

We insist on search firms presenting a diverse pool of candidates throughout the search process.

Diversity Report continued

Diversity data

The tables below analyse the gender and ethnic balances of Directors and employees within the IG Group as at 31 May 2023. We continue to aspire to increase diversity across and at every level of our organisation, and our Diversity Commitment is available on our website.

		31 May 2023		31 May 2022		
		Numbers	%	Numbers	%	% change
Senior leadership[1]	Female	**20**	**19%**	23	24%	(5%)
	Male	**84**	**81%**	74	76%	5%
	Total	**104**				
Senior management[2]	Female	**16**	**17%**	17	20%	(3%)
	Male	**76**	**83%**	66	80%	3%
	Total	**92**				
Total employees	Female	**881**	**35%**	811	34%	1%
	Male	**1,654**	**65%**	1,608	66%	(1%)
	Total	**2,535**				

IG People Summit

Board and Executive Management gender representation[3]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board[4]	Number in Executive Management	Percentage of Executive Management
Men	8	67%	3	8	67%
Women	4	33%	1	4	33%
Other categories	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

Board and Executive Management ethnic representation[5]

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in Executive Management	Percentage of Executive Management
White British or Other White (including minority-White groups)	9	75%	3	11	92%
Mixed/multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	3	25%	1	1	8%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other Ethnic Groups, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

1 Senior leadership relates to the two layers of management below and including the Executive Committee (as per our internal targets)
2 Senior management relates to the two layers of management below the Executive Committee (excluding the Executive Committee)
3 Executive management relates to the Executive Committee, including CEO, CFO and COO
4 Senior Board positions are Chief Executive Officer, Chief Financial Officer, Senior Independent Director and Chair
5 Ethnicity data for Board and the Executive Committee is self-reported (using local census data categories and collected where legally possible)

Non-Financial and Sustainability Information Statement

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

Reporting requirement	Policies governing our approach	Find out more
Environmental matters	ESG Policy	ESG Report, page 26 SECR Report page 31
Climate related matters	Climate related risks and opportunities register	TCFD Report pages 29 and 30
Employees	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 24, 26 and 32–34
Social, community matters	Diversity and Inclusion Policy ESG Policy	ESG Report, pages 24–28 and 32–34
Human rights issues	Statement on Slavery and Human Trafficking (Modern Slavery) Vendor Management Policy	ESG Report, pages 26 and 27
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 27
Description of principal risks and impact on business activity		Key Trends Likely to Affect Our Business, pages 12–13, Risk Management, pages 48–53
Description of business model		Business Model, page 10
Non-financial key performance indicators		KPIs, page 14

Trophy Cabinet

Don't just **take it from us**

Last year saw IG Group being recognised around the world for its performance – from product excellence to a great place to work.

It fills us with pride to receive such accolades, but most importantly it makes us feel confident that we're creating experiences for all our stakeholders that are truly valuable. Some of these awards include:

UK

2023

Best Places to Work Awards 2023 – Sunday Times

Best Trading Execution – Professional Trader Awards

Top100 Global Most Loved Workplaces 2023 – Newsweek

Great Place to Work 2023 – Great Place to Work Institute

Top Employer 2023 – Top Employer Institute

Best Prime Broker – Start-Up & Emerging Managers – Hedgeweek European Awards

Best Prime Broker – start up and emerging funds – HFM European Services Awards

2022

Best for Low-Cost ISA – More than £50K – Boring Money Best Buy Awards

Best for Share Traders – Boring Money Best Buy Awards

Best Finance App, Best Multi-Platform Provider and Best Platform for the Active Trader – ADVFN International Financial Awards

Best spread betting provider – Online Money Awards

Best customer service – Online Money Awards

Best share dealing platform – YourMoney.com Investment Awards

Best Client Relationship Manager Service – Professional Trader Awards

UK's Most Loved Workplaces 2022 – Newsweek

Living Wage Employer – Living Wage Foundation

USA

2023

Best Options Trading Platform – US News and World Report Awards

Best Broker for Options – Investopedia's Best Online Brokers Awards

2022

Best options trading platform – BrokerChooser Awards

France

2022

Winner for Customer service, Customer Service Awards – Investment Trend

Winner for Education materials/Programmes – Investment Trend

Italy

2022

Best online broker – Italian Certificate Awards

Best Innovative Certificate of the Year – IT Forum Awards

Germany

2022

The Fairest Company Award – Focus Monday Awards

Poland

2023

Top CSR Initiative – CEE Business Service Centres Awards

Great Place to Work 2023 – Great Place to Work Institute

India

2023

Great Place to Work 2023 – Great Place to Work Institute

Australia

2023

5-Star Rated Best Value Online Share Trading Platform – Canstar

Best of the Best Awards, Best Feature Packed Non-Bank Online Broker – Money Magazine

2022

Outstanding Value – International Share Trading Award – Canstar

Chief Financial Officer's Statement

A fourth consecutive year of **record total revenue."**

Charles A. Rozes
Chief Financial Officer
19 July 2023

Performance for the year

I am delighted to report another successful year for the Group. We have recorded a fourth consecutive year of record total revenue, and good cost control has ensured that we continue to deliver a high profit margin. A key strength of our business is that the amount of cash that we generate allows us to both invest for growth and deliver attractive and sustainable distributions for shareholders.

Total revenue of £1,022.6 million is 6% up on prior year and represents the first time that the Group has reported a total revenue of over £1 billion, which is a significant milestone for the business and our strategy. Our performance this year reflects two important factors. First, we have broadly maintained our trading revenue and avoided a significant decline following the pandemic, something that has been seen by many others in the industry, and second, we are well positioned to generate significant growth in interest income.

As we projected last year, interest income was the principal revenue growth driver in FY23 due to the significant client balances we hold. This generated £80.8 million in FY23, in comparison to just £0.8 million in FY22. The increase in interest rates has also meant that our net finance income line is now a positive, as the return from our corporate cash outweighed the cost of the small level of issued debt and our revolving credit facility, which remained undrawn as at 31 May 2023.

Cost management remains of high importance on my agenda. We are an innovative business, and one of the key decisions we make during the year is deciding how much capital we should allocate to developing new ideas. We have an effective incubator process which helps develop some of these projects and has produced businesses such as our OTC business in the US and our EU ETD business in recent years. It is important that we continue to allocate sufficient capital to foster innovation and organic growth.

This year, we have had the challenge of high levels of inflation across many of our regions. This impacts some of our supplier costs, but also impacts our people, and we have taken steps to ensure that we are financially supporting our people globally.

Looking at the bigger picture, we always aim to balance the correct level of investment for the future with our profit margin. Our adjusted profit margin for the year was 48%, down slightly on our prior year margin of 51% but well within our guided range. We have managed to grow the business at an impressive rate over the past 20 years, at consistently high margins, something that we will continue to do in the future.

Our effective tax rate was higher than prior year at 19% versus 17% in FY22. This is due to some one-off adjustments in the prior year, and the impact of the increased UK corporation tax rate which moved from 19% to 25% in April 2023.

Earnings per share were down slightly year on year, which includes a few moving parts. Profit before tax was down marginally, and the Group effective tax rate was higher. This was partially offset by a reduction in the number of shares in issue, which is a result of the ongoing share buyback programme. We would expect the share count to continue to fall, as we continue to execute the buyback programme.

Chief Financial Officer's Statement continued

“

What I find the most remarkable thing about our business is that the amount of cash that we generate allows us to **both invest for growth and create attractive returns for shareholders**.”

Total revenue

£1,023m

(FY22: £967m)

Capital and liquidity

Our FY23 results announcement marks the one-year anniversary of the publication of our Capital Allocation Framework. The framework has been well received by all our stakeholders, and our Board has been embedding it internally as we continue to evaluate the most effective uses of capital.

Our first priority of course is ensuring that we meet our regulatory capital requirements. In January 2022, the Group transitioned to the Investment Firms Prudential Regime (IFPR), and has since been on a static, transitory capital requirement.

Our commitment to supporting charitable causes, with a focus on empowerment through education, remains unwavering. In FY22, we pledged to allocate 1% of post-tax profits to these causes, and we intend to fulfil this commitment again this year with an additional pledge of £4 million.

Our proposed final dividend of 31.94 pence represents a total dividend for the year of 45.2 pence, an increase of 1 pence on the prior year, reflecting a progressive, sustainable dividend. During the year, we considered inorganic growth opportunities to accelerate progress on our strategy but did not identify anything which met our range of criteria. We will continue a disciplined approach towards all of our capital allocation.

Due to the amount of profit accrued in the year, and having considered all other uses of capital, we are in the position to be able to announce an additional distribution for our shareholders, in the form of a share buyback for an amount of £250 million. We would expect this to be substantially completed within FY24. The Board has concluded that a share buyback is the most value-accretive form of additional distribution at this point in time.

The announcement of our new share buyback programme is further evidence that the Group is able to invest in the continued growth of the business and provide attractive returns to shareholders.

Liquidity management has also been a strong point during the period. The peak broker margin requirement during the year was £757.5 million (FY22 peak margin: £774.7 million). With such a robust organic liquidity position, we have significant capacity for further business growth, supporting client trading across a variety of market conditions. The broker margin requirement at the period end was £678.2 million, leaving an available liquidity balance of £792.9 million. Adjusting for the working capital set aside for the broker margin movements, our liquidity surplus at the period end was £792.9 million.

Guidance

The medium-term guidance that we set out in July 2021 was that we would anticipate total revenue growth of 25–30% in our High Potential Markets from FY21, and total revenue growth of 5–7% in our Core Markets+ portfolio from FY22. We are reiterating this guidance, and we are confident that we will be able to deliver against this guidance.

We anticipate that interest income will continue to be a material stream of revenue within our total revenue line. In the US, we reiterate our guidance that for every 25 basis points rise in the Fed funds rate, we would expect an additional $4 million of revenue on an annual basis. For interest income outside of the US, and net finance income, we expect higher income in FY24 than in FY23, reflecting the annualisation effect of rate increases last year and projected interest rate increases in FY24.

On profit before tax margin, we are reiterating our guidance that we would expect to achieve a margin of mid-40s over the medium term.

On effective tax rate, as the majority of the Group profits are taxed in the UK, the UK corporate tax rate change will cause further upwards pressure going forward, though we anticipate the Group effective tax rate to run at around 24%, due to tax incentives we receive for technology development spend.

In summary, another consecutive record year of total revenue, good cost management and a strong balance sheet puts us in an excellent position to be able to invest in the business, execute on our strategy, and provide attractive returns to our shareholders.

Business Performance Review

Summary Group Income Statement

£ million (continuing operations)	FY23	FY23 Adjusted	FY22	FY22 Adjusted	Change %	Adjusted change %
Net trading revenue[1]	941.8	941.8	972.3	966.5	(3%)	(3%)
Net interest income	80.8	80.8	0.8	0.8	Nm	Nm
Total revenue	**1,022.6**	**1,022.6**	**973.1**	**967.3**	**5%**	**6%**
Betting duty and other operating income[2]	0.8	(2.5)	6.1	4.6		
Net operating income	**1,023.4**	**1,020.1**	**979.2**	**971.9**	**5%**	**5%**
Total operating costs[3, 4]	(584.9)	(541.0)	(501.9)	(464.9)	17%	16%
Operating profit	**438.5**	**479.1**	**477.3**	**507.0**	**(8%)**	**(5%)**
Other net gains/(losses)[5]	(2.6)	(2.6)	11.1	(2.3)		
Net finance income/(cost)[6]	14.0	14.0	(11.4)	(10.4)		
Profit before tax from continuing operations	**449.9**	**490.5**	**477.0**	**494.3**	**(6%)**	**(1%)**

1 FY22 adjusted excludes £5.8 million foreign exchange hedging gain associated with the financing of the tastytrade acquisition
2 FY23 adjusted betting duty and other operating income excludes £3.3 million income for the reimbursement of costs relating to the sale of Nadex (FY22: £1.5 million)
3 Operating costs include net credit losses on financial assets
4 FY23 adjusted operating costs excludes £39.7 million of costs and recurring non-cash costs associated with the tastytrade acquisition and integration (FY22: £33.7 million) and £4.2 million relating to the sale of Nadex (FY22: £3.3 million)
5 FY22 excludes £9.3 million fair value (FV) gain on revaluation of Zero Hash, £4.1 million of gains on sale of Small Exchange and disposal of Zero Hash, and £2.3 million loss from associate
6 FY22 adjusted net finance cost excludes £1.0 million of one-time financing expense associated with the debt issuance

Statutory results

On a statutory basis, net trading revenue from continuing operations was £941.8 million, down 3% on FY22, reflecting a reduction in client activity. The Group's total revenue of £1,022.6 million, increased by 5%, driven by significantly higher levels of interest income. Net operating income increased by 5% to £1,023.4 million (FY22: £979.2 million).

Statutory operating costs, including net credit loss on financial assets, were £584.9 million, 17% higher than FY22. The Group's statutory profit before tax for FY23 was £449.9 million, down 6% on FY22.

The results are presented on a continuing operations basis which excludes items related to the sale of Nadex operations which completed in FY22 and classified as a discontinued operation. In FY23, the Group subsequently disposed of assets related to Nadex.

Adjusted results

The following analysis reflects a continuing operations and adjusted basis, which excludes certain one-off items and recurring non-cash items in order to present a more accurate view of underlying performance. A reconciliation of non-GAAP (Generally Accepted Accounting Principles) measures used in this report is contained in appendix 1.

Business Performance Review continued

Adjusted total revenue by product

	Adjusted total revenue (£m)		
	FY23	FY22	Change %
OTC derivatives	806.3	810.2	–
ETD	186.5	123.1	51%
Stock trading and investments	29.8	34.0	(12%)
Group	**1,022.6**	**967.3**	**6%**

Adjusted total revenue consists of adjusted net trading revenue and net interest income. Adjusted total revenue was £1,022.6 million in FY23, up 6% on FY22. OTC derivatives total revenue was £806.3 million, slightly below that of the FY22 record year for OTC. ETD total revenue was £186.5 million, up 51% on the prior period. Within ETD, tastytrade total revenue was £170.3 million (£120.9 million trading revenue and £49.4 million interest income), up 52% on FY22 and 41% on a pro forma basis which includes a full 12 months of tastytrade revenue in the comparative period, benefitting from both increasing Fed Funds rates and favourable translational foreign exchange, offset by a reduction in net trading revenues. Stock trading and investments total revenue was £29.8 million, down 12% due to a reduction in client trading activity.

Non-OTC revenue made up 21% of total revenue in FY23, considerably up from 16% in FY22 reflecting the continued diversification of our revenue.

Adjusted net trading revenue

Adjusted net trading revenue was £941.8 million, 3% lower than FY22 as the challenging macroeconomic environment impacted trading activity.

Net trading revenue performance by product

	Adjusted net trading revenue (£m)		
	FY23	FY22	Change %
OTC derivatives	782.0	811.5	(4%)
ETD	137.1	121.2	13%
Stock trading and investments	22.7	33.8	(33%)
Total net trading revenue	**941.8**	**966.5**	**(3%)**
Interest income	**80.8**	**0.8**	**nm**
Group total revenue	**1,022.6**	**967.3**	**6%**

	Active clients (000)			Net trading revenue per client (£)		
	FY23	FY22	Change %	**FY23**	FY22	Change %
OTC derivatives	189.5	199.8	(5%)	4,126	4,063	2%
ETD[1]	91.6	104.5	(12%)	1,490	1,142	31%
Stock trading and investments	90.8	93.2	(3%)	250	363	(31%)
Group[2]	**358.3**	**381.5**	**(6%)**			

1 ETD 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 FY23, there were 13,700 multi-product clients, compared with 16,000 in FY22

Business Performance Review continued

OTC derivatives

OTC derivatives net trading revenue of £782.0 million, was down 4%, reflecting a 5% reduction in active clients (FY23: 189,500) as client activity moderated against a more difficult macroeconomic backdrop year over year, particularly in Q3. Net trading revenue per client increased 2% on the FY22 average, reflecting the high quality of our client base.

UK and EU OTC derivatives revenue was £397.9 million, down 8%, with almost all of the year-on-year difference driven by a difficult comparison to an exceptionally strong Q3 in FY22. Q4 revenue however increased 16% on Q3, as client trading activity increased. Active clients in the year declined 6%, with a 2% lower average net trading revenue per client.

Japan OTC derivatives revenue was £99.3 million, up 1% on the record FY22 performance, with active clients increasing 10%, and average net trading revenue per client decreasing by 8%. We continue to see exciting opportunities to grow this business further through the launch of new products and effective marketing programs.

Australia OTC derivatives revenue of £95.2 million increased 8%, with average revenue per client up 29%, more than offsetting a 16% decline in the active client base.

Institutional OTC derivatives revenue was up 35% at £13.3 million with a significantly higher net trading revenue per client and active client numbers remaining level.

US OTC derivatives revenue increased 17% as net trading revenue per client increased 31% year on year benefitting from the increasing quality of the client base and some translational foreign exchange benefit.

Exchange Traded Derivatives

Net trading revenue from ETD was £137.1 million, up 13%, and 6% higher than FY22 on a pro forma basis, which includes a full 12 months of tastytrade revenue in the comparative period.

tastytrade's net trading revenue in the period increased 10% to £120.9 million, and 2% on a pro forma basis. Active clients reduced by 16% on a pro forma basis, reflecting normalisation against the higher levels of activity in FY22 and lower levels of new client acquisition in the period. The decline in active clients was more than offset by increased revenue per client, up 22%, due to improvements in the client mix and favourable translational foreign exchange rates.

Spectrum's revenue was £15.7 million, up 68%, as revenue per client increased significantly to £2,286, up 67%, as the exchange onboarded Societe Generale and UniCredit as new issuers.

Stock trading and investments

Net trading revenue from stock trading and investments was £22.7 million, down 33%, reflecting a 31% reduction in average net trading revenue per client as trade frequency per client reduced. The number of active clients reduced slightly and assets under management at the end of the period remained in line with FY22 at £3.3 billion.

Net interest income

Net interest income on client balances was £80.8 million increasing significantly from £0.8 million reported in FY22. Interest on client balances made up 8% of total revenue in FY23, increasing from 5% in H1 to 11% in H2. This increase reflected the rising interest rate cycle and the significant client money balances held throughout the year.

In our US businesses, client balances at the end of the year were $1.9 billion (31 May 2022: $2.0 billion). This contributed £50.4 million of interest (FY22 £1.9 million).

Outside of the US, client balances of £2.7 billion were down 12% (31 May 2022: £3.1 billion). This included £420.4 million of client funds on the balance sheet (31 May 2022: £519.4 million) for which the interest is recognised within the net finance line. Interest income recognised on the remaining segregated client money balance was £30.4 million compared with a net interest cost of £1.1 million in FY22.

Operating costs

Total adjusted operating costs for FY23 were £541.0 million, 16% higher than FY22. The increase reflected approximately £16.2 million of translational foreign exchange headwinds, inflationary increases, the £4.0 million pledge to charitable causes, and higher technology-related costs as we continue to invest in innovation and resiliency.

Business Performance Review continued

Adjusted operating costs from continuing operations

£ million	FY23	FY22	Change %
Fixed remuneration	188.5	150.1	26%
Advertising and marketing	93.5	87.1	7%
Revenue-related costs	47.9	45.3	6%
IT, structural market data and communications	42.5	35.0	21%
Depreciation and amortisation	29.6	28.5	4%
Legal and professional	25.9	16.8	54%
Other costs	63.1	44.2	42%
Variable remuneration	50.0	57.9	(14%)
Total operating costs	**541.0**	**464.9**	**16%**
Average headcount	**2,616**	**2,408**	**9%**

FY23 fixed remuneration was £188.5 million, up 26%, reflecting increased headcount, translational foreign exchange on non-GBP salaries, salary increases driven partly by inflation, and a one-off cost of living payment to around 70% of our people. Headcount growth was primarily in technology areas and reflected continued investments in new development projects and the running of our global trading platforms and infrastructure.

Advertising and marketing spend increased by 7% to £93.5 million. This reflected marketing investments in Germany and tastytrade to support our strategic goal of growing our ETD business and diversifying the Group's revenue base.

Revenue-related costs include market data charges, client payment charges, provisions for client and counterparty credit losses and brokerage trading fees. Although net trading revenue was lower in FY23, revenue-related costs increased by 6% to £47.9 million reflecting a change in revenue mix, in particular higher brokerage trading fees due to a larger volume of US index options traded by clients.

IT maintenance, structural market data charges, and communications costs were £42.5 million, an increase of 21% reflecting increased investments in technology to expand infrastructure capacity to support future growth and periodic spikes in client trading.

Depreciation and amortisation costs increased 4% to £29.6 million. Legal and professional fees were £25.9 million, an increase of 54%, reflecting higher costs in relation to strategic and operational projects.

Other costs, which include staff-related costs (such as travel and entertainment), regulatory fees and irrecoverable VAT, increased by 42%. Also included was the £4.0 million pledge to charitable causes, representing 1% of FY22 adjusted profit after tax, which was approved by the Board in September 2022. Additionally, other costs increased due to higher travel and entertainment as staff returned to the office and travel frequency increased.

Within variable remuneration was the general bonus accrual, share schemes and sales bonuses. The charge for the general bonus pool was £27.6 million, down 15%, reflecting a lower level of outperformance to internal targets relative to the comparative period, offset by increases due to headcount growth and salary inflation. Share schemes costs relating to the long-term incentive plans for senior management reduced by 6% to £16.8 million (FY22: £17.8 million) reflecting the lower share price, and lower levels of performance against internal targets in comparison to prior year. Sales bonuses decreased by 25% to £5.6 million reflecting lower commission payments to sales staff.

Net finance income

Net finance income in the period was £14.0 million, up from a £10.4 million adjusted cost in FY22. Within this, finance income was £30.2 million (FY22: £3.4 million), offset by finance costs of £16.2 million (FY22: £13.8 million). Group finance costs are fixed, however, the finance income, which reflected the interest earned on corporate balances including client funds on balance sheet, benefitted from the rising interest rate cycle.

Business Performance Review continued

Earnings per share (EPS)

£ million (unless stated)	FY23	FY23 Adjusted	FY22	FY22 Adjusted	Change %	Adjusted change %
Profit before tax from continuing operations	**449.9**	**490.5**	477.0	494.3	(6%)	(1%)
Taxation	(86.2)	(94.0)	(80.9)	(83.8)		
Profit after tax from continuing operations	**363.7**	**396.5**	396.1	410.5	(8%)	(3%)
Weighted average number of shares for the calculation of EPS (millions)	418.7	418.7	426.3	426.3	(2%)	(2%)
Basic EPS (pence per share)	**86.9**	**94.7**	**92.9**	**96.3**	**(6%)**	**(2%)**

Profit before tax was £449.9 million in FY23, and £490.5 million on an adjusted basis, 1% lower than FY22.

The effective tax rate (ETR) was 19.2% based on profit before tax from continuing operations (FY22: 17.0%). The ETR was lower than the average main rate of UK corporate tax in the period of 20%, where the majority of the Group's profits were taxed, primarily as a result of standard UK tax incentives and adjustments to prior year estimates. The ETR for FY24 is anticipated to be around 24% on an adjusted basis, due to the sharp increase in UK corporate tax rate from 19% to 25% from 1 April 2023. The ETR is dependent on several 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 £363.7 million, down 8% on FY22, and 3% lower on an adjusted basis. Basic EPS was 86.9 pence, down 6% on FY22 and 2% lower on an adjusted basis due to the reduction in profits, partly offset by a lower share count reflecting our share buyback programme.

Dividend

The final dividend for FY23 of 31.94 pence per share was proposed by the Board. This will be paid on 19 October 2023, following approval at the Company's Annual General Meeting, to those shareholders on the register at the close of business on 22 September 2023. This represents a total FY23 dividend paid of 45.2 pence per share (FY22: 44.2 pence per share).

Business Performance Review continued

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 International Financial Reporting Standards (IFRS) balances in the Appendix.

£ million (unless stated)	31 May 2023	31 May 2022	Change %
Goodwill	611.0	604.7	1%
Intangible assets	276.5	292.1	(5%)
Property, plant and equipment[1]	17.6	16.7	5%
Operating lease net liabilities	(2.2)	(2.0)	10%
Other investments	1.2	–	nm
Investments in associates	12.5	14.8	(16%)
Fixed assets	**916.6**	**926.3**	**(1%)**
Own cash	730.2	1,245.9	(41%)
Issued debt and notional pooling	(299.3)	(299.2)	–
Client funds held on balance sheet	(420.4)	(519.4)	(19%)
Turbo Warrants[2]	(2.7)	(1.5)	80%
Net amounts due from brokers	825.3	657.1	26%
Own funds in client money	75.1	64.2	17%
Financial investments	234.1	–	nm
Liquid assets threshold requirement	65.0	106.7	(39%)
Own funds	**1,207.3**	**1,253.8**	**(4%)**
Working capital	(74.4)	(82.5)	(10%)
Net current assets held for sale	–	0.4	(100%)
Tax payable	2.7	(20.5)	(113%)
Net deferred tax net liability	(37.6)	(49.7)	(24%)
Net assets	**2,014.6**	**2,027.8**	**(1%)**

1 Excludes right-of-use assets
2 Recognised in client funds held on balance sheet in the prior year

During FY23, Group's fixed assets decreased by £9.7 million. The decrease in fixed assets was driven by annual depreciation and amortisation of £61.8 million offset by additions of £26.2 million in intangibles and property, plant and equipment, £8.7 million on the Small Exchange acquisition, £7.6 million lease payment and a £10.8 million increase from foreign exchange. The Group's working capital increased by £8.1 million, which was primarily driven by a lower general bonus accrual compared to prior year.

The Group recognised a £13.2 million decrease in net assets during the period driven by a £46.5 million decrease in own funds offset by a reduction of £35.3 million in tax and deferred tax liabilities.

Business Performance Review continued

Liquidity

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

The Group's available liquidity comprised assets available at short notice to meet additional liquidity requirements, which were typically increases in broker margin.

£ million (unless stated)	**31 May 2023**	31 May 2022	Change %
Own cash	730.2	1,245.9	(41%)
Net amounts due from brokers	825.3	657.1	26%
Own funds in client money	75.1	64.2	17%
Financial investments	234.1	–	–
Liquid assets threshold requirement	65.0	106.7	(39%)
Liquid assets	**1,929.7**	**2,073.9**	**(7%)**
Broker margin requirement	(678.2)	(629.5)	8%
Cash balances in non-UK subsidiaries	(383.5)	(342.9)	12%
Own funds in client money	(75.1)	(64.2)	17%
Available liquidity	**792.9**	**1,037.3**	**(24%)**
Of which: Held to meet regulatory liquidity requirements	65.0	106.7	(39%)
Dividend due	130.6	134.8	(5%)

The composition of the Group's liquid assets changed during the period, with more liquid assets held as financial investments (UK Government securities) rather than cash. This was a result of changes in regulations that require the Group to post securities into segregated accounts instead of cash to meet initial margin requirements at certain brokers. The impact on the Group's liquid assets was that the UK Government securities held by the Group increased by £210.3 million, with a corresponding reduction in the cash balance at 31 May 2023. The Group held £372.3 million of UK Government securities to satisfy margin requirements. The Group's cash balance also reduced as a result of dividends paid during FY23 of £188.1 million, share buyback of £175.2 million and tax paid of £116.6 million, offset by cash generated by operations of £296.2 million.

Net amounts due from brokers increased by £168.2 million. The balance comprised open derivative positions, cryptocurrency assets, cash and UK Government securities held on account by the Group's hedging and execution counterparties. The broker margin requirement at 31 May 2023 was £48.7 million higher than the requirement at 31 May 2022. The maximum margin requirement during the period was £757.5 million in August 2022, lower than the Group's highest broker margin requirement of £774.7 million which occurred in H1 FY22.

The Group's available liquidity reduced by £244.4 million during the period, which was more than the overall fall in liquid assets of £144.2 million. This was driven by an increase in broker margin requirements and the Group holding higher cash balances in non-UK subsidiaries to meet local cash requirements at the end of the year. The Group regularly repatriates cash from its overseas subsidiaries, and for liquidity management and planning purposes the Group excludes cash held by non-UK subsidiaries from available liquidity. The amount of cash held in entities outside the UK was £383.5 million as at 31 May 2023 (31 May 2022: £342.9 million).

The Group's available liquidity is subject to meeting other requirements including regulatory liquidity requirement within the IFPR. IFPR has a basic liquid assets requirement and a liquid assets threshold requirement, which can be met with both cash and certain financial investments. As at 31 May 2023, £65.0 million was held as liquid asset threshold requirement, 39% lower than 31 May 2022 due to removal of the transitional IFPR arrangement.

In addition to cash recognised on the balance sheet, as at 31 May 2023, the Group held £2,303.9 million (31 May 2022: £2,577.9 million) of client money in segregated bank accounts, which is not recognised on the Group's balance sheet. These client 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

The Group measures the strength of its liquidity position using an "own funds" measure, instead of just cash, as it is a broader and more stable measure than cash. Own funds include liquid assets, less issued debt, turbo warrants and client funds on the balance sheet. As at 31 May 2023, the Group had a cash balance of £730.2 million (31 May 2022: £1,245.9 million) compared with an own funds balance of £1,207.3 million (31 May 2022: £1,253.8 million).

£ million (unless stated)	31 May 2023	31 May 2022	Change %
Liquid assets	1,929.7	2,073.9	(7%)
Client funds on balance sheet	(420.4)	(520.9)	(19%)
Turbo warrants	(2.7)	(1.5)	80%
Issued debt/long-term borrowings	(299.3)	(299.2)	–
Own funds	**1,207.3**	**1,253.8**	**(4%)**

Client funds on balance sheet are funds on deposit 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 arrangements.

The Group has £300 million, 3.125% senior unsecured bonds due in 2028. The Group also has access to a £350 million revolving credit facility which was undrawn at 31 May 2023 (31 May 2022: undrawn). The Group has the option to request an increase in the revolving credit facility size to £400.0 million. The total available credit facilities have risen from £600 million as at 31 May 2022, to £650 million as at 31 May 2023, with the potential to rise to £700 million if the new revolving credit facility is increased in size.

Own funds flow

£ million	FY23	FY22
Own funds generated from operations	**467.5**	**536.5**
As a percentage of operating profit	107%	112%
Taxes paid	(116.6)	(99.2)
Net own funds generated from operations	**350.9**	**437.3**
Net interest and fees received	10.2	(13.2)
Capital expenditure and capitalised development costs	(26.2)	(17.5)
Net own funds movement from acquisitions and disposals of subsidiaries and investments in associates	(2.8)	(14.7)
Purchase of own shares held in employee benefit trusts	(14.6)	(6.7)
Pre-dividend increase in own funds	**317.5**	**385.2**
Cash paid for share buyback	(175.2)	–
Dividends paid	(188.1)	(186.2)
Increase/(decrease) in own funds	(45.8)	199.0
Own funds at start of the period	**1,253.8**	**1,058.5**
Increase/(decrease) in own funds	(45.8)	199.0
Impact of movement in exchange rates	(0.7)	(3.7)
Own funds at end of the period	**1,207.3**	**1,253.8**

Business Performance Review continued

Own funds decreased by £45.8 million, excluding the impact of foreign exchange rates. This was driven by share buybacks completed in FY23 of £175.2 million, dividends paid of £188.1 million, purchase of own shares held in the Employee Benefit Trust of £14.6 million and capital expenditure of £26.2 million, offset by net own funds generated from operations of £350.9 million.

Regulatory capital

The Group is supervised on a consolidated basis by the Financial Conduct Authority in the UK, which requires 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.

The Group's regulatory capital resources, which totalled £996.3 million as at 31 May 2023 (31 May 2022: £1,025.6 million), are an adjusted measure of shareholders' funds taking into account FY23 profits which are included in the regulatory capital calculation once signed off by the auditors. Shareholders' funds comprise share capital, share premium, retained earnings and other reserves, and as at 31 May 2023 totalled £2,014.6 million (31 May 2022: £2,027.8 million).

The Group's regulatory capital requirement as at 31 May 2023 was £497.4 million (31 May 2022: £497.4 million). The Group's capital headroom was £498.9 million (31 May 2022: £528.2 million), demonstrating the solid capital base.

£ million	31 May 2023	31 May 2022
Shareholders' funds	**2,014.6**	**2,027.8**
Less foreseeable/declared dividends	(127.6)	(134.8)
Less remaining share buyback not recognised	(22.5)	–
Less goodwill and intangible assets	(829.9)	(833.7)
Less deferred tax assets and significant investments in financial sector entities	(23.2)	(17.5)
Less significant investment in financial sector entities	(13.7)	(14.8)
Less value adjustment for prudent valuation	(1.4)	(1.4)
Regulatory capital resources	**996.3**	**1,025.6**
Total requirement	**497.4**	**497.4**
Capital headroom	**498.9**	**528.2**

Risk Management

Our approach to risk management, centred around our Risk Management Framework, is key to achieving our business objectives whilst we preserve our strong financial position, regulatory reputation and ensure good outcomes for both clients and markets. The Board is ultimately responsible for ensuring that we maintain a strong risk management culture, supported by our robust Risk Management Framework.

Risk Management Framework (RMF)

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

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

The RMF is supported by numerous policies covering all areas of our business, from our management of market, credit, and liquidity risk, to the systems and controls we put in place to manage and oversee our technology, operational and conduct risks.

Risk culture

Embedding a sound risk culture is fundamental to the effective operation of our RMF and sets the tone, alongside our core value of ‘Champion the Client’, for conduct in all business activities and expected behaviours. Central to our risk culture is a commitment to integrity and to principles of responsible business. This is driven by individual accountability, with defined roles and responsibilities prescribed across the Group as detailed under the Senior Managers Certification Regime in the UK. We operate a Three Lines of Defence Model, with segregation of responsibilities as detailed below:

Risk governance

Non-Executive oversight of the RMF 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.

