IGGROUP.COM

IG GROUP HOLDINGS PLC
ANNUAL REPORT 2021

Strong foundations. Entrepreneurial vision.

IG Group

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Financial Highlights 2021

REVENUE[1, 2]
£853.4m
(2020: £649.2m)

PROFIT BEFORE TAX[3]
£450.3m
(2020: £295.9m)

NET OWN FUNDS GENERATED FROM OPERATIONS[4]
£422.8m
(2020: £287.9m)

BASIC EARNINGS PER SHARE[5]
100.7p
(2020: 65.3p)

TOTAL DIVIDEND PER SHARE
43.2p
(2020: 43.2p)

FOR MORE INFORMATION
PG. 34 - 45

1 Throughout this report 'revenue' refers to net trading revenue (ie excluding interest on segregated client funds and after deducting introducing partner commissions).
2 Revenue includes £7.9 million of one-time hedging costs associated with the acquisition of tastytrade, Inc. ('tastytrade'). On an adjusted basis, revenue was £861.3 million.
3 Profit before tax includes £19.6 million of one-time costs associated with the acquisition of tastytrade. On an adjusted basis, profit before tax was £477.9 million.
4 The Group uses alternative performance measures to provide additional information on the performance of the business. For more detail, see our KPI definitions on page 180.
5 Basic earnings per share includes one-time charges associated with the acquisition of tastytrade. On an adjusted basis, basic earnings per share was 108.3p.

Delivered record revenue, profit and a sustainable step change in the active client base – aided by favourable market conditions – while continuing to build a diversified global business.

What we do
Challenge ourselves to develop the world's best technology, platforms, products and exchanges – opening up a wider range of trading and investment opportunities to ambitious people around the world.

Who we're for
The ambitious and the entrepreneurial, those who love a challenge and are restless in their pursuit of opportunity. We customise our offering for three trader types – retail, high-value and institutional – to ensure we build the best experience.

Our products
- → OTC leveraged derivatives
  CFDs, spread betting, options
- → Exchange traded derivatives
  Via Nadex and Spectrum
- → Stock trading and investments
  Share dealing service, IG Smart Portfolios

Our global operations
2,094 employees in 20 countries, working from offices across Europe, the Middle East, Africa, Australia, Asia and the US.

Chairman's Statement

An exceptional year

> In a year like no other, the Group has performed exceptionally and achieved record financial results. It has delivered against its strategy and taken significant steps to become a more global, diversified and sustainable business."

MIKE McTIGHE
CHAIRMAN

I am extremely proud of the strategic progress and performance IG has delivered over this financial year. IG has continued to prove itself as an ethical, client-focused provider of financial services and products around the world.

In a year like no other, the Group has performed exceptionally and achieved record financial results. It has delivered against its strategy and taken significant steps to become a more global, diversified and sustainable business.

I am particularly pleased with how the business has continued to evolve and grow to deal with the challenges of what has been an unprecedented year. The resilience and dedication shown by our people in continuing to meet the exceptional demand presented by the external environment is impressive, as is their unrelenting commitment to the clients they serve.

Over the last 12 months I have been focused on ensuring IG continues to build its governance structures and its focus on long-term sustainability. I have continued to bolster the strength and diversity of the Board and am pleased with the progress made – I believe we have laid a fantastic foundation that makes the Group incredibly well-placed for the future.

Record performance

I'd like to begin by acknowledging the record performance IG has delivered over this financial year. The Group has had the busiest period ever seen over its 47-year history, and over the last 12 months it has delivered record client growth and record revenue.

We have seen a significant increase in demand for the products we offer, which has been fuelled by months of sustained volatility in the global financial markets. These macro conditions have presented clients with significant trading opportunities and attracted significant numbers of new clients.

Most importantly, IG has been unwavering in its application of good governance and has grown the client base without any compromise on client quality. Clients wanting to trade leveraged derivatives have to meet IG's industry-leading onboarding criteria, which ensures that IG continues to be defined and differentiated by its good conduct and client-centric business model. This is something that encourages long-term, enduring relationships – throughout this period of impressive growth, IG continues to be able to attract and retain ambitious, self-directed clients.

I am also pleased to see that the business grew substantially in product lines such as share dealing. This shows that IG can offer a variety of products to a broader client base than it has historically, and demonstrates that the business can meaningfully diversify beyond its core leveraged derivatives product.

Delivering against a clear strategy

The IG team has proven it can deliver and I'm proud of the progress that has been achieved against the strategy. Two years ago, in May 2019, IG articulated a three-year growth strategy that aimed to grow the core business by 3 - 5% and grow revenue from a portfolio of areas, identified as Significant Opportunities, by £100 million.

A key part of the strategy was the ambition to diversify into new product lines and into new geographies. For example, Spectrum, IG's multilateral trading facility that enables clients across Europe to trade on-exchange products, was part of the Significant Opportunities portfolio and shows that IG can disrupt and innovate in new markets. A year ahead of schedule, IG has announced it has substantially achieved the financial targets it set for its Significant Opportunities portfolio and exceeded growth expectations in its core business. This is due not only to higher demand for our products driven by market volatility, but exceptional performance by our people.

In June 2021, IG completed the acquisition of tastytrade. This was a landmark transaction and the largest in IG's history. This deal really underscores the ambition of the Group to continue to grow its global presence as a multi-product trading and investments provider.

FIND OUT MORE:
CEO'S STATEMENT **PG. 4**
STRATEGIC UPDATE **PG. 8**

Continuing to strengthen our Board

One of my continuing priorities has been to ensure we have a strong Board that can hold the business to account and critically inform decision-making. We've made continuing progress on this front with the appointments of Rakesh Bhasin, Wu Gang and Susan Skerritt. Rakesh brings extensive technology and global markets knowledge, specifically in Asia-Pacific. Wu Gang has a strong strategic and financial advisory background and a wealth of international experience spanning over 25 years. Susan Skerritt was appointed earlier this month and is an experienced Non-Executive Director. She brings significant financial markets experience working with US-based companies and regulators. All three appointments serve to build the strength of the Board which I have sought to ensure is relevant, diverse and international in outlook.

I would also like to extend my thanks to Bridget Messer, who will be stepping down from the Board on 22 September, and to Jim Newman, who stepped down from the Board in December. Bridget has had a distinguished career at IG spanning 16 years and joined the Board as an Executive Director in 2018. Jim served as a Non-Executive Director for seven years. The Board benefitted immensely from their expertise and I would like to express my sincere thanks to Bridget and Jim for their service.

Committing to a new purpose

In light of such impressive performance it would have been easy to simply stay on the course that has proved successful. Instead, our high-performing team has chosen to stretch itself and in recent months we have come together as an Executive and Board to really think about the future of IG and the type of organisation we want to be. We have committed to a new purpose: powering the pursuit of financial freedom for the ambitious. This purpose will anchor future decision-making and sets an aspiration and mindset for years to come.

Environmental, social and governance focus

We understand the importance and responsibility we have as a business and global citizen. Since I was appointed Chairman of the Board in February 2020, I have been focused on ensuring that the Group has the right governance structures and Board in place to ensure it can truly deliver its potential. Over the last 12 months the Group has introduced a comprehensive environmental, social and governance (ESG) strategy and made substantial donations through our Brighter Future Fund.

Over the next 12 months I look forward to IG further embedding the ESG strategy and continuing to progress in this critically important area.

FIND OUT MORE:
ESG REPORT **PG. 22**

Dedication and resilience of our people

The past 12 months have been dominated globally by the Covid-19 pandemic. This has brought about challenges and uncertainty for many. Throughout this period, our brave, open-minded and inventive employees have exhibited an unwavering commitment to the clients they serve, and collaborated to take on the challenge together. They have shown a positive, pioneering spirit, always looking to improve our platform and capabilities in the interest of our clients.

Our people truly set us apart and are determined to succeed. It is through their hard work and dedication that we have been able to deliver such impressive results.

MIKE McTIGHE
CHAIRMAN
22 July 2021

Chief Executive Officer's Statement

For the second year running, we have rewritten the record books

As Chief Executive Officer of IG, I am delighted to update you on the performance and achievements of the Group over the last 12 months."

JUNE FELIX
CHIEF EXECUTIVE OFFICER

We have shown our ability to be innovative and agile, and have made good on our promises, substantially outperformed against our three-year strategy and delivered a record-breaking financial performance. Today, we are more global, diversified and sustainable than ever before.

We have taken tangible steps to ensure we continue to raise standards in our industry and make a bigger difference in the world, as a global, technology-driven financial services provider. A provider that is differentiated by its conduct, one that has the ability to consistently change, challenge and innovate for the better, and one that strives to build a better experience for clients around the world.

This year's performance would not have been possible without the dedication and commitment of our people. I would like to begin by expressing my thanks to everyone at IG. I would also like to acknowledge the contribution made by Bridget Messer. Bridget recently shared her intention to step down as an Executive Director. For 16 years, the business has benefitted from her expertise. I wish Bridget and her family the very best as they start a new chapter in Australia and thank her for all she has done for IG.

Delivering on our promises

In May 2019 we set out a clear strategy and three-year growth plan. Our medium-term targets were to achieve an annual growth rate of 3 - 5% in our Core Markets, and to expand our business by an additional £100 million of revenue through our Significant Opportunities portfolio of growth initiatives.

This was a three-year ambition, with a target date of the end of the 2022 financial year. I referred to this as '30 in 3' – I wanted IG to grow by 30% in three years, and so I am especially proud to announce that we are not

Key achievements in FY21:

- Outperformed against the strategy we set out in May 2019
- Delivered a record-breaking financial performance
- Launched a new purpose to help us seize the opportunities of tomorrow
- Introduced a comprehensive global ESG strategy
- Achieved a step change in the size of our high-quality client base
- Successfully acquired tastytrade, the largest acquisition in IG's history

only outperforming against the strategy as a whole, but that we have substantially achieved one of our targets a year ahead of schedule.

Our actions have delivered fantastic growth in our Core Markets, which is currently well ahead of the 3 - 5% per annum rate we set. In the 2021 financial year our annual rate of growth in the core was 31% higher.

When looking at the Significant Opportunities portfolio, we have been strategic in deciding the rate at which these different opportunities have been progressed. I am pleased to report that this disciplined focus has ensured we have substantially achieved our Significant Opportunities target a year ahead of schedule. In the 2021 financial year revenue from our Significant Opportunities portfolio was £151.8 million, an increase of £93.1 million since the launch of our strategy in 2019.

Our strategic achievements have been driven by high levels of attainment across the Group, with standout performance in product diversification and in extending our platform into new markets.

In Japan and the US, for example, we have enjoyed considerable recent success, tailoring our offering to best suit the needs and wants of local clients. Our ability to localise effectively has paid dividends, allowing us to leverage our platform and technology capability into attractive new jurisdictions.

Similarly, I have been delighted this year by the performance of Spectrum – our pan-European multilateral trading facility. Spectrum offers real innovation and choice with clients able to trade products, on-venue around the clock. This year the business has grown, with 775 million securitised derivative contracts delivered since launch.

Our approach of focusing on growth and expansion, while being highly disciplined in the strategic decisions and investments we choose to make, has ensured we are outperforming against the strategic goals we set ourselves ahead of time and sets an even stronger foundation from which we can grow.

Record-breaking financial performance

For the second year running, the Group has rewritten the record books – with adjusted revenue up 33% on the 2020 financial year at £861.3 million, adjusted profit before tax up 61% to £477.8 million and active client numbers up 31% at 313,300.

Record-breaking financial performance like this doesn't happen by accident. It is the result of the disciplined execution of our strategy, and the ability of the business and our clients to seize the opportunities presented by the exceptional market conditions over the last financial year.

We are not only increasing revenues, but diversifying the sources of our revenues. This positions us well for long-term sustainable growth and delivery.

As well as the growth in revenue generated from our core OTC leveraged retail derivatives business, we have also achieved significant growth across different business areas.

We have seen stock trading and investments grow by 184%, and revenue from exchange traded derivatives increase by 33% year on year. We have also significantly grown our geographical footprint and diversified our product range, evidenced through the $1 billion acquisition of tastytrade – more on which below.

Becoming a purpose-led organisation

During this exceptional year, we have pushed ourselves to continue to look ahead. I firmly believe that while we have experienced record growth and achieved so much, we can still be so much more. So we have taken steps to ensure that IG is best-placed to capture the opportunity of tomorrow.

