

Chief Executive Officer's Statement



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June Felix

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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

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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.



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- 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.