Principal Risks and Risk Appetite

Risk category	Principal risks	Mitigation and controls
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. **Risk appetite** In pursuit of our business goals, we have an appetite for running modest levels of market risk to facilitate the high-quality instant execution of client orders while accepting that periodic credit risk losses will occur in normal business activity. We have very little appetite for liquidity or regulatory capital risk and ensure complete compliance with regulatory requirements. **Emerging and evolving risks** We monitor the emergence of significant events or topics which could, if unmanaged, have a material impact on the Group. Such matters include the war in Ukraine, trade wars, political and legislative changes and any other matters which may lead to macro market movements. Where such events or topics emerge, as a matter of course we consider client margin requirements, market risk limits, broker positions, and cash and capital held at each individual entity to ensure we remain within our risk appetite as the external environment and risks we face change.	**Market risk – trading book and non-trading book (inclusive of interest rate risk)** The risk of loss due to movements in market prices arising from our net position in financial instruments.	→ The inherent conflict in OTC trading, is mitigated at IG through the design of our business model, being based around the internalisation of client trading and hedging of residual exposures more than the predefined Board approved limits. In short, our long-term interests align with those of our clients → Additionally, our order execution system price improves client orders where the underlying market has moved against them while the order is being processed. We operate a real-time market position monitoring system → Our scenario-based stress tests are performed on an hourly basis → We have predetermined, Board-approved, market risk limits → Our dynamic approach to limit management makes full use of highly liquid markets in core hours, reducing in less liquid periods
	Credit risk – client The risk that a client fails to meet their obligations to us, resulting in a financial loss.	→ Our approach to setting client margin requirements is centred on protecting our clients from poor outcomes, taking into consideration underlying market volatility and liquidity, while simultaneously protecting IG from exposure to debt → Client positions are automatically liquidated once they have insufficient margin on their account – this not only protects IG against debt, but importantly protects our clients → Our client education offering provides information about robust risk management practices
	Credit risk – financial institution The risk of loss due to the failure of a financial institution counterparty.	→ We undertake credit reviews of financial institutional counterparties upon account opening, which is updated periodically (or ad hoc upon an event) → Our credit exposures to each of our broking counterparties are actively managed in line with limits → We perform daily monitoring of counterparties' creditworthiness
	Liquidity The risk that we are unable to meet our financial obligations.	→ Active liquidity management within the Group is central to our approach, ensuring sufficient liquidity is in the right places at the right times → We conduct monthly liquidity stress tests → We have access to committed unsecured bank facilities and debt
	Capital adequacy The risk that we hold insufficient capital to cover our risk exposures.	→ We conduct daily monitoring of compliance with all regulatory capital requirements. With our ICARA (Internal Capital Adequacy and Risk Assessment), we conduct an annual capital and liquidity assessment including the application of a series of stress-testing scenarios, based against our financial projections, all of which is approved by the Board

Principal Risks and Risk Appetite continued

Risk category	Principal risks	Mitigation and controls
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. **Risk appetite** There is little appetite for activities that threaten efficient delivery of any core initiatives or that can diminish our reputation, although acceptance of some strategic risk is necessary to foster innovation. **Emerging and evolving risks** We closely monitor the high-inflationary environment and the UK's cost of living crisis, and their effects on client's ability to trade, supplier costs, wages, and income from interest. As a UK-headquartered firm we are exposed to FX rate fluctuations when transferring funds between non-UK entities.	**Strategic delivery** The risk that our competitive position weakens or that our 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.	→ Regular strategy updates to the Board from the Executive Directors throughout the year detailing the strategic progress of the business → External consultation and extensive market research undertaken in advance of committing to any strategy to test and validate a concept → Projects managed via a phased investment process, with regular review periods, to assess performance and determine if further investment is justified
	Financial market conditions 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.	→ Review of daily revenue, monthly financial information, KPIs and regular reforecasts of expected financial performance → Forecasts used to determine actions necessary to manage performance and products in different geographical locations, with consideration given to changes in market conditions → Regular updates to investors and market analysts to manage the impact of market conditions on performance expectations
	Competitor 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.	→ Our approach to conduct demands we put the client at the heart of our decision making. We do not engage in questionable practices, regardless of whether they would prove to be commercially attractive to clients → Ensuring that our product offering remains attractive, considering the other benefits that we offer our clients, including brand, strength of technology and service quality

Principal Risks and Risk Appetite continued

Risk category	Principal risks	Mitigation and controls
Conduct and Operational Risk The risks that our conduct poses to the achievement of fair outcomes for consumers or the financial markets, and the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. **Risk appetite** Operational risk is present in the normal course of business, and it is not possible, or even desirable, to eliminate all risks inherent in our activities. We have no appetite for poor conduct-related events. **Emerging and evolving risks** The cyber threat landscape continues to evolve, with cyber criminals and ransomware groups constantly changing and maturing their attack methods and targets. The impact of climate change poses risks to business continuity and, therefore, potential harm to our clients and people. Failure to responsibly manage our Group emissions or to mitigate the risks associated with climate change poses reputational and regulatory risks. The ongoing energy crisis in South Africa, which results in load-shedding, is a concern, with proactive steps taken by the Group to mitigate any potential impact on our clients and employees.	**Technology and information security** The risk of data loss or that our operations are affected, or clients receive a degraded service or are unable to trade due to an operational outage or system limitations. Technology threats can evolve from poor internal practices and systems or from the continuously evolving cyber landscape.	→ Maintenance of a 24/7 Incident Management function → Security operations function with 24/7 strength-in-depth capabilities to monitor, prevent and triage cyber threats → DOS mitigation services and 24/7 incident management capabilities → Regular disaster-recovery capability testing → Capacity stress testing → Our Change Management and Quality Assurance functions undertake risk assessments, utilise defined maintenance windows and help deploy new products and services → We invest in strength-in-depth capabilities to mitigate the ever-present and changing cyber threats
	Financial crime The risk of failing to identify and report financial crime. Inadequate oversight and client due diligence can result in clients attempting to use us to commit fraud or launder money, third parties trying to access client or corporate funds, or employees misappropriating funds if an opportunity arose.	→ A mature control framework for identifying and reporting on suspicious transactions, which is designed to protect the integrity of the financial markets and provide a stable and fair-trading environment for our clients → Appropriate onboarding processes for different client types and vendors with enhanced due diligence and monitoring processes where appropriate → Segregated duties within processes to ensure adequate oversight and control over internal fraud
	Trading issues The risk related to any issues around our internal hedging, client trading, and process for corporate actions, dividends, and stock transfers.	→ A 24/7 approach with trading desks located in London and Australia providing 24-hour coverage. We apply Board-approved Market Risk Limits and operate under a robust control framework to mitigate our exposure to loss through operational risk events which may impact trading. Our order execution processes not only comply with all regulatory requirements, but go over and above in filling client orders, on an asymmetrical basis, providing better than best execution

Principal Risks and Risk Appetite continued

Risk category	Principal risks	Mitigation and controls
Conduct and Operational Risk continued	**Client life cycle management** This is the risk related to issues in the client life cycle spanning the customer agreement, account set-up, interactions, and appropriateness of account types and product offerings.	→ Bespoke onboarding processes ensure we only offer products and services to clients with sufficient means and a clear understanding of the risks involved. Regular assessments of services identified as being critical to clients to ensure their operational resiliency. Single points of failure identified, and contingency plans set in place → Complete adherence to client money and asset regulations, taking the highest standard set by the FCA in the UK and applying them worldwide where possible → The use of KPIs to monitor levels of service provided and act where needed → We offer a plethora of high-quality, easily accessible educational material to ensure clients can improve their understanding of our products and the financial markets – supporting their pursuit of financial freedom → We monitor for client behaviours which may indicate levels of vulnerability and proactively engage with them to minimise poor outcomes
	Financial integrity and statutory reporting issues The risk of production issues which could lead to untimely, incomplete, or inaccurate Financial Statements, transaction reporting, tax filing, regulatory capital, and forecasting.	→ Our operational risk framework provides the base from which our robust control environment reduces operational risk events from manifesting → Our automated systems enable us to flex with client trading volumes → Dedicated specialist steering committees manage and oversee niche areas, such as transaction reporting, financial crime, financial reporting and forecasting, climate responsibilities, our Internal ICARA and Annual Report production

Principal Risks and Risk Appetite continued

Risk category	Principal risks	Mitigation and controls
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.	**Regulatory risk** The risk 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 our interpretation, 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.	→ Continuous monitoring of operations to ensure they adhere to regulatory requirements and expected standards → Continuous review of all regulatory incidents and breaches with deep dives performed on common themes → Policies and procedures are embedded across the Group with a regulatory compliant mindset → We operate values to always Champion the Client, whilst Raising the Bar
Risk appetite We have no appetite to breach financial services regulatory requirements and we strive to always comply with applicable laws and regulations.	**Regulatory change** The risk of governments or regulators introducing legislation or new regulations and requirements in any of the jurisdictions in which we operate which 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.	→ We foster strong relationships with key regulators, with whom we actively seek to converse to keep abreast of, contribute, to and correctly implement regulatory changes → We pay close regard to relevant public statements issued by regulators that may affect our industry → The Board Risk Committee receives regular reports of current and emerging risks which timeline incoming, and potential incoming, changes → The Board Risk Committee has received regular updates on UK Consumer Duty regulation, from the early consultation stage through to approval of the final implementation plan
Emerging and evolving risks The regulatory landscape continues to evolve, and we need to react and ensure adherence to incoming regulations in a timely manner. Less well-developed regulatory frameworks, such as digital assets, are actively monitored for any changes where we may need to adapt strategic rollouts. The introduction of the FCA's Consumer Duty principle is an example of how we plan for change by identifying workstreams with owners who are responsible for updating steering committees on progress. The same approach will be taken with incoming DORA[1], MiFID/MiFIR[2] Review, EMIR[3], and any other regulatory changes. Many of the concepts in the FCA's Consumer Duty, and other incoming regulations, are already practiced and well-embedded; and are in line with our purpose, strategic drivers, and values such as being 'Tuned for Growth' and 'Champion the Client.' We welcome their introduction and the impact that they will have on our industry.	**Tax change** The risk of significant adverse changes in the way we are taxed. A prime example is the imposition of a financial transactions tax, which could severely impact the economics of trading and developments in international tax law.	→ We monitor developments in international tax laws to ensure continued compliance and ensure stakeholders are aware of any significant adverse changes that might impact us → Where appropriate and possible, we collaborate with tax and regulatory authorities to provide input on tax policy, or changes in law

1 DORA – Digital Operational Resilience Act7
2 MiFID – Markets in Financial Instruments Directive
MiFIR – Markets in Financial instruments Regulation
3 EMIR – European Market Infrastructure Regulation

Going Concern and Viability Statement

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 Group Financial Statements.

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 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.

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. Further details of these principal risks and how they are mitigated and managed is documented in the Risk Management section on pages 48–53.

Viability statement

The UK Corporate Governance 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 2027. 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.

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's revenue, which is driven by client transaction fees, has remained resilient despite the quieter market conditions in FY23. The current year revenue has further been supported by the higher levels of interest earned on client money balances, reflecting the rising interest rate environment. Projections of the Group's revenue have conservatively considered financial market volatility for the four-year period based on historical levels which exclude exceptional events. Projections also include assumptions on interest rates which are expected to remain flat before decreasing, based on market expectation of future interest rate projections.

No significant changes to regulatory capital and liquidity requirements have been assumed over the forecasting period and the Group continues to be subject to IFPR. Aside from the introduction of Uncleared Margin Rules which came into effect on 1 September 2022, which requires the Group to pledge non-cash collateral to meet initial margin requirements resulting in a higher holding of portfolio gilts, there have been no changes in the Group's capital and liquidity requirements and resources since 31 May 2022.

Going Concern and Viability Statement continued

The Group undertakes stress testing on these forecasts through the ICARA 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 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. With appropriate management actions, the results of these stresses showed that the Group was resilient to all severe, but plausible, scenarios considered and would be able to withstand the impact of these. Scenarios are reviewed at least annually to ensure they remain relevant, with any updates being incorporated into the ICARA accordingly. The ICARA also includes a contingency funding plan, outlining management actions to improve the Group's capital and liquidity position.

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 dependent 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. The Group's significant long-term investment in communications and technology infrastructure enables the Group to operate in a hybrid working environment, with all colleagues given the opportunity to work from home, and IG continues to provide the best possible service for its clients when they choose to trade the financial markets.

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, liquidity and capital adequacy. The Group's business model provides the Directors with comfort that the business is being run in a sustainable way, acting in the interest 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 in which we operate or seek to operate. In particular, a change that impacts on the Group's ability to sell or trade OTC derivative products may have a fundamental effect on the viability of the Group and its businesses, although this risk is lower than in previous years due to the continued diversification of the Group's product offering. Further details of these principal risks and how they are mitigated and managed is documented in the Risk Management section on pages 48–53. 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 2027.

The Strategic Report up to and including page 55 was approved for issue by the Board on 19 July 2023 and signed on its behalf by:

Charles A. Rozes
Chief Financial Officer

Chair's Introduction to Corporate Governance

Mike McTighe
Chair
19 July 2023

I am delighted to report that we have continued to make good progress on embedding governance best practice at IG Group in support of our Company strategy, our purpose to empower every ambitious person to pursue their financial freedom and our focus on our clients.

Following our review of the governance arrangements in the US to optimise oversight and support last year, the Board held our offsite and strategy session in our Chicago tastytrade offices in November 2022. We met with the Regional CEO, his leadership team and as many of our people there as possible – we know how impactful it is to be immersed in the business to gain a deeper understanding of the opportunities and challenges and learn about key strategic initiatives both for the US and the Group as a whole. As Board Chair, I also took part in an engaging 'Ask Me Anything' session.

After the success of the Chicago offsite, we are firm in our intention to visit and understand our offices around the world, together as a Board on an annual basis. Our Non-Executive Directors are encouraged to visit all of our locations and have indeed made a number of trips during FY23, including to Germany and Poland.

We recognise how important Diversity and Inclusion (D&I) are to our business, culture and people, and have decided that the whole Board should be involved in overseeing its progress, rather than delegating this to the Nomination Committee. Our collective oversight will allow us to benefit from the diverse perspectives and experiences around our boardroom table to further strengthen our competencies in this key area. You can find more details in our Diversity Report on pages 32–34 and will note that although we have not met the new Listing Rules requirement that at least 40% of the individuals on our Board are women we are very conscious of, and agree with, the drivers behind it, whilst also seeing it as critical for us to have the right people in role. We plan to achieve the 40% target for female representation on the Board by the end of calendar year 2024.

During the year, we approved the Capital Allocation Framework, which has been well received by our shareholders. We talk about this more in our Board activities during the year section on pages 67 and 68.

The external Board Evaluation was a key highlight for me this year and was an excellent opportunity for us, as a Board, to reflect on Board composition, our strengths and areas for development, and agree on how we will continue to evolve together. You can find a full report on the process and outcome on pages 72 and 73.

Governance structure

To ensure we spend the Board's time as effectively as possible, we have continued to evolve the Terms of Reference for each Committee to make sure that we delegate appropriately and sufficiently to Non-Executive Directors who are able to focus on these more specialised areas. We have also maintained the delegation of some of IGGH's authority to the IG US Holdings Inc. Board that was established last year to oversee the tastytrade business as well as IG US, our OTC FX business, with our US-based Non-Executive Director, Susan Skerritt, as a member of that Board, alongside its Chair, Malcolm Le May, who has many years of experience on the Boards of US banks.

We remain committed to ensuring the highest standards of governance throughout the Group and continuously strengthening our governance arrangements. The ESG Committee, in partnership with the Executive team, has evolved our ESG Strategy to ensure we continue to be a responsible and sustainable business. We are also really proud of the impact that our 1% pledge and community outreach programme is having in our communities. Our Board members have participated in various activities to support our partners, including a visit to a Teach First school in May 2023, which I personally enjoyed greatly, and which gave me some key insights into the shared challenges faced by both business and school leaders. You can find further details of our stakeholder engagement activity on pages 70–71.

Board and Committee changes and focus

During the year, there were no changes to the Board, and I am delighted to say that Susan Skerritt was appointed as a member of the Audit Committee on 1 March 2023, drawing on her extensive experience in financial services and in the US.

As I highlighted in my Chair's Statement on pages 4 and 5, a particular focus for us has been developing stronger working relationships both with each other and with the Executive team and their key people to improve our collective effectiveness and make up for the deficit we experienced due to the restrictions imposed on us coming together in person as a result of the Covid-19 pandemic. After the Company moved to a regional model last year, the Board has had detailed sessions with each of the three Regional CEOs and their teams. This has brought us closer to operations and people internationally, as well as to the needs of our clients in different markets and is something that we now plan to do every year. We have also benefited from detailed 'deep-dive' sessions on a range of topics to help boost our knowledge and understanding, including about: the FCA's Supervisory Review and Evaluation Process (SREP); the newly introduced ICARA and its focus on the three types of potential harm to the client, firm or market; Consumer Duty with its important new 12th FCA Principle that will apply to our UK regulated businesses from 31 July 2023; Carbon Literacy; our four-year plan for the business; and commercial and regulatory developments in the crypto and decentralised finance space. Outside of Board meetings, Directors also began to meet with potential successors to Executive Committee members and that will continue into the next financial year and beyond.

We successfully completed a project this year to review the Board composition for both regulated and unregulated entities across the Group, and developed a Subsidiary Governance Framework and Delegated Authorities Framework that support the regional business model.

Priorities for the year ahead

With the pandemic now firmly behind us, we will continue to take time to visit one region during our offsite every year, the next being planned for Europe in November. We will also monitor and respond to corporate governance developments, including the upcoming changes to the UK Corporate Governance Code.

FY24 will be an important year for further progressing the Company's strategy of diversification and my Board colleagues and I look forward to partnering with June and her team on this.

Statement of compliance with the UK Corporate Governance Code

The UK Corporate Governance Code (the Code) emphasises the value of good corporate governance to the long-term sustainable success of listed companies, and our Board is responsible for ensuring that we have the appropriate frameworks to comply with its requirements.

We have applied the principles and complied with all the provisions of the Code during FY23, and both this Governance Report and the Strategic Report set out how we have applied them throughout the year.

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

The Board

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

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 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.

All data in The Board section is as at 31 May 2023.

Committee membership

- Audit
- ESG
- C Chair
- Board Risk
- Nomination
- Disclosure
- Remuneration

Mike McTighe
Chair

Nationality: British
Ethnicity: White
Tenure: Three years
(Appointed 3 February 2020)

Mike has a wealth of leadership, board and regulatory experience from both public and private companies. He is the Chair of Openreach Limited and Together Financial Services Limited.

For over 20 years, Mike 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.

He has also held many chair positions over the years, including chairing several UK and US public company boards.

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

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

June Felix
Chief Executive Officer

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

June was appointed as CEO on 30 October 2018, having served as a Non-Executive Director of the Company from 4 September 2015. She has had a successful career growing and leading global financial services and tech companies.

June brings nearly three decades' experience in finance and digital technology sectors, having held senior management roles in New York, London, and Hong Kong. Previous roles include her position as President of Verifone Europe, various executive management positions at large multi-national businesses, including IBM's Global Head of Banking and Financial Markets, and senior roles at Citibank and Chase Bank.

June is currently a Non-Executive Director of RELX PLC and The London Technology Club.

She graduated from the University of Pittsburgh with a first class honours degree in Chemical Engineering and Pre-Med.

Charlie Rozes
Chief Financial Officer

Nationality: British/American
Ethnicity: White
Tenure: Three years
(Appointed 1 June 2020)

Charlie was appointed as CFO on 1 June 2020 and has a proven track record in financial control and reporting, accounting, tax, M&A, investor relations, risk and compliance, and audit. He is a highly experienced finance leader having held executive director roles in the financial services sector and led substantial change programmes in the UK and internationally.

Charlie began his professional career with PricewaterhouseCoopers LLP, becoming a Partner in 2001 in the US management consulting practice, followed by senior executive roles at IBM and Bank of America. In 2007, he joined Barclays plc as Chief Financial Officer of Barclays UK Retail and Business Bank and was Global Head of Investor Relations from 2011 to 2015, and Group Finance Director at Jardine Lloyd Thompson plc from 2015 to 2019.

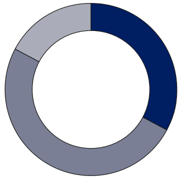
Charlie has no current external appointments.

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

The Board continued

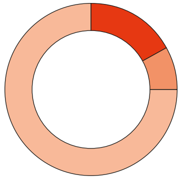
Board profiles

Tenure



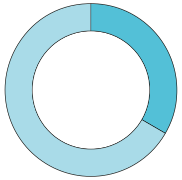
- 0-3 years 33%
- 4-6 years 50%
- 7+ years 17%

Ethnicity



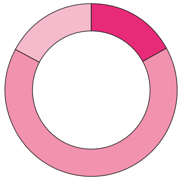
- Chinese 17%
- Indian 8%
- White 75%

Gender



- Female 33%
- Male 67%

Nationality



- American 17%
- British 66%
- British/American 17%

Committee membership

- Audit
- ESG
- C Chair
- Board Risk
- Nomination
- Disclosure
- Remuneration

Jon Noble

Chief Operating Officer

Nationality: British
Ethnicity: White
Tenure: Five years
(Appointed 1 June 2018)

Jon was appointed COO on 14 June 2019 with responsibility for Trading and Operations. He also leads the business change office and chairs several of IG's management committees.

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

As CIO, Jon had responsibility for setting and delivering our IT strategy, delivery of all work programmes 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.

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

Jonathan Moulds

C

Senior Independent Director

Nationality: British
Ethnicity: White
Tenure: Four years
(Appointed 20 September 2018)

Jonathan has extensive experience in financial services in the UK, US and Asia during his 25+ year executive career. He currently chairs Citi's largest global subsidiary CGML, Financial Markets Standard Board Limited and Litigation Capital Management Limited.

He spent the majority of his career at Bank of America where he became head of Bank of America's International businesses and subsequently European President of Bank of America Merrill Lynch and the CEO of Merrill Lynch International following the merger of the two companies. He was recently Group Chief Operating Officer at Barclays Plc.

Jonathan has served on key industry associations, including the International Swaps and Derivatives Association as Chair, Association for Financial Markets in Europe as Director, and Capital Markets Senior Practitioners of the UK Financial Services Authority and the Global Financial Markets Association as member.

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

Rakesh Bhasin

Non-Executive Director

Nationality: American/British
Ethnicity: Indian
Tenure: Three years
(Appointed 6 July 2020)

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 Chair of CMC Networks, a Carlyle Group investment company based in Africa.

Rakesh was previously the Chief Executive Officer of Colt Technology Services, a Fidelity-owned company providing network, voice and data centre services globally, Non-Executive Chair of KVH, an Asian-based technology company and Non-Executive Chair of Market Prizm, a financial services-focused technology company.

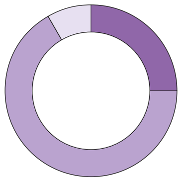
Rakesh has also previously held senior positions within AT&T, including Head of AT&T Asia-Pacific's managed network services business, and President of AT&T Japan Limited and Senior Managing Director of Japan Telecom Company Limited.

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

The Board continued

Director independence

Board composition



- Executive Directors 25%
- Independent Non-Executive Directors 67%
- Independent Chair 8%

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

The Nomination Committee considers the independence of the Non-Executive Directors on behalf of the Board and this is 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.

Committee membership

- Audit
- ESG
- C Chair
- Board Risk
- Nomination
- Disclosure
- Remuneration

Andrew Didham

C

Non-Executive Director

Nationality: British
Ethnicity: White
Tenure: Three years
(Appointed 19 September 2019)

Andrew is currently Chair of GCP Infrastructure Investments Limited, a Director of N.M. Rothschild & Sons Limited, Chair of the N.M. Rothschild Pension Trust, and Non-Executive Director and Audit Committee Chair of Shawbrook Group plc.

Andrew was previously a 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. He was also a Non-Executive Director and Audit and Risk Committees Chair 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 in 1997, he served as Group Finance Director of the worldwide Rothschild group for 16 years. From 2012 he has served as an Executive Vice Chair in the Rothschild group.

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

Wu Gang

Non-Executive Director

Nationality: British
Ethnicity: Chinese
Tenure: Two years
(Appointed 30 September 2020)

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.

Wu Gang held senior leadership positions at a number of leading China-based and global financial services firms including establishing and leading the London-based European investment banking group at CITIC CLSA, the international platform of CITIC Securities. Prior to this, he led M&A and General Industrials client coverage groups at ICBC International. He also held senior level positions at Royal Bank of Scotland, HSBC and Merrill Lynch in Hong Kong and London. Wu Gang started his investment banking career at Goldman Sachs.

He is a Non-Executive Director of Tritax Big Box REIT plc and Ashurst LLP, where he also chairs the Risk Committee. He was previously a Non-Executive Director of Laird plc.

He has an MBA from INSEAD, an MA from SOAS, and a BA from Fudan University.

Sally-Ann Hibberd

C

Non-Executive Director

Nationality: British
Ethnicity: White
Tenure: Four years
(Appointed 20 September 2018)

Sally-Ann has an extensive 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 and has also held a number of senior executive roles at Lloyds TSB.

Sally-Ann has been a Non-Executive Director of Shawbrook Group plc, Equiniti Group plc and The Co-operative Bank plc, serving as Chair or a member for several committees including Risk, Audit, Nomination and Remuneration.

She currently serves as Chair of Central Topco Limited (Clear Group) and Non-Executive Director of Simon Midco Limited (Lowell Group), where she chairs the Risk and Sustainability Committees.

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

The Board continued

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 the Company's expense, if required.

Malcolm Le May
Non-Executive Director

Nationality: British
Ethnicity: White
Tenure: Seven years
(Appointed 10 September 2015)

Malcolm has broad experience and knowledge of the financial services and investment sectors, along with extensive experience on the boards of publicly listed companies. He also chairs IG US Holdings Inc. which has responsibility for our North America business.

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

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

Malcolm has previously served as a Non-Executive Director and Remuneration Committee Chair of Hastings Group Holdings plc, Senior Independent Director of Pendragon plc, and Non-Executive Director and Investment Committee Chair 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
Tenure: Two years
(Appointed 9 July 2021)

Susan is a commercial banker, industry consultant and corporate treasury professional with expertise in global financial markets, regulatory matters and strategic project management.

Susan is an Independent Director of IG US Holdings Inc. which has responsibility for our North America business. She is also Lead Director of Community Bank System and Independent Director of Tanger Factory Outlet Centers in the US and Non-Executive Director of Falcon Group. She is Audit and Risk Committee Chair at Falcon Group and Audit Committee Chair at Tanger Factory Outlet Centers.

She previously served as Chair, CEO and President at Deutsche Bank Trust Company Americas, Non-Executive Director and Human Resources and Corporate Governance Chair at 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 Trustee of the Village of Saltaire.

She 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

C

Nationality: British
Ethnicity: White
Tenure: Three years
(Appointed 18 March 2020)

Helen brings extensive marketing and digital experience from a range of industries, together with strong customer focus. She is an experienced Non-Executive Director with particular experience regarding remuneration matters, and currently chairs RM plc.

Helen was previously the Senior Independent Director of Reach plc, a Non-Executive Director of Skipton Building Society and served on the board of Kin and Carta as Remuneration Committee Chair and Senior Independent Director. Helen was also the Chief Marketing Officer UK at Yell Group plc from 2006 to 2012 and, prior to this, Lloyds TSB's Group Marketing Director. She 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 a Governor of Wellington College.

She has a BA (Hons) degree in Chemical Engineering from Cambridge University.

Committee membership

- Audit
- Board Risk
- Disclosure
- ESG
- Nomination
- Remuneration
- C Chair

Governance Framework

Board oversight

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 delegates certain matters to five principal Board Committees:

Nomination Committee

Ensures the Board and Board Committees have the appropriate balance of skills, knowledge, diversity, experience, and independence

SEE FULL REPORT PG. 74

ESG Committee

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

SEE FULL REPORT PG. 76

- IG People Forum

Audit Committee

Oversees our financial reporting, maintains an appropriate relationship with the Internal and External Auditors, and monitors our internal controls

SEE FULL REPORT PG. 78

- Client Money & Assets Committee
- Legal Entity Governance Committee

Board Risk Committee

Reviews and monitors our principal and emerging risks and the effectiveness of our risk management systems

SEE FULL REPORT PG. 85

Remuneration Committee

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

SEE FULL REPORT PG. 89

- Remuneration Risk Committee

Management accountability

Executive Committee

The Board delegates the execution of our strategy and day-to-day management of the business to the CEO and the Executive team. Several management committees support the Executive team, which are in turn supported by sub-committees.

- Pricing Committee
- Enterprise Leadership Group (ELG)
- Technology Committee
- Initiative and Innovation team

Executive Risk Committee

- Risk Committee
- Technology Risk Committee
- Conduct and Op Risk Committee
- Capital and Liquidity Committee
- Best Execution Committee
- Information Security Committee
- Transaction Reporting Committee
- Vendor Risk Management Committee

Corporate Development Committee

There is a comprehensive schedule of matters reserved to the Board. These include agreeing the strategy, approving major transactions, annual budgets, and changes to our capital and governance structure. In addition, our annual Board calendar 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. We also have a Board Standing Committee to consider Board-reserved matters at short notice, where full attendance is not possible, or where there are administrative matters to be considered that do not warrant a full Board meeting.

Specific matters for approval and recommendation to the Board have been formally delegated to Board Committees.

In addition to the five principal Board Committees, our Board has established a Disclosure Committee to make decisions on its behalf concerning the identification of Inside Information, and to decide how and when the Company should disclose that information in accordance with our Disclosure Policy.

The Matters Reserved to the Board and all Board Committee Terms of Reference are available on the Group website.

Our shareholders and other key stakeholders play an important role in monitoring and safeguarding our governance. You can find further information on how we engage with our shareholders, employees, and other key stakeholders on pages 20 and 21.

Governance Framework continued

Division of responsibilities

We have 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.

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

Senior Independent Director (SID)

- 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 with the other Directors

Non-Executive Directors (NEDs)

- 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

Chief Executive Officer (CEO)

- Developing and executing our strategy
- Specific authority for day-to-day decision making relating to the management of our business, including:
  - Delivering financial performance in line with the agreed budget
  - Organisational design of our operations
  - Recruitment, leadership and development of our Executive Committee
  - Proposing our approach to vision, values, culture, diversity and inclusion to the Board
  - 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 to the Board
- Managing our internal financial control systems, including those relating to safeguarding of client money and assets
- Oversight of liquidity
- Maintaining relationships with key stakeholders

Chief Operating Officer (COO)

- Delegating authority in respect of trading, operations, business change and ESG matters
- 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

- Working closely with the Chair, the CEO, the CFO and the Board Committee Chairs in setting agendas for Board and Committee meetings
- Facilitating the accurate, timely and clear information flow to and from the Board, its Committees, and between Directors and senior management
- Supporting the Chair in designing and delivering Directors' induction and training programmes, and the Board and Committee performance evaluations
- Advising the Board on corporate governance matters and Board procedures
- Responsible for administering IG's Dealing Policy and the AGM

The Division of Responsibilities between the Chair and the CEO, and the role descriptions for the Chair, CEO and the SID are available on our Group website.

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 effective risk management and internal controls. The Board receives timely and comprehensive information so it can 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 also collectively responsible for promoting our long-term sustainable success for the benefit of our shareholders, through the creation of long-term value and contribution to wider society. The Board understands the importance of stakeholder engagement, and works hard to ensure as much effective engagement as possible with our clients, shareholders, people, suppliers, regulators and communities, as well as considering the impact of our activities on the environment. You can read more in the Stakeholder Engagement and Section 172 (1) sections on pages 20–22.

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.

How the Board operates

The Board meets regularly, at least six times a year. During the last year, the Board held six scheduled meetings.

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. No such meetings were held this year.

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 separately with just the CEO present. During the year, the Board, led by the SID, met without the Chair present, to evaluate his performance.

Attendance at Board and Committee meetings

The number of Board and Committee 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 Chairs their views in advance on the matters to be discussed.

	Board	Nomination Committee	ESG Committee	Audit Committee	Board Risk Committee	Remuneration Committee
Chair						
Mike McTighe[1]	6 of 6	4 of 4	–	–	–	8 of 9
Independent Non-Executive Directors						
Jonathan Moulds	6 of 6	4 of 4	–	–	8 of 8	9 of 9
Rakesh Bhasin	6 of 6	–	4 of 4	6 of 6	–	–
Andrew Didham	6 of 6	–	–	6 of 6	8 of 8	9 of 9
Wu Gang	6 of 6	4 of 4	–	–	8 of 8	–
Sally-Ann Hibberd	6 of 6	–	4 of 4	–	8 of 8	9 of 9
Malcolm Le May[2]	4 of 6	–	3 of 4	6 of 6	–	–
Susan Skerritt[3]	5 of 6	–	–	1 of 1	8 of 8	–
Helen Stevenson	6 of 6	4 of 4	4 of 4	–	–	9 of 9
Executive Directors						
June Felix	6 of 6	–	–	–	–	–
Charlie Rozes	6 of 6	–	–	–	–	–
Jon Noble	6 of 6	–	–	–	–	–

1 Mike was unwell with Covid and sent his apologies for one Remuneration Committee meeting (June 2022)
2 Malcolm sent his apologies for Board (July and November 2022) and ESG Committee (October 2022) meetings due to prior commitments
3 Susan was appointed to the Audit Committee on 1 March 2023. She sent her apologies for one Board meeting (March 2023) due to a prior commitment

Board Governance continued

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. It takes a proactive approach to succession planning. You can find more information on the work of the Nomination Committee in the Nomination Committee Report on pages 74–75. The whole Board is also involved in overseeing the development of management resources across the Group.

Induction

Following appointment, each Director receives a comprehensive, 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 by the Company Secretary, may include briefings on relevant industry and regulatory matters, 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 and the Company's external legal 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 relevant changes and developments.

Training opportunities are provided through internal meetings, workshops, presentations and briefings by internal advisers and management, as well as by 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.

Helen Stevenson, Non-Executive Director, Teach First UK school visit

Board Governance continued

Board accountability

Financial and business reporting

The Strategic Report on pages 9–55 describes our purpose, strategy and business model, which guide how 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 122, 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 54–55.

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 Principal Risks and Risk Appetite section set out on pages 49–53, and for ensuring the maintenance of, and annually reviewing, our risk management and internal controls.

Our Risk Management Framework is supported by a system of internal controls, designed to embed 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 ICARA and Wind-Down 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 or liquidity. We outline the risks to which we are 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 page 48, and in the Going Concern and Viability Statement on pages 54–55.

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 Management 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 Code and FRC guidance.

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 Activities During the Year

Our Board meeting agendas during the year addressed key areas of strategy, governance, risk and financial performance, as set out in the schedule of Matters Reserved to the Board and the annual forward calendar.

Our governance processes ensure that Directors receive accurate, timely and clear information throughout the year from a range of sources. This allows our Board and Committees to monitor and provide feedback on matters of importance and to make informed decisions in the best interests of the company and our stakeholders. We engage with our stakeholders to ensure we consider outcomes for them, and our decision-making reflects the need to maintain a reputation for high standards of business conduct and to act fairly between our shareholders.

Board meeting focus during FY23

Strategy

- The Board had a dedicated Board Strategy Day, in addition to the regular discussions on strategic initiatives and the strategic development of the business that took place during Board meetings
- There was a focused Board Workshop on the four-year plan
- Regional updates, including on regional strategy, were delivered throughout the year during Board meetings, supplemented by standalone updates from each Regional CEO and their leadership team
- Received information about themes and market trends that could be used to help inform strategic development

Performance

- Financial performance review and approval of all financial results announcements and the Annual Report
- Discussion and approval of our proposed Capital Allocation Framework, including dividend payments and the share buybacks
- Updates on performance against budget, prior year, and market analyst consensus
- Review of risks and opportunities for the FY23 budget, and agree the direction of travel of the FY24 budget and four-year plan

Business, operational highlights and current trading

- Regular business performance updates including the issues and challenges faced by management through reports from our CEO, CFO and COO, and other members of the Executive Committee
- Reports on matters of interest such as the 'Best of Both Worlds' initiative on hybrid working; cost of living impact on employees in all locations; information, cyber security and emerging threats; tax strategy; intra-Group funding; and gender pay reporting

People and leadership

- Employee engagement survey results
- Refreshed D&I strategy update
- Talent review and pipeline development, including succession planning for Directors and Executive Committee members

Investor relations

- Investor relations strategy and share price performance
- AGM and related shareholder interactions
- Extensive shareholder consultation with regards to the proposed Directors' Remuneration Policy

Other

- IG Brighter Future Fund updates
- Received regular Board Committee Chair reports and reports from the Chair of the IG US Holdings Inc. Board
- Externally-facilitated evaluation on the effectiveness of the Board, each Board Committee and individual Director

There were a number of other deep-dive and training sessions for the Board during the year. Topics discussed included crypto, risk, ICARA, SREP, marketing and Carbon Literacy.

We understand how important it is to engage with our stakeholders. By listening to them, we better understand the impact of our decisions on both them and the wider market, and are able to identify emerging risks and trends, which can then be factored into strategy discussions. The case study on the next page on the Group's capital allocation demonstrates how the Directors have considered the long-term consequences and interests of stakeholders in their decision-making processes, while acting in a way that promotes the success of the Group for the benefit of its shareholders as a whole.

Board Activities During the Year continued

Case study: Capital allocation

A significant consideration for the Board during FY23 was capital allocation. This has always been one of the Board's key responsibilities, ensuring that the business delivers on its strategy and maximises value creation for stakeholders. We take a consistent and transparent approach, and this led us to release our Capital Allocation Framework (CAF) in July 2022. We worked with both internal stakeholders and external advisers throughout the decision-making process and made sure to consider how the framework would support our strategy.

Capital Allocation Framework

The announcement of our CAF came after several Board discussions, to ensure we thoroughly understood all options on the table. Our CAF, listed in order of priority, is as follows:

- Regulatory capital requirements
- Organic investment to growth
- Commitments on citizenship
- Regular distributions
- Inorganic investments
- Additional shareholder returns

There were three main considerations which are the principles on which the framework was created:

- **Corporate responsibility** – our business is built on a foundation of strong risk management and responsibility to all stakeholders. This is shown in our OTC business model, which hedges against some market risk, in our good relationships with regulators worldwide, in our robust client money controls, and in how we treat our clients every day. This priority needed to be reflected appropriately in the CAF
- **Invest and grow** – our business has a history of innovation and sits within an industry with a growing addressable market. We are proud to have delivered an enviable trajectory of growth coupled with a high profit margin, and a key objective continues to be the growth of the Company. To do so, we must secure appropriate investment in our business
- **Returns to shareholders** – IG Group shareholders will all have individual interests in our business, but our competitive capital returns will be a common thread. We have a high profit margin and can convert this quickly to cash. This affords the opportunity to both invest in the business and provide attractive capital returns to shareholders

Stakeholder impact

The way in which capital is allocated has a wide-ranging impact on many stakeholders and we have taken care to consider our diverse stakeholders in the following ways:

- **Clients** – our clients are impacted by organic investments which are made into the business, to strengthen technology, improve platforms, and broaden product offerings. During FY23, a key focus area was investing in data analytics to detect and support client vulnerability
- **People** – our people are impacted by organic investments which are made in the business to attract, retain and train our teams. We feel passionately about supporting our people and have chosen to provide a one-off payment to those who were more materially impacted by the cost-of-living crisis
- **Investors** – our investors are impacted by many elements of the framework, the key areas being the investment in the business, both organic and inorganic, as well as returns to shareholders. We made capital returns totalling £363 million in the form of dividend and share buybacks during FY23
- **Communities** – the Brighter Future Fund, which commits 1% of profit after tax to charitable causes, benefits communities around the world. This equates to over £4 million donated to our partners, such as Teach First and Learning With Parents
- **Regulators** – our robust approach to risk management is reflected in the priority we give to regulatory capital requirements. Our reported regulatory capital and liquidity headroom remained comfortable throughout the financial year

Framework in action

During FY23 the Board approved decisions on capital allocation, as follows:

July 2022	July 2022	July 2022	January 2023	January 2023	May 2023
Recommendation to shareholders of the FY22 final dividend	Approval of a £150 million share buyback programme	Approval of a 1% allocation of FY22 profits to charitable causes	Approval of the FY23 interim dividend	Approval of a £50 million extension of the share buyback programme, to a total of £200 million	Approval of the four-year plan and FY23 budget

Each of these decisions was taken with all stakeholders in mind. The decision to payout additional distributions in the form of a share buyback instead of a special dividend involved several considerations to determine the mechanism which was most accretive to shareholder value at the time of the announcements.

We are committed to adhering to the CAF, which is key to providing the market with insights into the Board's views on capital allocation and providing consistency to the decision-making process. We will continue to review the CAF periodically to ensure it remains appropriate for the business strategy.

Engagement with employees

We recognise that our people are integral to growing and maintaining our business and therefore made sure that, during a time of global difficulty (from a social, political and economic perspective), employees were listened to, appreciated, supported and rewarded. We have engaged both directly and indirectly, in-person and virtually throughout the year, and some examples of how we have done so include:

The People Forum
The People Forum is a direct connection between the Board and our people, and we recognise how valuable this feedback loop can be. Sally-Ann Hibberd joins each meeting, alongside our CPO, Barbara Duffy, and COO, Jon Noble, and provides verbal updates at the subsequent Board meeting, so that employee views and voices are reflected in the Board's business and deliberations. Members of the forum are nominated for a two-year term, and we carefully consider gender, ethnicity, geography, age and length of service, ensuring we have a diverse and wide-ranging group of individuals to represent our people.

The Forum meets on a regular basis to discuss key matters, with FY23 addressing topics such as our hybrid working approach, employee engagement results, our approach to pay and reward, the People Strategy updates, ESG updates and office renewals.

Employee Benefits
In May 2023 the Remuneration Committee received an update from the CPO and the Head of Reward about incentives that were being rolled out to employees, including a one-off booster payment for certain colleagues in countries where the cost of living has increased most significantly. In addition, the Directors received regular updates on other incentives that had been implemented, including those being tailored to specific jurisdictions, depending on what employees value most. Benefits that have been introduced during the year include additional transport allowance, increased paternity leave and improved healthcare provisions.

Diversity and Inclusion
A key focus for us is offering a safe, welcoming environment where everyone can be themselves and grow to their full potential. Following the Executive Committee's approval of the refreshed D&I strategy in October 2022, the Remuneration Committee updated the Non-Financial Metrics to include these future gender diversity targets. In addition, we have taken the view that Diversity should be a matter for the whole Board, rather than delegated to any one Committee. For more information, please see the Diversity Report on pages 32–34.