As we grow into a more diversified, sustainable and global business we need a purpose that will act as our guiding star and a critical lens through which we assess future strategic decisions.

Chief Executive Officer's Statement 2021 continued

TEACH FIRST PARTNERSHIP:
100k
LIVES IMPACTED BY 2025

$1bn
ACQUISITION OF TASTYTRADE

We now have a compelling, differentiating purpose that will provide us with room for further stretch for many years to come. Our 'why' is now simple and memorable – powering the pursuit of financial freedom for the ambitious.

Ambitious people exist across the world. They come from many varied starting points, but they share similar characteristics. They are driven, self-directed and active. By giving these people access to first-rate financial products, tools and education, we can 'power' them to take control of their financial future and decision-making.

'Powering' is about providing people with market-leading, resilient technology; being their unbiased partner; and supercharging their experience through high-quality financial education. We want our clients to cultivate their knowledge and insight, and we want to provide them with products that help them execute their strategies and pursue their financial goals.

'Financial freedom' is defined by the individual. For some this will mean growing their wealth. For others it may mean having the freedom to choose the products they want to use and the markets they want to trade, or having the freedom to take control of their own finances. Whatever our clients determine as 'financial freedom', we are here to enable their journeys.

This purpose will stretch us to learn deeply about our clients, about new markets and about new types of products. As we align our behaviours and actions with our purpose, we will enable more individuals to become financially self-reliant and therefore have the potential to make a greater contribution to society.

This new purpose is deliberately brave and ambitious – and I have every confidence IG will deliver against it.

FOR MORE INFORMATION ABOUT OUR PURPOSE, SEE STRATEGIC UPDATE
PG. 10

Playing our part in our communities

As a responsible global citizen, we take our environmental, social and governance (ESG) obligations very seriously. In recent years our business has made great strides in delivering not only profit and shareholder value, but also in its contribution to the societies of which we are a part.

Underpinned by the core themes of education and environment – areas of focus chosen by our people – this year we have gone further than ever before. We recently announced a new ESG strategy that will see us strive to have a positive impact on society, and to minimise our impact on the environment.

Called the IG Brighter Future framework, this new strategy is split across four pillars – products, people, partnerships and best practice. It builds on the Brighter Future concept originally launched in January 2020 and will see us make positive progress toward seven of the UN's Sustainable Development Goals.

For each pillar we are identifying appropriate KPIs and setting ambitious targets, which we will report on and which will have an influence on remuneration across the Group. This is a real and tangible step toward embedding ESG into our business and ensuring it properly drives our decision-making.

This is an incredibly exciting development for the Group and one that has already had some significant benefits. For example, earlier this year we calculated and offset our historic emissions to become lifetime carbon-neutral. Next year we will have mapped out a science-based pathway to net zero.

We have also been making charitable donations from our £5 million Brighter Future Fund throughout the year. These have focused on projects to improve access to quality education for under-resourced communities, improving female representation in STEM subjects, and providing Covid-19 relief.

In partnership with organisations such as teacher training charity Teach First and the global Teach for All educator network we have already made a difference to the lives of many thousands of young people, and have committed to making a positive impact on the education of a further 100,000 young people by 2025. You can find out more in the ESG Report on page 22.

Acquisition of tastytrade

One of my personal priorities has been to ensure that IG continues to become a more global, sustainable and diversified business. One key example of how we have delivered on this has been the acquisition of tastytrade.

This landmark transaction complements our strategy by expanding our geographical footprint and our product offering. In tastytrade we have found a partner that shares our passion for empowering clients, opening access to the global financial markets and providing exceptional educational resources – enabling ambitious people to execute their strategy and take the wheel in their financial decision-making.

tastytrade is a high-growth, high-margin online brokerage and investor education platform, with a growing share of the US listed derivatives market – primarily through options and futures. tastytrade combines content that is fun and entertaining – with deep quantitative and probability-based analysis offering traders something completely new. It delivers education and ideas on complex trading strategies, optimisation of returns and risk management in a unique and unexpected way. tastytrade is a successful business founded and run by very experienced former Chicago Board Options Exchange (CBOE) traders with a proven track record, and a deep understanding of and passion for the products they offer.

For IG this is an exciting, strategic opportunity that diversifies our product offering and gives us immediate scale in the largest retail options and futures market in the world. It appeals to us because it is a highly regulated, mainstream market, which is larger than the global CFD and forex markets combined with around 1.5 million traders. It accelerates our US strategy, grows our footprint and complements our broader diversification strategy.

tastytrade's core product offering and content are highly complementary to IG and the two businesses have similarly ambitious, high-quality, self-directed retail trading client bases. tastytrade shares our entrepreneurial ethos and always-innovating culture, and will be a valuable partner for IG.

Bringing tastytrade on board is in line with our growth strategy and a real proof point towards IG becoming a more diversified, global and sustainable business.

Growth in our global client base

In the fourth quarter of the 2020 financial year we saw a step change in the size of our global client base, which we consolidated in the 2021 financial year, and delivered further growth. Over the last 12 months we have undoubtedly seen more people take the time to consider and manage their money, and plan their financial future in a more proactive way. This trend for self-investing and for people to demand the freedom to access the global financial markets isn't going away. We recognise the responsibility we have and I am proud of the way we have grown our client base in a responsible, sustainable way – without any compromise on quality, ensuring that we target and onboard the right client for the right product.

Our loyal and high-quality client base is one of our key strengths. The people who choose to trade with IG share many similar traits – they're driven, ambitious, motivated, engaged and self-directed. They want to pursue their own financial freedom and value the innovative products that are available with IG, our superior platform, unrivalled client-centricity and the exceptional educational tools and resources we offer.

This truly differentiates us from our competitors and breeds client loyalty. The growth in our client base has been fuelled by favourable trading conditions and a number of high-profile trading opportunities throughout the year. The new clients we have onboarded during this period share a similar profile to our existing client base. So while it is unlikely future years will see quite the same number of attractive trading opportunities as the last, we believe the quality of our significantly increased client base provides us an excellent platform for further sustainable growth.

Taking on the challenge together

The fact we have been able to achieve so much and at the same time deal with the implications of the Covid-19 pandemic is a testament to the open minds, diverse perspectives and positive attitudes of our people. We have faced challenges and disruption as a result of the pandemic. Our people have been restless in their pursuit of the next good idea, a community of positive problem solvers committed to finding solutions and providing the best possible service to our clients.

I want to thank all our people for helping us achieve so much over the last 12 months and share their pride in all we have achieved.

JUNE FELIX
CHIEF EXECUTIVE OFFICER
22 July 2021

Core Markets

Our Core Markets are large, established markets in which we already have a significant presence. They consist of the UK, EU, EMEA non-EU, Australia and Singapore.

STRATEGIC UPDATE **PG. 8**

Significant Opportunities

Significant Opportunities represent geographies, client segments and product segments where we currently have a presence, but where there are opportunities to build on our strengths, serve more clients and deliver significant revenue growth.

STRATEGIC UPDATE **PG. 9**

Strategic Update

Core Markets

Our core business includes our largest established markets where we already had a prominent presence and a significant market share in over-the-counter (OTC) leveraged trading in 2019. Our core gives us a strong foundation and has delivered 27% growth in clients in the 2021 financial year. The strength of our core means we can evolve to become a broader and more diversified global trading platform through growing our Significant Opportunities portfolio.

CORE MARKETS REVENUE
709.5m
+31%

CORE OTC CLIENTS
+16%

REVENUE PER OTC CLIENT
+10%

STOCK TRADING REVENUE
+184%

NUMBER OF STOCK TRADING CLIENTS
89,500
CLIENTS

GROWTH IN CORE MARKETS REVENUE
31%

- We have sustained an exceptional level of revenue generation and efficient client acquisition throughout the 2021 financial year
- Stock trading has delivered a standout performance, supported by a competitive offering on US equities
- Our focus on building our offering for high-value clients has enabled us to grow our client base across our Core Markets while maintaining client quality. Revenue per OTC client was up 10% at £3,996
- Following the implementation of product intervention by the Australian Securities and Investments Commission (ASIC) in March 2021, over 65% of Australian revenue in May 2021 was generated by clients who had qualified for professional status following a stringent approval process. These clients are not subject to ASIC product intervention

Significant Opportunities

In 2019 we set an ambitious target – growing revenue from our portfolio of Significant Opportunities by £100 million to around £160 million by the end of the 2022 financial year.

This portfolio includes five of IG's businesses where we identified a significant potential for growth:

- Japan
- US
- Emerging Markets
- Spectrum, our exchange traded derivatives (ETD) offering in Europe
- IG Prime, our institutional business

Through the hard work of our people and the effective positioning of our business, we've been able to capitalise on significant growth in demand in this financial year, and have substantially achieved our strategic target a year ahead of plan.

FOR MORE INFORMATION **PG. 34**

Japan

- Delivered 48% increase in our revenue to £68.7m in a market with a £1 billion revenue opportunity
- Grew active clients 46% through product innovation and successfully strengthening our multi-channel marketing approach
- Increased investment in social media to build our online presence
- Delivered tailored local platform enhancements through market research and client engagement

28m

YOUTUBE VIEWS OF 2021 BRAND AMBASSADOR VIDEO

Over 2x

INCREASE IN TWITTER FOLLOWERS

US

- Doubled the revenue contribution from IG US, our US retail foreign exchange dealer (RFED)
- Continued to integrate our three US businesses (IG US, DailyFX and Nadex) to amplify the IG brand and grow the US opportunity
- Announced the acquisition of tastytrade, a high-growth US online brokerage and trading education platform with a leading position in US-listed derivatives, primarily options and futures, in January 2021, completed in June 2021
- Expanded the links between IG US and Nadex, offering clients the opportunity to trade across a wider US product set, covering indices, commodities and economic event contracts
- Continued to offer market-leading pricing and quality client service through IG US, which we believe will drive further growth as this business matures

30m

UNIQUE VISITORS REACHED GLOBALLY THROUGH DAILYFX

Emerging Markets

- Enhanced product proposition adding further local tradeable markets to our 19,000-strong offering
- Grew client base 32% through strength in search engine optimisation (SEO) and the establishment of dedicated customer service teams
- Benefitted from client advocacy to further enhance client acquisition
- Continued to explore plans to develop and grow our Greater China business

4m

POTENTIAL PROFESSIONAL INVESTORS IN GREATER CHINA

Spectrum

- Saw pleasing growth in the client base, with product development in the pipeline to further enhance client proposition
- Signed first third-party Standard Member – Intermonte Iso – and expect technical integration for trading to be completed in summer 2021
- Ring-fenced investment for technology resource to deliver next stage of development, with a broadened product set
- Technical discussions progressing with tier 1 issuers to list their products on Spectrum for 2022

24/5

TRADING FROM SPECTRUM

775m

CONTRACTS TRADED

IG Prime

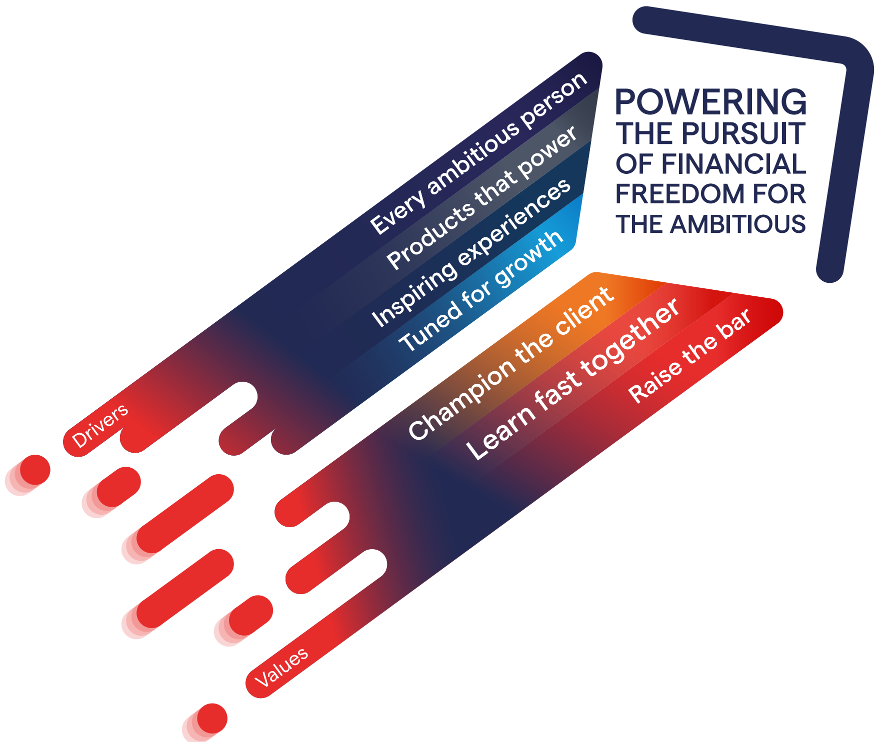
- Expanded reach through launches in Japan and the Netherlands
- Repurposed marketing to digital channels
- 25% increase in new clients and 33% revenue growth

"It has taken a truly exceptional response from our people around the world to deliver the outstanding results in the 2021 financial year. They responded with speed, agility and resilience to the challenging work environment caused by the pandemic and I am incredibly proud of what we have achieved together."

JUNE FELIX
CEO

Strategic Update continued

Our blueprint for the future



We have had an outstanding 12 months exemplified by record financial performance, record new client acquisition and substantial strategic progress.

Over that time we have also carefully considered our future strategic direction and the type of organisation we want to be in the years ahead. We are a market leader today, but we're not content sitting still – and remain deeply committed to striving for our clients and exceeding their expectations.

This consideration has led us to our new **blueprint for the future,** which articulates our **purpose,** strategic **drivers** and core **values**. In developing the blueprint, we have focused on ensuring that we are in the best possible place to seize future opportunities.

We will be defined by our purpose: powering the pursuit of financial freedom for the ambitious. We will achieve it through focusing on the strategic drivers we have identified, and staying true to our core values: champion the client, learn fast together and raise the bar.

Our purpose is a target that deliberately stretches us in the years to come. It provides us with a fundamental question – 'is what we're doing powering the pursuit of financial freedom for the ambitious?' – to apply to our decisions. It requires us to have an even deeper understanding of our clients, and to diversify into new markets and products. As we make progress towards achieving our purpose, we will enable more people to become financially self-reliant and therefore make a greater contribution to society.

The first steps we've taken

Our purpose goes beyond a simple statement; it sets the standard to which we hold ourselves. We have already made decisions this year that have been informed and shaped by our purpose, and influenced by our strategic drivers and values.

tastytrade

Our acquisition of tastytrade is proof of our purpose in action. tastytrade provides a compelling educational offering and unique, inspiring content – empowering its audience to learn more and take greater control over their financial future.

FIND OUT MORE ON **PAGES 6 - 7**

Brighter Future framework

We've recently launched a new environmental, social and governance strategy with a range of bold KPIs that aim to have a materially positive impact for our stakeholders, from our clients to the communities in which we operate – helping us work toward a brighter future together.

FIND OUT MORE ON **PAGES 22 - 33**

New strategic guidance

Following the outperformance versus our strategic targets in the 2021 financial year, and the acquisition of tastytrade, we are replacing our Core Markets and Significant Opportunities and issuing new strategic guidance.

FIND OUT MORE ON **PAGES 34 - 36**

Key Performance Indicators (KPIs)

This year we have refined our KPIs to better reflect both how we monitor the business and how the focus of the business is changing as we grow and diversify.

We use six key metrics to measure our financial and non-financial performance.[1] These also measure our ability to deliver shareholder returns through revenue, profit and cash generation.

Financial metrics

Adjusted net trading revenue (£m)

Adjusted net trading revenue represents the revenue generated from our products and services less the cost of hedging activity, excluding the one-time costs related to the tastytrade acquisition.

+33%

Adjusted net trading revenue from non-OTC products (%)

Over-the-counter (OTC) leveraged activity remains the primary source of revenue for IG, however as the Group continues to diversify its revenue base, we expect the amount of revenue from non-OTC products to increase as a proportion of the Group.

+97%

Adjusted profit before tax margin (%)

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

+9.9% pts

Net own funds generated from operations (£m)

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.

+46.9%

1 Definitions for the individual metrics can be found in 'Group-wide KPI Definitions' on page 180.

Non-financial metrics

Our two non-financial KPIs focus on the size of our core client base and our platform reliability. We work to retain and grow a high-quality, loyal client base, and deliver platform reliability to provide the best experience for those clients. Please also refer to the environmental, social and governance (ESG) KPIs on page 23 for information on our progress in our commitment to our stakeholders, environment and community. These client and ESG metrics help to provide context for our broader progress, beyond our financial KPIs.

FOR MORE ESG INFORMATION
PAGES 22 - 33

Total number of active OTC leveraged clients (000)

This is a measure of client trading activity. We use OTC leveraged clients rather than total active clients, as these represent the majority of our revenues in the 2021 financial year.

+22%

FY20	176.6
FY21	216.3

Platform uptime (%)

This measures the percentage of time that IG's online trading platforms were online during the financial year.

FY20	99.9%
FY21	100.0%

Key Trends Likely to Affect Our Business

Market trends

Covid-19

Description

The pandemic has caused a period of exceptional market volatility. Our employees have, as a result, handled unprecedented levels of client trading activity and account applications – all while adjusting to significant changes in their working environment. Our long-term investment in communications and technology has enabled all employees to work safely from home throughout the period.

While IG has demonstrated its ability to perform strongly throughout the pandemic, these exceptional demands have also identified areas for improvement.

What this means for the Group

We've followed the letter and spirit of local government guidance in countries where we operate. Our offices have been adapted to comply with that advice so that employees who want to return can do so safely.

It is important to support the communities in which we operate. To that end we have set aside £5m for our Brighter Future Fund, £1m of which we've been donating to charities across the globe providing essential Covid-19 relief.

We have initiated a programme across our operations teams to implement a target operating model that will deliver high-quality service to our clients through the most appropriate channels. This will ensure that we continue to provide the best trading experience, now and in the future.

Wherever our people are working, our business is well-positioned to continue successfully navigating the impacts of the Covid-19 pandemic.

Volatility in financial markets

Description

Higher volatility tends to generate more opportunities in financial markets, which attracts clients – increasing trading activity and client income.

Volatility also affects our ability to convert client income into net trading revenue, with high volatility sometimes causing conversion to fall. We seek to maximise hedging efficiency while staying within our risk appetite and offering the best trading experience.

In January 2021, client demand reached new highs. Interest from retail clients peaked in response to the short squeeze initiated on a small number of US stocks by traders communicating through the subreddit 'WallStreetBets'. This led to a spike in daily account applications to over ten times the average, and put unprecedented demand on our systems and people.

What this means for the Group

The 2021 financial year was characterised by sustained high volatility, creating exceptional demand for our products. Future reduction in volatility is likely to have a detrimental effect on revenue, driven by overall numbers of active clients and each client's activity – both impacted by market conditions. However, the Company now serves an active client base which is materially larger than 18 months ago. We do not anticipate revenues falling to pre-pandemic levels.

The demand created by WallStreetBets led to a degradation of service to some clients, concentrated around the US market open, for a three-day period in January. We responded quickly, deploying technology upgrades overnight, limiting access to affected stocks and restricting new account opening for a short time to preserve service levels to our existing clients.

Demand remained high throughout the final quarter of 2021. We continue to invest in technology to position the business for future growth.

Taxation

Description

Governments are looking for new ways to raise revenues following the Covid-19 pandemic. This could mean new taxes on our products, clients and profits.

We have seen proposed increases to UK and US corporate tax rates, and momentum is building behind introducing a global minimum tax for large multinationals.

The Organisation for Economic Co-operation and Development (OECD) is working on a solution for taxation of the digital economy. In the absence of a global agreement, countries continue to introduce their own digital service taxes.

The EU also maintains its ambition to establish an EU-wide financial transaction tax.

What this means for the Group

Changes to the corporate tax rate, especially in the UK and US, will have a significant impact on the amount of tax payable. Consequently we expect the Group's effective tax rate to increase. The full effect of the UK increase will be felt by the Group from the 2024 financial year.

IG's business model and tax strategy mean the majority of profit arises in countries with a tax rate above 15%. As a result, we do not expect a significant impact from a global minimum tax.

IG has not been impacted by digital services taxes, but there is a risk that these taxes could apply. Also, it is possible that taxing the global economy could result in IG paying tax in more countries. While this will increase the complexity of IG's tax affairs, it would not necessarily equate to an increased effective tax rate.

Financial transaction taxes in individual EU countries have had minimal impact on IG's profits and business model. An EU-wide financial transaction tax could have a significant impact on IG and its clients in future if certain derivatives transactions are not exempt.

Competitor actions

Description

Within our core over-the-counter (OTC) product set, we operate in a highly competitive environment. Our competitor set has evolved considerably over the past five years, with our traditional competitors being displaced by leisure entrants.

With heightened demand for these products over the 2021 financial year we have seen elevated marketing spend from competitors, which has reduced IG's share of voice in certain markets. Currently this spend is focused on the leisure end of the retail trader market, attracting new, mostly younger traders to the category.

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

What this means for the Group

To date, elevated marketing spend from competitors has not impacted IG's ability to attract and onboard its targeted high-value clients.

The expansion of the OTC category could lead to further regulatory scrutiny. Should our competitors take a less stringent approach to regulation, IG's competitive position may be affected. Our competitors' actions may also affect the reputation of the industry as a whole.

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

To respond to the threat of new entrants, we closely monitor any changes in the competitive landscape through local knowledge and market research. IG puts client needs at the heart of everything it does in order to stay ahead.

Regulatory changes

Description

IG operates in a highly regulated environment that continues to evolve. In May 2021, over three quarters of our OTC leveraged revenue was generated from clients in jurisdictions where restrictions on the sale and marketing of CFDs have been implemented.

Regulations from the Australian Securities and Investments Commission (ASIC) came into effect from 29 March 2021 for OTC leveraged derivatives, and 3 May 2021 for binary options. Measures were in line with expectations and largely brought ASIC in line with existing European Securities and Markets Authority (ESMA) regulations.

What this means for the Group

IG has shown it can thrive in these jurisdictions. We work collaboratively with regulators in the jurisdictions in which we operate. Our business model and robust approach to onboarding differentiate us from competitors, and have ensured that we have been able to successfully navigate the impact of regulatory change. We are well-placed to respond to similar regulation on OTC products.

We continue to drive new initiatives as part of our strategy, mitigating the impact of regulatory change by diversifying our product offering. With the acquisition of tastytrade, the Group will take on additional regulatory requirements for the US options and futures market. As with all regulators, IG will invest in building strong relationships with local supervisory and policy-making bodies.

IG has a history of innovation and a proven track record of deploying technology and skills to adapt to regulatory and market changes. In our experience, when tighter regulation has been applied appropriately, client outcomes have improved, the industry has become more sustainable and high-quality providers, like IG, have benefitted over the longer term.

Climate awareness

Description

Climate change has become a mainstream topic of conversation with clients, investors, employees and regulators. Not only are companies expected to have a clear understanding of their impact on the environment and of their exposure to climate-related risks, but there is an expectation for a clear plan to manage these responsibly.

What this means for the Group

This year we have worked hard to better understand our exposure to climate-related risks and opportunities, and made improvements to the governance of these risks. In doing so we have made significant progress towards aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, we have progressed our carbon management strategy, offsetting our historic emissions and committing to the identification of an appropriate pathway to net zero. More information can be found in our ESG Report on pages 22 - 33 and Risk Management section on pages 46 - 55.

Business Model

Our key differentiators

Brand and reputation

- Global leader in online trading, trusted partner for over 300,000 active clients
- FTSE 250 company with £3.2 billion market cap on 28 May 2021, long history of profitability and financial strength
- UK market leader in OTC leveraged derivatives[1]
- Brand strength is a reflection of our progressive growth strategy and commitment to innovation

Technology and innovation

- Success predicated on investing in and developing innovative, market-leading, empowering technology and products
- Clients get round-the-clock market access, even when the underlying market is closed
- Professional technology, including direct market access (DMA) platform, sophisticated technical analysis tools and web application programming interface (API)
- Fast, cutting-edge trading platform at the core of the tools offered to clients – provides an intuitive, personalised experience for different styles and objectives

Conduct and standing with regulators

- Always seek to operate in the client's best interests, treat them fairly and build a high level of trust
- Marketing targeted to an appropriate, specific audience, aiming to ensure that we open accounts only for suitable clients
- We adhere to the highest regulatory standards

People and culture

- Experienced, long-serving team who understands IG's clients, what they need and what drives them
- Obligations of being the leader in a highly regulated industry – integrity and respect for clients, regulators and other stakeholders
- Culture expressed through values – 'champion the client', 'learn fast together', and 'raise the bar'

1 By share of primary trading relationships, May 2021 UK Trading Behaviour Report.

Clients

Ambitious, entrepreneurial people, who love a challenge and are restless in their pursuit of opportunity, are at the centre of everything we do.