Town Halls
At several points throughout the year, the CEO, CFO, COO and other members of the Executive Committee run engaging town halls, both in-person and virtually, for all of our employees. We receive great feedback on these sessions, particularly when they coincide with significant events in the year, for example following the release of our results.

Employee Engagement Survey
Every year, we invite our people to complete an externally-facilitated engagement survey, and the Board then discusses the results of these surveys. This gives our Directors insight into specific sentiments of our employees across the globe. In FY23, we were pleased to achieve an increased employee engagement score and receive positive feedback on areas such as wellbeing and confidence in the future. An area of focus is on the ease of getting things done. This has driven senior management to accelerate plans to remove bureaucracy from the business, to clarify, simplify, make it easier to deliver, and drive empowerment and collaboration.

Katherine Whitton, IG Group Chief Marketing Officer, Moving Ahead networking event

Understanding our Stakeholders

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

The Directors engage directly and indirectly, and virtually and physically, with stakeholders to ensure they are kept fully informed of material issues, and that they take stakeholder interests into account when setting our purpose, values and strategy. The Board's 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. For more information on s172, please see page 22.

Katarzyna Korzeb, Global HR Business Partner, Krakow

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 for their views to be taken into consideration in Board discussions and decisions. The Board has identified a number of key stakeholder groups, and details of these can be found on pages 20 and 21.

Directors receive specific training including a tailored induction process for new Directors together with an ongoing programme of training on strategic, legal and regulatory developments relevant to the Group's activities, enabling the Directors to comply with their legal duties, including under s172 of the Companies Act 2006.

Investors

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 last year, this programme was 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.

During the year, Helen Stevenson, Chair of the Remuneration Committee, engaged extensively with shareholders and held meetings with a significant proportion of those it approached. For information on the Directors' Remuneration Policy and how we engaged with shareholders, please see pages 89–94.

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.

For more details on how the Board, or specific Directors, have engaged with shareholders, please see our FY23 shareholder engagement cycle, opposite.

Shareholder engagement cycle FY23

Q1
- Full Year 2022 results announcement
- 2022 Annual Report and Accounts
- IR Roadshow in US and Canada
- Investor Roadshow with Chief Executive and Chief Financial Officer following FY22 Results
- Debt investor roadshow with Chief Financial Officer, IR and Treasury in attendance

Q2
- Q1 Trading update
- 2022 AGM
- Investec Conference – Chief Financial Officer and IR investor meetings

Q3
- Half year 2023 results announcement
- Half year investor roadshow with Chief Executive and Chief Financial Officer following HY23 Results
- Debt investor roadshow with Chief Financial Officer, IR and Treasury in attendance
- In-person US roadshow with Chief Executive, Chief Financial Officer and IR Management
- In person Scandinavian roadshow with IR Management
- Initial communication with shareholders in relation to the proposed changes to our Directors' Remuneration Policy

Q4
- Q3 Trading update
- Virtual meetings to discuss the Directors' Remuneration Policy with the Remuneration Committee Chair
- In-person US roadshow in New York with Chief Financial Officer, Chief Operating Officer and IR Management

Understanding our stakeholders continued

Case study: Teach First School Visit

School visit with **Teach First**

In May this year, our Non-Executive Board members Mike McTighe, Helen Stevenson and Rakesh Bhasin visited The John Roan School in London to experience first-hand the excellent work the Teach First Programme is doing, supported by IG Group. More details on Teach First can be found in our ESG section, on page 25.

At The John Roan School, the senior leadership team is taking part in the Leading Together Programme as part of the Teach First initiative and making sustainable changes to their school. During the visit, the Directors had an informative tour of the school, met with the school's leadership team and the representatives from Teach First and Leading Together Programmes. Listening to their story and seeing the school in action, they were impressed by the progress the school had made in recent years.

The day also included an interactive 'speed networking' session alongside IG colleagues, rotating around small groups of sixth-form students to share their career journeys and answer their many, engaging questions. The visit closed with a Q&A session with the Head Teacher and her leadership team to learn more about the history of the school, the impact the Teach First Programme was making with support from businesses like ours, and what next steps in terms of future collaboration may look like.

"The visit was a fantastic opportunity for our Board members to engage with our community and **further strengthened our commitment to this key stakeholder group.**"

Mike McTighe
Chair of the Board

The ESG Committee discussed the inspirational visit, which had provided an insight into how educational institutions play such a key role in the development of young people within our communities, and areas in which IG Group could offer further support, both to Teach First and to other similar partners such as Teach for All.

Case study: Consumer Duty Champion

Andrew Didham as **Consumer Duty Champion**

Andrew Didham became our Non-Executive Consumer Duty Champion during the year. He met with our UK regulator, the FCA, to present our Consumer Duty Implementation Plan alongside management in February 2023, and we received positive feedback. He engaged with our people, specifically the Project Leads with whom he has had active discussions, to provide the independent oversight needed on the client-focused workstreams in his role as Consumer Duty Champion. He also took part in a Consumer Duty Steering Committee meeting in June 2023 in preparation for Consumer Duty coming into effect for our UK regulated entities.

Andrew has extensive experience in the financial services industry and his biography can be found on page 60.

"The client is firmly at the heart of everything we do and as Consumer Duty Champion, I support Mike and June in ensuring that Consumer Duty is embedded in the business and **we, as a Board, are focused on consumer outcomes.**"

Andrew Didham
Non-Executive Director, Chair of the Audit Committee and Non-Executive Consumer Duty Champion

Board Evaluation

Each year, the Board monitors and improves performance by reflecting on the effectiveness and quality of its activities and decisions. Individual and collective performance and the contribution of each Board member is also assessed.

FY23 External Board Evaluation Process
The FY23 Board and Board Committee Evaluation was externally facilitated by Better Boards Limited (Better Boards). Besides the provision of this evaluation, there was no other contractual connection between IG Group or the individual directors and Better Boards. The content of this section of the Governance Report was reviewed by Better Boards in advance of publication, who confirmed its accuracy.

Stage 1 Selection of independent provider	→ Several providers were approached to provide their initial proposals to the Company Secretariat Team. The providers were assessed across a range of criteria, including evaluation, approach and cost → The Board Chair and Company Secretary met with a shortlist of two providers to discuss their proposals and took references on each, before selecting Better Boards
Stage 2 Design of Evaluation Programme	→ Meetings between Better Boards, the Board Chair and Company Secretary took place to discuss and agree programme objectives, design and action plan, which comprised individual interviews and feedback sessions, in addition to an online questionnaire
Stage 3 Board Kick-Off Meeting	→ Better Boards attended the March Board meeting to present the approach, and set the tone for the 2023 Board Evaluation, which was received positively
Stage 4 Board Interviews	→ Better Boards held one-to-one meetings with each Board member and with the Company Secretary to understand their personal views of Board and Committee effectiveness, including any strengths, weaknesses, opportunities and risks
Stage 5 Online Questionnaire	→ All Board Members and the Company Secretary completed a confidential online questionnaire → Better Boards analysed the data and produced both general and individualised reports
Stage 6 Individual Feedback Sessions	→ Each Director met with Better Boards individually to discuss the findings from their personalised reports. The session took the form of a confidential, candid conversation, concluding with a personal action plan
Stage 7 Board Presentation	→ As part of the May meeting cycle, each Board Committee considered the outcome of their respective Committee Evaluation and agreed any actions it wished to take forward → The Board held a dedicated session on the results of the Board Evaluation, facilitated by Better Boards, with active engagement from all members → The Board Chair and the Company Secretary met with Better Boards to discuss next steps to formalise any agreed-upon actions

Board Evaluation continued

Key Insights from the FY23 Evaluation

- Board meetings are well chaired, and the Board understands and appreciates what Board members bring to the Boardroom. This provides a good base to further increase its performance and effectiveness and decision making
- Board Composition scored above average. Some questions were raised as to whether subject matter expertise should be added to the Board on some specialist technical areas, such as cyber security
- The Board and its Committees work well and there is a clear division of responsibilities between the Board, its Committees and executive leadership
- The Board scored particularly highly for establishing the purpose of the organisation, vision and strategy and being united in standing firmly behind them
- Whilst average scores were high, there is opportunity to further discuss the organisation of Board meetings to help the Board in its decision making

Key Actions from the FY23 Evaluation

- Commit and invest to becoming an even higher performing Board and Executive Leadership Team
- Continue to keep Board Composition under review, particularly from D&I and skills perspectives
- Work to better align the Board on the most appropriate level of governance given our strategic direction
- Continue to look at the allocation of the Board's time, especially in terms of our customers and markets as we deploy our diversification strategy

Board Committees

The evaluation of Board Committees found that each remained effective in their support of the Board.

Individual Director Performance

The results of the evaluation, together with individual skills, time commitment and independent assessments confirmed that each Director continues to make positive contributions to the Board and to the Group as a whole.

Chair Performance

The performance of the Chair was evaluated by the Senior Independent Director based on feedback gathered from Board members in a dedicated private session. The result confirmed that Mike McTighe continued to lead the Board effectively and demonstrated strong leadership and direction.

Progress against actions arising from the FY22 internal evaluation

In FY22, an internal evaluation was carried out, facilitated by Lintstock. The review consisted of the completion of performance evaluation surveys. Good progress has been made on the following areas of development:

- **Board dynamics:** The relationship deficit created by the pandemic was addressed during the year with in-person Board sessions held in addition to Board and Committee meetings, including a separate Board strategy session, Board Workshops, periodic briefings from Regional CEOs and a Board offsite in Chicago in November 2022. The Board has also met with our top and upcoming talent, facilitated by the CPO
- **tastytrade acquisition:** A retrospective review of the acquisition was delivered and how it would support our strategy in the future

Nomination Committee Report

Members

- **Mike McTighe**
  Chair of the Committee
- **Wu Gang**
  Committee Member
- **Jonathan Moulds**
  Committee Member
- **Helen Stevenson**
  Committee Member

- Four independent Non-Executive Directors make up our Nomination Committee. Their biographies can be found on pages 58–61
- The Nomination Committee met four times during the year. You can find full details of attendance at Committee meetings on the table on page 64
- The CEO, CPO and CLGO are standing attendees at Nomination Committee meetings

FY23 key focus areas

- CEO Succession Planning
- Executive Committee Succession Planning
- Senior Talent Review

Mike McTighe
Chair of the Nomination Committee

Chair's Overview

I am pleased to present the report of the Nomination Committee for the financial year ended 31 May 2023, to share with you our activities during the year and how we have discharged our responsibilities.

The Nomination Committee ensures that the Board and its Committees are of the appropriate size, composition, balance of skills, knowledge, diversity, experience and independence needed to support the development and delivery of our strategy. We make recommendations on Board succession planning, which includes identifying and recommending suitable candidates as part of business-as-usual succession planning for key roles as well as when a vacancy arises and involving our external search partners to help source candidates based on objective criteria. We are all committed to ensuring that we are a truly diverse organisation in all respects, across gender, social and ethnic backgrounds, cognitive and personal strengths and experience. We also review senior talent and leadership needs to make sure we have succession plans in place to the Board and senior management positions. Securing a diverse pipeline of talent means we can execute the Company's existing and future strategy.

During the year, the CPO supported our continuing engagement with Russell Reynolds Associates, an independent external executive search firm, on the comprehensive CEO Succession Planning process. We have been able to identify potential internal candidates, establish appropriate development plans and monitor progress against those plans. We also began to look beyond the candidates within immediate scope for CEO Succession Planning purposes, to those who may need longer to develop into the role. Nurturing an appropriate pool of candidates in the long term means we'll have prospects for future senior positions.

The Committee remained confident that the structure and composition of the Board of IGGH and the other nested entities and their Committees, as well as the Board of IG US Holdings Inc., provided effective leadership to support our future growth and strategy. Focus during the next financial year will be on developing succession plans for Board members, including the Board Chair and the Senior Independent Director.

Nomination Committee Report continued

Role of the Nomination Committee

The principal 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

The Terms of Reference of the Committee were last reviewed in May 2023 and are available on our website.

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
- CEO Succession Planning and monitoring the development of potential internal candidates considered to have the capabilities, experience and personal attributes required of a future CEO, and
- Succession Planning for the Executive Committee and the output from the senior talent review undertaken by the CPO

Diversity

Details on our diversity and our Diversity Statement can be found in the Diversity Report on pages 32–34. The Board continues to appoint on merit, based on the skills and experience required for membership, while considering 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.

Committee Evaluation

An evaluation of Committee performance was undertaken this year in line with the Committee's Terms of Reference, as part of the external Board Evaluation exercise facilitated by Better Boards, an independent consultancy. You can find details of the Board Evaluation process, outcome and the actions on pages 72–73. Overall, the Committee was considered to be comprised of individuals with the requisite knowledge, skills and experience; to have met with sufficient frequency; to have fully discharged its responsibilities under the Terms of Reference; and to have performed effectively during the year. During the next financial year, the Committee will consider the most effective way to communicate with the wider Board about its activities and key workstreams on succession planning and executive development.

Mike McTighe
Chair of the Nomination Committee
19 July 2023

Priorities for the year ahead

- Continue to monitor progress against development plans for potential internal CEO successors that are underway and commence work on broadening the planned development of the longer-term talent pool
- Commence work on Board Chair, Senior Independent Director and Non-Executive Director Succession Planning
- Continue to monitor Succession Planning at Executive Committee level and ensure that we have the leadership capabilities to deliver the business strategy
- Communicate to the Board on key activities and workstreams during the year

ESG Committee Report

Members

- **Sally-Ann Hibberd**
  Chair of the Committee
- **Malcolm Le May**
  Committee member
- **Helen Stevenson**
  Committee member
- **Rakesh Bhasin**
  Committee member

Sally-Ann Hibberd
Chair of the ESG Committee

- Four independent Non-Executive Directors make up our ESG Committee. Their biographies can be found on pages 58–61
- The Committee met four times during the year. You can find full details of attendance at Committee meetings on the table on page 64
- The Board Chair, CEO, COO, Group Head of ESG, CPO, CLGO 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

FY23 key focus areas

- Oversaw the evolution of the IG Group ESG strategy
- Sought and received insights and feedback from key stakeholders including shareholders to better understand their ESG priorities
- Oversaw a review of the accessibility of IG products and services
- Oversaw the launch and the initial implementation of new client vulnerability processes
- Oversaw the first stages of launching the Financial Freedom Hub
- Oversaw charitable grant-making process

Chair's overview

I am pleased to present the report of the ESG Committee for the financial year ended 31 May 2023, to share with you our activities during the year and how we have discharged our responsibilities.

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. This is the third ESG Committee report, following the Committee's formation in 2020. This year the Committee has continued to take significant steps to ensure principles of responsible and sustainable business are formally embedded across the business.

We are particularly proud of the progress of our vulnerability project, which was launched in FY22 and focuses on developing new tools and systems to identify and support vulnerable clients, putting us at the forefront of client care. In addition, following the findings of an externally facilitated audit into the accessibility of products and services, we have been able to create a strategy for embedding accessibility across the different disciplines. This strategy includes training employees and establishing processes to ensure that accessibility is a consideration in everything that we do, helping us on our roadmap towards a culture of inclusion.

The Committee receives frequent updates on the vulnerability and accessibility projects, which are both integral to help us to meet the needs of our current and future customers. We are also proud of the progress we have made in ensuring that the Group's financial education offering is comprehensive and inclusive. We have achieved this through developing content aimed at those at the very beginning of their journey towards financial freedom – making these available on the Financial Freedom Hub – and also through partnerships with organisations like Teach First.

The Committee has worked closely with our COO, the Executive who is accountable for ESG, as well as our Group Head of ESG and other stakeholders as necessary. The Committee continues to consider the ability of our ESG strategy to reflect our purpose and values. Earlier this year, we evolved the ESG Strategy and governance framework, enabling the Group to position itself as a leader amongst our peers with respect to ESG matters, constantly seeking opportunities to push boundaries and empowering our stakeholders to unlock a brighter future. At each meeting, the Committee reviews progress against agreed metrics under each of the pillars of the ESG strategy – for more details please see our ESG Report on pages 23–36.

ESG Committee Report continued

Throughout the year, the Directors developed their understanding of best practice in areas of responsible and sustainable business by inviting external and internal experts to Committee meetings. These updates on market trends and corporate governance for matters relating to ESG, including within the different jurisdictions in which the Group operates, were delivered with both our internal and external stakeholders in mind, from equity investors, investment advisers, shareholders, and our workforce. We also continued to better understand our exposure to client related risks and ensured that these are considered appropriately in the Group Risk Management Framework.

The Committee has also continued to focus on challenging and supporting the Group in relation to our charitable outreach through Brighter Future initiatives and is particularly proud to have overseen the renewal of our strategic partnerships with Teach First and Teach For All for another three years (see page 25 for more information). In addition, during the year, Directors attended events to learn more about the charity partners that we are supporting around the globe. This included a visit to a Teach First school in the UK, a meeting with the CEO of our Polish strategic partner Women in Technology, and an audience with CEOs from the global Teach For All network. These provided opportunities for the Directors to better understand how we can support their important work (for more information, please see our Teach First Case Study on page 71).

Role of the Committee

The principal roles and responsibilities of the Committee include:

- Advocate and effectively bring greater focus on wider ESG matters within the Company
- Oversight of our ESG strategy and its implementation
- 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
- Oversight of the Brighter Future Fund, the Group's Charitable Giving budget

The Terms of Reference of the Committee, which were last reviewed in May 2023, are available on our website.

Committee Evaluation

An evaluation of Committee performance was undertaken this year in line with the Committee's Terms of Reference, as part of the external Board Evaluation exercise facilitated by Better Boards. I am pleased to report that the results for the Committee were very positive, and details of the Board Evaluation process, outcome and the actions can be found on pages 72–73.

Sally-Ann Hibberd

Sally-Ann Hibberd
Chair of the ESG Committee
19 July 2023

Priorities for the year ahead

- Oversee implementation and rollout of the new strands of the ESG strategy, including the metrics and KPIs by which IG will be measured
- Continue to receive input on ESG insights and trends, and listen to the perspective of key internal and external stakeholders, ensuring we have visibility of the ever-developing regulatory environments and best practice around the world, and how these relate to IG
- Scrutinise and support IG's Brighter Future Fund grant making to ensure it remains on track to meet the ambitious target of supporting 1 million people by 2026. This includes, for example, supporting Teach First's initiative to get 200 head teachers into the schools serving socioeconomically challenged communities across England in the next three years
- Communicate to the Board on key activities and workstreams during the year

Audit Committee Report

Members

- **Andrew Didham**
  Chair of the Committee
- **Rakesh Bhasin**
  Committee member
- **Malcolm Le May**
  Committee member
- **Susan Skerritt**
  Committee member
  (appointed 1 March 2023)

Andrew Didham
Chair of the Audit Committee

- Four independent Non-Executive Directors make up our Audit Committee, including individuals with recent and relevant financial experience. Their biographies can be found on pages 58–61
- The Committee met six times during the year, including an ad hoc meeting on tastytrade acquisition accounting in July 2022 and a joint meeting with the Board Risk Committee in September 2022. You can find full details of attendance at Committee meetings on the table on page 64
- The Board Chair, CFO, CEO, CLGO, Global Head of Internal Audit and representatives from the External Auditor, PricewaterhouseCoopers LLP (PwC), attend Committee meetings by standing invitation
- Committee members also meet separately with the Global Head of Internal Audit and the External Auditor at various points in the year so that any issues or concerns may be raised freely to the Committee without management present

FY23 key focus areas

- Internal controls over Financial Reporting
- tastytrade cash generating unit (CGU) impairment testing
- Privileged Access Management

Chair's Overview

I am pleased to present the report of the Audit Committee for the financial year ended 31 May 2023, to share with you our activities during the year and how we have discharged our responsibilities.

In my third report as Committee Chair, I am delighted to introduce Susan Skerritt as a Committee Member. Susan joined the Committee on 1 March 2023, adding to her existing Non-Executive responsibilities as a member of the Group Board and Board Risk Committee, and as a Non-Executive Director of the IG US Holdings Inc. Board. With her extensive experience in financial services and the US markets, her appointment further enhances our diversity of skills, experience and thought.

As a Committee, we remained focused on the oversight of financial reporting and the surrounding control environment throughout the year.

I am pleased to report that significant progress has been made in improving the control environment for Privileged Access Management and client money and assets during the year, both of which were key focus areas in last year's report. We continue to closely monitor accounting matters related to the tastytrade CGU, as well as the ongoing integration of internal control processes for the tastytrade business.

During the year, I visited Chicago and Krakow to better understand the financial reporting and other internal controls operated in these locations.

We remain alert to regulatory and legislative developments for matters under our remit. Our annual update from PwC focused on FRC Corporate Reporting updates and on the proposals and timelines for UK Government's Corporate Reform package. Despite some of the uncertainties around the scope and timeframes of the reforms, we are looking closely at internal controls over financial reporting given its importance and we received updates from management throughout the year on our plans. Together with the Board, we are focused and reviewing and reacting to the recent FRC consultation on revisions to the UK Corporate Governance Code and publication setting out the minimum standards for Audit Committees.

Audit Committee Report continued

We continue to work well with other Board Committees, and once again held a joint meeting with the Board Risk Committee in September 2022 to review and discuss matters common to both Committees, including risk and internal controls. This included: Privileged Access Management, the Risk Acceptance Framework, and the review of financial and regulatory capital forecasts in preparation for our first ICARA and Wind Down Plans under the IFPR Regime. There is a helpful level of cross-committee membership, with Susan Skerritt and I both being Board Risk Committee Members.

As we look forward to FY24, the Committee will continue to focus on Internal Controls over financial reporting and the further integration of the tasty business. The Internal Audit function will also undertake its five-yearly External Quality Assessment which I look forward to reporting on in my next report.

Role of the Audit Committee

The Committee's principal responsibilities are to:

Financial reporting

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

Control environment

- Monitor the effectiveness of the Internal Audit function
- Monitor the effectiveness of our control environment, including performance of our IT systems, and via Internal Audit reports
- Oversee the systems and controls relating to the holding and management of client money and assets
- Review and approve whistleblowing arrangements
- Provide oversight over the risk-based system for the governance, operation and maintenance of the Group's legal entities

External Auditor

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

The Terms of Reference of the Committee were last reviewed in May 2023 and are available on our website.

Audit Committee Report continued

Main activities during the financial year

Financial reporting

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

- Assessed the quality and acceptability of accounting policies and practices used by management and concluded that they were appropriate
- Concluded that disclosures were clear and compliant with financial reporting standards and relevant financial and reporting requirements
- Considered material areas in which significant estimates have been applied or discussed with the External Auditor. The details of the primary areas of significant estimates and disclosure in relation to the Financial Statements for FY23 are set out on pages 131–189
- Reviewed announcements and Financial Statement for full and half-year results and recommended them to the Board

Our other key activities are outlined below:

	Committee Activity	Outcome
Going concern and long-term viability The Directors are required to make a statement in the Annual Report as to the going concern and longer-term viability of the Group. The Committee is required to review the processes to support the assessment and determination of the principal risks that may have an impact on our solvency and liquidity.	→ Evaluated reports from management that set out the view of the Group's going concern and longer-term viability. These reports detailed the outcomes of stress tests after applying multiple scenarios to determine how we were able to cope with deterioration in liquidity profile or capital position → Considered, along with the Board Risk Committee, the ICARA underpinning the firm's capital and liquidity adequacy appraisal	→ Agreed to recommend the Going Concern and Viability Statement to the Board for approval, taking into account the assessment by management of stress-testing results and risk appetite
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.	→ Reviewed a report from management setting out the key assumptions used in the impairment review of the goodwill balance and an associated sensitivity analysis, including the support provided by an independent external valuation agency in valuing the tastytrade CGU as part of the annual goodwill impairment testing → Considered the work of the External Auditor on goodwill and intangible assets	→ Concluded that there should be no change to the recorded carrying value of the goodwill and other intangible assets, based on the assessment performed → 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 and to reconcile them to the closest UK-adopted International Accounting Standards measures.	→ Discussed the alternative performance measures included within the Annual Report → Received an update from PwC on recent accounting developments including findings from the FRC Annual Review relating to alternative performance measures as part of its May meeting	→ 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

Audit Committee Report continued

	Committee Activity	Outcome
Tax provisions Calculating the Group's corporation tax charge involves a degree of estimation and judgement, as the tax treatment of certain items cannot be finally determined until 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.	→ Reviewed a report from management that detailed the assumptions made in calculating the Group's corporation tax charge and provisions. Our External Auditor also provided commentary to the Committee on this → Reviewed our Group Tax Risk Management Policy, Tax Strategy and Tax Governance Framework	→ Concluded that the corporation tax charge and provisions recorded were appropriate and complete → Recommended the Group Tax Risk Management Policy and Tax Strategy for Board approval → Approved the Tax Governance Framework
Fair, balanced and understandable The Board is required to provide its opinion on whether it considers that the 2023 Annual Report, taken as a whole, is fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.	→ Reported on the preparation of the FY23 Annual Report with the Board, having assessed the quality of reporting through discussion with management and the External Auditor	→ Advised the Board that the Company's FY23 Annual Report is fair, balanced and understandable, following its review

Control environment

Other matters addressed by the Committee included focus on the effectiveness of our control environment and performance of our IT systems, and on the Internal Audit, including the objectivity and independence of Internal Audit personnel. Our main activities are summarised below:

	Committee Activity	Outcome
Risk management and internal control The Committee is required to assist the Board in the annual review of the effectiveness of our Risk Management Framework and internal control systems.	→ Received a report from the Board Risk Committee on the overall effectiveness of the Risk Management Framework and internal control systems, including an assessment of risks that might threaten our business model, future performance, solvency or liquidity → Particular focus was given to the control environment during the year in respect of Corporate Actions and Privileged Access Management, where the Committee received regular updates from management regarding the positive progress made in these areas against agreed action plans → Reviewed the associated disclosures within the Accountability section of the Governance Report in this Annual Report	→ Agreed to recommend to the Board the Annual Report statements relating to the effectiveness of the Risk Management Framework and internal control systems

Audit Committee Report continued

	Committee Activity	Outcome
Internal Audit The Committee is required to oversee the performance, resourcing and effectiveness of the Internal Audit function.	→ Monitored the effectiveness of our Internal Audit function in the overall context of our internal controls and risk management systems → Reviewed the risk-based Internal Audit plan → Monitored management's responsiveness to Internal Audit findings → Reviewed Internal Audit reports and themes arising from them → Reviewed the performance of the Internal Audit function against the plan, including the results of an internal self-assessment → Reviewed the Internal Audit Charter → Reviewed the Internal Audit Scorecard to feed into the FY23 variable remuneration for individuals in the function	→ Approved the risk-based audit plan → Concluded that Internal Audit function supports the work of the Committee and remains effective, efficient and robust, with appropriate processes → Considered the function to have sufficient resources to deliver its proposed audit plan → Approved the Internal Audit Charter → Recommended the Internal Audit Scorecard as proposed to the Remuneration Committee
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.	→ Monitored the effectiveness of the control environment relating to client money and assets and received, via periodic reporting from management and the Client Money and Assets Committee → Considered the report from the External Auditor on the client money control environment and operations → Received reporting on the control environment of Corporate Actions	→ Reviewed the control environment at both Group and entity level → Concluded that the control environment remained effective
Whistleblowing The Committee considers the adequacy of our arrangements by which employees may in confidence raise concerns about improprieties in matters of financial reporting or other matters.	→ Received periodic reporting from management on the Group's whistleblowing arrangements, including Group and local policies and employee training	→ Concluded that whistleblowing processes were operating effectively during the period under review and that the Whistleblowing Policy remained fit for purpose
Legal entity governance To aid with its review of corporate governance, the Committee has received support from the CLGO and Group Company Secretary, whose Legal Entity Governance Committee (LEGCO) has provided oversight over the risk-based system for the governance, operation and maintenance of the Group's legal entities.	→ Received periodic reporting from the LEGCO on the work that had been undertaken during the year to review legal entity governance globally, including the Legal Entity Governance Refresh Project, Delegated Authority and Approvals Framework (DAAF) and Global Legal Entity Governance Policy	→ Recommended the DAAF for Board approval → Approved the Global Legal Entity Governance Policy

Audit Committee Report continued

External Auditor

Our main activities are summarised below:

	Committee Activity	Outcome
Oversight of External Auditor The Committee is required to oversee the work and performance of PwC as External Auditor, including the maintenance of audit quality during the period.	→ Met with the key members of the PwC audit team to discuss the FY23 audit plan and areas of focus → Assessed regular reports from PwC on the progress of the FY23 audit and any material issues identified → Debated the draft audit opinion ahead of the FY23 year end. The Committee was also briefed by PwC on critical accounting estimates, where significant judgement was needed	→ 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 CGU → More information on the Committee's role in assessing External Auditor performance, effectiveness and independence of can be found on page 84
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.	→ Reviewed and approved a recommendation from management on the Company's audit and audit-related fees during the year	→ Concluded that the FY23 audit and audit-related fees are appropriate. A breakdown of audit and non-audit related fees is in note 5 to the Financial Statements on page 148
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.	→ Reviewed all arrangements for non-audit fees. Fees in relation to permitted services below £0.05 million are deemed pre-approved by the Committee and are subject to the approval of the CFO. Fees above £0.05 million must be approved by the Committee, through the Committee Chair → Received an explanation from PwC of its own in-house independence process → Received confirmation from management that there were no exceptions to fee limits and approval processes, per the policy, during the year	→ Approved arrangements for non-audit fees. During the year, non-audit fees of £0.2 million were paid to PwC, as discussed in note 5 to the Financial Statements

External Auditor Effectiveness

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

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

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

External Auditor Reappointment

External audit services were last tendered in FY20, where PwC was reappointed following a competitive tender process. PwC has been our External Auditor for 13 years. The FY23 audit was led by Carl Sizer. Under the partner rotation rules set out in the applicable ethical standards, his final year as partner will be 2025, after five years of service. The Company has complied with the provisions of the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review.

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

Following our assessment of the effectiveness of the External Auditor, the external audit process and their independence and objectivity, the Committee recommends that the Board propose the reappointment of PwC for shareholder approval at the Company's 2023 AGM.

There are no contractual obligations restricting choice of External Auditor.

Committee Evaluation

An evaluation of Committee performance was undertaken this year in line with the Committee's Terms of Reference, as part of the external Board Evaluation exercise facilitated by Better Boards, an independent consultancy, and I am pleased to report that the results for the Committee were very positive. Details of the process, outcome and the actions can be found on pages 72–73.

Andrew Didham
Chair of the Audit Committee
19 July 2023

Priorities for the year ahead

- Monitoring management's response to the proposed reforms to corporate reporting and associated internal controls
- Ensuring the Committee meets the finalised requirements of the FRC concerning minimum standards for Audit Committees
- Overseeing an external assessment of the firm's Internal Audit arrangements
- Continuing to focus on the tastytrade Cash-Generating Unit as part of goodwill impairment testing

Board Risk Committee Report

Members

- **Jonathan Moulds**
  Chair of the Committee
- **Andrew Didham**
  Committee member
- **Wu Gang**
  Committee member
- **Sally-Ann Hibberd**
  Committee member
- **Susan Skerritt**
  Committee member

- Five independent Non-Executive Directors currently make up our Board Risk Committee. Their biographies can be found on pages 58–61
- The Board Risk Committee met eight times during the year, including a joint meeting with the Audit Committee in September 2022. You can find full details of attendance at Committee meetings on the table on page 64
- The Board Chair, Executive Directors, Chief Risk Officer (CRO), Chief Compliance Officer (CCO), CLGO and the Global Head of Internal Audit attend Committee meetings as standing attendees

FY23 key focus areas

- ICARA and Wind Down Plan
- Consumer Duty Implementation Plan

Jonathan Moulds
Chair of the Board Risk Committee

Chair's Overview

I am pleased to present the report of the Board Risk Committee for the financial year ended 31 May 2023, to share with you our activities during the year and how we have discharged our responsibilities.

This is my fifth report as Committee Chair and I continue to work proactively and collaboratively with the Risk and Compliance teams and hold them to account to ensure we uphold the highest standards for our clients and our business. Our Committee remains focused on providing important oversight and advice to the Board, particularly for a business like ours with the range of risks we face, and always with our clients in mind. We understand how important it is to review the key current and emerging risks faced by our business, and this is reflected in our Committee agenda.

As a business, this year we have continued to demonstrate the robustness of our Group Risk Management Framework. In light of ongoing heightened risks globally, including interest rate rises and geopolitical instability, we continue to closely monitor and adapt to changes in the regulatory landscape, such as the introduction of Consumer Duty in the UK, as well as those further afield, particularly those relevant to the tasty business in the US. Our focus on good client outcomes, resilience and our control infrastructure have meant that we are well placed to respond positively to new challenges and developments and have seen limited manifestation of risk, but we continue to be alert to developments. There is more information on our Risk Management Framework in the dedicated Risk section on page 48.

I can report that the Risk function, headed by the CRO, continues to embed a holistic approach to risk management. We link risk reporting to the key risks facing our business through the Risk Taxonomy and Key Risk Indicators in line with our Risk Appetite Statement and Risk Management Framework, which we review on an annual and continuous basis.

Board Risk Committee Report continued

The business continues to embed the operational risk management systems into the business, with strong stakeholder engagement that encourages a culture of event reporting. This year, we have had extensive discussions with management on the operational risk scenario analysis and modelling for our first ICARA.

Operational risk remains a key focus for us as a Committee and we review the framework to ensure it is aligned with our diversification strategy. We also act as an escalation point for significant operational risk events and provide guidance as needed.

Our inaugural ICARA, with its focus on identifying and managing potential harm to clients, the markets and the Group itself, along with the Wind Down Plan, were key focus areas this year. We received detailed management reporting throughout the year, including at our annual Risk Workshop in October 2022, where we also welcomed presentations from external advisers. We reviewed and recommended the ICARA and Wind Down documents to the Board in November 2022, which have since been reviewed by the FCA in 2023 as part of its SREP, I commend the team's hard work on delivering our first ICARA as we await the outcome of the SREP.

The Compliance function, headed by the CCO, has provided those of us on the Committee with regular reporting of second-line compliance assurance activity, details of regulatory change both in the UK and abroad, and the assessment of key financial crime controls, with a focus on the detection and prevention of market abuse.

Consumer Duty has also been discussed in detail at the Committee this year, following delegated the authority from the Board to oversee management's compliance with this principle. We have received regular updates on the Consumer Duty Implementation Plan throughout the year and as we approach the 31 July 2023 implementation date, I ensure that the Board is kept updated as appropriate. One of our Committee Members, Andrew Didham, has been appointed the Non-Executive Consumer Duty Champion as part of our Consumer Duty preparations.

We have continued to receive third-line reporting and assurance from Internal Audit focused on the state of the Risk Management Framework, particularly for operational risk, and are pleased to report continued improvements as it becomes embedded further.

As with last year, we held a joint meeting with the Audit Committee to review and discuss matters common to both Committees. This year, we reviewed together the financial and regulatory capital forecasts in preparation for the ICARA and received a Privileged Access Management update from IT.

As we look forward to FY24, we, as a committee, will continue to constructively challenge management and hold them to account on the robustness of our risk management, internal controls and compliance framework, and their ability to remain fit for purpose and continue to keep pace with the strategic ambitions of the Group.

Role of the Board Risk Committee

The Committee's principal responsibilities are to:

- Provide oversight and advice to the Board in relation to our current and potential future risk exposures and future risk strategy including how we determine our risk appetite and tolerance, and how we consider the current and prospective macroeconomic and financial environment
- Review the design and implementation of our general Risk Management policy and measurement strategies
- Conduct a risk assessment of any proposed strategic transaction, focusing on implications for the risk appetite and risk tolerance of the Group, taking independent external advice where appropriate
- Consider and regularly review 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
- Carry out a robust assessment of our emerging and principal risks
- Review our ICARA and Wind Down Plans and recommend them to the Board
- Monitor effectiveness of the financial crime framework and receive an annual report from the Anti-Money Laundering Reporting Officer on the operation and effectiveness of IG's Anti -Money Laundering and Countering Terrorist Financing controls
- Oversee management's preparation for FCA's Consumer Duty regulation and compliance following its implementation on 31 July 2023
- Periodically review the design of the Group's corporate insurance cover against current and future risks and review the insurance renewal terms to recommend to the Board
- Provide advice to the Remuneration Committee on the alignment of the Remuneration Policy to risk appetite and annually review remuneration-related risks
- Monitor the adequacy and effectiveness of resources within Risk and Compliance functions
- Review the Group's exposure to climate-related risks and opportunities to monitor trends and consider whether such risks should be considered principal risks

The Terms of Reference of the Committee were last reviewed in May 2023 and are available on our website.