Appropriateness

- Market to a clearly identified target audience
- Conduct rigorous checks to ensure marketing is clear, fair and not misleading
- Work to ensure clients understand the risks
- Carry out detailed assessment to ensure our products are appropriate prior to account opening

Client outcomes

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

Clients at the centre of everything we do

Client education

- Encourage clients to engage with IG, and to learn about our products and how to trade effectively and responsibly
- Ensure that clients are well-informed about IG's services and the economics of trading
- Promote responsible trading through engaging introduction programme, targeted at client needs
- Provide extensive range of trading aids, such as charting packages, news, commentary and analysis

Client risk management tools

- Close-out monitor (COM) to liquidate client positions when their margin has been significantly eroded
- Option to attach guaranteed stops to identify the maximum possible loss at the outset of a trade
- Negative balance protection and limited-risk accounts

Supported by:

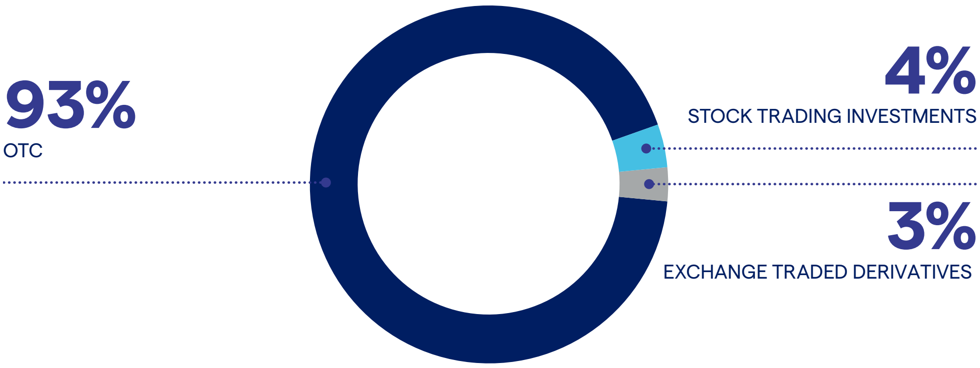
Risk profile

IG does not seek to generate returns from actively taking market risk. We don't take proprietary trading positions, and our revenue is therefore not dependent on the direction of market movements.

FOR MORE INFORMATION **PG. 46**

How we generate revenue

Four revenue-generation models: OTC leveraged derivatives, exchange traded derivatives, stock trading and investments.



OTC leveraged derivatives

Clients trade derivative instruments, including contracts for difference (CFDs), spread bets and options. They gain exposure to price movements without needing to buy or sell the underlying asset.

Our OTC leveraged derivatives are usually priced in reference to the underlying markets. For the majority of derivatives, the price includes a spread around the underlying price. Clients are charged funding when long positions are held overnight, and receive funding when short positions are held.

Exchange traded derivatives

Our revenue from exchange traded derivatives is derived from Nadex, a US-based derivatives exchange, and Spectrum, our multilateral trading facility (MTF).

Nadex clients become members of the exchange, and pay a trading fee on each side of the trade: once to open, and once to close.

Spectrum clients can trade through a broker or bank that has a standard membership of the exchange – Spectrum revenue is generated from exchange fees paid by members, like brokers and market makers. IG Europe is one of those members providing retail access to the venue, where the Group earns further revenue from retail client trading fees.

Prices for contracts listed on Nadex are provided by market makers, who are also members of the exchange and pay fees for trading.

For Spectrum, we intend for liquidity to be provided by market makers. IG currently provides baseline liquidity to Spectrum and operates as one of the market makers to Nadex.

Stock trading

Clients can buy and sell individual shares listed on global exchanges through our stock trading platform.

We charge a currency conversion fee where relevant, and a transaction fee for each purchase and sale. There is also a custody fee, which may be rebated to clients who make a minimum number of transactions in a set period. IG's trading revenue from this service is reported net of the execution fees we pay in the market.

Clients fund the purchase of shares in full at the time of placing an order.

Investments

We offer a portfolio-based investment service.

We charge a percentage fee on the value of the assets under management, and our revenue from this activity reflects these fees less the amount paid to the ETF provider, BlackRock.

Clients fund the purchase of their investments in full at the outset.

Internalisation

Internalisation – allowing individual client trades to offset against each other – is key to our business model and profitability. It also allows us to manage our market risk while lowering our cost of hedging in the underlying markets – which we do when any remaining exposure breaches pre-agreed risk limits. Hedging this remaining exposure means that our interests are aligned with those of our clients.

Our trading revenue from OTC leveraged derivatives therefore predominantly reflects the spread, commission and funding paid by clients, less the costs incurred in hedging. It is not impacted by client wins and losses, thereby ensuring a more steady flow of revenue.

Our blueprint for the future

→ Purpose
→ Strategic drivers
→ Core values

FOR MORE INFORMATION
PG. 10

Our Brighter Future framework

Our environmental, social and governance strategy enables us to create shared value and have a positive impact on society and the environment while ensuring the long-term sustainability of our business.

FOR MORE INFORMATION
PG. 22

Section 172(1) Statement by the Board

As a Board we continue to uphold the highest standards of conduct and make decisions for the long-term success of the business. We are aware that our business can only grow and prosper if we understand and respect the views and needs of our stakeholders.

Under the Companies Act 2006, the Directors must act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, the Directors must take into account, among other factors:

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

Our key stakeholders

The Directors have identified certain key stakeholders who are essential to the success of our business, detailed on pages 20 to 21.

The Board will sometimes engage directly with certain stakeholders on specific issues. This stakeholder engagement often takes place at an operational level. We consider key stakeholders when we discuss and make decisions relating to strategic matters, financial and operational performance, risk management, and legal and regulatory compliance. Information in relation to these areas is provided to the Board through reports sent in advance of each Board meeting, and through presentations to the Board.

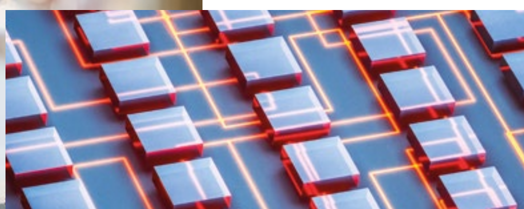
As a result of these activities, the Board has an overview of engagement with stakeholders and other relevant factors, which enables the Directors to comply with their legal duties under Section 172 of the Companies Act 2006 (CA2006).

The Board considers the views of its key stakeholders in all decision-making. This consideration is introduced into the Board cycle by, amongst other things, our Board paper template, which requires us to identify stakeholders who should be considered in each proposed discussion or decision.

Board decision-making and stakeholder considerations

IG, its Directors and management are fully committed to effectively engaging with all key stakeholders. Below are some examples of how the Directors have taken into account the matters set out in Sections 172(1) (a) - (f) of CA2006, when discharging their Section 172 duties, and how this has affected certain principal decisions taken by them. We define 'principal decisions' as those that are material to IG and are significant to any one or more of our key stakeholder groups – detailed on page 19.

In making the following principal decisions, the Board considered the outcome from our stakeholder engagement, as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between IG's shareholders.



1 Principal decision 1: four-year plan and budget

The Board approved an updated financial plan (the 2022 plan) to underpin the delivery of our profit and earnings per share (EPS) for the 2022 financial year.

In agreeing the 2022 plan, the Board considered the potential impact that each element might have on its key stakeholders. In particular, the Board took into account:

- Our relationship with and the views of regulators in the countries where IG holds regulatory licences to conduct its business. We referred to the latest applicable legislation and regulations, held ongoing dialogue with relevant regulators and ensured that the business initiatives in the updated plan were in line with IG's regulatory risk appetite
- The interests of employees, in particular in relation to the ongoing Covid-19 pandemic and ensuring our people are able to continue working from home or begin returning to our offices around the world as local rules and conditions allow. The People Forum provides a helpful feedback channel to hear the views of employees, so we can address matters raised. Also relevant are our employee health and wellness programmes and diversity and inclusion policies, and our investment in software and equipment
- The needs of clients, through our decision to enhance IT infrastructure to ensure that our systems are resilient and better able to support our clients' demands. We considered the number of clients, the demand to access our services during periods of increased client activity, and the requests we've received to provide more advanced features on our desktop and mobile platforms for clients who use sophisticated trading strategies
- Our existing relationships with suppliers, in particular related to our IT infrastructure, as a result of the changing needs of IG and its stakeholders. These changes were driven by the expectations of regulators, the needs of employees and the demand from clients, as well as shareholders' interests in our decisions on overseeing costs and the nature and focus of future investment
- The views and interests of shareholders, by ensuring that our updated plan supported the sustainable growth of the business, along with the delivery of our strategy and shareholder value

2 Principal decision 2: tastytrade acquisition

The Board is supportive of the acquisition of tastytrade. When considering the merits of this acquisition the Board agreed that the acquisition will help move IG towards becoming a more diversified, sustainable and global business in the coming years.

The Board took into account that:

- The acquisition of tastytrade is fully aligned with IG's new purpose to power the pursuit of financial freedom for the ambitious
  - tastytrade's unique client offering leads with education, a key way in which we power that pursuit for clients
  - The focus on education supports our ESG strategy – for which education is a key theme – a way in which we create value for our people and communities
  - The acquisition builds and expands on IG and tastytrade's current core capabilities
- tastytrade provides a new pillar for growth, and sees IG enter the high-growth US listed options market
  - The acquisition creates value for shareholders and has an attractive earnings accretion profile
  - The acquisition will diversify IG's current risk profile, important to all our identified stakeholders
  - The acquisition will significantly increase IG's footprint in the US, giving rise to positives for our clients and people

IG has core capabilities in the OTC derivatives market. The adjacent listed options market is significantly larger and offers excellent potential growth opportunities. There are an estimated 1.5 million US options and futures retail traders. This compares to an estimated 750,000 retail traders in the CFD and FX markets in UK, Australia, EU and US combined.[1] Listed options are a well-used product familiar to US traders in an established regulatory environment. The product set offered by tastytrade may also appeal to IG's existing client base.

The Board were impressed with the management credentials of the founders and senior leadership at tastytrade, who have a proven record of successfully building businesses – for example thinkorswim, a similar business to tastytrade, which was acquired by TD Ameritrade, a financial company providing investing and trading services, in 2009. Under the current leadership tastytrade has grown exponentially, producing three-year revenue CAGR of 49% with a 2020 adjusted EBITDA margin of 47%. The acquisition is commercially attractive in driving forward IG's strategic ambitions.

1 Investment Trends data and IG market studies.

Stakeholder Engagement

We build strong and meaningful relationships with our stakeholders to foster openness and trust, and to facilitate collaboration and open dialogue – so that together, we can change, challenge and innovate for the better. By understanding each of our stakeholders and their needs, we can factor them into Board discussions and make decisions that are considerate of their priorities and potential concerns. The table below identifies key stakeholders and how we engage with each of them.

Further information on how the business has responded to stakeholders' key issues is set out in the section on Board decision-making and stakeholder considerations on pages 18 and 19 of this report.

Clients

Why we engage

IG exists to power the pursuit of financial freedom for the ambitious. Our clients have high expectations of us. If we fail to meet those, our clients will go elsewhere. There are many companies operating in our industry, and we need to engage with our clients to ensure that we continue to stay ahead of the competition.

Our clients use our trading platforms for hours every day, and that makes them the most valuable source of feedback for us – helping us to provide the best experience we can.

How we engage

We engage with our clients through our multilingual, highly trained customer support teams available 6.5 days a week, 365 days a year. Our goal is to offer best-in-class customer service to all our clients and provide various channels for them to get in touch with us.

Our platform provides a range of tools and features to help clients, including educational resources, breaking financial news and live analysis of the markets. These are available for all clients to use in the way that best suits them.

We conduct regular research to obtain our clients' feedback on our products and services. This helps us to manage their expectations, shape our prioritisation roadmaps and improve our programmes.

What matters most

Reliability of technology: we strive to provide a stable, secure and reliable platform, so that trade execution is seamless and our clients benefit from market opportunities.

Education: we offer a range of educational tools and materials, alongside demo accounts where clients can learn about our leveraged products in a risk-free environment. We also offer a range of risk management solutions that our clients value as part of their educational journey.

Support service: to ensure that our clients are able to trade 'around the clock', we provide 24-hour trading coverage which is unique in the market and a key feature of our proposition. Clients also expect us to be there when they need assistance, have an issue, or simply want to ask a question. Access to IG's highly trained customer service team is important for clients who rely on our expertise.

Our people

Why we engage

Nurturing a team of talented and dedicated people is central to our strategy, enabling us to deliver the exceptional products and services that keep us at the forefront of our industry.

How we engage

We have a variety of means to engage with our people. These include surveys, the ability to collect feedback and comments at any time using our employee communication portal, and town halls and small group meetings that allow our senior managers to meet and understand our people's views. Our employee network groups also offer an important channel to better understand the experience of our employees who are currently underrepresented.

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

What matters most

Engagement: it's vital that our people are kept informed about our business strategy and changes to our industry. They want and deserve the chance to be involved in planning changes that will impact them and their teams, and also expect the organisation to provide opportunities for development.

Regulators

Why we engage

Regulations affect how we market and provide services to our clients. It is essential that we engage with our regulators to ensure they understand our products and business model, so we can remain active in multiple regions and keep growing into new markets.

By maintaining relationships with our key regulators and engaging on both a local and global scale, we position ourselves to be well-informed about impending developments in the regulatory environment.

How we engage

We maintain constructive relationships with our regulators, communicating in an open and transparent manner, and ensuring that our actions are consistent with regulatory expectations.

We work with our regulators in multiple ways – from proactive engagement on new business proposals to assisting in their investigations and regulatory requests.

Around the world we maintain an open and constructive dialogue with local regulators, to facilitate strong relationships and understand the expectations that are critical to our business.

What matters most

Communication and compliance: regulators focus on ensuring firms safeguard our clients' best interests and ensuring that all clients are treated fairly. They also take an interest in capital and liquidity issues. Regulators value firms that respect and follow both the letter and the spirit of the regulations and guidelines they set out.

DETAIL ON PRINCIPAL DECISIONS
PG. 19

Communities

Why we engage

Sustainability and social awareness are firmly embedded into our purpose and values, and are integral components of IG's culture. Community engagement is vital to our ability to deliver long-term returns for our stakeholders. These factors mean that we carefully consider our impact on the communities in which we operate and on the environment. Our commitment is embodied by the partnerships' pillar of our ESG strategy which is explained in more detail on page 30.

How we engage

Through the Brighter Future framework we partner with local charities that support the communities in which we operate. We also have partnerships at national and global levels.

IG's people have opportunities to engage with our partners – from our Chief Executive Officer's membership of Teach First's Business Leaders Council through to employee volunteering and fundraising. We have a dedicated ESG Manager and a team of regional champions spread across our global network that lead on our community outreach initiatives. Recommendations from the Executive Committee, as a result of work done by the ESG Working Group, are considered by the ESG Board Committee which oversees the wider ESG strategy.

What matters most

Community impact: our communities value sustained and long-term support. This is achieved through a combination of continual dialogue, financial donations and meaningful employee engagement. To date, through our Brighter Future Fund and other related initiatives, we have committed over £5 million to our charity partners and to important causes and campaigns. It also matters to our communities that we're conscious of our impact on the environment.

Shareholders

Why we engage

The support of our shareholders is critical to IG. Staying abreast of their views gives us insight into the considerations that drive their priorities when assessing us as an organisation. And by delivering for our shareholders, we help to ensure that our business continues to be successful in the long term.

How we engage

Throughout the 2021 financial year we have been unable to meet our shareholders in person. We have used virtual channels to maintain an open dialogue with our shareholders – utilising digital engagement, one-to-one and group meetings, results webcasts and roadshows, conferences and via questions submitted by shareholders in advance of the Annual General Meeting.

Shareholder feedback, along with details of major movements in our shareholder base, is reported to and discussed by the Board regularly and incorporated into the decision-making process.

Our major shareholders have direct correspondence with the Chairman, Senior Independent Director, Executive Committee and committee chairs on significant matters as they arise.

What matters most

Value creation: shareholder discussions cover a wide range of topics, including financial performance, leadership, strategy, mergers and acquisitions, capital position, regulation and competitive position, as well as ESG practices. Shareholders look to identify what will drive sustainable improvement in our returns over the longer term, with a particular focus on delivery against our strategy.

The openness of management and the Board to the views of shareholders is critical to the development of investor trust.

Suppliers

Why we engage

We engage with suppliers to develop mutually beneficial and lasting partnerships. Suppliers play an important role in the quality of the service we provide, supporting us to meet the high expectations of our sophisticated client base. Working in collaboration with our suppliers is also crucial to the success of our ESG strategy.

How we engage

We frequently engage with our supplier base to ensure that all parties are getting the desired value from our relationship. Typically we do this through a series of engagements, ranging from informal conversations for exchanging information and discussing priorities to formal interactions.

What matters most

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

ESG Report

Empowering our stakeholders to unlock a Brighter Future

Highlights from the year

Governance	New Brighter Future framework	Overseen by our new ESG Board Committee, we launched our strategy for analysing, monitoring and improving the impact that we have on society and the environment.
Social	Embedding partnership with Teach First, and across the Teach for All network	In 2020 we committed £2 million of our £5 million Brighter Future Fund donation to UK education charity Teach First, and £2 million to global education charity network Teach For All, establishing three-year partnerships with each. Over the last 12 months this has enabled 30 under-resourced schools from across the UK to access Teach First's Leading Together programme, providing bespoke support as they recover from the pandemic. It has helped Teach For All provide better access to education around the world – with focus on countries in which we operate, including the establishment of new charities in Poland and South Africa.
Social	Covid-19 relief	We have donated the final £1 million of the Brighter Future Fund to charities providing Covid-19 relief in the countries where we operate.
Environment	Lifetime carbon neutral	We are a certified carbon-neutral business, offsetting our scopes 1, 2 and 3 emissions. This year we also offset our historic scope 1 and 2 emissions, to become lifetime carbon-neutral. The next step: finding areas where we can reduce our footprint for good.
Governance	Transparent reporting	Over the last 12 months we have been recognised for our commitment to responsible and sustainable business with improved ESG ratings from key agencies. Sustainalytics now categorise us as 'low risk' and our MSCI grade improved from BBB to A, putting us fifth in a peer group of 54. We made our first submission to the Carbon Disclosure Project since 2009, and were awarded a C grade – providing us with a benchmark that we hope to improve.

Purpose-led

Principles of sustainable business are embedded within our purpose. Powering the pursuit of financial freedom for the ambitious is about making a positive contribution to society. Our strategic drivers affirm this – as we grow, we will build products that power every ambitious person. And we will do so with values that demand we consider the interests of the planet, and the communities in which we operate.

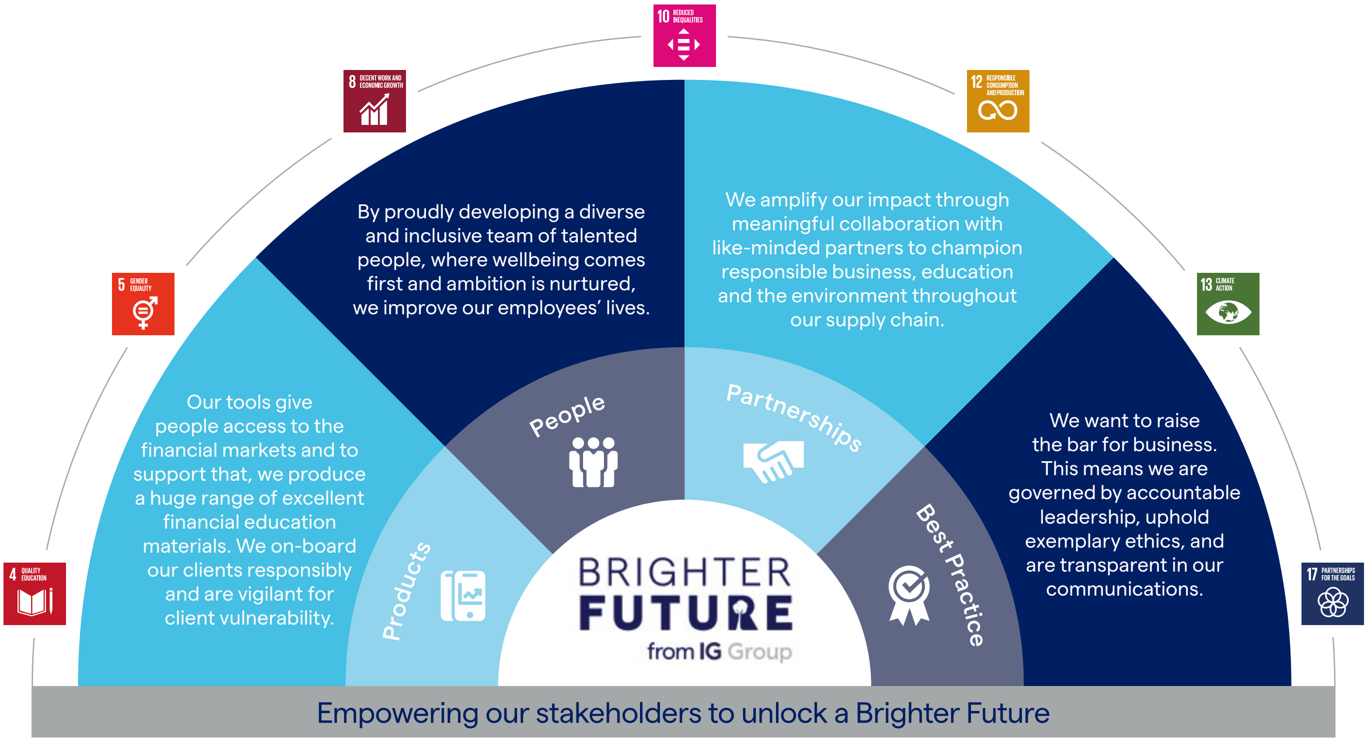
Understanding the role that we play in society and reflecting on our environmental, social and governance (ESG) profile has helped us navigate the last 12 months as we've sought to overcome the challenges posed by the Covid-19 pandemic.

Developing an ESG strategy

In 2020 we launched the Brighter Future initiative. This brought into alignment the different elements of our outreach work, and saw us redouble our efforts to reduce our impact on the environment. Over the subsequent 12 months we have taken further strides in developing our strategy.

Firstly, we worked to gain a better understanding of the risks that we pose to society and the environment, and the benefits that we offer. We mapped this against the priorities of our stakeholders and against the 17 UN Sustainable Development Goals. This enabled us to identify and prioritise areas where we can make a positive impact. The result was an expansion of our Brighter Future initiative to become an ambitious ESG strategy – the Brighter Future framework.

We aim to empower our stakeholders so that we can work together towards a brighter future. To do this, we make commitments in relation to four separate ESG pillars: products, people, partnerships and best practice.



For each pillar we have identified how we will measure success, and we will continue to add new KPIs and targets. This includes the following two ambitious targets:

Number of young lives positively impacted through Brighter Future initiatives

Target
By 2025, 100,000 young lives will have been positively impacted from Brighter Future educational initiatives.

22,284
(FY20: 3,819)

Managing our emissions

Target
We are mapping out a pathway to net zero that aligns with the Paris Agreement, and aim to have set a target accredited by the Science-Based Target initiative by the end of 2022.

Lifetime carbon-neutral

More details about our Brighter Future KPIs and targets can be found at iggroup.com/sustainability. Here you can also find out how we benchmark our ESG activities against reporting standards including Global Reporting Initiative (GRI) Index, the UN Sustainable Development Goals. Here we also make disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as we prepare for these to become mandatory.