Board Risk Committee Report continued

Main activities during the financial year

Risk Management Framework (RMF) and Risk Appetite Statement (RAS)

→ Reviewed and recommended updates to the RMF and RAS for Board approval during the year, including those to incorporate IFPR and Consumer Duty

→ Received periodic reporting from Internal Audit on their opinion on the RMF in September 2022 and March 2023

Current and Emerging Risks

→ Reviewed reporting on current and emerging risks facing the business, grouped by type (Regulatory, Commercial, Business Model, Conduct & Operational) and rated by severity, in September 2022 and March 2023

ICARA and Wind Down Plan

→ Reviewed management's preparations for our first ICARA and Wind Down Plan documents, including: capital and liquidity projections, Business Model Risk Internal Assessment, stress testing, and operational risk scenario analysis in July, September and October 2022. ICARA was a key topic for this year's Risk Workshop in October 2022, with presentations from third party advisers. Third party assurance on IG's Operational Risk scenario analysis and modelling was also received in November 2022

→ Recommended the ICARA and Wind Down Plan for Board approval in November 2022

Operational and Technology Risk

→ Reviewed periodic updates on Operational Risk, in September 2022 and March 2023, which included an analysis of operational risk data to identify high risk areas within the Group, deep dives into top five risks, and a holistic summary of operational risk events data

→ Considered management's annual Operational and Technology Risk Framework Review in January 2023, which incorporated external benchmarking data

Other Risk Matters

→ Considered a report on Model Risk in November 2022

→ Reviewed an update from Management on Conduct Risk matters in March 2023 and an annual report on Remuneration Risks in May 2023

→ Received a report from the CRO on Risk and Compliance Resourcing in May 2023

Effectiveness of Risk Management Framework and Systems of Internal Controls

→ Reviewed the CRO's annual assessment of the effectiveness of the Risk Management Framework and Systems of Internal Control for recommendation to the Audit Committee in May 2023

New Strategic Initiatives

→ Reviewed the impact of Digital Assets on Group Risk Appetite in July 2022 and approved the launch of Digital Wallet Phase 1 from a risk perspective in October 2022, as well as its overall approval following a delegation of authority from the Board

Consumer Duty

→ Monitored management's preparation for Consumer Duty requirements throughout the year, receiving frequent updates from the Consumer Duty Project. The annual Risk Workshop in October 2023 included a presentation from external counsel on Consumer Duty

Financial Crime

→ Received a Financial Crime update, including Market Abuse and Anti-Money Laundering, in November 2022

→ Recommended the MLRO Report for the 2022 calendar year to the Board in March 2023

Product Governance

→ Reviewed Compliance's annual Product Governance Update in November 2022, which included a new section on Consumer Duty and its link to Product Governance

Other Compliance Matters

→ Reviewed reporting on Conflicts Management in September 2022 and March 2023, which included updates on the Group-wide Conflicts Management Framework

→ Reviewed management's annual compliance assessment of material breaches in November 2022

→ Recommended management's action plan in response to the FCA's 'Dear CEO' Letter to all firms in its CFD portfolio to the relevant regulated UK Boards in January 2023

→ Received a Key Global Regulatory Update in March 2023

→ Received a Transaction Reporting Update in March 2023, given the volume of transactions we report

→ Approved changes to the Compliance Framework in March 2023

→ Recommended the FY24 Compliance Monitoring Programme to UK regulated entity Boards in March 2023

Board Risk Committee Report continued

Main activities during the financial year (continued)

Operational Resilience

→ Received periodic reporting in September 2022 and March 2023 on progress towards the milestones established in response to the FCA's Operational Resilience Policy in the UK and management's preparations for the Digital Operational Resilience Act (DORA) in Europe

Culture

→ Reviewed Culture Risk Dashboard reporting covering client, IT, regulatory and people outcomes and conduct more broadly, and the progress being made to attain the aspired culture across the business in July 2022 and January 2023

Insurance

→ Reviewed the adequacy of our Global Insurance Programme in November 2022 and January 2023 for recommendation to the Board

Committee Evaluation

Following this year's Committee performance evaluation, I am pleased to report that we had very positive results. The evaluation was in line with the Committee's Terms of Reference, as part of the external Board Evaluation exercise facilitated by Better Boards, who are an independent consultancy. You can find details of the process, outcome and the actions on pages 72–73.

Jonathan Moulds
Chair of the Board Risk Committee
19 July 2023

Priorities for the year ahead

→ Address any actions that may arise from the SREP

→ Consumer Duty implications in the UK and beyond

→ Further integration of the tasty business into risk management, internal control systems, and into Risk and Compliance reporting

→ Environmental risks, including climate risks

Directors' Remuneration Report and Policy

Members

→ **Helen Stevenson**
Chair of the Committee

→ **Andrew Didham**
Committee member

→ **Jonathan Moulds**
Committee member

→ **Mike McTighe**
Committee member

→ **Sally-Ann Hibberd**
Committee member

Helen Stevenson
Chair of the Remuneration Committee

→ Five independent Non-Executive Directors make up our Remuneration Committee. Their biographies can be found on pages 58–61

→ The Remuneration Committee met nine times during the year, including four ad hoc meetings to discuss the Directors' Remuneration Policy. You can find full details of attendance at Committee meetings on the table on page 64

→ The CEO attends the Committee meetings by invitation. The Company Chair is a member of the Committee although the Company Chair and CEO do not attend or take part when matters relating to their own remuneration are discussed. The CPO, Head of Reward, CLGO, and representatives from other areas of the business, including from Risk and Compliance, attend the Committee meetings by invitation as appropriate to the matter under consideration. Deloitte are independent advisers to the Committee

FY23 key focus areas

→ Review of the Directors' Remuneration Policy, to better support the delivery of our long-term diversification strategy, including engaging with shareholders

→ Consideration of Company Share Plans including the introduction of a new, global all-employee share plan

→ Review of employee pay arrangements in light of the ongoing cost of living challenges

→ Finalisation of the implementation of changes to remuneration arrangements following the implementation of the IFD/IFPR

Contents

Chair's Overview

I am pleased to present the Directors' Remuneration Report for the year to 31 May 2023. This report includes our new Directors' Remuneration Policy (Policy), details of remuneration arrangements in respect of the year to 31 May 2023 and a summary of how we intend to apply the Policy during the year to 31 May 2024.

IG has made excellent progress in terms of our performance this financial year, delivering a fourth consecutive year of record revenues and continuing to make good progress on the Company's strategy of diversification. The market backdrop was very different than in recent years, with volatility returning to what seems to be more 'business as usual', and interest rates and inflation both rising significantly over the past 12 months. Our client base of active traders have continued to trade across our product offering, throughout all market conditions.

On top of this, IG has been able to pivot certain areas of the business to take advantage of the rising interest rates environment, attracting larger client balances to our platforms. Our overall strategy remains unchanged, but our agility as a business allows us to take advantage of opportunities when they arise.

On a Group level, total active clients were slightly down, as acquisition became more challenging in a high inflation environment. Our priority areas for diversification delivered excellent revenue growth. tastytrade was able to take advantage of rising interest rates, generating significant interest income in the year. tastytrade also launched their first major brand campaign, delivering strong web traffic, search interest and improved brand awareness. Our US OTC business grew strongly, gaining significant market share and Spectrum also delivered a record performance, whilst onboarding additional third-party brokers and issuers to support future growth. It's within this context that the Committee has reviewed and assessed Remuneration-related matters.

This is my third year as Committee Chair, and my goal continues to be to ensure that remuneration supports, and is in alignment with, IG's evolving business strategy and organisational structure. One of the primary points of focus for the Committee this year has been to review and revise the Directors' Remuneration Policy, which we will be submitting to shareholders for approval at the 2023 AGM. The focus on the review has been on ensuring the Policy, in particularly variable incentives, supports the delivery of our long-term diversification strategy, and that it appropriately incentivises Executive Directors to deliver enhanced performance. We have consulted extensively with shareholders in this process and I am grateful for their time and engagement.

The Committee has continued to monitor our approach to employee remuneration, especially in light of the political, economic and social difficulties our people may have experienced over the past 12 months. The Committee continues to believe our employee remuneration is appropriate. More details about how the Committee has considered remunerating the wider workforce is included below.

The Committee continues to work proactively and collaboratively with the other Board Committees, with each Committee Chair being a member of the Remuneration Committee, to allow oversight and integration. In addition, the Chief Risk Officer is requested to provide, at least, quarterly updates to the Committee. Following each Committee meeting, I provide a comprehensive update to the Board, in which I describe the proceedings of the Committee meeting and make recommendations to the Board as appropriate. This also ensure that each of the non-Committee members are kept up to date on key remuneration matters.

Role of the Committee

The Committee's principal responsibilities are to:

- 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 Terms of Reference of the Committee were last reviewed in May 2023 and are available on our website.

Main activities during the financial year

During the year, the Committee's key activities included:

- Reviewing the Directors' Remuneration Policy to ensure it betters supports the diversification strategy, receiving feedback from investors, and incorporating stakeholder views into the Policy being put to shareholders for approval at the upcoming AGM
- Reviewing the Directors' Remuneration Report published in the FY22 Annual Report and Accounts
- Reviewing the fee for the Company Chair and Executive Directors' remuneration for FY24
- Reviewing performance against targets for the FY22 Sustained Performance Plan (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 FY23 SPP, including agreeing the non-financial metrics
- Reviewing remuneration-related risks, remuneration of Material Risk Takers and gender pay gap reporting
- Reviewing developments in market practice and corporate governance relating to remuneration
- Reviewing of Company Share Plans

Incentive outcomes for FY23

The SPP for the 2023 financial year operated in line with the Policy. The SPP award FY23 was based on three metrics: adjusted earnings per share (EPS) (55% weighting), relative Total Shareholder Return (TSR) (25% weighting) and non-financial measures (20% weighting). Adjusted EPS performance for FY23 was 94.7 pence, which was between target and maximum vesting and our TSR over the period 1 June 2020 to 31 May 2023 was just above median compared to the FTSE 250 (excluding investment trusts).

Non-financial performance during the year was measured and assessed against agreed targets which comprise measurable performance of strategic projects and initiatives that drive our longer-term diversification and strategic direction, the development and conduct of our people, client-focused initiatives, and key ESG measures. IG takes its responsibilities around ESG matters very seriously and considers ESG to be an investment in its intangible assets which are critical to its long term sustainability. Rather than have ESG as a standalone component, the key ESG KPIs are integrated into the non-financial performance component of reward. Over the year, the Group made very strong progress in implementing its strategic plans across the individual parts of the business (including excellent progress surrounding tastytrade). Employee engagement scores increased versus FY22 and remain well above our external benchmark, with the Group also continuing its strong progress to achieving its female representation target. In terms of client-focused initiatives, our customer satisfaction metrics have shown positive direction of travel (particularly NPS), with strong progress made on initiatives surrounding customer retention and conversion. From a social and environmental perspective, the Group maintained its carbon neutral status, continued to improve accuracy of reporting on emissions and met internal delivery targets for our accessibility and vulnerable client initiatives. Overall, the Committee is of the view the non-financial performance over the year has been excellent and, after careful assessment of measurable outcomes, the Committee judged that non-financial performance was 96% of maximum.

Based on the above, the outcome of the SPP award for FY23 was calculated at 73.55% of maximum. The Committee considered that this outcome is reflective of overall business performance over the period and no discretion has been applied to the formulaic outcome. This award will be granted following the announcement of results for the year and will be 30% in cash at that point, 20% in share options released in July 2026, and 50% in share options released in July 2027.

Directors' Remuneration Policy review

In line with the normal three-year cycle in the UK, our Policy will be subject to shareholder vote at the 2023 AGM. In advance of this, the Committee has spent significant time reviewing the Policy and its implementation, to ensure it supports the delivery of our long-term diversification strategy, that it appropriately incentivises Executive Directors to deliver enhanced performance whilst having regard to views of shareholders and other stakeholders and ensuring consistency and compliance with the Company's risk management policies. The focus of the review has been on the variable incentives, with the rest of the Policy, in the view of the Committee, remaining fit for purpose.

IG launched its strategy in May 2019 with the aim of expanding and diversifying the revenue base of the Company to enable growth in new markets and drive long-term shareholder value. This is to be achieved by growing key geographies, particularly the US and Japan and by expanding into retail trading markets adjacent to our 'flagship' OTC derivatives business, primarily exchange-traded derivatives and stock trading and investments. In terms of the former, the US represents the single biggest market opportunity for the Group and Japan still has room to expand, in addition to the significant growth we've already achieved in the earlier phase of the strategy. The targeted product markets play to the traditional strengths of the Group in technology, trading and trading products, and risk management. The Group is making steady progress against the strategy, including the delivery of the Significant Opportunities programme (a year ahead of schedule in 2021) and the acquisition of tastytrade in June 2021. Whilst we continue to make progress on implementing this strategy, the majority of our business remains driven by our Core Markets+ segment (businesses in which IG is well established, including our OTC derivatives businesses outside of the US and Japan). By diversifying our revenue streams by geography and product we aim to promote further long-term growth as well as mitigating the regulatory risk exposure of the Group by reducing the dependence on an individual product or region.

The SPP was originally introduced in 2013, and then updated in order to comply with the UK Corporate Governance Code in 2020 as part of that policy review. In this current review of our Director's Remuneration Policy, the Committee again carefully considered whether the SPP continues to be to appropriate to support the execution of our evolving strategy or whether an alternative structure would be more appropriate. We have also given careful consideration to the retentive power of the plan, as that is an important objective, as well as the competitiveness of the arrangements, as we compete for the best talent in the market to lead the Company.

Given where we are in the evolution of the business, with the majority of the Group's revenue continuing to be exposed to market volatility, target setting remains a challenge as it does for all our competitor peer set. Consequently, the Committee believes that the overall framework on the SPP continues to be appropriate for the business. The SPP is a simple structure, which supports dynamic target setting in volatile markets, it creates alignment with shareholders through a significant interest in shares, incentivises executives to deliver progress against strategic milestones and to deliver annual profit performance.

Changes to the SPP

As part of the review, the Committee considered whether any modifications should be made to the operation of the SPP in order to further support the delivery of our long-term diversification strategy and the creation of sustainable, long-term shareholder value. The outcome of this review is that the following changes are proposed to the SPP from FY24 onwards:

- **Alignment of TSR with market practice and increase in the weighting on TSR**
  Currently TSR performance is assessed at the end of the plan year by using a trailing three year basis (i.e. the three-year period ending at the conclusion of the plan year) relative to the FTSE 250 (excluding investment trusts). Going forwards, it is proposed that we move to assess TSR based on future performance, in line with market practice, such that the period for measurement incorporates the three-year period commencing at the start of the plan year. Performance will be assessed based on the performance in the plan year and the two years after the plan year, effectively introducing a long-term award component to the SPP. The Committee believe that the switch to a more conventional, future years, approach to TSR places greater emphasis on the delivery of the diversification strategy over future years and also aligns management with the future shareholder experience, better rewarding participants for their actions in changing the shape of the business. In order to fully align participants with the shareholder experience over the three-year performance period, the element of the award subject to TSR performance (which is delivered fully in shares) will be granted at the start of the plan year (i.e. the start of the performance period). It is also proposed that the weighting on TSR will be increased to 30% (from 25% currently), in order to increase the focus of the SPP on long-term performance and to further incentivise the creation of shareholder value.

  In order to manage the transition between the current approach and the proposed approach to ensure that performance in interim years is fairly and proportionately rewarded, for FY24 only we plan to split the assessment of TSR performance such that half (15% of the overall award) is assessed on the current basis (i.e. trailing basis looking at FY22 to FY24) and the remaining award (15% of the overall award) is assessed incorporating future years (i.e. FY24 to FY26). For FY25 onwards, TSR will be assessed using the new approach of looking at future years only as outlined above

- **Introduction of a revenue diversification metric**
  To further support the delivery of the Group strategy, it is proposed that a 'revenue diversification' metric will be included as part of the SPP, with a 20% weighting. This metric will provide a direct incentive for management to grow revenues beyond our traditional revenue base. Increasing the proportion of our business from new geographies and products will give the Group exposure to a wider range of revenue drivers and profit pools, which will facilitate the creation of long-term, sustainable shareholder value. The diversification of the Group will, of course, continue to be aligned with the Group's long-term strategic plan agreed by the Board. The following revenue streams, which represent significant strategic growth opportunities for the Group,

will be included when setting the annual target for FY24:

- IG's US business (all products)
- IG's Japanese business (all products)
- Non-OTC revenue streams in all other geographies

The revenue diversification metric will be set annually in the context of the Board-approved four-year plan and will be set as an absolute £m target not a proportion of overall Group revenue. Revenue streams included within the metric will be reviewed every year to ensure that they remain appropriate and that the most relevant business units for diversification are targeted.

The revenue diversification metric will include an underpin to provide additional safeguards to ensure that revenue growth in these areas is sustainable and not at the expense of long-term profit margins or earnings. As part of its assessment of the formulaic outcome following year end, the Committee will consider performance in a number of additional metrics in order to satisfy itself that revenue growth in these areas has been sustainable and in the long-term interests of shareholders. Based on this assessment, the Committee will retain discretion to modify the formulaic outcome if considered appropriate. Additionally, the current focus is on organic growth, however, should any M&A occur which was not included when targets were set, then targets will be adjusted appropriately.

The performance metrics for the FY24 award are therefore: 30% Relative TSR, (measured on both a trailing basis and with reference to future years), 30% Adjusted EPS, 20% revenue diversification; and 20% non-financial measures.

The overall payout profile of the scheme (i.e. when awards are released to participants) remains unchanged from the current approach:

→ 30% released in cash following the plan year;

→ 20% in shares after year 4 (subject to an additional six-month retention period in line with the regulatory requirements under the IFPR); and

→ 50% in shares after year 5

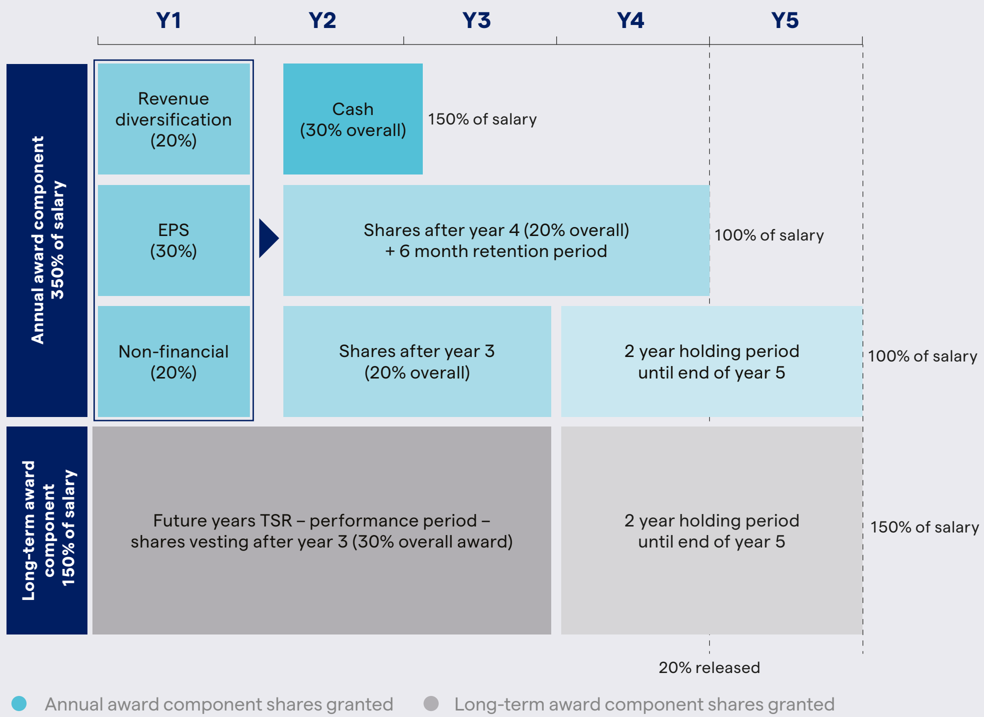
To ensure that the payout profile remains consistent with the current model, given the modification of the TSR metric to be more aligned to market practice, we are proposing minor changes to balance between vesting and holding periods with a portion of the award that previously vested five years from the start of the plan year now vesting after three from the start of the plan year, subject to a two-year holding period. Performance will continue to be assessed annually (Adjusted EPS, revenue diversification and non-financial metrics). Based on performance against these metrics, 30% of the overall award will payout in cash following the end of the annual performance period. 20% of the overall award will be delivered in shares vesting after year 4 (these shares are also subject to a six-month retention period in line with the regulatory requirements of the IFPR), with 20% delivered in shares which vest after three years and are subject to a further two-year holding period (and are therefore released after year 5). The portion of the award subject to TSR (30% of the overall award) vests after three years based on TSR performance and is also subject to a further two-year holding period.

The overall result of these changes is that awards are released to participants on the same basis as under the current model. The following illustrates the revised operation of the SPP (opportunity levels are based on the CEO's award level of 500% of salary).

Consideration of shareholder views

As part of its review of the Remuneration Policy, over the course of the last year, the Committee Chair has engaged extensively with our largest shareholders in order to explain the changes proposed, and the rationale behind them. Overall, the Committee Chair contacted approximately 55% of the IG shareholder base, as well as proxy advisers. We highly value the inputs and views of all shareholders and took all feedback into account when reviewing and considering our final proposal. I would personally like to thank all stakeholders who engaged with us and provided feedback.

Summary proposed SPP structure and payout profile



Based on current CEO SPP award level of 500% of salary

The Committee was pleased with the level of engagement by investors, who were generally supportive of the proposed changes to the Policy, recognising that the SPP remains an appropriate structure for IG over the next three years. The Committee took on board the feedback provided by shareholders during the consultation and iterated the proposal in response.

Salaries for FY24

Salaries for the Executive Directors for 2023 will be increased by 4.5% – this is below the 6.2% average increase awarded to the wider IG UK workforce. The new salaries for June Felix (CEO), Charlie Rozes (CFO) and Jon Noble (COO), which apply from 1 June 2023, are £661.5k, £531.5k and £441.5k, respectively.

Wider workforce remuneration

The Committee considers wider colleague pay as context for the decisions it makes, and ensures it is kept updated through the year on general employment conditions, basic salary increase budgets (with particular focus on this in FY24 in the context of continued high inflation and increases in the cost of living), the level of bonus pools and payouts and participation in share plans.

When considering salary increases for Directors, the Committee takes into account pay and employment conditions across the wider workforce. The Company has a People Forum which is attended by one of the Committee members as well as employee representatives from across the business, and which discusses pay as well as other matters which affect employees.

The impact of the continued elevation in the cost of living was also discussed with the People Forum as well as the actions that the Company is taking to support employees with this. At the end of FY23 the Company took the exceptional step to provide a one-off booster payment to junior staff with a lower payment to managers (with no senior managers or executives benefiting from this) in those countries with higher levels of inflation, with around 78% of employees across the group receiving a payment. The size of the booster payment varied by location, but eligible employees in the UK received payments of up to £1,500.

Advice to the Committee

During FY23, the Committee consulted the CEO about remuneration matters relating to individuals other than herself. The CPO, Head of Reward, CLGO and Committee Secretary also provide advice and support to the Chair and the Committee as needed.

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 2023 were £185,250 (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, agreed-upon procedures-based assurance services and Financial Reporting and Controls advice.

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

An evaluation of Committee performance was undertaken this year in line with the Committee's Terms of Reference, as part of the external Board Evaluation exercise facilitated by Better Boards. I am pleased to report that the results for the Committee were very positive, and details of the process, outcome and the actions can be found on pages 72–73.

Conclusion

The Committee is satisfied that our outcomes for FY23 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 and Directors' Remuneration Policy at the AGM on 20 September 2023.

Priorities for the year ahead

- Continue to engage with investors on the Remuneration Policy, as needed, ahead of the 2023 AGM
- Provide non Remuneration Committee Board members with a deep-dive on relevant remuneration matters, including the different approaches to quantum and design of remuneration, market trends and non-financial metrics
- Continue to monitor workforce pay, taking into account market and socioeconomic conditions

Helen Stevenson
Chair of the Remuneration Committee
19 July 2023

Remuneration at a glance

Remuneration in FY23

IG has made excellent progress in terms of our performance this financial year, continuing to deliver on our strategy. This continued progress is reflected in pay outcomes.

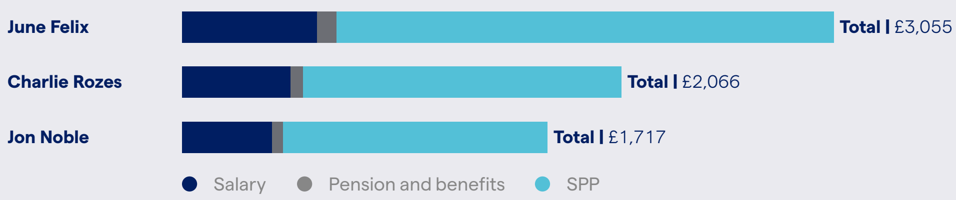
The following section shows a summary of the performance measures we use, and the resulting pay for Executive Directors.

FY23 SPP outcome

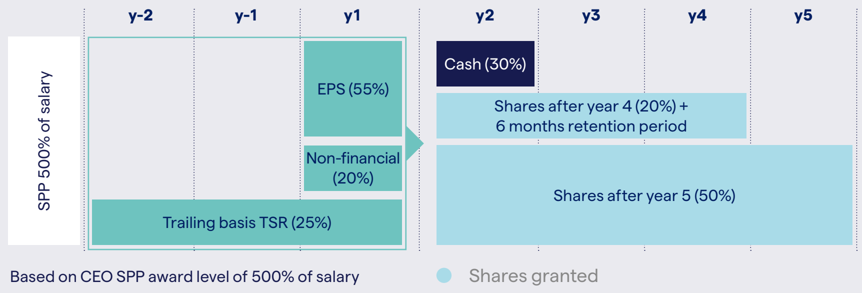
Metric	Weighting	Threshold Adjusted EPS: 0% payout, TSR: 25% payout	Maximum 100% payout	Outcome	Contribution to SPP vesting
Adjusted EPS	55%	76.7p	98.0p	87.00%	47.85%
		Actual 94.7p			
TSR (trailing basis FY20–FY23)	25%	**Actual:** 50th percentile		25.90%	6.50%
		Median ranking	Upper quartile ranking		
Non-financial Details of performance are set out on page 112	20%	**Actual:** 96.00% 0.00%	100.00%	96.00%	19.20%
Total	**100.00%**				**73.55%**

	Maximum opportunity	SPP outcome % of maximum	SPP outcome % of salary	Delivered in cash (30%)	Deferred into shares (70%)
June Felix	500% of salary	73.55%	368%	£698,000	£1,630,000
Charlie Rozes	400% of salary	73.55%	294%	£449,000	£1,047,000
Jon Noble	400% of salary	73.55%	294%	£373,000	£870,000

Total remuneration (£000)



Payout profile for CEO for FY23



Based on CEO SPP award level of 500% of salary

For structure and payout profile of CEO under the proposed new directors remuneration policy see page 93

FY23 Directors' Remuneration Policy

FY23 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. During the year, the Committee has undertaken an extensive review of the Directors' Remuneration Policy to ensure that it better supports the delivery of our long-term diversification strategy and the generation of long-term sustained shareholder value. As outlined in more detail in the Chair's letter, following the review, two key changes have been made to the operation of the Sustained Performance Plan (SPP): (1) the introduction of a long-term award component to better align management with future shareholder value creation; and (2) the introduction of a revenue diversification measure into the SPP to incentivise the delivery of growth from new markets.

Remuneration Policy Principles

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. As part of the Policy review the Committee reviewed and updated the key principles of the Policy as follows:

Drives long-term diversification and strategic direction	Drives the long-term diversification and strategic direction of the organisation and delivery of our purpose to power the pursuit of financial freedom for the ambitious.
Supports sustainable long-term growth	Supports the sustainable long-term growth of the business by incentivising sustained improvements in performance.
Payouts correlate with Group performance	Strong correlation between payouts and both the financial and non-financial performance of the Group.
Aligns with the shareholder experience	Aligns participants to the long-term shareholder experience.
Competitive package to support recruitment and retention	The overall package opportunity and the balance of fixed and variable pay is appropriate for IG, enabling the Group to recruit and retain talent on a global basis.

The key principles are supported by a number of underpinning principles as follows:

Simplicity of approach to support understanding from all stakeholders	Encourages the right culture and behaviours in line with IG's values	Supports appropriate risk management	Supports retention of IG's key talent	Supports succession planning including the ability to hire globally	Appropriate in the context of reward for IG's wider workforce
Alignment with IG's purpose, values and drivers					

The Policy has been designed taking into account the principles of Provision 40 of the UK Corporate Governance Code (the Code). The Committee believes that we meet these principles as summarised below:

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 our diversification 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.

FY23 Directors' Remuneration Policy continued

Remuneration Policy Table

The table below summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and how each part links to the corporate strategy.

Key elements of remuneration

Base Salary

To recruit and retain key employees of an appropriate calibre to deliver the strategic objectives of the Company.

Operation

Base salaries are normally reviewed by the Committee annually, with salary increases normally 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

Opportunity

Whilst there is no maximum salary, increases will normally be in line with or lower than the typical increases awarded to other employees in the Group.

However, increases may be above this level in certain circumstances such as:

- Where an Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, larger increases may be awarded to move salary positioning closer to typical market level as the Executive Director gains experience
- Where an Executive Director has been promoted or has had a change in responsibilities
- Where there has been a significant change in market practice
- Where there has been a significant change in the size and/or complexity of the organisation
- In other exceptional circumstances

Performance metrics

None

Pensions and Benefits

Competitive, cost-effective flexible pension and benefits allowance to help recruit and retain Executive Directors.

Operation

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.

Benefits can include critical illness cover, dental cover, health assessments, income protection cover, life assurance, travel insurance and private medical cover

Executive Directors may participate in a Share Incentive Plan (SIP) or Savings Related Share Option Scheme (SAYE) or any other all-employee plans on the same basis as other employees up to HMRC approved limits or relevant plan 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, the appropriate one-off or ongoing benefits may be provided (e.g. housing, schooling etc.)

Opportunity

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.

Where the Committee has determined that it is appropriate to provide additional benefits (including in connection with the relocation of an Executive Director), benefits may be provided above this level. The Committee will set the level of benefit at an appropriate level taking into account individual circumstances and the policy in place for other employees.

Where an Executive Director is located outside of the UK the pension and benefits provision may be aligned with practice for the wider workforce locally.

Executive Directors may participate in a SIP, SAYE or other all-employee plan up to the same maximum as other employees.

Performance metrics

None

FY23 Directors' Remuneration Policy continued

Sustained Performance Plan

The SPP provides a single incentive plan for Executive Directors. It provides a simple and competitive incentive mechanism that encourages and rewards both annual and sustained long-term performance, linked to the Company'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.

Operation

For FY24 onwards, awards under the SPP will normally comprise two components: (1) the annual award component; and (2) the long-term award component.

Annual award component

The annual award component will normally be 70% of the maximum award opportunity under the SPP but may be a different proportion if determined by the Committee.

For the annual award component, awards are normally made after the announcement of results relating to each 'plan year' (i.e. the year over which annual performance is assessed).

The annual award component will normally payout as set out below but the Committee may determine that a different proportion may apply:

- 42.86% of the annual award component earned will be delivered in cash shortly following the end of the plan year. This element may be up to 30% of the maximum SPP award
- 28.57% of the annual award component amount earned will be awarded in shares which will vest and be released to participants following the end of the fourth financial year that follows the start of the plan year. This element may be up to 20% of the maximum SPP award. A post-vesting retention period of six months would normally be applied to comply with regulations
- 28.57% of the annual award component amount earned will be awarded in shares which will vest following the end of the third financial year that follows the start of the plan year, following which it will be subject to a holding period and be released to participants following the end of the fifth financial year that follows the start of the plan year. This element may be up to 20% of the maximum SPP award

Long-term award component

The long-term award component will normally be 30% of the overall opportunity under the SPP but may be a different proportion if determined by the Committee.

For the long-term award component, awards are normally made during the 'plan year'.

For the long-term award component, performance will normally be assessed over three financial years starting with the 'plan year'. The long-term award component will usually vest following the end of the third financial year that follows the start of the plan year subject to the extent to which the performance criteria is met, following which it will normally be subject to a holding period and be released to participants following the end of the fifth financial year that follows the start of the plan year.

The Remuneration Committee retains discretion to scale back the vesting of awards if the underlying performance of the participant and/or the Group does not justify the payout of the award.

The Committee may determine that a different payout schedule should apply for future plan years.

Shares may be awarded either in the form of par value options, nil cost options or conditional awards. Shares awards in respect to financial years which precede FY24 will continue to payout in accordance with the terms of their award and the provisions of the policy that was in force at the time.

Recovery provisions apply, see below for further details.

In order to support a fair and smooth transition between the existing SPP structure and the revised structure, a modified approach will operate for FY24 as outlined on page 99.

Opportunity

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.

Performance metrics

Awards under the annual award component are determined based on performance for the plan year.

Awards under the long-term award component are normally based on performance over a three-year period starting with the plan year.

Performance measures may comprise, for example, earnings per share (EPS) targets, revenue for the Group or a part of the Group, Total Shareholder Return (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.

TSR performance will normally be measured against the performance of a suitable comparator group.

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.

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.

Operation

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 17 September 2020. Any shares purchased by the Executive Directors will not be subject to the guideline. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstances.

FY23 Directors' Remuneration Policy continued

Transition approach for FY24

In order to support a fair and smooth transition between the existing SPP structure and the revised structure, a modified approach will operate for FY24 as outlined below:

- The annual award component will be 85% of the maximum award opportunity under the SPP
- The annual award component will be based on the assessment of Adjusted EPS, revenue diversification and non-financial strategic measures for FY24 and TSR performance for the period 1 June 2021 to 31 May 2024
- The annual award component will payout as follows:
  - 35.29% of the annual award component earned will be delivered in cash shortly following the end of the plan year. This element may be up to 30% of the maximum SPP award
  - 23.53% of the annual award component amount earned will be awarded in shares which will vest and be released to participants following the end of the fourth financial year that follows the start of the plan year. This element may be up to 20% of the maximum SPP award
  - 41.18% of the annual award component amount earned will be awarded in shares which will vest following the end of the third financial year that follows the start of the plan year, following which it will be subject to a holding period and be released to participants following the end of the fifth financial year that follows the start of the plan year. This element may be up to 35% of the maximum SPP award
- The long-term award component will be 15% of the overall opportunity under the SPP
- Performance for the long-term award component will be based on TSR performance over the period 1 June 2023 to 31 May 2026
- The long-term award component may vest following the end of the third financial year that follows the start of the plan year subject to the extent to which the performance criteria is met, following which it will be subject to a holding period and be released to participants following the end of the fifth financial year that follows the start of the plan year

Notes to the Policy table

Summary of decision making process and changes to policy

The Policy has been updated to ensure that it better supports the delivery of our long-term diversification strategy and the generation of long-term sustained shareholder value. In determining the new Remuneration Policy, the Committee followed a robust process which included discussions on the content of the Policy at Remuneration Committee meetings during the year. The Committee considered the input from management and our independent advisers, as well as considering best practice and guidance from major shareholders and external proxy bodies. A detailed summary of the rationale for the changes to the Policy and how these will be implemented is provided as part of the Chair's statement. The key change from a Policy perspective is the introduction of a long-term award component into the SPP to better align management with future shareholder value creation. Other changes have been made to the wording of the policy to increase flexibility, to aid operation, to increase transparency and to reflect typical market practice.

Performance measures

For FY24 it is intended that the annual award component of the SPP awards will be based on a combination of Adjusted EPS, revenue diversification and non-financial strategic and operational performance measures for FY24 and TSR performance for the period 1 May 2021 to 31 May 2024. The long-term award component will be based on TSR performance for the period 1 June 2023 to 31 May 2026.

Metrics	Rationale and link to the strategic KPIs	How performance measures are set
Total Shareholder Return (TSR) relative to an appropriate comparator group.	TSR measures the total return to IG Group'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 IG 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.	The Committee sets the requirements for each plan year. The current benchmark group comprises the constituents of the FTSE 250 Index (excluding investment trusts).
Adjusted Earnings per share (EPS)	Adjusted EPS is a key indicator of the profits generated for shareholders, and a reflection of both revenue growth and cost control.	The Committee determines appropriate performance targets each year, taking account of the annual and longer-term business plans.

FY23 Directors' Remuneration Policy continued

Metrics	Rationale and link to the strategic KPIs	How performance measures are set
Revenue diversification	IG's strategy is to diversify its earnings model to allow more predictable and sustainable revenues to facilitate the creation of long-term shareholder value. This measure incentivises management to increase revenue from growth markets to support this strategy.	The Committee determines appropriate performance targets each year, taking account of the annual and longer-term business plans.
Non-financial strategic and operational performance schemes		
Non-financial strategic and operational non-financial measures	Strategic metrics are designed to support the development and protection of the Group's intangible assets, which are the foundation of the Company's overarching strategy and long-term growth plans. ESG measures normally incorporated. Targets currently set in the areas of strategic enablers, people and culture and client experience.	Targets are set at the start of the financial year based on our strategic and operational objectives for the year. Following the end of the year, the Committee assesses performance relative to prior years, internal targets and sector averages. Assessment is undertaken 'in the round', taking account of activities and achievements during the year.

Annual financial, strategic and operational non-financial measures are considered to be commercially sensitive and are therefore not disclosed at the time of award. The intention is that targets will be disclosed retrospectively in FY24, provided that they are no longer commercially sensitive.

Recovery provisions

The Committee may decide within five years of an award being paid/granted that malus and/or clawback will be applied to the underlying awards. This may happen in the following circumstances:

- the Committee forms the view that the Company materially misstated its financial results for whatever reason and that such misstatement resulted either directly or indirectly in that the award: (i) being granted over; and/or (ii) Vesting to a greater degree than would have been the case had that misstatement not been made;
- the Committee forms the view that in assessing any condition set in connection with the award such assessment was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in that award (i) being granted; and/or (ii) Vesting to a greater degree than would have been the case had that error not been made;
- the Committee forms the view that there has been substantial failure of risk management;
- the Committee forms the view that there has been serious reputational damage to the Company, any Group Member or a relevant business unit;
- the Committee forms the view that there has been a material corporate failure in the Company, any Group Member or any business unit;
- the Committee forms the view that the relevant individual is not considered to be fit and proper to perform their role;
- the relevant individual ceases to be a director or employee of a Group Member as a result of serious misconduct on the part of that individual;
- an individual participated in or was responsible for fraud or other conduct with intent or severe negligence which resulted in significant losses to the Group;
- there is reasonable evidence of misbehaviour or material error by the individual (malus only);
- the Group, a member of the Group or any relevant business unit suffers a material downturn in its financial performance (malus only);
- there are significant increases in the Group, or member of the Group or business unit's economic or regulatory capital base;
- any regulatory sanctions e.g. punitive, administrative, disciplinary or otherwise, where the conduct of the Participant contributed to the sanction; or
- any other event arises which the Committee determines warrants the relevant individual being subject to malus or clawback.