ESG Report continued

Case study

Brighter Future Fund

In April 2020 we established the Brighter Future Fund, to finance our community outreach. We invest in projects on the grounds of their impact, and their alignment with our purpose, strategic drivers and values, including the Brighter Future themes of education and the environment. We're proud to have established new partnerships and to have continued supporting existing partners, providing them with financial stability as they've navigated the Covid-19 pandemic.

Empowerment through education

IG believes in the transformative power of education. Whether through the tools that we provide for clients such as those curated by tastytrade, or the development programmes we offer our employees, learning sits at the heart of IG culture. This is why we have invested heavily in initiatives whose mission is to build a fair education for everyone, regardless of their background.

To date we have invested £4 million in projects that are helping schools serving disadvantaged communities around the world. This is achieved through our three-year partnerships with UK charity Teach First and global charity Teach For All, and eleven of their network partners from across the globe.

For example, this year we made a £95,000 donation to fledgling charity Teach the Nation, recently established to tackle educational inequality in South Africa. This donation enabled Teach the Nation to launch their first cohort of trainee teachers on 22 January 2021. We have made a commitment to support Teach the Nation over the next three years which will help develop leaders in South Africa's high-need schools and communities. We also provided essential seed funding to Teach for Poland. Our three-year commitment enabled Teach for Poland's founders to go full-time, and they now hope to launch their first cohort of teachers in the autumn of 2021.

We are immensely proud to support such a vital movement at such a crucial stage in their development.

Covid-19 relief

When IG launched the Brighter Future Fund, we committed to donating £1 million to support Covid-19-related relief initiatives around the world. Over the last 12 months, IG's teams have been working to identify suitable causes in their local communities. They have witnessed countless individuals working selflessly to support others.

To date, we've supported 50 different charities across 18 countries. From the provision of emergency supplies in Milan, to running a mental health helpline in Melbourne and supporting a food bank in Johannesburg, IG's money is making a difference to people's lives.

MORE INFORMATION ABOUT THIS, THE IMPACT OF OUR COMMUNITY INVESTMENTS, AND OUR PLANS FOR THE FUTURE CAN BE FOUND AT **IGGROUP.COM/SUSTAINABILITY**

"The scale of this project is truly inspiring. It's great that we can do our bit to support those working tirelessly on the front line, wherever that may be."

BEN HEMINGTON
ESG MANAGER, IG

Products

Pillar 1
We offer a wide range of products. The first pillar of our Brighter Future framework is about how we manage the impact that these products can have on our clients and communities.

Stakeholders
- → Our clients
- → Our communities

Financial education

We are proud to provide excellent educational content. This is intrinsic to our purpose and an expression of our values to champion the client, learn fast together and to raise the bar. From news and commentary on our platforms and the IG and DailyFX social media channels, to our online learning hub IG Academy, we have a breadth of educational content that appeals to ambitious people who want to learn more about the financial markets.

This is an exciting area of growth for IG, best evidenced by our recent acquisition of tastytrade. Tastytrade provide a wealth of educational content ranging from investment strategies to quizzes and certificates. We are proud of the social value attached to this and look forward to deepening this impact.

Onboarding and safeguards

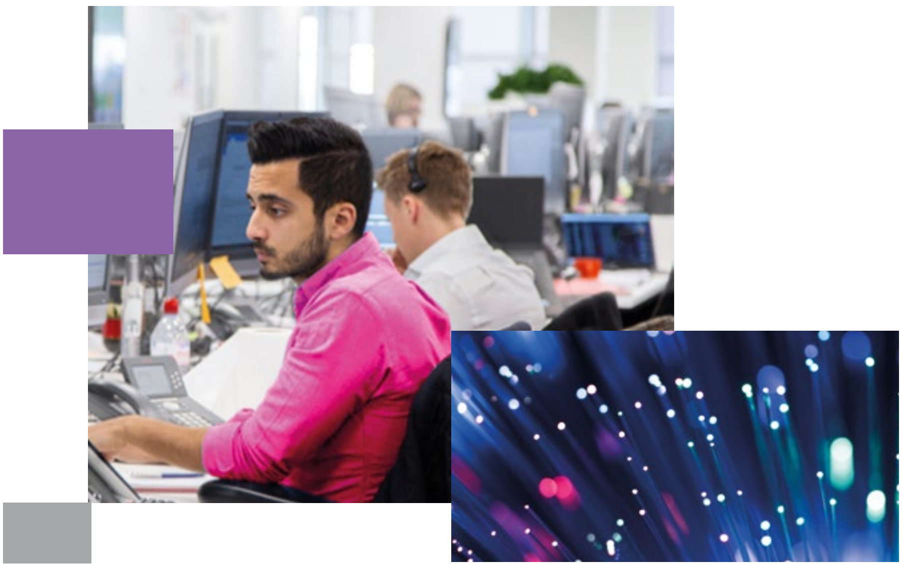
Our products give our clients access to opportunities in financial markets. However, we are conscious of the impact that unaffordable losses can have on wellbeing. We take steps to make sure our products are appropriate for each client, and that they remain appropriate. These steps range from responsible marketing and onboarding, through to monitoring for behaviour that could be indicative of vulnerability. We set ourselves very high standards in this area. Not only do all of our systems meet the requirements set by the FCA and other international regulators, but we think beyond these obligations and ensure that we exemplify all three of our values.

Security

Our clients trust us with data and, in some cases, with their funds. We take this responsibility seriously and have state-of-the art systems in place to ensure that these are protected.

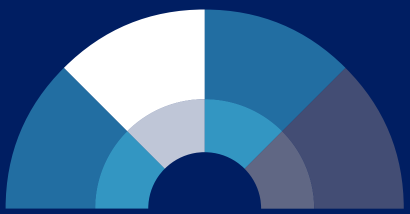
Increasingly, investors are looking beyond pure financial returns and are seeking to understand the impact that their investments have on their environment and communities. In response to this, socially responsible and ethically focused funds have become more commonplace.

→ MORE INFORMATION ABOUT SOME OF THE ESG PRODUCTS THAT WE OFFER CAN BE FOUND AT **IGGROUP.COM/SUSTAINABILITY**



ESG Report continued

People



Pillar 2
Nurturing talented, dedicated people enables us to deliver the products and services that keep us at the forefront of our industry. The second pillar of our Brighter Future framework focuses on how we manage our responsibilities as an employer.

Stakeholders
- → Our people
- → Our communities

4 QUALITY EDUCATION
5 GENDER EQUALITY
10 REDUCED INEQUALITIES

Equality, diversity and inclusion

We are committed to developing a team of individuals with the best skills to help us realise our goals, regardless of age, ethnicity, faith, gender identity, sexual orientation, physical capacity or background. We strive to create an equal, diverse and inclusive workplace.

This year we continued to address the ratio of women to men in our workforce. Our senior leadership has remained focused on our One IG strategy (described in detail in our 2020 Annual Report) and it is a top priority for our in-house recruitment team. There are indications the strategy is having an impact – our percentage of female hires has risen from 37% to 46% for the year, and over the past two years our female representation has risen by 4%. This is good progress, but shy of our target of achieving a 35:65 female-to-male ratio. We have decided to extend the period for achieving this goal by one more year and have hired a new Diversity and Inclusion Lead who will develop and deliver new initiatives to ensure we continue to improve female representation at all levels across the group.

We published our UK gender pay gap figures in March, and they appear on iggroup.com. A pay gap exists because we have more men than women in senior roles. In part, this is indicative of the tech and finance industries where women are underrepresented.

We want to change this.
In the UK we've worked with Teach First to author a policy recommendation paper on increasing female participation in the STEM subjects (sciences, technology, engineering and mathematics), and we're exploring opportunities to challenge the status quo on a global scale. As one of a series of events marking International Women's Day, our CEO June Felix participated in a panel event hosted by Teach For All, entitled 'Women in Finance: Building Girls' Leadership and Financial Literacy'. This event was attended by members of the Global Girls' Education Initiative, whose aims are to strengthen leadership and advocacy for girls' education in communities where girls have been most marginalised. For more information, head to teachforall.org and search 'women in finance'.

Historically, a lack of quality data has held us back from developing strategies to make our workforce more diverse across ethnicity, age, physical capacity and so on. This year our HR department collaborated with the IG Black Network to run a campaign that aimed to improve our data set. This was a great success. For example, previously only 61% of our employees had recorded their ethnicity. This has increased to 92%. Our next step is to analyse this data and use it to identify ways to make further improvements in our ethnic diversity.

Our People Forum, chaired by our COO, and our funded employee networks continue to play an important role in shaping our employee experience and providing an employee voice, particularly in light of the challenges we've faced during the pandemic. Despite a year of social distancing, membership has grown across our networks IG Inspire, IG Black Network, IG Open and PACT, our parents and carers network.

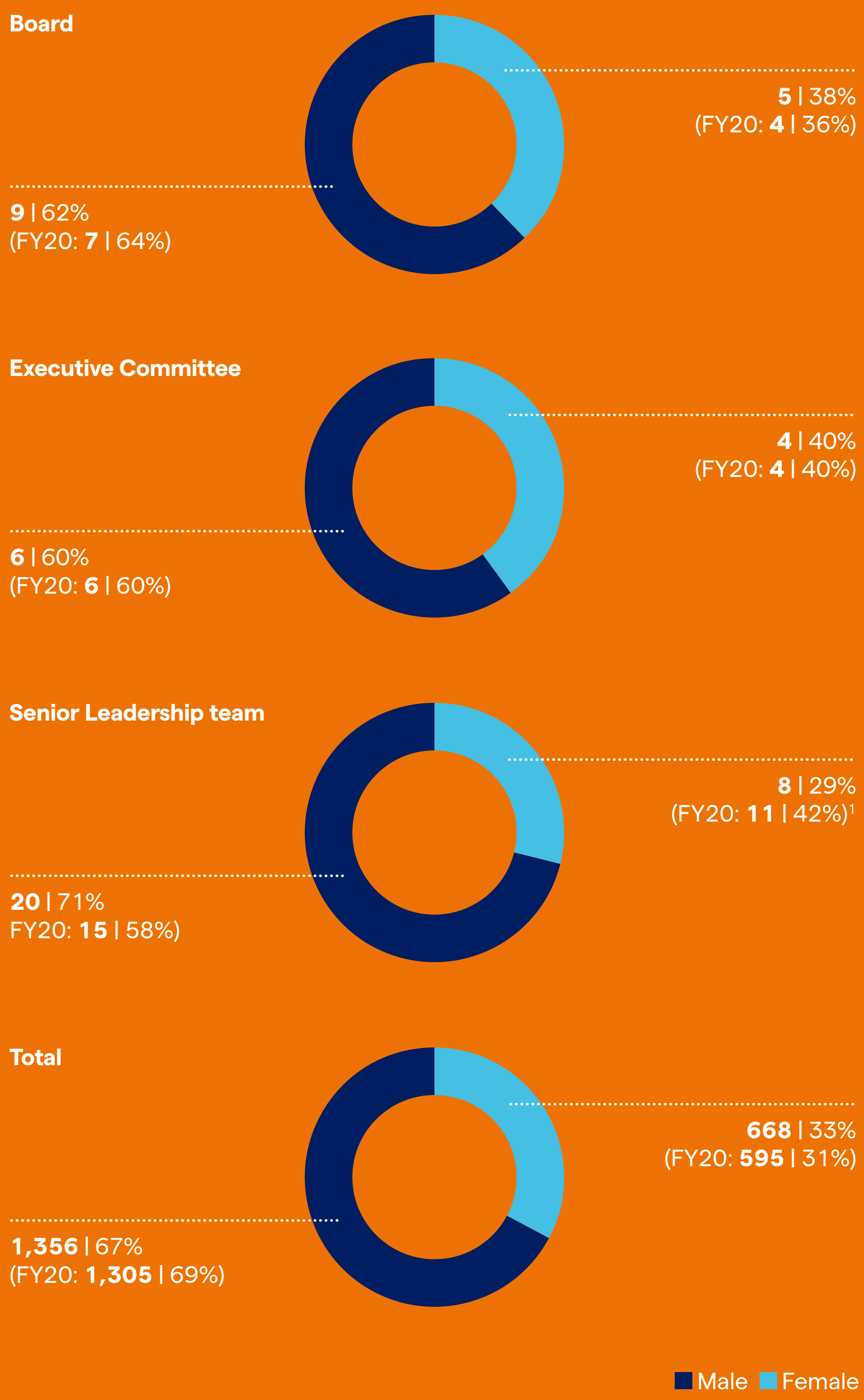
Talent development

We strive to bring people with the right skills, experience and behaviours into IG. Retaining people like this and developing their skills is vital to our success. We've been working this year on creating a framework for our employer brand that more closely aligns with our purpose, values and ambitions. This project will be completing in the 2022 financial year, and will help us attract and secure top talent.