FY23 Directors' Remuneration Policy continued

Share plan operations

The Committee will operate the SPP in accordance with the Rules of the plan (a copy of SPP rules is available on request from the Company Secretary and will be available on the National Storage Mechanism). Awards under the SPP plans may:

- Have any performance conditions applicable to them amended or substituted by the Committee in circumstances where the Committee determines an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy
- Incorporate the right to receive an amount equal to the value of dividends which would have been paid on the shares under an award that vests up to the time an award vests and is delivered. This amount may be calculated assuming that the dividends have been reinvested in the Company's shares on a cumulative basis
- Be settled in cash at the Committee's discretion. For Executive Directors, this provision will only be used in exceptional circumstances such as where for regulatory reasons it is not possible to settle awards in shares
- Be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price

Remuneration policy across the Company

We have designed the remuneration policy for the Executive Directors and senior management taking into account the policy for employees across the Company as a whole. The Committee is kept updated through the year on general employment conditions, basic salary-increase budgets, 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. Common approaches to remuneration policy which apply across the Company include:

- Consistency in 'pay for performance', with annual bonus schemes being offered to the vast majority of employees. Senior employees also participate in share-based plans
- Offering pension, medical, life assurance and other flexible benefits for all employees, where practical given geographical location
- Ensuring that salary increases for each category of employee are considered, taking into account the overall rate of increase across the Company, market data, and both Company and individual performance
- Encouraging broad-based share ownership through the use of all-employee share plans, where practical

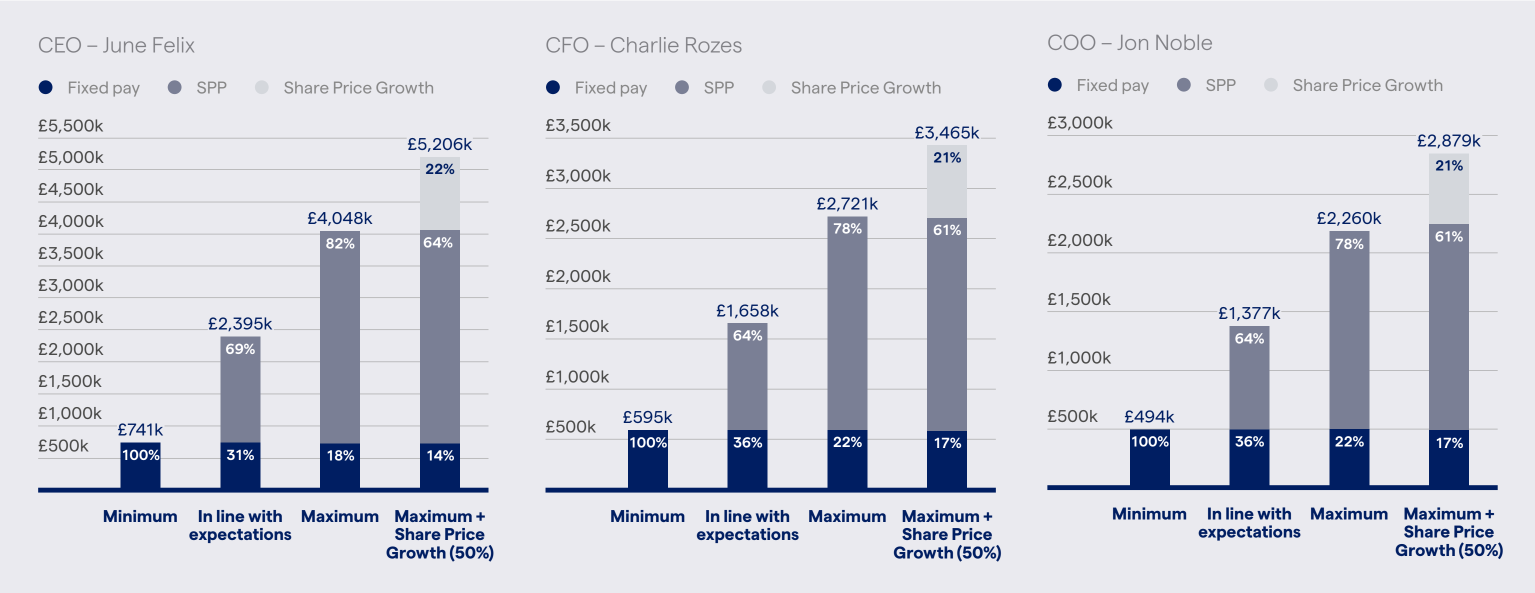
Approved payments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed: (i) before the policy set out above came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' remuneration policy in force at the time they were agreed or where otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other person to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

Legacy awards

The current SPP expires in 2023 and in accordance with the termination provision of the scheme rules, for awards granted in respect of years up to and including the financial year ending 31 May 2020 (plan years 1–7) 50% of the cumulative awards in the plan account will vest in July 2023, with a further 25% released in both July 2024 and July 2025.

FY23 Directors' Remuneration Policy continued



Illustrating the application of Remuneration Policy

As a result of the Company's remuneration policy, a significant proportion of the remuneration received by Executive Directors depends on Company performance. The charts above show how total pay for Executive Directors varies under four different performance scenarios: minimum, target, maximum and maximum plus 50% share price growth:

Minimum: This comprises the fixed elements of pay, being base salary and pension and benefits allowance. Base salary and pension and benefits allowance are effective as at 1 June 2023.

Target: This comprises fixed pay and the target value of SPP (250% of salary for the Chief Executive Officer and 200% of salary other Executive Directors respectively).

Maximum: This comprises fixed pay and the maximum value of SPP (500% of salary for the Chief Executive Officer and 400% of salary other Executive Directors respectively).

Maximum + 50% share price growth: This comprises fixed pay and the maximum value of SPP (500% of salary for the Chief Executive Officer and 400% of salary other Executive Directors respectively) with 50% share price growth applied to the portion of the SPP (70% of total) which is delivered in shares.

No account has been taken of share price growth (other than as stated), or of dividend shares awarded.

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 period of notice for existing Executive Directors does not exceed 12 months and, accordingly, Executive Directors' employment contracts can be terminated on up to a 12 months' notice by either party. Our intention is that the period of notice for any new Executive Director would not exceed 12 months.

In the event that the Company terminates an Executive Director's service contract other than in accordance with the terms of their contract, the Committee will act in the best interests of the Company with the objective that there is no reward for failure. All service contracts are continuous, and contractual termination payments relate to the unexpired notice period.

On a Director's departure, the Company may at its sole discretion pay base salary and the value of pension and benefits allowance that would have been receivable in lieu of any unexpired period of notice. In the event of termination for gross misconduct, the Company may give neither notice nor a payment in lieu of notice. Where the Company, acting reasonably, believes it may have a right to terminate employment due to gross misconduct, it may suspend the Executive Director from employment on full salary for up to 30 days to investigate the circumstances prevailing.

The Company may place an Executive Director on gardening leave for a period up to the duration of the notice period. During this time, the Executive Director will be entitled to receive base salary and their pension and benefits allowance. At the end of the gardening leave period, the Company may, at its discretion, pay the Executive Director base salary, in lieu of the balance of any period of notice given by the Company or the Executive Director.

When considering payments in the event of termination, the Remuneration Committee takes into account individual circumstances. Relevant factors include the reasons for termination, contractual obligations and the relevant incentive plan rules. When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Company while complying with the contractual terms and seeking to reflect the circumstances in place at the time.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment (including payment of reasonable fees for a departing director to obtain independent legal advice in relation to their termination arrangements and nominal consideration for any agreement to any contractual terms protecting the Company's rights following termination).

FY23 Directors' Remuneration Policy continued

Copies of the Executive Directors' service contracts are available for inspection at the Company's Registered Office.

Sustained performance plan (SPP) awards

If a participant ceases to hold employment or be a Director within the Group, or gives notice of leaving, other than as a 'Good Leaver' they forfeit any entitlement to receive further awards. All unvested awards will lapse. 'Good Leavers' are participants who cease to hold employment or be a Director by reason of their death, retirement, injury or disability, transfer of their employment outside the Group, or for any other reason at the Committee's discretion.

For the annual award component, 'Good Leavers' would normally continue to be eligible to receive an award for the year in which they ceased employment. Such award would normally be pro-rated based on time in employment for the plan year and would remain subject to performance. Any unvested Awards would continue to vest on the normal dates, unless the Committee determines that they will vest on an earlier date or dates. The Committee retains the discretion to pro-rate unvested awards if this is considered appropriate.

For the long-term award component, unvested awards for 'Good Leavers' would normally continue to vest on the original vesting date, or, if the Committee so determines, as soon as practicable after the date of cessation. The extent to which awards vest in these circumstances will be determined by the Committee, taking into account the extent to which any performance conditions or performance underpins have been satisfied, and, unless the Committee determines otherwise, the proportion of the performance period that has elapsed.

For both the annual award component and long-term award component, any vested awards which remain subject to the holding period would be released to participants in line with the original timescales of the award, unless the Committee determines that they will be released on an earlier date or dates.

For plan contributions which relate to periods up to and including the financial year 2019/20, any unvested awards in the participant's plan account will vest one third following the end of the plan year of cessation of employment and thereafter the remaining balance in equal parts on the first and second anniversary of such first payment, unless the Committee determines that they will vest on one or more earlier dates.

Where Awards are granted in the form of options, any vested awards already held at the time of cessation of employment will remain exercisable for a period of 12 months. Awards that vest following cessation will be capable of being exercised for a period of 12 months following vesting. The exception is when dismissal has been for misconduct, in which case such awards lapse in full.

Change of control

The Executive Directors' contracts service do not provide for any enhanced payments in the event of a change of control of the Company nor for liquidated damages. For the annual award component of the SPP, Executive Directors may continue to receive an award for the financial year in which the change of control occurs. Any award would normally be pro-rated based on the portion of the year prior to the change of control, unless the Committee determines otherwise. Any unvested annual award component awards will normally vest in the event of a change of control. For the long-term award component, unvested awards would normally vest in the event of a change of control. The extent to which awards vest in these circumstances will be determined by the Committee, taking into account the extent to which any performance conditions and performance underpins have been satisfied, and, unless the Committee determines otherwise, the proportion of the performance period that has elapsed. For both the annual award component and long-term award component, any vested awards which remain subject to the holding period would normally be released to participants in the event of a change of control.

Where awards are granted in the form of options, participants will normally have one month following the change of control to exercise their options.

Recruitment Remuneration Policy

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent
- New Executive Directors will normally receive a base salary, pension and benefits in line with the policy described on page 97 and will also be eligible to join the incentive plans up to the limits set out in the Policy
- In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Directors' Remuneration Report for the relevant year
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such 'buyout', the guiding principle would be that awards would generally be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate
- The maximum level of variable remuneration which may be awarded (excluding any 'buyout' awards referred to above) in respect of recruitment is 500% of salary, which is in line with the current maximum limit under the SPP
- Where an Executive Director is required to relocate to take up their role, the Committee may provide assistance with relocation (either via one-off or ongoing payments or benefits)
- In the event that an internal candidate is promoted to the Board, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards
- To facilitate any buyout awards outlined above, in the event of recruitment the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan

FY23 Directors' Remuneration Policy continued

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
To attract and retain Non-Executive Directors of appropriate calibre and experience.	The Remuneration Committee determines the fee for the Chairman (without the Chairman 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 Chairman receives a single fee to cover all 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 roles or 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. Benefits may be introduced if considered appropriate. Details of current fee levels are set out in the Annual Report on Remuneration.

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.

Consideration of shareholder views

As part of its review of remuneration policy undertaken during the year the Committee consulted in detail with a number of our top shareholders and proxy agencies to explain the changes proposed and their rationale. Shareholder feedback was very important in helping us shape the proposed Policy, with a number of iterations being made to initial proposals to take into account shareholder views. The Committee was pleased with the level of support received for the changes. The Committee will continue to engage with shareholders in relation to remuneration arrangements.

Consideration of employment conditions elsewhere in the Company

In setting the remuneration of the Executive Directors, the Committee takes into account the overall approach to reward for employees in the Company. The Group operates in a number of different environments, and has many employees who carry out diverse roles across a number of countries. All employees, including Directors, are paid by reference to the market rate, and base salary levels are reviewed regularly. When considering salary increases for Directors, the Committee takes into account pay and employment conditions across the wider workforce. However, no remuneration comparison measurements have been utilised to date. The Committee does not formally consult with employees on the executive remuneration policy. The Committee is periodically updated on pay and conditions applying to employees across the Company.

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 20 September 2023.

This part of the report includes a summary of how we implemented the Policy in FY23 and how we intend to implement the new Policy in FY24, subject to approval of the new Policy at the AGM.

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

Implementation of Remuneration Policy in FY24

The following sections provides details of how the Directors' Remuneration Policy will be implemented for FY24.

Component	Operation
Base salary	Base salaries for the CEO, CFO and COO will be increased by 4.5% from 1 June 2023. This increase is below the 6.2% average increase awarded to the wider UK workforce. Base salaries are as follows: → CEO – £661,500 (4.5% increase) → CFO – £531,500 (4.5% increase) → COO – £441,500 (4.5% increase)
Pension and benefits allowance	Pension and benefits allowances for Executive Directors are set at 12% of base salary which is in line with allowances available to the wider workforce in the UK. Executive Directors will be eligible to participate in any all employee share incentive plans on the same basis as other employees.

Annual Report on Remuneration continued

Component	Operation
Sustained Performance Plan (SPP)	For FY24 onwards the maximum plan contribution will continue to be 500% of salary for the CEO and 400% of salary for other Executive Directors. For FY24 onwards the SPP award will be structured as follows: **Annual award component (85% of overall award)** → 30% of the overall award on adjusted earnings per share (EPS) performance → 15% on relative Total Shareholder Return (TSR) compared to the FTSE 250 (excluding investment trusts), measured based on performance from 1 June 2021 to 31 May 2024 → 20% of the overall award on revenue diversification (subject to an underpin) → 20% of the overall award on non-financial strategic and operational measures including ESG measures **Long-term award component (15% of overall award)** 15% of the overall award on relative Total Shareholder Return (TSR) compared to the FTSE 250 (excluding investment trusts), measured based on performance from 1 June 2023 to 31 May 2026. Performance for Adjusted EPS, revenue diversification and non-financial strategic and operational measures will be assessed over the financial year to 31 May 2024. The relative TSR element of the annual award component (15% overall) will be assessed on a trailing basis over the three-year period from 1 June 2021 to 31 May 2024, in line with the approach previously used. The relative TSR element under the long-term award component (15% of the total) will be assessed with reference to performance in future years over the three-year period from 1 June 2023 to 31 May 2026. This is a transitionary approach which will only apply to the FY24 SPP to ensure that performance in the interim years is fairly rewarded. For the FY25 SPP onwards TSR performance will be measured solely on a future years basis, with the weighting of the long-term component increased to 30%. Targets for Adjusted EPS, revenue diversification and non-financial measures are considered to be commercially sensitive and therefore have not been disclosed at this time. The Committee's intention is that these targets will be disclosed in next year's Annual Remuneration Report. Further details on performance measures are provided below. Any SPP award earned in respect of FY24 will be paid as follows: **Annual award component** → 35.5% of the annual award component in cash in July 2024; → 23.5% of the annual award component in shares awarded in July 2024, released in July 2027 (subject to an additional six-month retention period in line with the regulatory requirements under the IFPR); and → 41% of the annual award component in shares awarded in July 2024, vesting in July 2026 and then subject to a two-year holding period. **Long-term award component** → Fully in shares awarded in September 2023, vesting in September 2026 and then subject to a two-year holding period to September 2028. The Remuneration Committee retains discretion to scale back the vesting of awards if the underlying performance of the participant and/or the Group does not justify the payout of the award.

Component	Operation
Shareholding guidelines	Executive Directors are expected to build shareholdings of at least 200% of base salary. Executive Directors will be expected to maintain a minimum shareholding to 200% of salary (or actual shareholding if lower) for two years following stepping down as an Executive Director. This guideline applies to shares that are released from the SPP on or after the adoption of the Policy. Any shares purchased by the executives will not be subject to the guideline

Further details on performance measures

Metrics	Rationale and link to the strategic KPIs	Further details
Annual award component		
TSR relative to the FTSE 250 (excluding investment trusts) – measured on a trailing basis 15% 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 operational performance ESG metrics and the progress on the strategic execution.	Trailing TSR will be assessed over the period 1 June 2021 to 31 May 2024. 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).
Adjusted EPS 30% weighting	Adjusted EPS is a key indicator of the profits generated for shareholders, and a reflection of both revenue growth and cost control.	Adjusted EPS targets will be assessed based on performance for the year ending 31 May 2024. The Committee sets Adjusted 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.
Revenue diversification 20% weighting	Revenue diversification is a key measure of the successful delivery of IG's strategy to diversify its earnings and create long-term, sustainable shareholder value.	The Committee will assess revenue diversification targets based on performance for the year ending 31 May 2024. The Committee sets revenue targets as absolute monetary values taking into accounts the Board approved four-year plan. Only organic revenue growth qualifies. For FY24, the following business areas will be included in the metric: → IG's US business (all products) → IG's business in Japan (all products) → Non-OTC revenue streams in all other geographies Payouts start to accrue for reaching threshold levels of performance with 100% of this portion being awarded for the achievement of maximum performance.

Annual Report on Remuneration continued

Metrics	Rationale and link to the strategic KPIs	Further details
Revenue diversification continued		**Underpin** As part of its assessment of the formulaic outcome following year end, the Committee will consider performance in a number of additional metrics in order to satisfy itself that revenue growth in these areas has been sustainable and in the long-term interests of shareholders. These metrics may include: → Longer-term profit or operating margin (including by product types) → Number of clients and/or client segments → Revenue per client and/or client segment → Client retention (including by product types) → Revenue type Based on this assessment, the Committee will retain discretion to modify the formulaic outcome if considered appropriate.

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, culture and community (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, protecting our intangible assets, and thereby delivering profit and shareholder value in the future.

Strategic enablers[1] 50% weighting	Driving the longer-term diversification, growth and strategic direction by measuring progress against key initiatives that will deliver on our purpose to power the pursuit of financial freedom for the ambitious. FY24 measures include targets related to the performance of the US, Japan, and European ETD businesses.
People, culture and community (including diversity and inclusion)[1] 25% weighting	Considers the culture of the business and development of our people to create an attractive workplace to work for ambitious colleagues. For FY24, measures include targets related to people engagement, diversity, societal contribution and the control environment.
Client experience 25% weighting[1]	The short and longer-term development of client-focused initiatives to provide an outstanding client experience to champion our growing and diverse client base. For FY24 measures include targets related to customer satisfaction and retention and service performance.

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, culture and community' 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

Annual Report on Remuneration continued

Metrics	Rationale and link to the strategic KPIs	Further details
Long-term award component		
TSR relative to the FTSE 250 (excluding investment trusts) – measured on a future years basis 15% weighting	Same as trailing relative TSR.	Future years TSR will be assessed over the period 1 June 2023 to 31 May 2026. 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).

Chair and Non-Executive Directors

For FY24, the fees for the Chair and Non-Executive Director base fee have been increased by 4.5%. This increase is below the 6.2% average increase awarded to the wider UK workforce. Other additional fees are unchanged.

The fees from 1 June 2023 are as follows:

- Non-Executive Director base fee – £68,500
- 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 – £315,500

Taking into account the additional responsibilities and time commitment, an additional fee of £65,000 applies for the Chair of the North American Board and an additional fee of £25,000 applies 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.

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. A copy of the service agreements are available for inspection at the Company's registered address.

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)

Non-Executive Directors' letters of appointment

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 continued

Implementation of Remuneration Policy in FY23

Total single figure of remuneration – Executive Directors (audited)

Name of Director	Year	Fees/basic salary £000	Benefits allowance/ benefits[1,2] £000	Pension £000	Total fixed pay £000	Buy-out awards[3] £000	Contribution to SPP account[4] Vested element £000	Deferred element £000	Total variable pay £000	Total £000
J Felix	2023	633	94	–	727	–	698	1,630	2,328	3,055
	2022	615	76	–	691	–	866	2,022	2,888	3,579
C Rozes	2023	509	56	5	570	–	449	1,047	1,496	2,066
	2022	494	55	4	553	230	557	1,299	2,086	2,639
J Noble	2023	423	46	5	474	–	373	870	1,243	1,717
	2022	400	44	4	448	–	451	1,052	1,503	1,951

1 Benefits can include dental cover, income protection cover, life assurance 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. Assistance was provided to J Felix and these costs came to £16,000 (including any applicable tax costs). J Felix, C Rozes and J Noble and 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

2 The 2022 and 2023 benefits figure for J Felix include the £1.8k of matching shares J Felix received as a participant in the all employee share-incentive plan

3 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. For details of the portion of the buyout award which vested in June 2022 please refer to p90 of the Annual Report 2022

4 Figures provided are the values of the SPP contributions in respect of performance for the period ending 31 May 2023 (i.e., plan year 10). 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 2026 and 50% of the total amount in July 2027, both subject to continued employment. 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 114. 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

Annual Report on Remuneration continued

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

Name of Director	Year	Fees[2,3] £000	Benefits[4] £000	Total £000
M McTighe	2023	302	–	302
	2022	302	–	302
J Moulds	2023	109	–	109
	2022	109	–	109
R Bhasin	2023	72	–	72
	2022	72	–	72
A Didham	2023	97	–	97
	2022	97	–	97
Wu Gang	2023	69	–	69
	2022	69	–	69
S-A Hibberd	2023	97	–	97
	2022	97	–	97
M Le May	2023	157	24	181
	2022	114	4	118
S Skerritt[1]	2023	114	14	128
	2022	83	14	97
H Stevenson	2023	94	–	94
	2022	94	–	94

1 S Skerritt joined the Board on 9 July 2021. Remuneration for FY22 is shown from this date
2 Other than in respect of the Chair, basic Non-Executive Director fees were £65,500 per annum in FY23 (no change from FY22) 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. 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
3 S Skerritt receives an additional £20,000 per annum to compensate her for the additional time spent in travel attending Group Board meetings
4 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

Sustained performance plan (SPP)

Determination of SPP contribution for FY23 (audited)

Performance targets for plan year 10 (FY23) comprised Adjusted EPS targets, TSR and non-financial measures. TSR performance was measured over the three-year period from 1 June 2020 to 31 May 2023, and Adjusted EPS and non-financial measures over the financial year ending 31 May 2023.

Performance measure	Weighting	Threshold (25% payout for TSR and 0% for Adjusted EPS)	Target (50% payout for Adjusted EPS only)	Maximum (100% payout)	Actual performance	Percentage of maximum award to Directors
Adjusted EPS	55%	76.7p	85.22p	98.0p	94.7p	87%[1]
TSR	25%	Median ranking	N/A	Upper quartile ranking	+18.8% TSR 77th out of 154 companies	25.9%
Non-financial	20%	0%	N/A	100%	96% of maximum awarded (see below for details)	96%
Total	**100%**					**73.55%**

1 Straight line vesting occurs between threshold and target (85.22p) and between target and maximum

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 FY23

Adjusted EPS (55% weighting)

At the start of the financial year, the Committee established an Adjusted 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.

Adjusted EPS performance for FY23 was 94.7 pence, which is ahead of internal and external expectations of performance at the start of the year. Adjusted EPS is significantly ahead of our performance for FY20 and prior years, demonstrating that the Group has maintained its strong performance and growth over the last three years.

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.

Annual Report on Remuneration continued

For the award to be granted in respect of the year to 31 May 2023, TSR was measured over the three-year period from 1 June 2020 to 31 May 2023. Actual TSR performance for the three-year period was 18.8% (FY22: 74.9%). TSR was positioned just above the median compared to the comparator group over the three-year period and therefore 25.9% of this element will be awarded.

Non-financial measures (20% weighting)

The Committee approved a series of non-financial measures comprising strategic enablers, client experience and people and culture during the year ended 31 May 2023. 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 96% (FY22: 95%) 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 2023.

Component	Detail	FY23 outcome
Strategic enablers 50% weighting	IG demonstrated strong progress in contributing to its growth and diversification targets. tastytrade launched their first major brand campaign, which delivered a significant beat on web traffic projections and search interest for, and supported an increase in aided brand awareness exceeding targets. Spectrum met the target to launch two new products through two new issuers, but missed the stretch goal to add a third product. tastycrypto released the digital wallet on time in the US. From a social and environmental perspective, the Group maintained its carbon neutral status, continued to improve accuracy of reporting on emissions, and met internal delivery targets for our accessibility and vulnerable client initiatives.	96%
Client experience 25% weighting	IG maintained high customer satisfaction during a more challenging external environment. Average CSAT scores were held and NPS was improved, both higher than externally-tracked benchmarks. The Group slightly missed its target to reduce significantly the friction points in the payments user journeys, but performed on target for holding new client retention in line with previous years.	93%
People and culture 25% weighting	IG demonstrated strong progress in developing our people and culture in FY23. The Group met its internal D&I target for female representation and increased employee engagement to 87% in a period when most firms' engagement fell. The Group exceeded its internal volunteering and participation target as part of our social contribution commitments.	98%

Annual Report on Remuneration continued

Overall summary

The Committee believes that the formulaic outcome of the FY23 SPP is appropriate in the context of overall business performance and that no discretion will be applied to the outcome. Based on the performance for FY23, we will grant awards under the SPP at 73.55% of the maximum potential payout to the Executive Directors after the announcement of the results. Of this, 30% will be delivered in cash, with 20% award in share options vesting in July 2026 and 50% awarded in share options vesting July 2027. 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 ten years ago, the average payout under the SPP is 66.9% 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	2023	10-year average
SPP contribution (% maximum)	54.0%	41.0%	90.0%	27.0%	80.0%	18.6%	97.2%	93.4%	94.0%	73.6%	66.9%

Awards granted during FY23 (audited)

The SPP awards granted during FY23 in respect of performance to 31 May 2022 (plan year 9) 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 9 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	470%	£2,021,701	254,847	694,228	71,590	–	622,638
C Rozes	376%	£1,298,886	163,732	308,071	–	–	308,071
J Noble	376%	£1,051,916	132,600	414,501	56,998	–	357,503

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 2022 of 793.3 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 FY22 SPP awards and the assessment of performance against targets are set on out pages 92 and 93 of Annual Report 2022
3 In addition to the awards made in respect of plan year 9, this also includes the brought forward number of options in the plan account from plan years 1 to 7 (where relevant) with its respective accrued dividend shares
4 All options were exercised on the same day. The closing share price on 4 August 2022, the date of exercise, was 818 pence and the exercise price of the share options was 0.005 pence

The SPP has now reached the end of its ten-year life. For awards granted in respect of years up to and including the financial year ending 31 May 2020 (plan years 1 to 7), in accordance with the scheme rules 50% of the cumulative awards in the plan account will vest in July 2023, with a further 25% released in both July 2024 and July 2025. 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.

Buyout 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' buyout was in the form of nil-cost options which vested in equal tranches subject to continued employment on 1 May 2021, 1 May 2022 and 1 May 2023. The final tranche of the award granted in respect of the nil-cost options resulted in 2,179 shares vesting, with an additional 390 shares accrued in respect of dividends.

Annual Report on Remuneration continued

Awards to be granted in respect of FY23

SPP awards for FY23 will be delivered 30% in cash after the announcement of results for FY23, 20% in share options released in July 2026 and 50% in share options released in July 2027.

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 10 (i.e., performance to 31 May 2023), are set out below:

	Event	Plan contribution in respect of period ended 31 May 2023 (estimated number of options)[1]
J Felix	Plan year 10	242,485
C Rozes	Plan year 10	155,834
J Noble	Plan year 10	129,478

1 Executive Directors will be granted awards, in respect of 70% of the amount earned, for plan year 10 following the announcement of results for the year ended 31 May 2023 on 20 July 2023. 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 672 pence, being the share price on 31 May 2023. 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 2022	Number awarded during the year	Number lapsed during the year	Number released during the year	Number outstanding at 31 May 23
J Felix							
SIP: matching shares	6 Aug 19	565.29p	318	0	0	318	0
SIP: matching shares	6 Aug 20	743.66p	242	0	0	0	242
SIP: matching shares	5 Aug 21	909.24p	198	0	0	0	198
SIP: matching shares	4 Aug 22	815.38p	0	221	0	0	221
Total			**758**	**221**	**0**	**318**	**661**

	Award date	Share price at award date	Number as at 31 May 2022	Number awarded during the year	Number lapsed during the year	Number released during the year	Number outstanding at 31 May 23
J Noble							
SIP: matching shares	6 Aug 19	565.29p	318	0	0	318	0
Total			**318**	**0**	**0**	**318**	**0**

	Award date	Share price at award date	Number as at 31 May 2022	Number awarded during the year	Number lapsed during the year	Number of dividend equivalents added at vesting	Number vested during the year	Number outstanding at 31 May 23
C Rozes[1]								
Buyout award[2]	6 Aug 20	734.00p	35,616	0	2,244	3,828	37,200	0
Buyout award[3]	6 Aug 20	734.00p	2,179	0	0	390	2,569[4]	0
Total			**37,795**	**0**	**2,244**	**4,218**	**39,769**	**0**

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. For details of these awards see the 2020 Annual Report
2 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
3 An award of restricted shares vesting in equal tranches on 1 May 2021, 1 May 2022 and 1 May 2023 (subject to continued employment)
4 The closing share price on 2 May 2023 (markets were closed on 1 May 2023), the date restrictions lifted, was 718.5 pence

Annual Report on Remuneration continued

Table of Directors' share interests (audited)

	Legally owned[1]		Share with performance conditions	Share options without performance conditions[2,3]	Total	% of salary held under shareholding policy[4]	
	31 May 2022	31 May 2023			Vested but unexercised	31 May 2023	% salary
Executive Directors							
J Felix	318,628	368,876	–	623,299	–	992,175	743%
C Rozes	48,120	73,662	–	308,071	–	381,733	313%
J Noble	83,207	83,525	–	357,503	–	441,028	434%
Non-Executive Directors							
M McTighe	6,600	6,600	–	–	–	6,600	–
J Moulds	100,000	100,000	–	–	–	100,000	–
R Bhasin	–	–	–	–	–	–	–
A Didham	4,894	4,894	–	–	–	4,894	–
S-A Hibberd	–	–	–	–	–	–	–
Wu Gang	–	1,300	–	–	–	1,300	–
M Le May	–	–	–	–	–	–	–
S Skerritt	–	–	–	–	–	–	–
H Stevenson	–	–	–	–	–	–	–

1 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
2 These figures include the number of matching shares held at 31 May 2023 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
3 This figure excludes awards under the SPP scheme for performance year ending 31 May 2023, which will be granted following the announcement of the Group's results on 20 July 2023. The awards held in the SPP plan account include those in respect of plan years 1 to 9 as at 31 May 2023
4 Calculated as total shares owned as a percentage of salary on 31 May 2023 including the unvested shares held within the SPP on a net of tax basis at the closing mid-market share price of 672 pence on 31 May 2023

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.

There have been no changes to any of the Directors' share interests between 31 May 2023 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 2023 are not included in this table (see page 110 for details).

Annual Report on Remuneration continued

Payments to past Directors (audited)

No payments were made to past Directors in the year.

Payments for Loss of Office (audited)

No payments for loss of office 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 three 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			**FY23/FY22**		
	Base salary % change	Taxable benefits % change	Performance-related remuneration % change	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%	**3.0%**	**24.0%**	**(19.4%)**
C Rozes[1]	–	–	–	0.7%	(1.7%)	1.4%	**3.0%**	**5.1%**	**(19.4%)**
J Noble	1.7%	1.7%	(2.3%)	6.3%[2]	7.3%	6.7%	**5.8%**	**6.3%**	**(17.3%)**
Non-Executive Directors									
M McTighe	300.0%	–	–	0.7%	–	–	**0.0%**	**–**	**–**
J Moulds	(39.0%)	–	–	0.68%	–	–	**0.0%**	**–**	**–**
R Bhasin[3]	–	–	–	14.2%	–	–	**0.0%**	**–**	**–**
A Didham	72.0%	–	–	19.7%	–	–	**0.0%**	**–**	**–**
S-A Hibberd	32.0%	(100.0%)	–	3.1%	–	–	**0.0%**	**–**	**–**
Wu Gang[4]	–	–	–	53.0%	–	–	**0.0%**	**–**	**–**
M Le May	(23.0%)	–	–	44.3%	–	–	**37.7%**	**600.0%**	**–**
S Skerritt[5]	–	–		–	–	–	**8.4%**	**–**	**–**
H Stevenson	614.0%	–		9.3%	–	–	**0.0%**	**–**	**–**
Group UK employees[6]	10.0%	10.0%	17.0%	12.0%	12.0%	33.0%	**2.2%**	**2.8%**	**(31.0%)**

1 C Rozes joined the Board on 1 June 2020
2 J Noble salary change percentage restated from FY22 annual report
3 R Bhasin joined the Board on 6 July 2020
4 Wu Gang joined the Board on 30 September 2020
5 S Skerritt joined the Board on 9 July 2021
6 Employee group consists of individuals employed by IG Index Limited the main UK employing entity as IG Group Holdings 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

Annual Report on Remuneration continued

Relative importance of spend on pay

The following table sets out the shareholder distributions, which include dividends and share buybacks by the Company during the financial year and overall spend on pay over the past financial year:

	2023 £m	2022 m	Percentage change
Shareholder distributions	**363.4**	182.2	95%
Employee remuneration costs	**248.6**	214.2	16%

As the table shows, there has been a significant increase in shareholder distributions in 2023. This increase is a result of the Company returning more capital to shareholders via our share buy back program in line with our published capital allocation framework.

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
2023	A	43:1	31:1	22:1
2022	A	50:1	36:1	25:1
2021	A	55:1	40:1	29:1
2020	A	65:1	46:1	34:1

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 2023 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	£55,000	£71,850
50th percentile	£79,150	£99,598
75th percentile	£102,000	£136,990

The CEO pay ratio has been rounded to the nearest whole number. The ratios for FY23 are lower than FY22 and FY21, which reflects the lower SPP outturn for FY23 (since the CEO's package comprises of a larger proportion of at risk, variable pay) and the increase in salaries applied to UK employees during FY23 (which was higher than that awarded to the CEO). The Company believes the median pay ratio is consistent with its reward policies for the Company's UK employees.

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 FY22 was approved at the 2022 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 Chair's discretion

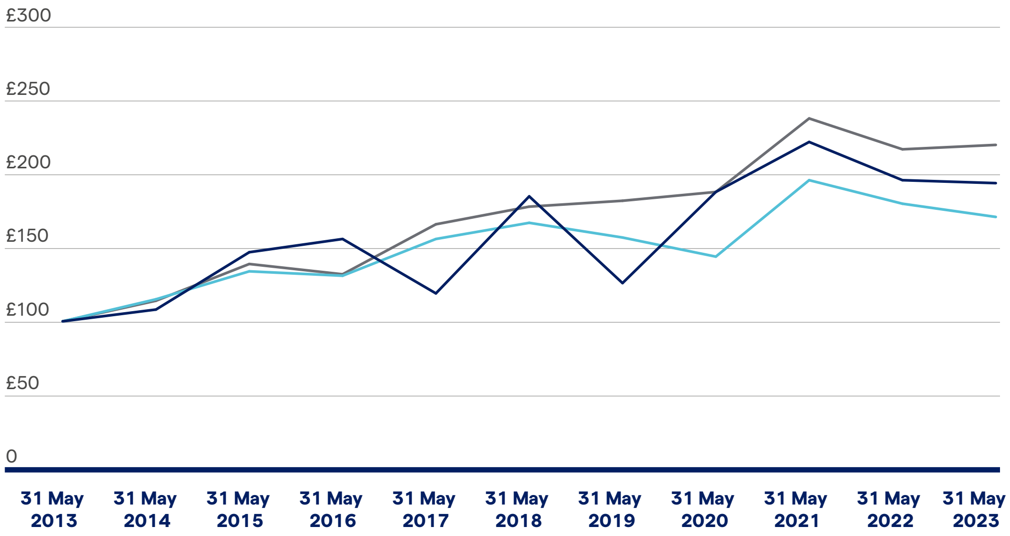
	2022 Annual Report on Remuneration	
	Total number of votes (000s)	% of votes cast
For[1]	318,596	93.25%
Against	23,058	6.75%
Total	341,654	100%
Withheld	64	–

1 'For' includes votes at the Chair's discretion

Annual Report on Remuneration continued

Total Shareholder Return chart

This graph shows the value, by 31 May 2023, of £100 invested in the Group on 31 May 2013 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.



CEO earnings history

	T Howkins		P Hetherington		J Felix	
	Single figure remuneration	LTIP/VSP/SPP vesting outcome	Single figure remuneration	LTIP/VSP/SPP vesting outcome	Single figure remuneration	LTIP/VSP/SPP vesting outcome
2014	1,970	3.00%[1] 54.00%[2]	–	–	–	–
2015	1,519	41.00%	–	–	–	–
2016	210	0.00%	2,641[3]	90.00%	–	–
2017	–	–	1,452	27.10%	–	–
2018	–	–	2,974	80.00%	–	–
2019	–	–	777[4]	18.64%	823[5,6]	18.64%
2020	–	–	–	–	3,640	97.20%
2021	–	–	–	–	3,544	93.40%
2022	–	–	–	–	3,577	94.00%
2023	**–**	**–**	**–**	**–**	**3,055**	**73.55%**

1 Relates to Value Sharing Plan (VSP) award to T Howkins
2 Relates to SPP award to T Howkins
3 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
4 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
5 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
6 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

This report was approved by the Board of Directors on 19 July 2023 and signed on its behalf by:

Helen Stevenson
Chair of the Remuneration Committee

Directors' Report

Directors' Report

The Directors present their report, together with the Group Financial Statements, for FY23. The Directors' Report comprises pages 119–121 of this report, together with the sections of the Annual Report incorporated by reference as located 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 9–55.

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 35.

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	120

Modern slavery

In compliance with Section 4 (l) of the Modern Slavery Act 2015, we have published our slavery and human trafficking statement on our website.

Branch offices

As at 31 May 2023, we had the following overseas branches within the meaning of the CA2006: offices in Australia, China (Representative Office), France, Germany, Hong Kong, 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 £363.7 million (FY22: £503.9 million), all of which is attributable to the equity members of the Company.

The Directors recommend a final ordinary dividend of 31.94 pence per share, making a total of 45.2 pence per share for the year (FY22: 44.2 pence per share). 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 19 October 2023 to those shareholders on the register as at 22 September 2023.

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 FY23 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
Susan Skerritt
Helen Stevenson

Executive Directors

June Felix
Jon Noble
Charlie Rozes

Directors' Report continued

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 2023 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 61.

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 FY23 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 (FY22: £nil).

Share capital

The Company has three classes of shares: ordinary shares, deferred redeemable shares and preference shares. As at 31 May 2023, our issued shares comprised 408,947,842 ordinary shares of 0.005 pence each (representing 99.97% 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 pages 39–47.

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 2022 AGM. The authority to issue or buy back shares will expire at the 2023 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 43,015,803 of the Company's ordinary shares. 22,819,706 shares were purchased during the year.