After having made improvements to our technical and front-office graduate programmes, we are re-launching and expanding them to new locations. We aim to help new talent develop not only technical skills and role-specific competencies, but also strong business acumen and soft skills.

We support our staff in attaining professional qualifications as they progress through their career. Two of our staff completed their Masters in Business Administration (MBA) programme this year and a further eight are now studying toward the qualification. We kicked off a new apprenticeship programme for our leaders, the Transformational Leadership Programme, with six of our leaders already accepted onto the programme. On completion, learners gain a Level 5 Diploma in Operations and Departmental Management.

Gender breakdown across our workforce



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

ESG Report continued

In 2020 we upgraded our e-learning platform to LinkedIn Learning and have seen participation rates rise over the last 12 months. Our employees have already completed nearly 2,000 LinkedIn courses, watched nearly 70,000 videos and as a whole company we have already spent more than 4,000 hours on LinkedIn learning new skills. In addition to LinkedIn Learning, our employees have access to Gartner, O'Reilly, Coursera and micro-learning courses available on IGnite, our internal learning management system.

One of the best ways to learn is from others. This year we established an employee skill-sharing forum. This 'Skills 2.0' initiative was kicked off with a session on IG's over-the-counter products, and on how our product team is driving our growth strategy. Delivered remotely, the session was accessible to all of our offices. To encourage employees to access these resources, and to make it easier to do so, we recently introduced our 'Learning newsletter'.

We recognise the important role our managers play in the success of our business. We support managers with access to the Gartner Manager Success portal, supplemented with internal training and opportunities to obtain coaching qualifications from the Institute of Leadership and Management. Moreover, we run internal webinars aiming at helping managers drive HR processes in their teams. At the beginning of 2021 we piloted the People Manager Programme, designed to help our managers thrive as people leaders. The People Manager Programme will be available to all managers globally in 2022.

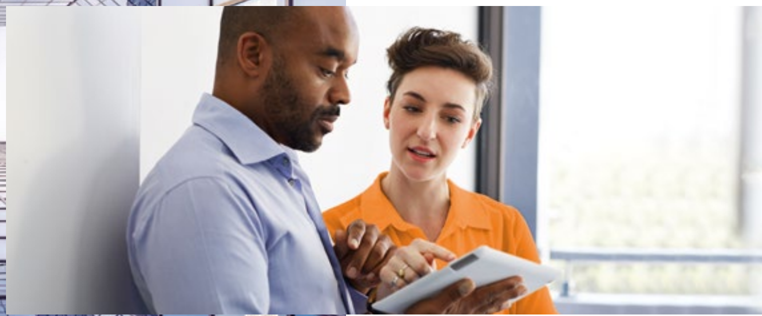
We offer competitive remuneration packages that are industry-benchmarked and fairly structured. The majority of our people also participate in a bonus scheme. Furthermore, we reward high-potential employees through a long-term incentive plan and we offer staff in the UK, Australia and the US the chance to share in our success through our tax-advantaged share-purchase schemes. The average participation in this scheme across the three locations is 25% for the 2021 financial year.

Wellbeing

The physical and mental wellbeing of our people is paramount. This has been particularly important over the last 12 months as we've navigated the challenges of the global pandemic and a year of unprecedented interest in our products. Given these, we were particularly proud to be named as a Top Employer in the UK for 2021 – a title we have held since 2009.[1] This accolade 'certifies excellence in employee conditions'.

Our Bangalore office was most severely impacted by Covid-19. We made changes to healthcare policies and doubled medical cover available to employees and their dependents. We also ran campaigns to raise awareness about mental wellbeing and provided counselling support.

1 This is awarded by the Top Employers Institute, a recognised authority on excellence in people practices. This award is based on an HR-related survey, looking at people practices across key HR themes.



Keeping our people fit, healthy and happy required us to be innovative. To encourage exercise and to nurture our culture we ran our 'Walk the World' campaign where employees worked together to complete a virtual hike between each of our offices. We were a proud sponsor of Teach First's 2020 'Run the River' event. 93 of our employees participated, spread over nine different countries – a group that included our CEO and Executive Committee. We helped Teach First raise a total of £145,000. We also ran an annual wellbeing calendar, with week-long campaigns dedicated to our mental, physical, financial and social wellbeing.

Keeping employees informed and excited about our business and strategy remains a priority. Our employee communication portal – the IG Hub – has continued to play an essential role as face-to-face interactions have been minimal. Each year we run the IG People Survey to understand the perceptions and experiences of our people. Participation in this year's survey was 87%, up four points from the previous year, and we now use several metrics from the survey as KPIs for the people pillar of the Brighter Future framework.

Whilst fewer employees have managed to use their volunteering days, we've found other ways to support our local communities. In August 2020 colleagues from our United Arab Emirates office led an initiative to send money from our Community Fund to Lebanese charity Himaya, supporting their relief efforts in the wake of the Beirut port blast. We've also continued to match employee fundraising throughout the year.

We continue to offer employees an attractive benefits package that includes, for example, discounted gym membership and, in the UK, the bike-to-work scheme. We also continue to provide a global employee assistance programme (EAP), offering 24/7 telephone counselling services and other wellbeing resources.

This commitment to employee wellbeing is part of our corporate culture at IG, which we consider to be one of our core strengths. A culture index is embedded into our annual engagement survey which is reported to the Board. Some of these culture-related indicators will help us measure progress under this second pillar of our Brighter Future framework.

ESG Report continued

Partnerships

Pillar 3

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

Stakeholders

- Our people
- Our communities
- Our suppliers

Educational equality

The main way that we further educational equality is through our Brighter Future Fund.

YOU CAN FIND OUT ABOUT OUR ACTIVITY THIS YEAR ON **PAGE 24**

OR AT **IGGROUP.COM/SUSTAINABILITY**

Financial support from the Brighter Future Fund has been supplemented with advocacy. As well as the achievements discussed under 'Pillar 2: people' above, we have hosted several insight sessions for our people. Furthermore, and despite the Covid-19 challenges, a number of IG employees have volunteered to support our charitable partners – hosting virtual Q&A sessions with classrooms across the UK. We have also provided job application feedback to year 11 and 12 students attending schools working with Teach First.

Environment

In the 2020 financial year we achieved carbon-neutral status, offsetting our scope 1, 2 and 3 emissions. Over the last 12 months we have focused on two priorities.

Firstly, we improved our environmental reporting. We made our first submission to the Carbon Disclosure Project since 2009. We were awarded a C grade, providing us with a useful benchmark that we hope to improve in the coming years. We're also supportive of Task Force on Climate-related Financial Disclosures (TCFD) recommendations and have taken significant strides towards aligning with these. We have introduced climate change to our Risk Management Framework, which you can find on page 46. We are committed to understanding what this means for us, and to better understand how we can mitigate these risks – and make the most of opportunities posed by the transition to a lower-carbon economy.

MORE DETAILS ON OUR ADOPTION OF THE TCFD RECOMMENDATIONS CAN BE FOUND AT **IGGROUP.COM/SUSTAINABILITY**

Secondly, we have worked hard to better understand our environmental profile. We engaged consultants to conduct a strategic carbon review of our operations. The first stage of this review included a calculation of our historic scope 1 and 2 emissions. We took the decision to offset these emissions, becoming a lifetime carbon-neutral organisation. The second stage of this review is helping us plan our pathway to net zero, which we aim to identify, and commit to a science-based target, by the end of 2022.

Streamlined Energy and Carbon Reporting

Our carbon footprint for the 2021 financial year has been prepared by external consultant, Energise, and includes our scope 1, 2 and 3 emissions across all Group companies as of 31 May 2021. The data was collected and quantified in line with the GHG Protocol standard and applying the most relevant emission factors sourced from the Department for Environment, Food & Rural Affairs (DEFRA)'s 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 our scope 1 and 2 emissions, our total carbon footprint for the year, using a location-based methodology, was 2,926.37 tCO_2e or 1.438 tonnes per employee. This is a 16.9% reduction from last year. The reduction is partly due to reduced energy bills with the majority of our workforce working remotely, but also due to efficiencies we have achieved by replacing old back-up generators and UPS systems in our UK data centres. We have also continued to implement recommendations from a recycling improvement plan that followed an audit of our head offices in London.

This is the first year we can make a year-on-year comparison of our scope 3 emissions where we've seen a 4% reduction across all three scopes. We have also introduced a new category to our report – emissions associated with employees working from home. This figure has been calculated using the 'single room benchmark' developed by Energise. As we develop our net zero target, we will continue to improve the quality, coverage and accuracy of our emissions data. This will be achieved through increased engagement with our suppliers, increasing the quality and frequency of data collection, and using a market-based methodology.
We offset all scope 1, 2 & 3 carbon emissions and is carbon neutral in line with PAS2060. All of our offsets are verified by either the Gold Standard or UN Clean Development Mechanism.

Suppliers

We have taken further steps to embed ESG principles in our procurement processes – see the 'business ethics' section below. We have also collaborated with our partners to meet challenges posed by Covid-19 and to reduce our impact on the environment. For example, our Cannon Bridge House headquarters in London was shut for the majority of the year. However, we continued to pay in full all of the cleaning staff that we engage through our facilities contractor.
We are also reviewing our contract with this supplier to ensure that their workers are paid a London Living Wage, and ensure that we are a Living Wage Employer. Furthermore, during the first lockdown we were proud to donate our office fruit baskets to local hospitals and NHS staff, donating a total of 1,477 baskets during this period.

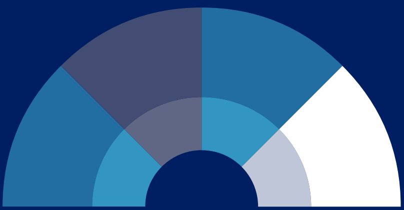
We recently entered an agreement with Dell, who supply the majority of our staff laptops. Decommissioned laptops will now be returned to Dell for either resale or recycle. We will commit proceeds from these resales to purchasing computer equipment for young people supported through our partnership with Teach For All.

GHG protocol scope	Sub-category	**Year ended 31 May 2021 tCO_2e**	Year ended 31 May 2020 tCO_2e
Scope 1	Operation of facilities	**437.18**	469.91
Scope	Combustion	**168.36**	110.93
Scope 1			580.84
Scope 2	Purchased energy	**2,320.83**	2,743.28
Scope 2		**2,320.83**	2,743.28
Scope 1 and 2 emissions		**2,926.37**	3,324.12
Employees		**2,034.5**	1,921
Intensity ratio[1]	Scope 1 and 2 emissions	**1.438**	1.730
Relevant change		**-16.9%**	
Global energy use		**8,635,343 kWh**	8,439,477 kWh
UK energy use		**7,211,827 kWh**	6,772,615 kWh
Overseas energy use		**1,423,516 kWh**	1,666,862 kWh
Scope 3	Business travel	**15.36**	1,427.38
	Employee commuting	**1.51**	862.40
	Fuel and energy-related activities	**566.31**	709.40
	Purchased goods and services	**17,892.12**	14,718.20
	Waste generated in operations	**57.34**	56.72
Scope 3		**18,532.64**	**17,774.08**
Grand total	All three scopes (excluding homeworking)	**21,459.01**	21,098.20
Employees		**2,034.5**	1,921
Performance indicator	All three scopes (excluding homeworking)	**10.548**	**10.983**
Relevant change		**-4.0%**	
Scope 3	Homeworking	**704.72**	Not calculated
Final total	All three scopes (including homeworking)	**22,163.73**	Not calculated
Employees		**2,034.5**	Not calculated
Performance indicator	All three scopes (including homeworking)	**10.894**	Not calculated

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

ESG Report continued

Best Practice



Pillar 4

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

Stakeholders

- Our shareholders
- Our regulators
- Our people
- Our clients
- Our communities

5 GENDER EQUALITY

17 PARTNERSHIPS FOR THE GOALS

Business ethics

Our ESG Board Committee has only been in operation for a year but has already overseen the establishment of the new Brighter Future framework. A primary focus of the next financial year will be working with our Executive Committee and ESG Manager to see our ESG strategy embed across our business.