During the year, 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 21 September 2022, 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.

Directors' Report continued

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 2023. 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.

Major interest in shares	No. of shares	Percentage[1]
Artemis Investment Management LLP	18,510,435	5.01%
BlackRock, Inc.	19,820,667	5.36%
Massachusetts Financial Services Company	20,960,928	5.08%
Tom Sosnoff	14,888,162	3.40%
Standard Life Aberdeen	11,137,095	3.01%

1 The percentage is as at the date of notification

The Company has not been informed of any other changes to the notifiable interests between 31 May 2023 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 19 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 20 September 2023. Details of the resolutions to be proposed will be provided in the AGM Notice.

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 20 September 2023.

Subsequent events

Please refer to note 35 to the Financial Statements.

On behalf of the Board

Charles A. Rozes
Chief Financial Officer
19 July 2023

Statement of Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the FY23 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; and
- 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 FY23 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 58–61 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 is aware of that information

On behalf of the Board

Charles A. Rozes
Chief Financial Officer
19 July 2023

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 2023 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 as applied in accordance with the provisions of the Companies Act 2006; 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 2023; 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

Overview

This was the third 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 and how it changed from the previous year.

Key audit matters

- Estimation of the recoverable amount of the US cash generating unit – tastytrade, Inc. (Group)
- OTC derivative revenue (Group)
- Carrying value of the investments in subsidiaries (Company)

Materiality

- Overall Group materiality: £22,400,000 (2022: £23,800,000) based on 5% of adjusted profit before tax.
- Overall Company materiality: £19,900,000 (2022: £17,600,000) based on 1% of total assets.
- Performance materiality: £16,800,000 (2022: £17,800,000) (Group) and £14,900,000 (2022: £13,200,000) (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.

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.

The Fair value of customer relationships recognised on the acquisition of tastytrade, Inc. (Group), which was a key audit matter last year, is no longer included because the initial fair value was determined as part of the purchase price allocation exercise, which could have been revised up to 12 months post acquisition. As this timeframe has passed we do not consider the initial valuation of the customer relationships to be a key audit matter in the current year. The customer relationships asset does not generate cash inflows that are largely independent and is included within the US cash generating unit for purposes of impairment testing. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report continued

Key audit matter	How our audit addressed the key audit matter
Estimation of the recoverable amount of the US cash generating unit – tastytrade, Inc. (Group) The US cash generating unit ("CGU") had £509.2m of goodwill allocated to it as at 31 May 2023. This is a result of the acquisition of tastytrade, Inc in June 2021. As the goodwill is associated with a business operating in the United States of America it is retranslated into sterling at each reporting date. As required by IAS 36 'Impairment of assets' ("IAS 36"), management has performed their annual goodwill impairment assessment. The goodwill impairment assessment is dependent on an estimate of the recoverable amount of the US CGU. Management used a value-in-use model to determine the recoverable amount of the US CGU in their impairment assessment, as they determined this exceeded the fair value less costs of disposal valuation. A number of assumptions principally relating to revenue growth, earnings before interest, tax, depreciation and amortisation, long term growth rates, and tax and discount rates were required to be assessed by management, when performing their impairment assessment. To assist with the determination of the value-in-use, management engaged their own external valuation experts. We have focused on this area as the value-in-use calculation of the US 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. No impairment charge has been recorded for the year ended 31 May 2023. Refer to note 1 – General information and basis of preparation and note 12 – 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 IAS 36 and we tested the mathematical accuracy of the calculations. We agreed the carrying amount of the US CGU to underlying accounting records, compared the cash flows used in the impairment models to the approved plan and assessed the reasonableness of the adjustments made to the cash flows to ensure their compliance with IAS 36. 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, including the relationship between these assumptions and management's estimated future cash flows. We performed the following procedures over the significant assumptions relating to the estimated future cash flows: → Challenged the appropriateness of management's assumptions and, where relevant, their interrelationships; → 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, Inc management; and → Assessed whether judgements made in deriving the assumptions gave rise to indicators of possible management bias. We evaluated the appropriateness of the critical accounting estimate and key sources of estimation uncertainty in note 1 to the Consolidated Financial Statements and the disclosures on goodwill in note 12 and considered these to be reasonable. We also performed independent sensitivity calculations for the relevant assumptions included in note 12. Based on the procedures performed, we considered the directors' conclusion that the goodwill within the US 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 still 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 note 2 – Significant accounting policies and note 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 and implementation 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; → 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 auditing techniques, recalculating the revenue recorded in relation to a sample of trades and agreeing these to the underlying accounting records; → Testing commission, overnight funding, guaranteed stop premium and cash currency transfer rates on a sample basis; → Testing the valuation of selected client and broker positions to third party pricing sources; → Agreeing all cash account balances to external third-party evidence at year-end through a combination of independent confirmations and examination of bank statements; → Agreeing all amounts and balances held with market counterparties to independent confirmations or other external third party evidence; and → Testing manual client ledger postings on a sample basis. Based on the procedures performed, no material issues arose from this work.

Independent Auditors' Report continued

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 £1,087m, 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 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 as the carrying value of the net assets of IGGL was lower than the investment in subsidiaries balance recorded in the Company, and performed an impairment assessment and estimated the recoverable amount using a value-in-use model. The value-in-use was determined by management to be higher than the fair value less costs of disposal. We have focused on this area as the calculation of value-in-use involves judgement. Management's impairment assessment showed significant headroom at year-end, and consequently no impairment provision is held against this investment. Refer to note 2 – Significant accounting policies and note 6 – Investment in subsidiaries of the Company Financial Statements for further details.	We have assessed management's consideration of IAS 36 impairment indicators and their impairment assessment, which were both found 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. In respect of management's assumptions, our in-house valuation experts assessed the reasonableness of the discount rate used in the impairment 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 investment 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.

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, relevant accounting and regulatory developments, the Group's strategy and the changes taking place across the Group. We also considered our knowledge and experience obtained in prior year audits.

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, 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 tastytrade, Inc. as a significant component of the Group. We obtained a full scope audit opinion for the financial position as at 31 May 2023 and results of tastytrade, Inc for the year ended 31 May 2023. The audit of tastytrade, Inc. was performed by a PwC member firm in the United States.

The other significant financial reporting component was determined to be the OTC derivative business. 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, Krakow and Bangalore. 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 tastytrade, Inc.

All remaining components, which are Exchange Traded Derivative and Stock trading and investments 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.

Independent Auditors' Report continued

We asked the partner and engagement team reporting to us on tastytrade, Inc. to work to an assigned materiality reflecting the size of the tastytrade, 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. Senior members of our team undertook at least one in-person site visit to Krakow and Chicago prior to the year end. We obtained direct access to their working papers to oversee and review their work. We also attended meetings with tastytrade, Inc. management at year-end.

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 estimation of the recoverable amount of the US CGU – tastytrade, Inc (see related key audit matter).

The impact of climate risk on our audit

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 30, 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 30 and these are not considered to have a material impact on the financial statements.

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	£22,400,000 (2022: £23,800,000).	£19,900,000 (2022: £17,600,000).
How we determined it	5% of adjusted profit before tax	1% of total assets
Rationale for benchmark applied	We believe that 5% of adjusted profit before tax is an appropriate quantitative benchmark of materiality. A profit before tax benchmark is standard for listed entities like IG, and has been adjusted in the current period to exclude income received in relation to the Nadex disposal, as in our opinion this is non-recurring and does not form part of the ongoing business performance. The benchmark used is consistent with last year.	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 £4,230,000 and £21,280,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

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% (2022: 75%) of overall materiality, amounting to £16,800,000 (2022: £17,800,000) for the Group financial statements and £14,900,000 (2022: £13,200,000) 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) (2022: £1,100,000) and £995,000 (Company audit) (2022: £880,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report continued

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.

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. 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 2023 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 and Company 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.

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 breaches of the rules of the Financial Conduct Authority, 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 and relevant tax legislation. 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 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

Independent Auditors' Report continued

- 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

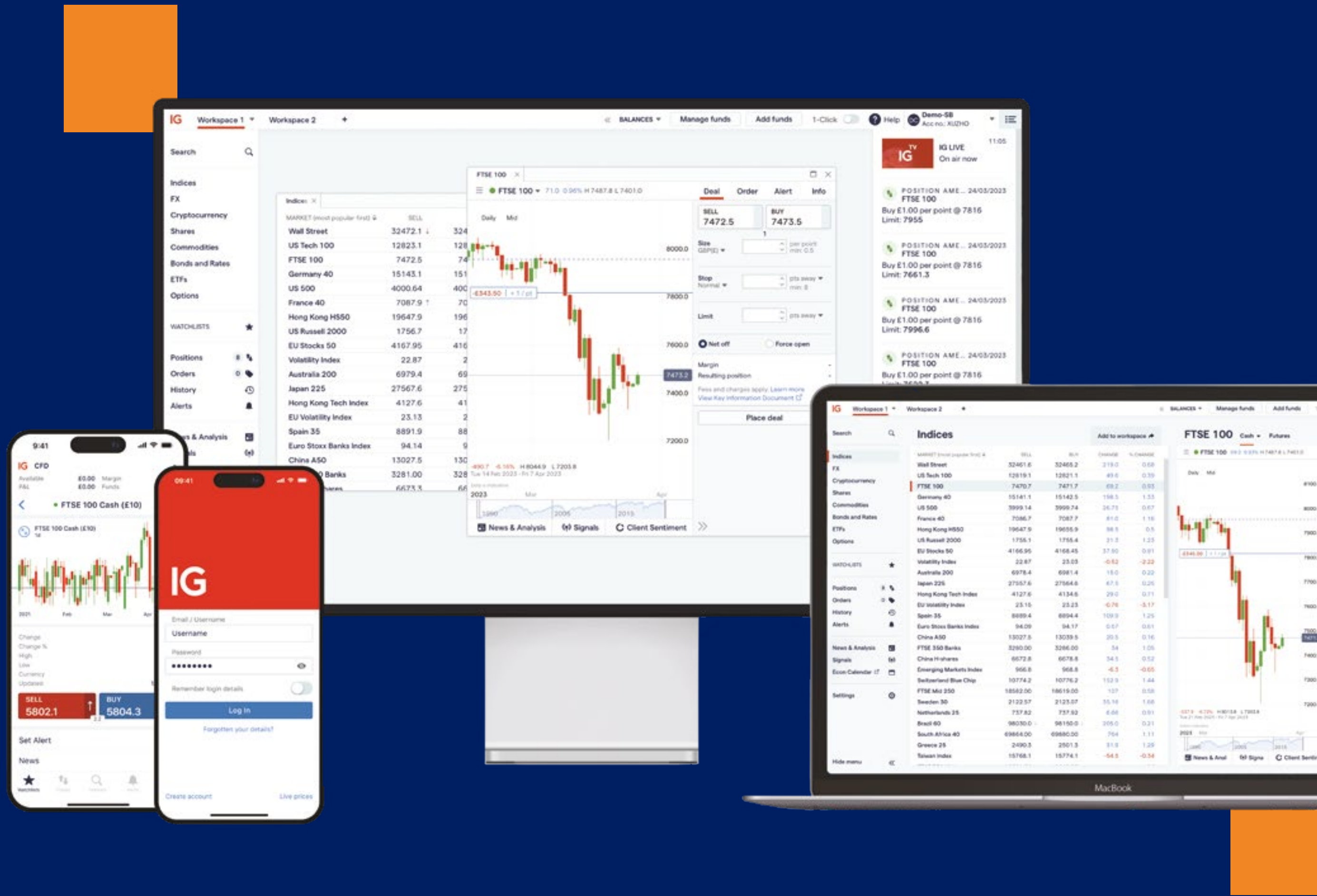
We were appointed by the directors on 8 December 2010 to audit the financial statements for the year ended 31 May 2011 and subsequent financial periods. The period of total uninterrupted engagement is 13 years, covering the years ended 31 May 2011 to 31 May 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will 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 will be 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
19 July 2023

Financial Statements



Financial Statements

Consolidated Income Statement
for the year ended 31 May 2023

	Note	**Year ended 31 May 2023 £m**	Year ended 31 May 2022 £m
Continuing operations			
Trading revenue		**949.7**	982.0
Introducing partner commissions		**(7.9)**	(9.7)
Net trading revenue	3	**941.8**	972.3
Betting duty and financial transaction taxes		**(10.4)**	(2.5)
Interest income on client funds		**81.8**	3.5
Interest expense on client funds		**(1.0)**	(2.7)
Other operating income		**11.2**	8.6
Net operating income		**1,023.4**	979.2
Operating costs	4	**(583.8)**	(499.2)
Net credit losses on financial assets	29	**(1.1)**	(2.7)
Operating profit		**438.5**	477.3
Finance income	7	**30.2**	3.4
Finance costs	8	**(16.2)**	(14.8)
Gain on disposal of associates		**–**	4.1
Share of loss after tax from associates	33	**(2.6)**	(2.3)
Fair value gain on convertible loan note		**–**	9.3
Profit before tax		**449.9**	477.0
Tax expense	9	**(86.2)**	(80.9)
Profit for the year from continuing operations		**363.7**	396.1
Profit for the year from discontinued operations	32	**1.3**	107.8
Profit for the year attributable to owners of the parent		**365.0**	503.9
Earnings per ordinary share for profit from continuing operations:			
Basic	10	**86.9p**	92.9p
Diluted	10	**86.1p**	92.1p
Earnings per ordinary share for profit attributable to owners of the parent:			
Basic	10	**87.2p**	118.2p
Diluted	10	**86.4p**	117.2p

Financial Statements continued

Consolidated Statement of Comprehensive Income
for the year ended 31 May 2023

	Year ended 31 May 2023		Year ended 31 May 2022	
	£m	£m	£m	£m
Profit for the year		**365.0**		503.9
Other comprehensive income				
Items that may be subsequently reclassified to the Consolidated Income Statement:				
Changes in the fair value of financial assets held at fair value through other comprehensive income, net of tax	**(11.9)**		(4.0)	
Foreign currency translation gain attributable to continuing operations	**3.2**		67.4	
Foreign currency translation loss attributable to discontinued operations	**–**		(3.0)	
Other comprehensive (loss)/income for the year, net of tax		**(8.7)**		60.4
Total comprehensive income for the year		**356.3**		564.3
Total comprehensive income attributable to owners of the parent arising from:				
Continuing operations		**355.0**		459.5
Discontinued operations		**1.3**		104.8
		356.3		564.3

Consolidated Statement of Financial Position

as at 31 May 2023

	Note	31 May 2023 £m	31 May 2022 £m
Assets			
Non-current assets			
Goodwill	12	**611.0**	604.7
Intangible assets	13	**276.5**	292.1
Property, plant and equipment	14	**36.1**	36.6
Financial investments	15	**379.6**	134.8
Financial assets pledged as collateral	15	**–**	25.3
Investment in associates	33	**12.5**	14.8
Other investments		**1.2**	–
Prepayments		**0.3**	–
Deferred income tax assets	9	**23.2**	17.5
		1,340.4	1,125.8
Current assets			
Cash and cash equivalents	16	**798.5**	1,246.4
Trade receivables	17	**570.4**	469.5
Financial investments	15	**226.8**	200.9
Financial assets pledged as collateral	15	**–**	35.1
Other assets	18	**15.0**	14.2
Prepayments		**25.3**	23.2
Other receivables		**10.0**	9.8
Income tax receivable	9	**8.8**	–
		1,654.8	1,999.1
Assets classified as held for sale		**–**	1.2
TOTAL ASSETS		**2,995.2**	3,126.1

	Note	31 May 2023 £m	31 May 2022 £m
Liabilities			
Non-current liabilities			
Debt securities in issue	19	**297.6**	297.2
Other payables		**1.2**	–
Lease liabilities	20	**13.3**	13.0
Deferred income tax liabilities	9	**60.8**	67.2
		372.9	377.4
Current liabilities			
Trade payables	21	**478.0**	571.2
Other payables	22	**116.2**	119.5
Lease liabilities	20	**7.4**	8.9
Income tax payable	9	**6.1**	20.5
		607.7	720.1
Liabilities directly associated with assets classified as held for sale		**–**	0.8
TOTAL LIABILITIES		**980.6**	1,098.3
Equity			
Share capital and share premium	24	**125.8**	125.8
Translation reserve		**120.8**	117.6
Merger reserve		**590.0**	590.0
Other reserves	25	**(16.9)**	8.4
Retained earnings		**1,194.9**	1,186.0
TOTAL EQUITY		**2,014.6**	2,027.8
TOTAL EQUITY AND LIABILITIES		**2,995.2**	3,126.1

The Consolidated Financial Statements on pages 132–180 were approved by the Board of Directors on 19 July 2023 and signed on its behalf by:

Charles A. Rozes
Chief Financial Officer

Registered Company number: 04677092

Financial Statements continued

Consolidated Statement of Changes in Equity
for the year ended 31 May 2023

	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total £m
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	25	–	–	–	–	(6.7)	–	(6.7)
Transfer of vested awards from the share-based payment reserve	25	–	–	–	–	(7.3)	7.3	–
Equity-settled employee share-based payments	26	–	–	–	–	13.6	–	13.6
Issue of ordinary share capital for the acquisition of tastytrade		–	–	–	509.0	–	–	509.0
At 31 May 2022		–	125.8	117.6	590.0	8.4	1,186.0	2,027.8
At 1 June 2022		**–**	**125.8**	**117.6**	**590.0**	**8.4**	**1,186.0**	**2,027.8**
Profit for the year and attributable to owners of the parent		**–**	**–**	**–**	**–**	**–**	**365.0**	**365.0**
Other comprehensive (loss)/income for the year		**–**	**–**	**3.2**	**–**	**(11.9)**	**–**	**(8.7)**
Total comprehensive income/(loss) for the year		**–**	**–**	**3.2**	**–**	**(11.9)**	**365.0**	**356.3**
Tax recognised directly in equity on share-based payments	9	**–**	**–**	**–**	**–**	**–**	**1.0**	**1.0**
Equity dividends paid	11	**–**	**–**	**–**	**–**	**–**	**(188.1)**	**(188.1)**
Share buyback		**–**	**–**	**–**	**–**	**(2.1)**	**(176.6)**	**(178.7)**
Employee Benefit Trust purchase of own shares	25	**–**	**–**	**–**	**–**	**(14.6)**	**–**	**(14.6)**
Transfer of vested awards from the share-based payment reserve	25	**–**	**–**	**–**	**–**	**(7.6)**	**7.6**	**–**
Equity-settled employee share-based payments	26	**–**	**–**	**–**	**–**	**13.3**	**–**	**13.3**
Share-based payments converted to cash-settled liabilities		**–**	**–**	**–**	**–**	**(2.4)**	**–**	**(2.4)**
At 31 May 2023		**–**	**125.8**	**120.8**	**590.0**	**(16.9)**	**1,194.9**	**2,014.6**

Financial Statements continued

Consolidated Statement of Cash Flows

for the year ended 31 May 2023

	Note	**Year ended 31 May 2023 £m**	Year ended 31 May 2022 £m
Operating activities			
Cash generated from operations[1]	30	**221.4**	810.6
Interest received on client funds		**75.8**	3.5
Interest paid on client funds		**(1.0)**	(2.7)
Income taxes paid		**(116.6)**	(99.2)
Net cash flows generated from operating activities		**179.6**	712.2
Investing activities			
Interest received		**25.6**	3.2
Net cash flow to investment in associates		**–**	(1.9)
Purchase of property, plant and equipment		**(11.6)**	(8.5)
Payments to acquire and develop intangible assets		**(14.6)**	(9.0)
Net proceeds from disposal of subsidiaries	32	**1.8**	143.3
Net proceeds from disposal of investments in associates		**0.2**	24.5
Net cash flow from financial investments		**(225.8)**	(57.1)
Net cash flow to acquire subsidiaries		**(4.8)**	(193.5)
Net cash flows used in investing activities		**(229.2)**	(99.0)
Financing activities			
Interest paid		**(12.2)**	(11.0)
Financing fees paid		**(3.2)**	(5.4)
Interest paid on lease liabilities		**(0.5)**	(0.6)
Repayment of principal element of lease liabilities		**(7.1)**	(7.5)
Drawdown on term loan		**–**	150.0
Repayment of term loans		**–**	(250.0)
Net proceeds from issue of debt securities		**–**	299.2
Payments made for share buyback		**(175.2)**	–
Equity dividends paid to owners of the parent	11	**(188.1)**	(186.2)
Employee Benefit Trust purchase of own shares		**(14.6)**	(6.7)
Net cash flows used in financing activities		**(400.9)**	(18.2)
Net (decrease)/increase in cash and cash equivalents		**(450.5)**	595.0
Cash and cash equivalents at the beginning of the year		**1,246.4**	655.2
Impact of movement in foreign exchange rates		**(0.7)**	(3.8)
Cash and cash equivalents at the end of the year	16	**795.2**	1,246.4

1 Cash generated from operations includes cash generated from both continuing and discontinued operations and excludes net interest on client funds

Financial Statements continued

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 2023 were authorised for issue by the Board on 19 July 2023 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)

The Group 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 2023 affecting these consolidated Group Financial Statements.

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities 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 2023 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 judgements and estimates that affect the application of accounting policies and the amounts reported for assets and liabilities as at the reporting date, and the amounts reported for revenue and expenses during the year. The nature of estimates and judgements means that actual outcomes could differ from those estimates and judgements.

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 Group Financial Statements are the following:

Recoverable amount of US cash-generating unit (CGU) (estimate) – The Group has estimated the recoverable amount of its US CGU, which includes goodwill of £509.2 million (31 May 2022: £502.8 million) and other acquisition-related intangibles. 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 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 12.

(c) New accounting standards and interpretations

There were no new standards, amendments or interpretations issued and made effective during the current year 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 amendments to IFRSs that are effective for annual reporting periods beginning on or after 1 January 2023. These include amendments published to IFRS 16 – Leases, IFRS 3 – Business Combinations, IAS 12 – Income Taxes, IAS 37 – Contingent Liabilities and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The Group has assessed the impact of these amendments and expects they will not have a material impact, when adopted, on the Group Financial Statements.

(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 total revenue as the primary measure of performance of the various segments of the Group. Further information regarding alternative performance measure has been provided in note 3.

(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 Consolidated Income Statement. Non-monetary assets and liabilities 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 the 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 the translation reserve. On disposal of an overseas operation, exchange differences previously recognised in other comprehensive income are recycled to the Consolidated Income Statement as income or expense.

1. General information and basis of preparation continued

(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 Group Financial Statements.

The Group meets its day-to-day working capital requirements through its available liquid assets and debt 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 Group 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 considers 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 Group Financial Statements.

(g) Business acquisition

On 29 March 2023, the Group acquired the entire share capital of Small Exchange, Inc. (Small Exchange). The results of Small Exchange have been consolidated in the Group since the date of acquisition. Where necessary, comparative information is presented in US dollars alongside sterling. Further details are disclosed in note 31.

(h) Reclassification of comparatives

To ensure consistency with the current period, comparative figures have been reclassified where the presentation of the Consolidated Financial Statements has been changed. The adjustments are:

(i) Interest received on client funds of £81.8 million (31 May 2022: £3.5 million) and interest paid on client funds of £1.0 million (31 May 2022: £2.7 million) have been presented as separate line items in the Consolidated Statement of Cash Flows, as well as in note 30 cash flow information.

(ii) The ordering of the financial statement line items in the Consolidated Income Statement has been updated in the current year, to reflect a more appropriate presentation given changes in the business. As a result of changing interest rates, finance income (31 May 2023: £30.2 million; 31 May 2022: £3.4 million) and finance costs (31 May 2023: £16.2 million; 31 May 2022: £14.8 million) have become more significant. Accordingly, these line items are now presented immediately below the operating profit line.

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 2022, except the following accounting policies adopted due to new transactions in the year:

- Equity arising from transactions with shareholders (Share capital)
- Notional pooling arrangement (Cash and cash equivalents)

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 34.

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 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 results of subsidiaries to align the accounting policies used with those used by 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 Consolidated 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 Consolidated Income Statement in the year of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Financial Statements continued
Notes to the Financial Statements continued

2. Significant accounting policies continued

Investment 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 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 of the joint venture which is recognised from the date that joint control begins, up until the date that joint control ceases.

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 Consolidated 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.

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.

OTC derivatives

Revenue from OTC derivatives 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 28.

Revenue from OTC derivatives is recognised on a trade-date basis.

Exchange traded derivatives

Revenue from exchange traded derivatives represents:

i) fee and commission income earned through facilitation of client trades; and

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 client trades and the administration of client assets. 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.

Interest income and expense

Interest income and expense is accrued on a time basis, by reference to the principal amount outstanding and at the applicable interest rate.

Interest income and expense on client funds held with banks and clearing brokers are included in net operating income, which is consistent with the nature of the Group's operations.

Finance income and costs

All interest income and costs other than interest income and expense on client funds, are disclosed within finance income and costs. Further details are disclosed in note 7 and note 8 respectively.

Dividends

Dividends declared but not yet distributed to the Company's shareholders are recognised as a liability 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 Consolidated 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.

2. Significant accounting policies continued

Bonus schemes

The Group recognises an accrual and an expense for bonuses based on formulae that consider specific financial and non-financial measures. Liabilities for the Group's cash-settled portion of the Sustained Performance Plan are recognised as variable remuneration over the relevant service period and are 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 right-of-use asset with a corresponding lease liability from the lease commencement date.

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
- Lease payments made at or before the commencement date less any lease incentives received
- 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 in the Consolidated Income Statement.

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 Consolidated 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.

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 Consolidated 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 within 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.

2. Significant accounting policies continued

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. The amount of write-down is immediately charged to the Consolidated Income Statement.

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 Consolidated 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 Consolidated 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.

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 assets are identifiable and under the Group's control
- The costs in relation to the project can be accurately measured
- The project's technical feasibility and commercial viability can be demonstrated
- The availability of adequate technical and financial resources
- Management's intention to complete the project has been confirmed
- Probable future economic benefit has been established

Research and development expenditure on internally developed intangible assets, which do not meet these criteria is taken to the Consolidated Income Statement in the year in which it is incurred.

Intangible assets with a finite life are amortised over their expected useful lives on a straight-line basis, as follows:

Internally developed software	– over 3 to 5 years
Software and licences	– over the contract term of up to 5 years
Trade names	– 2 to 15 years
Customer relationships	– 9 years
Non-compete arrangements	– 5 years
Domain names	– 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.

2. Significant accounting policies continued

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 in the Consolidated Income Statement 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 under IFRS 9 – Financial Instruments and re-evaluates this designation annually. The classification of financial assets takes into consideration the Group's business model for managing those financial assets and the nature of their contractual cash flows. 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 liabilities is measured net of directly attributable transaction costs. Financial instruments are disclosed in note 28 of the Group Financial Statements.

(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), money market funds, trade payables (excluding amounts due to clients) and other investments. 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 Consolidated 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 than amounts due from brokers), other receivables, cash and cash equivalents and fixed term deposits that are categorised under financial investments.

Interest on financial assets measured at amortised cost 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 and 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 financial asset 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.

2. Significant accounting policies continued

Unrealised gains or losses, other than loss allowances for expected credit losses, arising from financial assets 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 assets are sold, collected or otherwise disposed of.

On disposal of a financial asset, the accumulated unrealised gain or loss included in equity is recycled to the Consolidated Income Statement for the period and reported in gains/losses from FVOCI reserve on disposal of financial assets. Gains and losses on disposal are determined using the fair value of the asset at the date of derecognition.

Interest on financial assets is included in finance income and calculated 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.

UK Government securities held by the Group where brokers have the right to rehypothecate the assets are separately recognised as 'financial assets pledged as collateral' on the Statement of Financial Position.

(d) Financial liabilities

The Group's financial liabilities include trade payables, lease liabilities, debt securities in issue 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 open derivative element of trade payables, which is measured at fair value through profit or loss. 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 Consolidated Income Statement.

(e) Determination of fair value

Financial instruments arising from client positions, financial derivative included in trade receivables (due from brokers), trade payables (excluding amounts due to clients), money market funds, 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 Consolidated 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 Contracts 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.

2. Significant accounting policies continued

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 Consolidated Income Statement.

Derecognition of financial assets and liabilities

A financial asset or liability is 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.

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.

Offsetting financial instruments

Assets or liabilities resulting from gains or losses on financial derivatives are carried at fair value. Amounts due from or to clients are offset with the net amount reported in the Consolidated Statement of Financial Position. Similarly, amounts due from and to brokers are offset, also presented net on the Consolidated 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 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.

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.

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. 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. For all other trade receivables, the general approach has been applied for measuring impairment.

Other assets

Other assets represent rights to cryptocurrency assets controlled by the Group. The Group offers financial derivatives with cryptocurrency as an underlying asset. The Group purchases and sells cryptocurrency assets as part of its hedging activity associated with offering for products.

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 Consolidated Income Statement in the period in which they arise. Cryptocurrency assets are not financial instruments, and they are categorised as non-financial assets.

The Group also act as a broker for the custody and trade of cryptocurrency related assets. The Group does not provide custody or safeguarding services in relation to these assets. Customers are instead required to contract directly with a third party custodian for the custody of their cryptocurrency assets. The cryptocurrency assets where the Group acts as a broker are not recognised on the Consolidated Statement of Financial Position.

Other receivables

Other receivables are the 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.

Financial Statements continued

Notes to the Financial Statements continued

2. Significant accounting policies continued

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 of 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.

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits which may be accessed within 90 days without penalty. Cash equivalents are 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 Group deposits a certain amount of its own cash into segregated client money accounts as buffers to prevent shortfalls. As the Group retains rights to these balances, they are recognised on the Statement of Financial Position within trade receivables. These buffer balances do not meet the criteria for cash and cash equivalents.

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 whether there has been a significant increase in credit risk since initial recognition.

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.

Segregated client funds are held in segregated client money accounts which are held off-balance sheet. The Group's ability to control these funds is restricted by local client money regulations. Furthermore, the Group is not exposed to credit risk in the event of insolvency of the financial institutions in which the funds are held, nor is the Group able to use these funds for its own operations.

Client 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 recognised with cash and cash equivalents with a corresponding liability to clients within trade payables.

Fixed term deposits do not meet the criteria of cash and cash equivalents under IAS 7 – Statement of Cash Flows 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.

The Group has a notional multi-currency pooling arrangement (the Pool), where there is no legally enforceable right to offset the amounts due to the Pool against the amounts due from the Pool across different currencies, nor is there an intention for settlement to take place on a net basis, the Group shows a gross presentation for these balances on the Consolidated Statement of Financial Position. The balance due to the Pool is included in other payables. Please refer to note 22 for further details of this arrangement.

Other payables

Non-derivative financial liabilities are recognised initially at fair value and subsequently measured 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. Contingent liabilities are assessed continually to determine whether an outflow of economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

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 Consolidated Income Statement over the period of borrowings.

2. Significant accounting policies continued

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 Consolidated Income Statement over the lifetime of the security using the effective interest rate method. Transaction fees are recognised on the Consolidated 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 for the Group is presented as a liability on the Consolidated Statement of Financial Position; 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 Consolidated Income Statement.

Equity instruments issued by the Company are recorded as the proceeds are 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 Consolidated 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 Consolidated 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 Consolidated 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.

(d) Equity arising from transactions with shareholders

Upon entering into a contract with a bank or broker which includes an obligation for that bank or broker to acquire the Company's own shares, a financial liability is recognised at the present value of the amount payable to the bank or broker, taking into consideration the contractual terms of the broker agreement, with a corresponding debit to the share buyback reserve, which is included within other reserves. Following initial recognition, the financial liability is measured in accordance with the Group's existing accounting policies for financial liabilities. The amount recognised in the share buyback reserve is reduced by the consideration paid for the purchase of own shares and transferred to retained earnings. The amount of the Group's issued share capital is reduced by the nominal value of the shares repurchased and transferred to the capital redemption reserve, which forms part of other reserves.

Where the contract to repurchase shares expires prior to completing the repurchase, and incomplete delivery of the shares has taken place, the remaining balance recognised in the share buyback reserve is reversed along with the remaining financial liability. Any consideration paid to acquire own shares which exceeds the amount initially recognised is a transaction related cost and recognised directly in equity.

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 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.

The CODM are presented a view of total revenue split by product. Total revenue is an alternative performance measure which comprises of net trading revenue and net interest on client funds. In the prior year, the CODM were presented with a view of net trading revenue split by product. This change is due to net interest on client funds being a more significant source of revenue for the year ended 31 May 2023. The presentation for prior year comparatives has been updated to reflect this.

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Notes to the Financial Statements continued

3. Segmental analysis continued

Total revenue by reportable segment

Net trading revenue represents trading revenue that the Group generates from client trading activity after deducting introducing partner commissions. Net interest on client funds represents interest earned on segregated client money balances after deducted interest paid in relation to the same balances. These two balances collectively make up total revenue earned for the Group. The CODM uses total 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, stock trading and investments and net interest on client funds. The products shown in the segmental analysis are aggregated where these products are economically similar in nature.

The segmental breakdown of total revenue is as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
OTC derivatives	**782.0**	817.3
Exchange traded derivatives	**137.1**	121.2
Stock trading and investments	**22.7**	33.8
Net trading revenue	**941.8**	972.3
Net interest on client funds	**80.8**	0.8
Total revenue from continuing operations[1]	**1,022.6**	973.1
Total revenue from discontinued operations[1]	**–**	9.4

1 Please refer to Appendix 1 for reconciliation to the Consolidated Income Statement

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.

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Net trading revenue by geography		
UK	**322.0**	365.3
Japan	**99.3**	98.5
Australia	**99.8**	96.2
Singapore	**68.8**	74.1
EMEA Non-EU	**55.3**	53.5
Emerging markets	**39.5**	43.2
UK, APAC & Emerging markets	**684.7**	730.8
US	**140.9**	128.6
EU	**116.2**	112.9
Net trading revenue	**941.8**	972.3
Net interest on client funds – US	**50.4**	1.9
Net interest on client funds – Other	**30.4**	(1.1)
Total revenue from continuing operations	**1,022.6**	973.1
Total revenue from discontinued operations	**–**	9.4

The Group does not derive more than 10% of revenue from any one single client. In relation to prior year comparative information, the UK geographic segment, and the OTC derivatives segment, includes a £5.8 million foreign exchange gain arising from financing of the tastytrade acquisition in prior year. No such gains have been recognised in the current year.

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Notes to the Financial Statements continued

3. Segmental analysis continued

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:

	31 May 2023 £m	31 May 2022 £m
US	770.7	795.1
UK	152.6	133.8
EU	5.7	5.5
EMEA Non-EU	4.7	7.3
Australia	0.4	0.8
Japan	1.9	0.8
Singapore	0.3	–
Emerging markets	0.1	3.4
Total non-current assets	936.4	946.7

4. Operating costs

	Note	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Employee-related expenses			
Fixed remuneration		193.0	151.5
Variable remuneration		55.6	62.7
		248.6	214.2
Advertising and marketing		93.5	87.2
Premises-related costs		10.8	9.1
IT, market data and communications		51.9	45.1
Trading related costs		38.7	32.5
Legal and professional costs		25.8	19.6
Regulatory fees		8.5	12.9
Depreciation and amortisation	13,14	61.6	56.5
Other costs		44.4	22.1
Total operating costs from continuing operations		583.8	499.2
Total operating costs from discontinued operations		0.2	9.9

Trade related costs of £38.7 million as at 31 May 2023 (31 May 2022: £32.5 million), which were previously presented in the other costs line, are now presented as a separate line item. This presentation better reflects the nature of these costs.

Included in premises-related costs is £0.6 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 2022: £0.5 million).

5. Auditors' remuneration

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Audit fees		
Parent	1.3	1.2
Subsidiaries	1.4	1.1
Total audit fees	2.7	2.3
Audit related fees		
Services supplied pursuant to legislation	0.6	0.6
Total audit related fees	0.6	0.6
Non-audit fees		
Other services	0.2	0.3
Total non-audit fees	0.2	0.3

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.

Financial Statements continued
Notes to the Financial Statements continued

6. Staff costs

Staff costs for the year, including Directors, were as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Wages and salaries, performance-related bonus and share-based payment awards	**214.9**	185.1
Social security costs	**23.2**	20.2
Other pension costs	**10.5**	8.9
Total staff costs from continuing operations	**248.6**	214.2
Total staff costs from discontinued operations	**–**	4.5

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 2023 and 31 May 2022 is set out in the Directors' Remuneration Report on page 89.

The average monthly number of employees, including Directors, split into the key activity areas was as follows:

	Year ended 31 May 2023	Year ended 31 May 2022
Marketing	**362**	315
Sales and client management	**426**	439
Technology and change management	**1,119**	977
Trading and operations	**342**	321
Support functions	**416**	372
	2,665	2,424

The Group has changed the categorisation of functions by which it splits employees in order to better reflect the activities carried out. The comparative number of average employees has been restated based on this new categorisation. The total number of average employees remains unchanged.

7. Finance income

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Bank interest receivable	**7.5**	1.5
Interest receivable on cash held at brokers	**5.9**	0.8
Interest receivable on financial investments	**9.1**	0.4
Interest receivable on money market funds	**7.6**	0.3
Other interest	**0.1**	0.4
	30.2	3.4

8. Finance costs

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Interest and fees on debt securities	**10.0**	5.3
Term loan interest and fees	**–**	3.5
Revolving credit facility interest and fees	**2.7**	1.6
Interest and fees on sale and repurchase agreements	**0.2**	–
Interest payable to brokers	**2.2**	2.7
Interest payable on lease liabilities	**0.5**	0.6
Bank interest payable	**0.6**	1.1
	16.2	14.8

9. Taxation

Tax on profit on ordinary activities

Tax charged in the Consolidated Income Statement:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Current income tax		
UK corporation tax	**75.1**	79.1
Non-UK corporation tax	**24.3**	39.3
Adjustment in respect of prior years	**(6.1)**	(6.1)
Total current income tax	**93.3**	112.3
Deferred income tax		
Origination and reversal of temporary differences	**(7.4)**	(1.6)
Adjustment in respect of prior years	**0.8**	(1.0)
Impact of change in tax rates on deferred tax balances	**(0.1)**	0.3
Total deferred income tax	**(6.7)**	(2.3)
Total tax expense	**86.6**	110.0
Total tax expense attributable to:		
Continuing operations	**86.2**	80.9
Discontinued operations	**0.4**	29.1
Tax not charged to Consolidated Income Statement		
Tax recognised in other comprehensive income	**(6.2)**	0.5
Tax recognised directly in equity	**(1.0)**	(0.5)

Reconciliation of the total tax expense

The standard UK corporation tax rate for the year ended 31 May 2023 is 20%[1] (31 May 2022: 19%). Taxation outside the UK is calculated at the rates prevailing in the relevant jurisdictions. The tax expense in the Consolidated Income Statement for the year can be reconciled as set out below:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Profit before taxation		
From continuing operations	**449.9**	477.0
From discontinued operations	**1.7**	136.9
Total profit before tax	**451.6**	613.9
Profit multiplied by the UK standard rate of corporation tax of 20%[1] (31 May 2022: 19.0%)	**90.3**	116.7
Higher taxes on overseas earnings	**3.4**	7.9
Adjustment in respect of prior years	**(5.3)**	(8.2)
Expenses not deductible for tax purposes	**1.6**	0.8
Patent Box deduction	**(3.2)**	(7.0)
Impact of change in tax rates on deferred tax balances	**(0.1)**	0.3
Recognition and utilisation of losses previously not recognised	**(0.4)**	(1.2)
Current year losses not recognised as deferred tax assets	**0.3**	0.7
Total tax expense attributable to:	**86.6**	110.0
Continuing operations	**86.2**	80.9
Discontinued operations	**0.4**	29.1

1 Blended UK corporation tax rate, being 10 months of 19% and 2 months of 25%.

The effective tax rate for the year is 19.2% (31 May 2022: 17.9%).

The UK substantively enacted a corporation tax rate of 25% (effective from 1 April 2023) on 24 May 2021. This will impact the Group's future tax charge accordingly. The deferred tax assets and liabilities have been assessed at the tax rates that are expected to apply when the related asset is realised or liability settled.

9. Taxation continued

Deferred income tax assets

	31 May 2023 £m	31 May 2022 £m
Tax losses available for offset against future profits	**3.8**	3.7
Temporary differences arising on share-based payments	**4.8**	3.7
Temporary differences arising on fixed assets	**1.1**	2.1
Other temporary differences	**13.5**	8.0
	23.2	17.5

Deferred income tax liabilities

	31 May 2023 £m	31 May 2022 £m
Temporary differences arising on business combinations	**(57.6)**	(62.9)
Temporary differences arising on fixed assets	**(0.2)**	(0.2)
Other temporary differences	**(3.0)**	(4.1)
	(60.8)	(67.2)

Deferred income tax recovery

	31 May 2023 £m	31 May 2022 £m
Deferred tax assets to be recovered within 12 months	**4.4**	5.4
Deferred tax assets to be recovered after 12 months	**18.8**	12.1
	23.2	17.5

Deferred income tax settlement

	31 May 2023 £m	31 May 2022 £m
Deferred tax liabilities to be settled within 12 months	**(7.4)**	(7.7)
Deferred tax liabilities to be settled after 12 months	**(53.4)**	(59.5)
	(60.8)	(67.2)

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.

Share-based payment awards have been charged to the income statement but are not allowable as a tax deduction until the awards exercise. 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 2023		
	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date
Overseas trading losses	**16.1**	**4.1**	**N/A**
UK capital losses	**23.5**	**5.9**	**N/A**
	39.6	**10.0**	

	31 May 2022		
	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date
Overseas trading losses	14.6	3.9	N/A
UK capital losses	23.5	5.9	N/A
	38.1	9.8	

The Group has an unrecognised deferred tax asset of £10.0 million (31 May 2022: £9.8 million) in respect of prior and current year losses, the recoverability of which is dependent on sufficient taxable profits of the entities.

The movement in the deferred income tax assets included in the Consolidated Statement of Financial Position is as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
At the beginning of the year	**17.5**	12.9
Amounts arising on acquisitions in the year	**–**	7.4
Tax (charged) to the income statement	**(0.3)**	(2.2)
Tax credited to other comprehensive income	**6.2**	–
Tax credited directly to equity	**0.6**	(0.3)
Impact of movement in foreign exchange rates	**–**	–
Reallocations between deferred tax assets and liabilities	**(0.8)**	(0.3)
At the end of the year	**23.2**	17.5

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9. Taxation continued

The movement in the deferred income tax liability included in the Consolidated Statement of Financial Position is as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
At the beginning of the year	**(67.2)**	(0.8)
Amounts arising on acquisitions in the year	**(0.6)**	(66.1)
Tax credited to the income statement	**7.0**	4.5
Tax charged to other comprehensive income	**–**	(0.5)
Impact of movement in foreign exchange rates	**(0.8)**	(4.6)
Reallocations between deferred tax assets and liabilities	**0.8**	0.3
At the end of the year	**(60.8)**	(67.2)

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.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group does not account for deferred tax on top-up taxes and therefore, there was no impact on the recognition and measurement of deferred tax balances as a result of the legislation being substantively enacted.

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 owners 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 and shares repurchased and cancelled under the share buyback programme. 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.

	Year ended 31 May 2023	Year ended 31 May 2022
Earnings attributable to owners of the parent (£m)	**365.0**	503.9
Weighted average number of shares		
Basic	**418,693,685**	426,289,898
Dilutive effect of share-based payments	**3,869,357**	3,614,236
Diluted	**422,563,042**	429,904,134

	Year ended 31 May 2023	Year ended 31 May 2022
Basic earning per ordinary share	**87.2p**	118.2p
→ Attributable to continuing operations	**86.9p**	92.9p
→ Attributable to discontinued operations	**0.3p**	25.3p
Diluted earning per ordinary share	**86.4p**	117.2p
→ Attributable to continuing operations	**86.1p**	92.1p
→ Attributable to discontinued operations	**0.3p**	25.1p

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11. Dividends paid and proposed

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Final dividend for FY22 at 31.24 pence per share (FY21: 30.24p)	**133.2**	130.3
Interim dividend for FY23 at 13.26 pence per share (FY22: 12.96p)	**54.9**	55.9
	188.1	186.2

The final dividend for the year ended 31 May 2023 of 31.94 pence per share was proposed by the Board on 19 July 2023 and has not been included as a liability at 31 May 2023. This dividend will be paid on 19 October 2023, following approval at the Company's AGM, to those members on the register at the close of business on 22 September 2023.

12. Goodwill

The movement in the goodwill balance for the year is as follows:

	31 May 2023 £m	31 May 2022 £m
At the beginning of the year	**604.7**	107.3
Additions – business acquisition	**–**	462.4
Disposals	**–**	(13.4)
Impact of foreign exchange movement	**6.3**	48.4
At the end of the year	**611.0**	604.7

Goodwill has been allocated for impairment testing purposes to cash-generating units (CGU) as follows:

	31 May 2023 £m	31 May 2022 £m
US	**509.2**	502.8
UK	**100.9**	100.9
South Africa	**0.8**	0.9
Australia	**0.1**	0.1
	611.0	604.7

Goodwill arose as follows:

- US – from the acquisition of tastytrade on 28 June 2021
- UK – from the reorganisation of the UK business on 5 September 2003
- 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

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 above CGUs (31 May 2022: £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 estimated recoverable amount for each CGU was determined using the value-in-use (VIU) method. For all CGUs, the recoverable amount was higher than the carrying value. The Group's largest goodwill balance is associated with the US CGU.

Key assumptions used in the calculation of the recoverable amount of the US CGU

The key assumptions for the VIU calculations are those regarding the future cash flow projections, long-term growth rate and the discount rates.

Future cash flow projections:

The future cash flow projections cover a period of four years, reflecting the period over which the Board strategically assess performance. A declining growth rate of 16.0%–6.0% was used to extrapolate the final year of the four-year forecast period for a further three years. The terminal value was calculated based on the seventh year. The growth rate for the years five to seven was applied as the US business is not expected to reach a steady state growth rate by the end of year four.

The cash flow projections are based on the most recent four year plan and take into account historical performance, together with the Group's views on future achievable growth relating to growth of market share and increased client acquisition. Key assumptions are the projected annual growth of net trading revenue and cost growth, which impacts the EBITDA margin. Net trading revenue growth is driven by increasing client numbers based on assumptions relating to acquisition, conversion and retention of clients. EBITDA margin is based on net trading revenue, interest on client money and cost assumptions. Interest on client money is based on our expectation of future longer term interest rates and increases in total client money balances as the underlying client base increases during the forecasted period.

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12. Goodwill continued

Revenue related costs are forecasted to increase over the four-year period in line with revenue projections and cost growth reflects higher marketing expenditure and continued investment in technology. The cashflow projections also take into account assumptions relating to working capital requirements and capital expenditure.

The forecasts do not include revenues arising from tastytrade's planned expansion outside of the US market.

Long term-growth:
The regional long-term growth is used to extrapolate the cash flows to perpetuity for each CGU. The forecast period of four years is extrapolated for a further three years using a declining growth rate, reducing the rate down to a long-term growth rate of 2.0% (31 May 2022: 2.0%) which has been applied to derive a terminal value based on the cash flows in year seven.

Discount rate:
The discount rate used to calculate the recoverable amount of the US CGU is based on a post-tax weighted average cost of capital (WACC). 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 flows which are subject to management's judgement.

A pre-tax discount rate is derived from a post-tax WACC. At the date of the 2023 impairment assessment the pre-tax discount rate applied to the seven-year cash flow period and thereafter, to determine the recoverable amount is 19.6%. For the 2022 impairment assessment, if the four-year cash flows were extrapolated for three years in line with the current year methodology, a discount rate of 19.8% would have been applied. The year on year movement in the discount rate is as a result of the impact of rising interest rates being offset by a reduction in entity specific risk premiums included in the discount rate.

The recoverable amount determined for a seven-year cash flow period for 31 May 2023 and 31 May 2022 would be the same as that determined for a four-year cash flow period with an adjusted pre-tax discount rate applied.

Sensitivity to changes in key assumptions

The recoverable amount at 31 May 2023 exceeds the carrying amount of the cash-generating unit by £27.0 million. The assessment excludes the projected future cash flows arising from tastytrade's planned expansion outside the US market. Were the projected cash flows from international expansion included this would add headroom.

The impact of sensitivities to reasonable changes in a single variable and the change required to reduce headroom to nil are shown in the following table:

Assumption	Sensitivity applied	Reduction in recoverable amount £m	Impairment £m	Changes required to reduce headroom to nil
Net trading revenue growth	(5.0)%	**(104.7)**	**(77.7)**	**1.2% underperformance**
EBITDA margin	(10.0)%	**(85.1)**	**(58.1)**	**3.2% underperformance**
Discount rate	0.5%	**(29.3)**	**(2.3)**	**0.6% increase**
Long-term growth rate	(0.5)%	**(17.9)**	**–**	**0.8% reduction**

Key assumptions used in the calculation of the recoverable amount of CGUs excluding the US CGU

Future cash flow projections:
The future cash flow projections cover a period of four years, reflecting the period over which the Board strategically assess performance. Projected revenue is based on assumptions relating to client acquisition and trading activity, and assumptions on interest earned on client funds. Projected costs are based on assumptions relating to revenue-related costs, including trading and client transaction fees, and structural costs. 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.

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 long-term growth rate of 2.0% (31 May 2022: 2.0%) has been applied to the cash flows to derive a terminal value.

Discount rates:
The discount rates used to calculate the recoverable amount of each CGU are based on a post-tax 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 2023	31 May 2022
UK	**14.0%**	12.0%
South Africa	**21.0%**	18.0%
Australia	**16.0%**	13.0%

Sensitivity to changes in key assumptions excluding the US CGU

The VIU calculation has been subject to a sensitivity analysis reflecting reasonable changes in individual key assumptions. For all goodwill balances, there is sufficient headroom in the recoverable amount of the CGU based on the assumptions made, and there is no reasonably likely scenario under which material impairment could be expected to occur based on the testing performed.

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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 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
At 1 June 2022	**179.4**	**62.4**	**31.6**	**64.1**	**37.0**	**33.6**	**408.1**
Additions	**–**	**–**	**–**	**7.0**	**–**	**7.6**	**14.6**
Additions – business acquisition (Small Exchange)	**–**	**–**	**–**	**8.0**	**–**	**–**	**8.0**
Disposals	**–**	**–**	**–**	**(2.8)**	**–**	**(11.7)**	**(14.5)**
Impact of movement in foreign exchange rates	**2.3**	**0.8**	**0.4**	**0.1**	**0.1**	**–**	**3.7**
At 31 May 2023	**181.7**	**63.2**	**32.0**	**76.4**	**37.1**	**29.5**	**419.9**
Accumulated amortisation							
At 1 June 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
At 1 June 2022	**17.5**	**3.7**	**5.8**	**37.4**	**22.3**	**29.3**	**116.0**
Charge during the year	**17.3**	**4.4**	**6.6**	**7.1**	**3.7**	**3.2**	**42.3**
Disposals	**–**	**–**	**–**	**(2.8)**	**–**	**(11.7)**	**(14.5)**
Impact of movement in foreign exchange rates	**(0.2)**	**(0.1)**	**(0.1)**	**(0.1)**	**0.1**	**–**	**(0.4)**
At 31 May 2023	**34.6**	**8.0**	**12.3**	**41.6**	**26.1**	**20.8**	**143.4**
Net book value – 31 May 2022	161.9	58.7	25.8	26.7	14.7	4.3	292.1
Net book value – 31 May 2023	**147.1**	**55.2**	**19.7**	**34.8**	**11.0**	**8.7**	**276.5**

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14. 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 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
At 1 June 2022	**24.1**	**7.1**	**55.3**	**36.6**	**123.1**
Additions	**0.4**	**0.4**	**10.8**	**8.9**	**20.5**
Additions – business acquisition	**0.2**	**0.5**	**–**	**–**	**0.7**
Disposals	**(0.6)**	**(0.2)**	**(2.1)**	**(4.4)**	**(7.3)**
Impact of movement in foreign exchange rates	**–**	**(0.2)**	**(0.4)**	**(0.3)**	**(0.9)**
At 31 May 2023	**24.1**	**7.6**	**63.6**	**40.8**	**136.1**
Accumulated depreciation					
At 1 June 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
At 1 June 2022	**20.4**	**6.2**	**43.2**	**16.7**	**86.5**
Charge for the year	**1.7**	**0.5**	**8.5**	**8.0**	**18.7**
Disposals	**(0.5)**	**(0.2)**	**(1.4)**	**(2.2)**	**(4.3)**
Impact of movement in foreign exchange rates	**(0.1)**	**(0.4)**	**(0.2)**	**(0.2)**	**(0.9)**
At 31 May 2023	**21.5**	**6.1**	**50.1**	**22.3**	**100.0**
Net book value – 31 May 2022	3.7	0.9	12.1	19.9	36.6
Net book value – 31 May 2023	**2.6**	**1.5**	**13.5**	**18.5**	**36.1**

15. Financial investments and financial assets pledged as collateral

	31 May 2023 £m	31 May 2022 £m
UK Government securities	**606.4**	351.1
Term deposits	**–**	45.0
	606.4	396.1
Split as:		
Non-current portion	**379.6**	160.1
Current portion	**226.8**	236.0
	606.4	396.1

The Group held £372.3 million UK Government securities as at 31 May 2023 (31 May 2022: £289.9 million) to satisfy margin requirements.

Prior to 1 January 2022, the Group had to meet its liquid asset buffer requirement under the previous BIPRU12 regime by holding gilts. From 1 January 2022, this was replaced by a new regime within the Investment Firm Prudential Regime rules. The Group is now able to meet its basic liquid asset requirement and a liquid asset threshold requirement with a broader range of assets.

Following the introduction of the Uncleared Margin Rules (UMR) which came into effect in September 2022, the Group is required to pledge collateral, which is held in segregated custody accounts, to meet the initial margin requirements of certain brokers. Previously initial margin requirements were met with a combination of cash and UK Government securities held in unsegregated accounts. As a result of this change, the UK Government securities held by the Group has increased. The business model for holding UK Government Securities is unchanged and so the Group continues to recognise and measure the assets as fair value through other comprehensive income. Additionally, as at 31 May 2023, the Group holds £35.0 million of financial assets which are not recognised on balance sheet as collateral from certain brokers to satisfy the requirements of UMR.

16. Cash and cash equivalents

	31 May 2023 £m	31 May 2022 £m
Cash at bank	**627.4**	808.9
Money market funds	**171.1**	437.5
	798.5	1,246.4

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 2023, IG Bank S.A. was required to hold £34.8 million (31 May 2022: £35.1 million) in satisfaction of this requirement. This amount, which represents restricted cash, is included in the cash at bank balance above.

The amount of segregated client funds held at 31 May 2023 was £2,303.9 million (31 May 2022: £2,577.9 million). Included within these balances is £232.5 million (31 May 2022: £236.7 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. These amounts are held off-balance sheet due to the Group being unable to use these client funds. The interest received on segregated client funds is included within net operating income.

Reconciliation to Consolidated Statement of Cash Flows

	Note	31 May 2023 £m	31 May 2022 £m
Cash and cash equivalents		**798.5**	1,246.4
Amounts due to the Pool	22	**(3.3)**	–
Balances as per statement of cash flows		**795.2**	1,246.4

17. Trade receivables

	31 May 2023 £m	31 May 2022 £m
Amounts due from brokers	**486.6**	381.0
Own funds in client money	**79.4**	85.5
Amounts due from clients	**4.4**	3.0
	570.4	469.5

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.

17. Trade receivables continued

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 £24.7 million (31 May 2022: £7.6 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.

18. Other assets

Other assets are cryptocurrency assets and rights to cryptocurrency assets, which are 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 2023 £m	31 May 2022 £m
Exchange	**1.5**	1.8
Vaults	**13.5**	12.4
	15.0	14.2

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 28).

19. Debt securities in issue

In FY22 the Group issued £300.0 million 3.125% senior unsecured bonds due in 2028. The issued debt has been recognised at fair value less transaction fees. As at 31 May 2023, £1.7 million unamortised arrangement fees are recognised on the Statement of Financial Position (31 May 2022: £2.0 million).

The Group also has access to a £350.0 million revolving credit facility, which has increased as a result of two accordions to the existing revolving credit facility being signed in FY23. The Group has the option to request an increase in the revolving credit facility size to £400.0 million. The Group also had the option to request a maturity extension of one year, which was exercised in FY23. The revolving credit facility will now mature in October 2025. In addition, the Group has the option to extend the maturity for a further year, subject to borrower request and lender consent.

Under the terms of the 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 year.

20. 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 2023 £m	31 May 2022 £m
Future minimum payments due:		
Within one year	**7.4**	8.9
After one year but not more than five years	**9.9**	13.2
After more than five years	**3.4**	0.6
	20.7	22.7

In addition to the £20.7 million lease liability (31 May 2022: £22.7 million), the Group has £0.4 million lease commitments under non-cancellable operating leases which are not capitalised as right-of-use assets (31 May 2022: £0.3 million) which have been expensed during the year in the Consolidated Income Statement.

Refer to note 29 for a maturity analysis of the undiscounted cash flows for non-cancellable leases.

21. Trade payables

	31 May 2023 £m	31 May 2022 £m
Client funds		
UK	**253.9**	359.0
US	**56.1**	34.1
EU	**55.4**	71.6
EMEA Non-EU	**49.0**	48.8
Singapore	**1.1**	1.5
Japan	**4.9**	4.4
Total client funds	**420.4**	519.4
Issued turbo warrants	**2.7**	1.5
Amounts due to brokers	**48.6**	28.0
Amounts due to clients	**6.3**	22.3
	478.0	571.2

Client funds reflects the Group's liability for client monies which are recognised on balance sheet in cash and cash equivalents.

21. Trade payables continued

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.

22. Other payables

	31 May 2023 £m	31 May 2022 £m
Non-current		
Other payables	**1.2**	–
	1.2	–
Current		
Accruals	**109.4**	112.6
Payroll taxes, social security and other taxes	**3.5**	6.9
Amounts due to the Pool	**3.3**	–
	116.2	119.5

The notional pooling arrangement balance above relates to the notional multi-currency pooling arrangement established with the Group's bank during the current year in order to better manage the funding requirements of the foreign operating subsidiaries of the Group. The Pool allows the Group's subsidiaries to draw down on funds in any denomination required for operational purposes, as long as overall the Pool has sufficient funds across all the different currencies.

23. 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 Group is subject to a group of claims that could have a financial impact of approximately £20.5 million as at 31 May 2023 (31 May 2022: £20.6 million). There have been no significant developments during the year and it is still not possible to determine whether any amounts will be payable to the clients. As a result, no provision has been recognised.

The Group has received notice of a class action served against one of its operating entities during the financial year ended 31 May 2023. There has been no significant development since the claim was served and it is not possible to determine amounts that could be payable to the clients. As a result, no provision has been recognised.

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 material adverse impact on the Group Financial Statements. The Group had no material provisions as at 31 May 2023 (31 May 2022: £nil).

24. 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 2021	370,299,455	–	125.8
Issued during the year	61,275,000	–	–
At 31 May 2022	**431,574,455**	**–**	**125.8**
Issued during the year	**–**	**–**	**–**
Shares bought back and immediately cancelled	**(22,626,613)**	**–**	**–**
At 31 May 2023	**408,947,842**	**–**	**125.8**
(ii) Deferred redeemable shares (0.001p)			
At 31 May 2022	65,000	–	–
At 31 May 2023	**65,000**	**–**	**–**
(iii) Redeemable preference shares (£1.00)			
At 31 May 2022	40,000	–	–
At 31 May 2023	**40,000**	**–**	**–**

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24. Share capital and share premium continued
In prior year, the Group issued 61,000,000 shares as part of the total consideration for the acquisition of tastytrade Inc. The shares were issued on 28 June 2021 and upon issue the total value of the shares was £509.4 million, based on the closing share price on 28 June 2021. The issue of shares was determined to qualify for merger relief under section 612 of the Companies Act 2006, and the amount in excess of the nominal value of the ordinary shares was recognised in the merger reserve, along with issue costs of £0.4 million which were directly attributable to the issue of the shares.

On 21 July 2022, the Group announced a share buyback programme with a maximum aggregate market value equivalent to £150.0 million, to be completed in two tranches of £75.0 million each. It was also announced that all shares repurchased as part of the programme would be cancelled. The first tranche commenced on 21 July 2022 and completed on 12 October 2022, with the purchase and cancellation of 9,613,152 shares. The second tranche commenced on 25 October 2022 completed on 20 March 2023, with the purchase and cancellation of 9,635,113 shares.

On 25 January 2023, the Board approved an additional share buyback programme of up to £50.0 million. This commenced on 1 April 2023 and as at 31 May 2023 has resulted in the purchase and cancellation of 3,571,441 shares.

As at 31 May 2023 the Group has repurchased 22,819,706 shares, with an aggregate nominal value of £1,140.99, for total consideration of £176.6 million (including related costs of £0.8 million). As at 31 May 2023 the Group had 193,093 shares repurchased but not cancelled.

During FY22, 275,000 ordinary shares with an aggregate nominal value of £13.75 were issued to the Employee Benefit Trust to satisfy the exercise of Sustained Performance Plan and Long-term Incentive Plan awards for consideration of £13.75. No shares were issued in the current year. Except as the ordinary shareholders have agreed or may otherwise agree, on 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.

Deferred redeemable share
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. 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 2022: 8.0%). The preference shares are no longer required as part of the Group's capital structure so approval for redemption was granted by the Board on 18 May 2023.

During FY23, there have been no changes to the Group's deferred redeemable shares and redeemable preference shares (31 May 2022: none).

25. Other reserves

	Share-based payments reserve £m	Own shares held in Employee Benefit Trusts £m	FVOCI reserve £m	Share buyback reserve £m	Total other reserves £m
At 1 June 2021	14.5	(1.6)	(0.1)	–	12.8
Employee Benefit Trust purchase of shares	–	(6.7)	–	–	(6.7)
Transfer of vested awards from share-based payment reserve	(7.3)	–	–	–	(7.3)
Equity-settled employee share-based payments	13.6	–	–	–	13.6
Exercise of employee share awards	(2.3)	2.3	–	–	–
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
At 1 June 2022	**18.5**	**(6.0)**	**(4.1)**	**–**	**8.4**
Share buyback	**–**	**–**	**–**	**(2.1)**	**(2.1)**
Employee Benefit Trust purchase of shares	**–**	**(14.6)**	**–**	**–**	**(14.6)**
Transfer of vested awards from share-based payment reserve	**(7.6)**	**–**	**–**	**–**	**(7.6)**
Equity-settled employee share-based payments	**13.3**	**–**	**–**	**–**	**13.3**
Exercise of employee share awards	**(11.3)**	**11.3**	**–**	**–**	**–**
Change in value of financial assets held at fair value through other comprehensive income	**–**	**–**	**(11.9)**	**–**	**(11.9)**
Share-based payments converted to cash settled liabilities	**(2.4)**	**–**	**–**	**–**	**(2.4)**
At 31 May 2023	**10.5**	**(9.3)**	**(16.0)**	**(2.1)**	**(16.9)**

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25. Other reserves continued

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.

The share buyback relates to the amount due to the intermediary bank for the repurchase of its own shares.

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 2023 Number	Year ended 31 May 2022 Number
At the beginning of the year	**659,929**	872,272
Subscribed for and purchased during the year	**2,112,631**	1,012,130
Exercise and sale of own shares held in trust	**(1,439,639)**	(1,224,473)
At the end of the year	**1,332,921**	659,929

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. At 31 May 2023, 147,895 ordinary shares (31 May 2022: 161,918) were held in the Trust. The market value of the shares at 31 May 2023 was £1.0 million (31 May 2022: £1.2 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 2023 the Trust held 1,171,960 ordinary shares (31 May 2022: 488,094). The market value of the shares at 31 May 2023 was £7.9 million (31 May 2022: £3.5 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 2023, 13,066 ordinary shares (31 May 2022: 9,917) were held in the Trust. The market value of the shares at 31 May 2023 was £0.1 million (31 May 2022: £0.1 million).

26. 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

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). The last award that can be granted under the current SPP plan will be in August 2023. After this point the current SPP will expire as per the terms of the structure of the plan.

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26. Employee share plans continued
The following table shows the movement of options in the SPP, the additional awards issued and dividends accrued for the year ended 31 May 2023:

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 accrued during the year Number	At the end of the year Number
04-Aug-14	31 May 2014	609.90	01–Aug–25	11,851	–	–	(4,318)	442	7,975
06-Aug-15	31 May 2015	742.55	01–Aug–25	13,187	–	–	(4,778)	496	8,905
02-Aug-16	31 May 2016	868.65	01–Aug–25	53,215	–	–	(18,804)	2,020	36,431
01-Aug-17	31 May 2017	626.50	01–Aug–25	51,606	–	–	(20,071)	1,851	33,386
07-Aug-18	31 May 2018	893.00	01–Aug–25	183,260	–	–	(70,497)	6,623	119,386
06-Aug-19	31 May 2019	559.20	01–Aug–25	147,469	–	–	(54,476)	5,461	98,454
06-Aug-20	31 May 2020	734.00	01–Aug–25	939,253	–	–	(330,852)	35,744	644,145
06-Aug-20	–	734.00	01–May–22	–	–	–	–	–	–
06-Aug-20	31 May 2021	734.00	30–Jun–22	35,616	–	–	(37,200)	1,584	–
06-Aug-20	–	734.00	01–May–23	2,179	–	–	(2,569)	390	–
05-Aug-21	31 May 2022	911.50	01–Aug–25	1,326,780	–	(13,110)	(242,073)	63,516	1,135,113
10-Jan-22	–	829.50	30–Jun–23	15,390	–	–	–	–	15,390
10-Jan-22	–	829.50	30–Jun–24	12,990	–	–	–	–	12,990
04-Aug-22	–	818.00	30–Sep–23	–	7,230	–	(3,615)	–	3,615
04-Aug-22	31 May 2023 31 May 2024	818.00	30–Sep–24	–	3,605	–	–	–	3,605
08-Aug-22	31 May 2023	822.00	01–Aug–27	–	1,799,194	(176,250)	–	63,762	1,686,706
11-Aug-22	31 May 2023	834.00	11–Aug–25	–	26,976	–	–	–	26,976
30-Sep-22	31 May 2023	763.50	30–Sep–25	–	25,539	–	–	–	25,539
Total				2,792,796	1,862,544	(189,360)	(789,253)	181,889	3,858,616

The average share price at exercise of options during the year was 811.43 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 2023 was 2.14 years (31 May 2022: 3.11 years).

The SPP awards for the year ended 31 May 2023 will be granted in August 2023 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 2023, based on the year-end share price:

Expected award date	Closing share price at 31 May 2023	Expected full vesting date	Awards expected for the year ending 31 May 2023 Number
3 Aug 2023	672.0p	1 Aug 2027	1,332,538

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26. Employee share plans continued

Long-term Incentive Plan

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 instead, for awards granted in 2022, the remuneration committee have decided to apply a performance underpin which would take account of the underlying financial and non-financial performance of the participant and/or any relevant group member, over the vesting period.

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	2,435	–	–	–	(2,435)	–
6 Aug 2019	559.20p	6 Aug 2022	377,719	–	(8,538)	70,214	(439,395)	–
6 Aug 2020	734.00p	6 Aug 2023	324,104	–	(21,637)	–	–	302,467
5 Aug 2021	911.50p	5 Aug 2024	355,295	–	(32,337)	–	–	322,958
4 Aug 2022	818.00p	4 Aug 2025	–	619,707	(46,201)	–	–	573,506
Total			1,059,553	619,707	(108,713)	70,214	(441,830)	1,198,931

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 2023 was 1.41 years (31 May 2022: 1.16 years).

Medium-term Incentive Plan

The MTIP was made available to certain employees within the Group. Awards under the MTIP were nominal cost options, which vest after 15 months, conditional upon continued employment at the vesting date. There were no other performance targets. The exercise price of all options awarded under the MTIP was 0.005 pence.

On 5 November 2022 the awards under this scheme vested. There were no new awards granted to any employee under the MTIP in the current year. The table below shows the movement in the awards during the current period:

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	195,519	–	(8,670)	18,503	(200,546)	4,806

Share-Incentive Plan

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 2022: £1,800/A$3,000) of partnership shares, with the Company matching on a one-for-one (31 May 2022: 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.

26. Employee share plans continued

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: (i) the opening share price; or (ii) the closing share price for the period.

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	6 Aug 2019	559.20p	6 Aug 2022	53,124	–	(1,594)	(51,530)	–
Australia	15 Jul 2019	597.00p	15 Jul 2022	1,792	–	–	(1,792)	–
UK	6 Aug 2020	734.00p	6 Aug 2023	49,119	–	(6,008)	(2,420)	40,691
Australia	15 Jul 2020	740.79p	15 Jul 2023	2,997	–	(444)	(444)	2,109
UK	5 Aug 2021	911.50p	5 Aug 2024	47,769	–	(5,155)	(1,583)	41,031
Australia	15 Jul 2021	851.50p	15 Jul 2024	3,989	–	(380)	(380)	3,229
UK	3 Aug 2022	814.00p	3 Aug 2025	–	60,702	(2,679)	(2,203)	55,820
Australia	15 Jul 2022	707.00p	15 Jul 2025	–	6,904	(1,044)	–	5,860
Total				158,790	67,606	(17,304)	(60,352)	148,740

Of the above SIP awards exercised during the year ended 31 May 2023, the average weighted share price at exercise was:

Country of award	Award date	Weighted average share price at exercise
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
UK	4 Aug 2022	815.26p
Australia	15 Jul 2022	707.00p

The weighted average exercise price of the SIP awards exercised during the year ended 31 May 2023 is 810.56p.

26. Employee share plans continued

Accounting for share schemes

The expense recognised in the Consolidated Income Statement in respect of share-based payments was £13.3 million (31 May 2022: £13.7 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 £22.5 million (31 May 2022: £15.3 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:

Deemed date of grant	8 August 2022
Share price at grant date (pence)	822
Expected life of awards (years)	0.81
Risk-free sterling interest rate (%)	2.06
IG Group Holdings plc expected volatility (%)	25.82

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 2023	**683.09p**	**881.44p**	**859.71p**	**610.54p**	**759.11p**
Year ended 31 May 2022	618.63p	760.27p	807.52p	641.61p	683.09p

27. 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 2023 £m	Year ended 31 May 2022 £m
Short-term employee benefits	**10.4**	6.8
Termination benefits	**0.1**	–
Share-based payments	**9.2**	10.6
	19.7	17.4

The average number of key management personnel during the year was eleven (year ended 31 May 2022: twelve). Included within short-term employee benefits are pension charges of £0.2 million (year ended 31 May 2022: £nil).

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 2023 (31 May 2022: £0.3 million).

The Group has a 9.81% shareholding and 25% voting rights in Zero Hash Holdings Limited (Zero Hash) which is accounted for as investment in associate on the Group's balance sheet. Zero Hash facilitates cryptocurrency trading for clients of tastytrade, Inc. and recognised £0.1 million revenue from Zero Hash (year ended 31 May 2022: £0.6 million).

There were no other related party transactions which had a material impact on the Group Financial Statements. The Group had no transactions with its Directors other than those disclosed in the Directors' Remuneration Report.

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28. 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 2023	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets						
Cash and cash equivalents	16	171.1	627.4	–	798.5	798.5
Financial investments	15	–	–	606.4	606.4	606.4
Trade receivables – amounts due from brokers	17	(95.6)	582.2	–	486.6	486.6
Trade receivables – own funds in client money	17	–	79.4	–	79.4	79.4
Trade receivables – amounts due from clients	17	–	4.4	–	4.4	4.4
Other receivables		–	10.0	–	10.0	10.0
Other investments		1.2	–	–	1.2	1.2
		76.7	1,303.4	606.4	1,986.5	1,986.5
Financial liabilities						
Trade payables – client funds	21	88.7	(509.1)	–	(420.4)	(420.4)
Trade payables – issued turbo warrants	21	(2.7)	–	–	(2.7)	(2.7)
Trade payables – amounts due to brokers	21	(39.5)	(9.1)	–	(48.6)	(48.6)
Trade payables – amounts due to clients	21	–	(6.3)	–	(6.3)	(6.3)
Debt securities in issue	19	–	(297.6)	–	(297.6)	(228.8)
Lease liabilities	20	–	(20.7)	–	(20.7)	(20.7)
Amounts due to the Pool	22	–	(3.3)	–	(3.3)	(3.3)
Other payables – accruals	22	–	(109.4)	–	(109.4)	(109.4)
Other borrowings	22	–	(1.2)	–	(1.2)	(1.2)
		46.5	(956.7)	–	(910.2)	(841.4)

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28. Financial instruments continued

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	16	437.5	808.9	–	1,246.4	1,246.4
Financial assets pledged as collateral	15	–	–	60.4	60.4	60.4
Financial investments	15	–	45.0	290.7	335.7	335.7
Trade receivables – amounts due from brokers	17	(159.3)	540.3	–	381.0	381.0
Trade receivables – own funds in client money	17	–	85.5	–	85.5	85.5
Trade receivables – amounts due from clients	17	–	3.0	–	3.0	3.0
Other receivables		–	9.8	–	9.8	9.8
		278.2	1,492.5	351.1	2,121.8	2,121.8
Financial liabilities						
Trade payables – client funds	21	117.4	(636.8)	–	(519.4)	(519.4)
Trade payables – issued turbo warrants	21	(1.5)	–	–	(1.5)	(1.5)
Trade payables – amounts due to brokers	21	(1.0)	(27.0)	–	(28.0)	(28.0)
Trade payables – amounts due to clients	21	–	(22.3)	–	(22.3)	(22.3)
Debt securities in issue	19	–	(297.2)	–	(297.2)	(269.6)
Lease liabilities	20	–	(22.7)	–	(22.7)	(22.7)
Other payables – accruals	22	–	(112.6)	–	(112.6)	(112.6)
		114.9	(1,118.6)	–	(1,003.7)	(976.1)

Money market funds of £171.1 million (31 May 2022: £437.5 million) have been reclassified from amortised cost to fair value through profit and loss. Accordingly, the prior year comparative balances have been restated to reflect this classification.

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28. 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 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets				
Cash and cash equivalents	171.1	–	–	171.1
Trade receivables – amounts due from brokers	(3.2)	(92.4)	–	(95.6)
Financial investments	606.4	–	–	606.4
Other investments	–	–	1.2	1.2
Financial liabilities				
Trade payables – amounts due to brokers	(10.4)	(29.1)	–	(39.5)
Trade payables – client funds	12.3	76.4	–	88.7
Trade payables – issued turbo warrants	–	(2.7)	–	(2.7)

As at 31 May 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets				
Cash and cash equivalents	437.5	–	–	437.5
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)

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 2022: 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 2023 and 31 May 2022.

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 2023 and 31 May 2022, except for change in the fair value of the Group's investment in CBOE Digital Intermediate Holdings LLC and balances held in money market funds.

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28. 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 2023	Note	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset £m	Net amounts of financial instruments £m	Gross amounts not offset: Financial instruments £m	Gross amounts not offset: Collateral pledged or received £m	Net amounts subject to offsetting arrangements £m
Financial assets							
Trade receivables – amount due from/(to) brokers	17	**1,254.3**	**(767.7)**	**486.6**	**–**	**(35.0)**	**451.6**
Total		**1,254.3**	**(767.7)**	**486.6**	**–**	**(35.0)**	**451.6**
Financial liabilities							
Trade payables – amounts due (to)/from brokers	21	**(816.3)**	**767.7**	**(48.6)**	**–**	**48.6**	**–**
Trade payables – client funds	21	**(509.1)**	**88.7**	**(420.4)**	**–**	**–**	**(420.4)**
Total		**(1,325.4)**	**856.4**	**(469.0)**	**–**	**48.6**	**(420.4)**

As at 31 May 2022	Note	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset £m	Net amounts of financial instruments £m	Gross amounts not offset: Financial instruments £m	Gross amounts not offset: Collateral pledged or received £m	Net amounts subject to offsetting arrangements £m
Financial assets							
Trade receivables – amount due from/(to) brokers	17	1,187.3	(806.3)	381.0	–	–	381.0
Total		1,187.3	(806.3)	381.0	–	–	381.0
Financial liabilities							
Trade payables – amounts due (to)/from brokers	21	(834.3)	806.3	(28.0)	–	–	(28.0)
Trade payables – client funds	21	121.3	(640.7)	(519.4)	–	–	(519.4)
Total		(713.0)	165.6	(547.4)	–	–	(547.4)

Amounts due from brokers and client funds have been presented net to reflect the impact of offsetting. Prior year comparatives of amounts due from broker have been reclassified from gross amounts of recognised financial instruments into gross amounts of recognised financial instruments offset to align with an updated presentation for offsetting. The gross amounts of recognised financial instruments relating to trade receivables – amounts due from brokers, and the amount offset, has increased by £68.0 million, and the gross amounts of recognised financial instruments relating to trade payables – amounts due from brokers, and the amount offset, has increased by £738.3 million.

The Group is entitled to offset amounts due from brokers on a broker account level by currency. Collateral at brokers represent UK Government Gilt 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.

29. 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 provided in the risk management section on page 48.

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.

Non-trading interest rate risk

The interest rate risk profile of the Group's financial assets and liabilities as follows:

	Within 1 year		Between 2 and 5 years		More than 5 years		Total	
	31 May 2023 £m	31 May 2022 £m	**31 May 2023 £m**	31 May 2022 £m	**31 May 2023 £m**	31 May 2022 £m	**31 May 2023 £m**	31 May 2022 £m
Fixed rate								
Financial assets pledged as collateral	**–**	35.1	**–**	25.3	**–**	–	**–**	60.4
Financial investments	**226.8**	200.9	**379.6**	134.8	**–**	–	**606.4**	335.7
Debt securities in issue	**–**	–	**–**	–	**(297.6)**	(297.2)	**(297.6)**	(297.2)
Other payables	**–**	–	**–**	–	**(1.2)**	–	**(1.2)**	–
Floating rate								
Cash and cash equivalents	**798.5**	1,246.4	**–**	–	**–**	–	**798.5**	1,246.4
Trade receivables – amounts due from brokers	**486.6**	381.0	**–**	–	**–**	–	**486.6**	381.0
Trade receivables – own funds in client money	**79.4**	85.5	**–**	–	**–**	–	**79.4**	85.5
Trade payables – amounts due to brokers	**(48.6)**	(28.0)	**–**	–	**–**	–	**(48.6)**	(28.0)
Amounts due to the Pool	**(3.3)**	–	**–**	–	**–**	–	**(3.3)**	–
	1,539.4	1,920.9	**379.6**	160.1	**(298.8)**	(297.2)	**1,620.2**	1,783.8

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 in each year would be similar to that received in the current year and is considered immaterial to the Group's profit for the year.

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29. Financial risk management continued

Non-trading interest rate risk sensitivity analysis – floating rate

Interest on financial instruments classified as floating rate is repriced 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. The impact is symmetrical for an increase in interest rates.

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
(Decrease)/increase in profit before tax		
Cash and cash equivalents	**(8.0)**	(12.5)
Trade receivables – amounts due from brokers	**(4.9)**	(0.9)
Trade receivables – own funds in client money	**(0.8)**	0.9
Trade payables – amounts due to brokers	**0.5**	(0.3)

Additionally, given the current interest rate environment, the Group is exposed to interest rate risk in relation to interest income earned on segregated client money balances which are not recognised on the Consolidated Statement of Financial Position. Interest rate sensitivity analysis has been performed by considering the impact of a 1% decrease in the base rate that these balances are linked to. The impact on the Group's profit before tax is shown below.

Impact:	**Year ended 31 May 2023 £m**	Year ended 31 May 2022 £m
Decrease in profit before tax		
Interest income on client funds	**(36.7)**	(34.2)

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 2023 £m**	Year ended 31 May 2022 £m
Decrease in FVOCI reserve (equity)	**(10.3)**	(2.9)

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 predefined limits. The Group's Risk Management Framework is set out on page 48 of the Annual Report.

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.

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29. Financial risk management continued

The Group's end of day market risk VaR for the year is shown in table below:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Market risk as at 31 May	**14.0**	5.0
Average market risk (daily)	**13.4**	3.6
Maximum market risk (daily)	**21.8**	13.1
Minimum market risk (daily)	**9.5**	1.3

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.

In FY22, the Group recognised a £5.8 million realised foreign exchange gain in net trading revenue as a result of a foreign exchange contract entered into by the Group to hedge $300 million exposure arising from the cash consideration in relation to the acquisition of tastytrade.

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 £1.0 million (31 May 2022: £nil), are all less than 30 days past due. Amounts due from clients, which are stated net of an expected credit loss of £17.1 million at 31 May 2023 (31 May 2022: £18.0 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 2023 £m	31 May 2022 £m	31 May 2023 £m	31 May 2022 £m	31 May 2023 £m	31 May 2022 £m	31 May 2023 £m	31 May 2022 £m
Credit rating								
AA+ & above	**34.9**	24.1	**–**	–	**–**	–	**–**	–
AA to AA-	**88.8**	437.8	**–**	–	**–**	–	**5.7**	5.3
A+ to A-	**630.1**	730.9	**423.1**	320.0	**–**	–	**73.4**	80.0
BBB+ to BBB-	**22.7**	25.5	**33.1**	32.8	**–**	–	**0.2**	0.2
BB+ to B	**10.3**	17.6	**20.5**	1.5	**–**	–	**–**	–
Unrated	**11.7**	10.5	**9.9**	26.7	**4.4**	3.0	**0.1**	–
Total carrying amount	**798.5**	1,246.4	**486.6**	381.0	**4.4**	3.0	**79.4**	85.5

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29. Financial risk management continued

Loss allowance

Below is a reconciliation of the total loss allowance:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
At the beginning of the year	**18.6**	17.0
Loss allowance for the year:		
– gross charge for the year	**5.7**	6.5
– recoveries	**(4.6)**	(3.6)
– debts written off	**(1.4)**	(1.7)
Foreign exchange	**(0.2)**	0.4
At the end of the year	**18.1**	18.6

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 2023			
	Stage 1 12-month £m	Stage 2 Lifetime £m	Stage 3 Lifetime £m	Total £m
Credit grade				
Investment grade	**1,313.0**	**–**	**–**	**1,313.0**
Non-investment grade	**56.6**	**0.6**	**16.8**	**74.0**
Gross carrying amount	**1,369.6**	**0.6**	**16.8**	**1,387.0**
Loss allowance	**(1.0)**	**(0.3)**	**(16.8)**	**(18.1)**
Total carrying amount	**1,368.6**	**0.3**	**–**	**1,368.9**

	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

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.

Concentration risk

The Group's largest credit exposure to any one individual broker at 31 May 2023 was £85.8 million (A+ rated) (31 May 2022: £55.7 million (A+ rated)). The Group's largest credit exposure to any bank at 31 May 2023 was £118.6 million (A+ rated) (31 May 2022: £320.9 million (AA- rated)). The Group has no significant credit exposure to any one particular client or group of connected clients.

29. Financial risk management continued

Liquidity risk

Maturities of financial liabilities

The tables 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 2023				
	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**	**37.5**	**304.4**	**351.3**	**297.6**
Lease liabilities	**7.4**	**13.5**	**3.8**	**24.7**	**20.7**
Trade payables – client funds	**420.4**	**–**	**–**	**420.4**	**420.4**
Trade payables – amounts due to clients	**6.3**	**–**	**–**	**6.3**	**6.3**
Trade payables – amounts due to brokers	**48.6**	**–**	**–**	**48.6**	**48.6**
Trade payables – issued turbo warrants	**2.7**	**–**	**–**	**2.7**	**2.7**
Other payables – accruals	**109.4**	**–**	**–**	**109.4**	**109.4**
Other payables	**–**	**–**	**1.2**	**1.2**	**1.2**
Amount due to the Pool	**3.3**	**–**	**–**	**3.3**	**3.3**
Total	**607.5**	**51.0**	**309.4**	**967.9**	**910.2**

	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

In the prior year, the Group entered into a rolling credit facility agreement with its bank (please refer to note 19 for further details). In the current year, following the introduction of UMR (please see note 15 for further details) the Group entered into a sale and repurchase agreement with its bank in relation to its UK Government Gilt Securities. Both these agreements help the Group to better manage its liquidity requirements, as well as mitigate liquidity risks.

Capital management

The Group manages its capital resources in line with its capital allocation framework, which includes holding sufficient capital to meet regulatory capital requirements. The regulatory capital resources of the Group is a measure of equity, adjusted for goodwill and intangible assets, deferred tax assets, declared dividends, significant investment in financial sector entities, outstanding amount of share buyback not recognised in financial statements and prudent valuation, which at 31 May 2023 totalled £996.3 million (31 May 2022: £1,025.6 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.

The Group met all externally imposed capital requirements throughout the years ended 31 May 2023 and 31 May 2022. 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 19.

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30. Cash flow information

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Operating activities		
Operating profit		
From continuing operations	**438.5**	477.3
From discontinued operations	**(0.2)**	–
Adjustments for:		
Depreciation and amortisation	**61.0**	57.5
Profit on disposal of assets	**0.8**	(0.3)
Interest received on client funds	**(81.8)**	(3.5)
Interest expense on client funds	**1.0**	2.7
Equity-settled share-based payments charge	**13.3**	13.6
(Increase)/decrease in trade receivables, other receivables and other assets	**(103.0)**	53.9
(Decrease)/increase in trade and other payables	**(108.2)**	209.4
Cash generated from operations	**221.4**	810.6

Interest received on client funds of £81.8 million (31 May 2022: £3.5 million) and interest paid on client funds of £1.0 million (31 May 2022: £2.7 million) have been presented as separate line items in the table above and in the Consolidated Statement of Cash Flows, in the current year. Prior year interest balances have been presented accordingly.

Liabilities arising from financing activities

	Debt securities in issue £m	Borrowings £m	Leases £m	Share buyback £m	Total £m
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
As at 31 May 2022	297.2	–	22.7	–	319.9
As at 1 June 2022	**297.2**	**–**	**22.7**	**–**	**319.9**
Shares repurchased (including costs)	**–**	**–**	**–**	**177.3**	**177.3**
Payments made for share buyback	**–**	**–**	**–**	**(175.2)**	**(175.2)**
Changes to existing lease agreements	**–**	**–**	**1.2**	**–**	**1.2**
Additions to leases	**–**	**–**	**7.3**	**–**	**7.3**
Disposal of leases	**–**	**–**	**(3.3)**	**–**	**(3.3)**
Unwinding of discount	**–**	**–**	**0.5**	**–**	**0.5**
Lease payments made in the year	**–**	**–**	**(7.6)**	**–**	**(7.6)**
Financing arrangement fees	**(0.3)**	**–**	**–**	**–**	**(0.3)**
Amortisation of fees	**0.7**	**–**	**–**	**–**	**0.7**
Impact of movement in foreign exchange rates	**–**	**–**	**(0.1)**	**–**	**(0.1)**
As at 31 May 2023	**297.6**	**–**	**20.7**	**2.1**	**320.4**

31. Business acquisition

On 29 March 2023, the Group completed the acquisition of Small Exchange, a company incorporated in the US and based in Chicago. Small Exchange is a registered Designated Contract Market with the Commodity Futures Trading Commission. Small Exchange facilitates the trading of the futures market for all types of market participants.

The acquisition has strategic benefits as it enables the Group to continue expanding its range of products and services available to retail investors and traders in the US by leveraging the trading technology of Small Exchange.

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.

Purchase consideration

Under the terms of the purchase agreement, the Group acquired the entire voting share capital of Small Exchange and in exchange £9.6 million ($11.9 million) cash consideration was paid. The fair value of the purchase consideration was determined as £9.6 million ($11.9 million).

Identified assets and liabilities

	$m	£m
Non-current assets		
Intangible assets	9.9	8.0
Property, plant and equipment	0.9	0.7
Total non-current assets	10.8	8.7
Current assets		
Cash and cash equivalents	1.9	1.6
Prepayments	0.5	0.3
Total current assets	2.4	1.9
Current liabilities		
Other payables	(0.2)	(0.1)
Deferred revenue	(0.3)	(0.3)
Total current liabilities	(0.5)	(0.4)
Non-current liabilities		
Deferred tax liability	(0.8)	(0.6)
Total non-current liabilities	(0.8)	(0.6)
Total identifiable net assets acquired	11.9	9.6

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 21.4% (post tax) and unobservable inputs applied to the cost approach for technology assets.

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 replacement cost, the inputs are the estimated opportunity cost which represents the lost return from investing in the development of technology, obsolescence factor which assumes replacement of technology over time considering annual level of maintenance and upgrades and remaining useful life of the asset.

From the date of acquisition, Small Exchange has contributed £0.8 million of operating losses during the year ended 31 May 2023. If the acquisition had occurred on 1 June 2022, the contribution to trading revenue and operating loss would have been £0.1 million and £6.8 million respectively. Operating loss includes the additional amortisation that would have been charged assuming that the fair value adjustments of intangible assets had been applied from 1 June 2022.

Purchase consideration outflow

	$m	£m
Cash consideration	11.9	9.6
Less: cash balance acquired	(1.9)	(1.6)
Net outflow of cash	10.0	8.0

Acquisition related costs of £0.1 million are included in legal and professional fees in operating costs in the Consolidated Income Statement and in operating cash flows in the Consolidated Statement of Cash Flows.

32. Discontinued operations

In FY22, 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, as well as any subsequent cash flows in relation to this sale, are reported in discontinued operations.

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32. Discontinued operations continued

Financial performance and cash flow information

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Net trading revenue	–	9.4
Other operating income	–	0.6
Operating income	–	10.0
Operating costs	(0.2)	(9.9)
Net credit losses	–	(0.1)
Operating profit	(0.2)	–
Other non-operating income	1.9	–
Profit before tax	1.7	–
Tax expense	(0.4)	–
Profit after tax	1.3	–
Gain on sale of subsidiary after tax	–	107.8
Profit from discontinued operations	1.3	107.8

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Net cash (outflow)/inflow from ordinary activities	(1.5)	1.0
Net cash inflow from investing activities	1.8	121.6[1]
Net cash outflow from financing activities	–	(0.1)
Impact of movement in foreign exchange rates	–	1.0
Net cash increase generated by discontinued operations	0.3	123.5

1 includes sales proceeds net of cash retained of £143.3 million.

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Basic earnings per ordinary share from discontinued operations	0.3p	25.3p
Diluted earnings per ordinary share from discontinued operations	0.3p	25.1p

33. Investment in associates

	31 May 2023 £m	31 May 2022 £m
At the beginning of the year	14.8	–
Additions – business acquisition	–	26.9
Additions – increase in investment in associate	–	1.9
Disposals	–	(13.1)
Share of loss after tax	(2.6)	(2.3)
Foreign exchange movement	0.3	1.4
At the end of the year	12.5	14.8

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 Road, Suite 403-A, City of Wilmington, County of New Castle, 19805, US	Series C- preferred share	9.81%	Digital asset trading

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34. 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
Daily FX Limited[2]		Ordinary shares	100%	Content provider
IG Knowhow Limited		Ordinary shares	100%	Software development
IG Finance 5 Limited[1]		Ordinary shares	–	Financing
IG Finance 9 Limited		Ordinary shares	100%	Financing
Financial Domaigns Registry Holdings Limited		Ordinary shares	100%	Non-trading
Deal City Limited		Ordinary shares	100%	ETF trading
IG Trading and Investments Limited		Ordinary shares	100%	Stock trading
IG Australia Pty Limited	Level 15, 55 Collins Street, Melbourne, VIC 3000, Australia	Ordinary shares	100%	CFD trading, foreign exchange and stock 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
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
Spectrum MTF Operator GmbH		Ordinary shares	100%	Multilateral Trading Facility
Raydius GmbH		Ordinary shares	100%	Issuer of turbo warrants
IG Bank S.A.	42 Rue du Rhone, Geneva, 1204, Switzerland	Ordinary shares	100%	CFD trading and foreign exchange

Financial Statements continued
Notes to the Financial Statements continued

34. Investments in subsidiaries continued

Name of company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
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, United States	Ordinary shares	100%	Holding company
Market Risk Management Inc.		Ordinary shares	100%	Non-trading
FX Publications Inc		Ordinary shares	100%	Non-trading
IG US LLC		Ordinary shares	100%	Foreign exchange trading
Fox Sub 2 Limited	57/63 Line Wall Road, Gibraltar	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 foreign exchange and stock trading
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
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%	Non-trading
tastylive, Inc.[6]	1330 W Fulton Market St, Suite 620, Chicago, IL 60607, United States	Ordinary shares	100%	Network and content provider
tastytrade, Inc.[7]		Ordinary shares	100%	Brokerage firm
tasty Software Solutions LLC[3]		Ordinary shares	100%	Software development
Small Exchange, Inc.[4]		Ordinary shares	100%	Exchange
Bad Trader LLC[5]		Ordinary shares	100%	Content provider
tastytrade Australia, Pty Limited[8]	Unit 13, 5 Gladstone Rd, Castle Hill, NSW, 2154, Australia	Ordinary shares	100%	Brokerage firm
tastytrade Canada, Inc.[9]	800–885 West Georgia Street, Vancouver BC, V6C 3H1, Canada	Ordinary shares	100%	Non-trading
Quiet Foundation, Inc.	1330 W Fulton Street, Suite 630, Chicago, IL 60607, United States	Ordinary shares	100%	Dormant
Dough LLC	19 N Sangamon St, Chicago, IL 60607, United States	Ordinary shares	100%	Dormant

Financial Statements continued

Notes to the Financial Statements continued

34. Investments in subsidiaries continued

Name of company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
tastytrade Singapore Pte. Limited[10]	#28-00, One Marina Boulevard, Singapore (018989)	Ordinary shares	100%	Non-trading

1 The subsidiary entered into Members' Voluntary Liquidation (solvent liquidation) and was handed over to liquidators on 28 May 2021.
2 This company is a newly established entity, incorporated on 20 January 2023.
3 This company is a newly established entity, incorporated on 3 November 2022.
4 The Group acquired a controlling interest in this company on 29 March 2023.
5 This company is a newly established entity, incorporated on 10 February 2023.
6 During the year the company changed its official name from tastytrade, Inc. to tastylive, Inc.
7 During the year the company changed its official name from tastyworks, Inc. to tastytrade, Inc.
8 During the year the company changed its official name from tastyworks Australia Pty Limited to tastytrade Australia Pty Limited.
9 During the year the company changed its official name from tastyworks Canada, Inc. to tastytrade Canada, Inc.
10 During the year the company changed its official name from tastyworks Singapore Pte. Limited to tastytrade Singapore Pte. Limited.

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).

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)

35. Subsequent events

During the period from 1 June 2023 to 17 July 2023, the Group repurchased 3,386,082 ordinary shares with a nominal value if 0.005p for an aggregate purchase amount of £23.0 million (including related costs of £0.1 million), bringing the total number of shares repurchased under the share buyback programme to 26,205,788.

On 19 July, the Board approved an additional share buyback programme of £250 million. It is anticipated that the programme will commence under the existing shareholder authority granted at the 2022 AGM and will conclude under the authority proposed for approval at the 2023 AGM, following approval at the 2023 AGM.

There have been no other subsequent events that have a material impact on the Group's financial information.

Company Financial Statements

Company Financial Statements continued

Company Statement of Financial Position

as at 31 May 2023

	Note	31 May 2023 £m	31 May 2022 £m
Assets			
Non-current assets			
Investment in subsidiaries	6	**1,087.2**	1,076.3
Right-of-use assets	7	**3.6**	5.0
Prepayments		**0.3**	–
Other receivables	9	**298.3**	298.3
		1,389.4	1,379.6
Current assets			
Prepayments		**2.5**	2.2
Other receivables	9	**600.7**	383.1
Cash and cash equivalents		**0.9**	1.8
		604.1	387.1
TOTAL ASSETS		**1,993.5**	1,766.7

	Note	31 May 2023 £m	31 May 2022 £m
Liabilities			
Non-current liabilities			
Debt securities in issue	10	**297.6**	297.2
Lease liabilities	7	**2.2**	4.3
		299.8	301.5
Current liabilities			
Other payables	11	**189.0**	13.9
Lease liabilities	7	**2.6**	2.1
		191.6	16.0
TOTAL LIABILITIES		**491.4**	317.5
Equity			
Share capital and share premium	12	**125.8**	125.8
Merger reserve		**590.0**	590.0
Other reserves	14	**(5.9)**	7.5
Retained earnings		**792.2**	725.9
TOTAL EQUITY		**1,502.1**	1,449.2
TOTAL EQUITY AND LIABILITIES		**1,993.5**	1,766.7

The Company's profit for the year was £423.4 million (31 May 2022: profit of £375.9 million)

The Financial Statements of IG Group Holdings plc (registered number 04677092) were approved by the Board of Directors on 19 July 2023 and signed on its behalf by:

Charles A. Rozes
Chief Financial Officer

Company Financial Statements continued

Company Statement of Changes in Equity
for the year ended 31 May 2023

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
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
At 1 June 2022	**–**	**125.8**	**590.0**	**7.5**	**725.9**	**1,449.2**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**423.4**	**423.4**
Equity dividends paid	**–**	**–**	**–**	**–**	**(188.1)**	**(188.1)**
Share buyback	**–**	**–**	**–**	**(2.1)**	**(176.6)**	**(178.7)**
Employee Benefit Trust purchase of own shares	**–**	**–**	**–**	**(14.6)**	**–**	**(14.6)**
Transfer of vested awards from the share-based payment reserve	**–**	**–**	**–**	**(7.6)**	**7.6**	**–**
Equity-settled employee share-based payments	**–**	**–**	**–**	**13.3**	**–**	**13.3**
Share-based payments converted to cash-settled liabilities	**–**	**–**	**–**	**(2.4)**	**–**	**(2.4)**
At 31 May 2023	**–**	**125.8**	**590.0**	**(5.9)**	**792.2**	**1,502.1**

Company Financial Statements continued

Company Statement of Cash Flows
for the year ended 31 May 2023

	Note	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Operating activities			
Cash generated from operations	8	**392.2**	203.9
Net cash flow generated from operating activities		**392.2**	203.9
Investing activities			
Loan issued to Group companies		**–**	(298.3)
Net cash flow used in investing activities		**–**	(298.3)
Financing activities			
Interest paid on lease liabilities		**(0.2)**	(0.2)
Interest and other financing costs paid		**(13.0)**	(8.4)
Repayment of principal element of lease liabilities		**(2.0)**	(1.9)
Net proceeds from the issue of debt securities		**–**	299.2
Payments made for share buyback		**(175.2)**	–
Equity dividends paid to owners of the parent		**(188.1)**	(186.2)
Employee Benefit Trust purchase of own shares		**(14.6)**	(6.7)
Net cash flow (used in)/generated from financing activities		**(393.1)**	95.8
Net (decrease)/increase in cash and cash equivalents		**(0.9)**	1.4
Cash and cash equivalents at the beginning of the year		**1.8**	0.4
Cash and cash equivalents at the end of the year		**0.9**	1.8

Company Financial Statements continued

Notes to the Company Financial Statements

1. General information and basis of preparation

General information

The Financial Statements of IG Group Holdings plc (the Company) for the year ended 31 May 2023 were authorised for issue by the Board of Directors on 19 July 2023 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.

Basis of preparation

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 2023 affecting these separate Financial Statements.

The Financial Statements have been prepared under the historical cost convention and in conformity with UK-adopted International Accounting Standards require use of certain critical accounting estimates. It also require 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 the Company has not been presented in these Financial Statements. The amount of profit for the year included within the Financial Statements of the Company is £423.4 million (31 May 2022: £375.9 million). A Statement of Comprehensive Income has also not been presented in these Financial Statements. No items of other comprehensive income arose in the year (31 May 2022: £nil).

The Company's functional currency and presentational currency is sterling.

2. Significant 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 exists. 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 VIU calculations 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 shareholder's 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 2022: nil).

6. Investment in subsidiaries

	31 May 2023 £m	31 May 2022 £m
Cost		
At the beginning of the year	**1,076.3**	553.3
Additions	**10.9**	1,027.1
Disposals	**–**	(504.1)
At the end of the year	**1,087.2**	1,076.3

The Company's direct and indirectly owned subsidiaries are disclosed in note 34 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 also includes equity-settled share-based awards for employees of subsidiaries of £10.9 million (31 May 2022: £13.6 million).

Company Financial Statements continued

Notes to the Company Financial Statements continued

7. Leases

(i) Right-of-use asset

	31 May 2023 £m	31 May 2022 £m
Cost		
At the beginning of the year	**9.7**	9.2
Additions	**0.4**	0.5
At the end of the year	**10.1**	9.7
Accumulated depreciation		
At beginning of the year	**4.7**	3.1
Provided during the year	**1.8**	1.6
At the end of the year	**6.5**	4.7
Net book value	**3.6**	5.0

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 2023 £m	31 May 2022 £m
Not later than one year	**2.6**	2.1
After one year but not more than five years	**2.2**	4.3
	4.8	6.4

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.

(ii) Lease liability

Future minimum payments due	31 May 2023 £m	31 May 2022 £m
Within one year	**2.6**	2.1
After one year but not more than five years	**2.5**	4.5
	5.1	6.6

8. Cash flow information

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Operating activities		
Operating loss	**(6.4)**	(9.0)
Dividends received	**430.0**	385.0
Lease asset depreciation	**1.8**	1.6
Increase in trade and other receivables	**(204.9)**	(169.0)
Increase/(decrease) in trade and other payables	**171.7**	(4.7)
Cash generated from operations	**392.2**	203.9

Liabilities arising from financing activities

	Debt securities in issue £m	Leases £m	Share buyback £m	Total £m
As at 1 June 2021	–	7.8	–	7.8
Issued debt securities	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 year	–	(2.1)	–	(2.1)
Unwinding of discount	–	0.2	–	0.2
Changes to existing lease agreements	–	0.5	–	0.5
As at 31 May 2022	297.2	6.4	–	303.6
As at 1 June 2022	**297.2**	**6.4**	**–**	**303.6**
Shares repurchased by broker (including costs)	**–**	**–**	**177.3**	**177.3**
Payments made for share buyback	**–**	**–**	**(175.2)**	**(175.2)**
Financing arrangement fees	**(0.3)**	**–**	**–**	**(0.3)**
Unwind of capitalised financing fees	**0.7**	**–**	**–**	**0.7**
Lease payments made in the year	**–**	**(2.2)**	**–**	**(2.2)**
Unwinding of discount	**–**	**0.2**	**–**	**0.2**
Changes to existing lease agreements	**–**	**0.4**	**–**	**0.4**
As at 31 May 2023	**297.6**	**4.8**	**2.1**	**304.5**

Company Financial Statements continued

Notes to the Company Financial Statements continued

9. Other receivables

	31 May 2023 £m	31 May 2022 £m
Amounts due from Group companies (current)		
– IG Markets Limited	**589.1**	370.3
– IG Index Limited	**8.6**	11.1
– Other Group companies	**3.0**	0.8
Other debtors	**–**	0.9
	600.7	383.1

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 £589.1 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 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

In FY22 the Company issued £300.0 million 3.125% senior unsecured bonds due in 2028. The issued debt has been recognised at fair value less transaction fees. As at 31 May 2023, £1.7 million unamortised arrangement fees remain on the Statement of Financial Position (31 May 2022: £2.0 million).

The Company also has access to a £350.0 million revolving credit facility, which has increased as a result of two accordions to the existing revolving credit facility being signed in FY23. The Company has the option to request an increase in the revolving credit facility size to £400.0 million. The Company also had the option to request a maturity extension of one year, which was exercised in FY23. The revolving credit facility will now mature in October 2025. In addition, the Company has the option to extend the maturity for a further year, subject to borrower request and lender consent.

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 year.

11. Other payables

	31 May 2023 £m	31 May 2022 £m
Amounts due to Group companies		
– IG Markets Limited	**180.0**	–
– Other Group companies	**0.1**	–
Accruals and provisions	**7.1**	13.9
Other taxes and social security	**1.8**	–
	189.0	13.9

All amounts due to Group companies are repayable on demand and are non-interest bearing.

12. Share capital and share premium

Share capital and share premium is disclosed within note 24 of the Group Financial Statements.

13. Related party transactions

Transactions with related parties are as follows:

	31 May 2023 £m	31 May 2022 £m
Income		
Subsidiary – dividends	**430.0**	385.0
	430.0	385.0
Finance income		
Subsidiary	**13.2**	5.1
	13.2	5.1

Refer to note 9 and note 11 for balances outstanding in respect of related parties.

Company Financial Statements continued
Notes to the Company Financial Statements continued

14. Other reserves

	Share-based payments £m	Own shares held in Employee Benefit Trusts £m	Share buyback reserve £m	Total other reserves £m
At 1 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**
At 1 June 2022	**13.5**	**(6.0)**	**–**	**7.5**
Equity-settled employee share-based payments	**13.3**	**–**	**–**	**13.3**
Exercise of employee share awards	**(11.3)**	**11.3**	**–**	**–**
Employee Benefit Trust purchase of shares	**–**	**(14.6)**	**–**	**(14.6)**
Transfer of vested awards from the share-based payments reserve	**(7.6)**	**–**	**–**	**(7.6)**
Share-based payments converted to cash-settled liabilities	**(2.4)**	**–**	**–**	**(2.4)**
Share buyback	**–**	**–**	**(2.1)**	**(2.1)**
At 31 May 2023	**5.5**	**(9.3)**	**(2.1)**	**(5.9)**

15. Directors' shareholdings

The Directors of the Company hold shares as disclosed in the Remuneration Report in the Group Annual Report.

16. Contingent liabilities, provisions and guarantees

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 2023 was £7.0 million (31 May 2022 £0.2 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 2023				
	Within 1 year £m	**Between 2 and 5 years £m**	**Over 5 years £m**	**Total £m**	**Carrying amount £m**
Debt securities in issue	**9.4**	**37.5**	**304.4**	**351.3**	**297.6**
Lease liabilities	**2.6**	**2.5**	**–**	**5.1**	**4.8**
Total	**12.0**	**40.0**	**304.4**	**356.4**	**302.4**

	31 May 2022				
	Within 1 year £m	Between 2 and 5 years £m	Over 5 years £m	Total £m	Carrying amount £m
Debt securities in issue	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

Capital management

The capital of the Company is managed as part of the capital of the Group. Full details are contained in the Group Financial Statements in note 29.

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 35.

19. Dividends paid and proposed
The dividends paid and proposed by the Company 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 below. 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	21 September 2023
Record date	22 September 2023
Last day to elect for dividend reinvestment plan	28 September 2023
Final dividend payment date	19 October 2023

Annual shareholder calendar

Company reporting

Final results announced	20 July 2023
Annual Report published	15 August 2023
Annual General Meeting	20 September 2023

Company information

Directors (as at 19 July 2023)

Executive Directors

J Y Felix (Chief Executive Officer)
C A Rozes (Chief Financial Officer and Acting Chief Executive 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

A Gibbs

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
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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

Appendices

Appendix 1

Adjusted net trading revenue

£m	FY23	FY22	Change %
Net trading revenue (Note 3)	**941.8**	972.3	(3%)
Interest income on client funds	**81.8**	3.5	Nm
Interest expense on client funds	**(1.0)**	(2.7)	(63%)
FX gain associated with tastytrade acquisition	**–**	(5.8)	Nm
Adjusted total revenue	**1,022.6**	967.3	6%

Adjusted operating costs

£m	FY23	FY22
Operating costs (Note 4)	**583.8**	499.2
→ Net credit losses on financial assets	**1.1**	2.7
Operating costs inc. net credit losses	**584.9**	501.9
→ Operating costs relating to the tastytrade acquisition and integration	**(2.7)**	(2.0)
→ Amortisation on tastytrade acquisition intangibles and recurring non-cash costs	**(37.0)**	(31.7)
→ Operating costs relating to the proposed Nadex sale	**(4.2)**	(3.3)
Adjusted operating costs	**541.0**	464.9

Adjusted profit before tax and earnings per share

£m (unless stated)	FY23	FY22
Earnings per share (p) (Consolidated Income Statement)	**86.9**	92.9
Weighted average number of shares for the calculation of EPS (millions) (note 10)	**418.7**	426.3
Profit after tax (Consolidated Income Statement)	**363.7**	396.1
Tax expense (Consolidated Income Statement)	**86.2**	80.9
Profit before tax (Consolidated Income Statement)	**449.9**	477.0
→ Hedging gain on tastytrade acquisition	**–**	(5.8)
→ Operating income relating to NADEX sale	**(3.3)**	(1.5)
→ Operating costs relating to the tastytrade acquisition and integration	**2.7**	2.0
→ Amortisation on tastytrade acquisition intangibles and recurring non-cash costs	**37.0**	31.7
→ Operating costs relating to NADEX sale	**4.2**	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)	**490.5**	494.3
Adjusted tax expense	**(94.0)**	(83.8)
Adjusted profit after tax	**396.5**	410.5
Adjusted earnings per share (pence per share)	**94.7**	96.3
Adjusted revenue (B)	**1,022.6**	967.3
Adjusted PBT margin (A/B) %	**48.0%**	51.1%

Appendices continued

High Potential Markets total revenue – pro forma

£m	FY23	FY22	Pro forma FY22	Change %	Pro forma change %
High Potential Markets	**207.0**	139.7	148.3	48%	40%
tastytrade	**170.3**	111.9	120.5	52%	41%

Appendix 2

Operating lease net assets

£m	FY23	FY22
Right-of-use assets[1]	**18.5**	19.9
Lease liabilities (current)	**(7.4)**	(8.9)
Lease liabilities (non-current)	**(13.3)**	(13.0)
Operating lease liability	**(2.2)**	(2.0)

1 Amounts identified as right-of-use assets from "property, plant and equipment"

Own cash

£m	FY23	FY22
Cash and cash equivalents	**798.5**	1,246.4
Financial investments – termed cash	**–**	45.0
Less: Cash held to meet regulatory liquidity requirements	**(65.0)**	(45.5)
Less: Amounts due to the Pool	**(3.3)**	–
Own cash	**730.2**	1,245.9

Issued debt

£m	FY23	FY22
Debt securities in issue	**(297.6)**	(297.2)
Unamortised fees capitalised[1]	**(1.7)**	(2.0)
Issued debt	**(299.3)**	(299.2)

1 Unamortised arrangement fees recognised in "debt securities in issue"

Net amounts due from brokers

£m	FY23	FY22
Financial investments – UK Government securities held at brokers (note 15)	**372.3**	289.9
Trade receivables – amounts due from broker (note 17)	**486.6**	381.0
Trade payables – amounts due to broker (note 21)	**(48.6)**	(28.0)
Other assets (note 18)	**15.0**	14.2
Net amounts due from brokers	**825.3**	657.1

Financial investments

£m	FY23	FY22
Financial investments and financial assets pledged as collateral (note 15)	**606.4**	396.1
Less: Financial investments held at brokers (note 15)	**(372.3)**	(289.9)
Financial investments	**234.1**	106.2

Liquid asset threshold requirement

£m	FY23	FY22
Financial investments – regulatory liquidity requirements	**–**	61.2
Cash held to meet regulatory liquidity requirements	**65.0**	45.5
Net amounts due from brokers	**65.0**	106.7

Own funds in client money

£m	FY23	FY22
Trade receivables – own funds in client money (note 17)	**79.4**	85.5
Less: Trade payables – amounts due to clients[1]	**(4.3)**	(21.3)
Own funds in client money	**75.1**	64.2

1 Amounts considered as part of "own funds"

Appendices continued

Working capital

£m	FY23	FY22
Prepayments (non-current)	**0.3**	–
Prepayments (current)	**25.3**	23.2
Amounts due from clients (note 17)	**4.4**	3.0
Unamortised fees capitalised[1]	**1.7**	2.0
Other receivables	**10.0**	9.8
Other payables (other borrowings) (note 22)	**(1.2)**	–
Other payables (accruals) (note 22)	**(109.4)**	(112.6)
Other payables (payroll taxes, social security and other taxes (note 22)	**(3.5)**	(6.9)
Trade payables – amounts due to clients[2]	**(2.0)**	(1.0)
Working capital	**(74.4)**	(82.5)

1 Unamortised arrangement fees recognised in "debt securities in issue"
2 Amounts considered part of "working capital"

Net own funds generated from operations

£m	FY23	FY22
Cash generated from operations	**221.4**	810.6
Interest received on client funds	**75.8**	3.5
Interest paid on client funds	**(1.0)**	(2.7)
Cash generated from operations	**296.2**	811.4
→ Increase in other assets	**(0.8)**	(16.1)
→ Increase in trade payables	**95.3**	(209.4)
→ Increase in trade receivables	**102.5**	(37.7)
→ Repayment of lease liabilities	**(7.1)**	(7.5)
→ Interest paid on lease liabilities	**(0.5)**	(0.6)
→ Fair value movement in Gilts	**(18.1)**	(3.6)
Own funds generated from operations (A)	**467.5**	536.5
Profit before taxation (B)	**449.9**	477.0
Conversion rate from profit to cash (A/B) %	**104%**	112%

Net own funds movement from acquisitions and disposals of investments in subsidiaries and associates

£m	FY23	FY22
Net cash flow to investment in associates	**–**	(1.9)
Net proceeds from disposal of subsidiaries	**1.8**	143.3
Proceeds from disposal of investments in associates, net of cash disposed	**0.2**	24.5
Net cash flow to acquire subsidiaries	**(4.8)**	(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	**(2.8)**	(14.7)

Group-wide Key Performance Indicator (KPI) Definitions

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.

Total revenue (£m)
Represents the sum of net trading revenue and interest income.

Net operating income (£m)
Represents trading revenue, interest income and other operating income, net of introducing partner commissions, betting duty and financial transaction taxes.

Net trading revenue generated from non-OTC products (%)
Represents net trading revenue generated from exchange traded derivatives and stock trading and investments.

Adjusted profit before tax margin (%)
Represents 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)
Represents the level of net own funds (cash) that we generate from our operations after deductions for taxes.

Total number of active clients (000)
Represents the total number of unique clients who have generated trading revenue from our OTC or ETD products, or stock trading and investment clients who held a balance at the period end.

Employee engagement score (%)
Represents the average score of four key questions from or annual employee survey.

Gender diversity (%)
Represents the percentage of women employed across the Group.

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.

ESG KPI: people benefiting from our Brighter Future initiatives globally
Represents the total number of people benefiting from collaboration between IG Group and charity partners such as Teach First. This includes both direct and indirect impact.

Notes

Notes

Cautionary statement
Certain statements included in our 2023 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.

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