We conduct our business in an ethical manner, protecting principles of human rights in our operations. Employee rights are protected in our Equality, Diversity and Inclusion Policy with its corresponding complaints procedure, and through our Whistleblowing Policy. We set high expectations of our suppliers through our comprehensive due diligence and vendor management frameworks. These include, for example, steps to prevent our suppliers engaging in modern slavery.

FOR MORE INFORMATION ABOUT HOW THESE PRINCIPLES OF ARE INTEGRATED INTO OUR GOVERNANCE, PLEASE REFER TO OUR ESG POLICY AT **IGGROUP.COM/SUSTAINABILITY**

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

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

Accountable leadership

Diversity is an essential element of accountability. We ensure that our Board composition meets the standards recommended by the Hampton-Alexander review, and we have made improvements from last financial year. As discussed above under 'Pillar 2: people', we recognise that there is work to be done in the 'executive and direct reports' category, as well as in relation to other elements of diversity.

Another essential element of accountability is ensuring that our leadership takes ownership of our ESG agenda. Simultaneous to establishing our new ESG strategy we have taken steps to further integrate the principles of responsibility and sustainability into our decision-making. For example, we have added responsibilities for our ESG agenda into the Terms of Reference for each of our Board Committees. We now stipulate that papers going to our Board make an explicit reference to how any recommendations have considered ESG

factors. Finally, ESG is integrated into our Executive Sustained Performance Plan. To learn more, see page 86.

Open and transparent

This year we've taken several steps forward in raising the bar for openness and transparency. For example, we've made changes to our governance structure to ensure that our employees can easily navigate internal decision-making processes, and that we are well-set-up for our evolution to a truly purpose-led organisation. The changes implemented followed suggestions from our employees made through our annual survey and through follow-up conversations conducted by our CEO.

We have also made public our ESG Policy and created an ESG reporting map to help people navigate our ESG credentials.

THESE CAN BE FOUND AT
IGGROUP.COM/SUSTAINABILITY

We work hard to maintain a transparent relationship with tax authorities. We approach them when the application of tax laws requires clarification, and our tax team meets with HMRC on a regular basis to discuss the status of ongoing tax matters, and to update HMRC on changes to the business. We have a Tax Strategy, which sets out our approach to paying taxes, and a Tax Risk Management Policy, which governs the tax decisions that are made by employees on behalf of the Group. These are approved by the Audit Committee on an annual basis. Our tax strategy can be found on iggroup.com. This year we paid £119.0 million (2020: £83.4 million) to tax authorities globally. As was the case last year, we have not accepted any government support in relation to the coronavirus pandemic. We paid £83.0m in corporate income taxes (2020: £57.1), reflecting higher profits in the year. More details on our taxes paid and on our Effective Tax Rate for the 2021 financial year can be found in our Financial Statements.

ESG responsibilities

Oversight	**IG Group Board of Directors**		
	ESG Committee Chair: Sally-Ann Hibberd		
	Board Committees as appropriate		
Responsible	**IG Group Executive Committee** Sponsor: Jon Noble		
Delivery	ESG Manger: Ben Hemington		
	Brighter Future Champions	Facilities managers and carbon management leads	IG Employee Networks

Non-financial information statement

Section 414CA of the Companies Act 2006 (the Act) requires the Company to include within its Strategic Report a non-financial information statement setting out such information as is required by section 414CB of the Act. The table below and the information it refers to are intended to help stakeholders understand IG's position on key non-financial matters.

Reporting requirement	Policies governing our approach	Find out more
Environmental matters	ESG Policy	ESG Report, pages 30 to 31
Employees	Equality, Diversity and Inclusion Policy (Includes Anti-Discrimination and Harassment Policy) Recruitment Policy Absence Management Policy Annual Leave Policy Parental Leave Policy Group Whistleblowing Policy Transitioning at Work Policy IG Health and Safety Policy	ESG Report, pages 26 to 29
Social, community matters	Equality, Diversity and Inclusion Policy ESG Policy/Approach Document	ESG Report, page 26
Human rights issues	Statement on Slavery and Human Trafficking (Modern Slavery) Vendor Management Policy	ESG Report, page 32
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 32
Description of principal risks and impact on business activity		Key Trends Likely to Affect our Business, pages 14 and 15 Risk Management, pages 46 to 55
Description of business model		Business Model, pages 16 to 17
Non-financial key performance indicators		KPIs, page 13

Chief Executive Officer's Review

Record year for revenue, profit and active clients

I am thrilled to announce a record-breaking performance for the Group and the substantial achievement of the revenue target for our Significant Opportunities portfolio one year ahead of plan. This record set of results has been delivered during a global pandemic and is a testament to the hard work and dedication of our people, the long-standing investments in making our technology resilient, and the strength of our client offering."

JUNE FELIX
CHIEF EXECUTIVE OFFICER

We are a purpose-led global financial technology and trading business that seeks to provide our clients with the access, products, tools and education they need to take control of their financial future. This year has been outstanding for the Group in a number of ways.

We built on our record performance from the first six months of the financial year to deliver our best-ever set of results, with adjusted net trading revenue up 33% on the prior year at £861.3 million. Revenue growth was driven by our substantially larger client base, with 313,300 clients trading with us during the year, 31% higher than the prior year, which represents a significant increase in the size of our active client base.

While we undoubtedly benefitted from the sustained, high levels of financial market volatility, we believe it is the long-standing investment that we have made in our technology, in our brand and marketing, and in our people that made these results possible. This investment positioned the Group to efficiently capture the increased demand for our products generated by the macro tailwinds of increasing self-directed investing, wealth accumulation and transfer, and digital sophistication. In FY21, we delivered a 39% increase in first trades to 134,800 from a 15% increase in targeted marketing investment. The new clients we have onboarded are exhibiting similar characteristics to our existing client base with retention rates remaining comparable to historical averages. This gives us confidence in the sustainability and quality of our client base. Clients continued to fund their accounts, with IG holding funds of £3.1 billion at 31 May, which equates to an average client balance of more than £10,000. Well-funded accounts indicate that a client is ready to trade when they identify the right opportunity.

Delivering on our strategy

In May 2019 we announced ambitious targets: to grow revenue from our Core Markets by 3 - 5% per annum over the medium-term and to deliver an incremental £100 million from our portfolio of Significant Opportunities by FY22. FY21 saw us exceed our expectations against these targets

Our Core Markets delivered revenue of £709.5 million representing a compound annual growth rate (CAGR) of 30% over the two-year period since the announcement of our targets. The rate of growth achieved by these markets is materially ahead of our expectations and has been supported by a sustained period of high market volatility and our ability to capture the opportunities that this presented.

Within the UK and European businesses we have seen a substantial increase in the number and value of retail clients, with the revenue generated by these clients growing in FY21 by over 50% on the prior year. IG's brand strength in this region has facilitated this growth, with IG capturing 29% of primary accounts and a market-leading position in the UK.[1] We also remain a market leader across the EU leveraged market.

Our stock trading business grew its revenue by 184% in FY21 and now serves almost 90,000 active clients with assets under administration of £3.3 billion. This business had an outstanding Q3 with 18,300 first trades bolstered by a peak in interest in a small number of US equities in response to the 'short squeeze' initiated on those stocks by retail traders collaborating through social media.

In our Significant Opportunities portfolio, we delivered revenue of £151.8 million, substantially achieving the £160 million revenue target one year ahead of plan and providing evidence of the Group's ability to diversify our revenue base. We chose to accelerate our strategy in January when we announced our acquisition of tastytrade, a high-growth, high-margin US options and futures platform that materially enhances our presence in the US and provides an additional exchange traded derivatives (ETD) business to our portfolio.

In Japan, we saw continued success with our focus on localisation, driving a 48% year-on-year increase in revenue to £68.7 million. Following extensive local market research, we delivered a targeted programme of customisation for our Japanese clients in FY21. This was supported by increased investment in social media to further build our online presence and a successful use of influencers to strengthen our multi-channel marketing approach. Our experience in Japan provides a proven approach for further geographic expansion.

Spectrum, our pan-European multilateral trading facility (MTF), continued to build momentum in FY21 following its launch in October 2019 (FY20), doubling its client base to 5,400 while more than tripling the revenue per client. In January, we signed our first third-party Standard Member and are in advanced discussions with major brokers and issuers who are interested in partnering with us to deliver additional on-exchange products across the EU. We will continue to invest in this opportunity to deliver the next stage of growth and will be launching an expanded product set in FY22.

Revised strategic growth guidance

Following the completion of the tastytrade acquisition on 28 June, and the substantial achievement of our earlier strategic growth targets one year ahead of plan, we are now upgrading our guidance on the medium-term revenue growth of the business.

We have replaced Core Markets with 'Core Markets+' which now includes the existing businesses together with the now established businesses of IG Prime, Japan, and Emerging Markets. The expanded group broadly consists of all of our over-the-counter (OTC) derivatives businesses as well as our stock trading business. We expect the revenue generated from these businesses to moderate in FY22 and then deliver growth of 5 - 7% per annum over the medium term. The pro forma revenue from these businesses in FY21 was £825.2 million.[2]

We have replaced Significant Opportunities with 'High Potential Markets', which now includes those businesses where we anticipate higher rates of medium-term growth and further diversification of the Group's revenue. This brings together all of our US businesses, including tastytrade, and Spectrum in Europe. Pro forma FY21 revenue from this portfolio would have been £136.7 million, of which £100.6 million would have been contributed by tastytrade.[2] We anticipate revenue growth of 25 - 30% per annum over the medium term for these businesses overall, with tastytrade anticipated to deliver revenue growth higher end of this range. For FY22, we would anticipate tastytrade to be above this range, on an annualised basis, as the business remains early in its growth lifecycle.

tastytrade

The tastytrade acquisition is a strategic transaction that expands and diversifies the Group's growth drivers through entry into the world's largest listed derivatives market. With an estimated 1.5 million retail traders, the US options and futures market is larger than the global CFD/FX and European turbo markets combined.[3]

The transaction significantly increases the scale and relevance of IG's existing US businesses through the acquisition of a fast-growing, high-margin brokerage business, tastyworks, that is well-positioned to benefit from the structural growth in self-directed investing in the US listed options and futures market. The team have also proven their ability to innovate and disrupt with the creation of their uniquely developed financial media network to bring authentic, fun and actionable research and content to their clients through tastytrade. I am personally thrilled to welcome the tastytrade group of businesses to the IG family. IG and tastytrade share a strong culture and client-centric ethos. Both companies also focus on the same client demographic of ambitious, self-directed retail traders.

On a pro forma IG FY21 basis, tastytrade's total revenue was £100.6 million, and operating profit was £45.8 million.[2]

1 Investment Trends UK Trading Behaviour Report, May 2021.
2 See Appendix 1.
3 Latest Investment Trends market reports and internal analysis.

Chief Executive Officer's Review continued

This was driven by growth in the active client base as a result of continued strong client acquisition, with 129,000 active accounts in the period from 101,800 active clients. The strong performance that these results highlight reinforces our confidence in the future growth prospects of the business.

Looking forward to FY22, our first focus for tastytrade will be to deliver continued growth in the US market. The team will be laser-focused on this and will be seeking to capture market share in the US options market in order to deliver on this expectation. However, there are a number of additional opportunities that we have identified which we believe will drive further value from the combination of IG and tastytrade. We will refine these plans over the coming months now that we've completed the acquisition but I can share our first thoughts with you today.

Firstly we will be seeking to maximise our share of wallet from our existing US client base across IG US, our retail foreign exchange dealer (RFED), Nadex, DailyFX and tastytrade. The teams will be working closely together to seize opportunities where we can deliver more from these businesses together than we could individually. We see opportunities to bring IG and tastytrade's collective capabilities together to grow the US business faster by collaborating on client acquisition and education, strategic marketing, new products and cross-selling across the businesses.

Secondly, IG has a proven track record of geographic expansion having established a presence in 17 countries. We will use this experience, our long-standing regulatory relationships and our deep capability in multi-channel marketing to support tastytrade's international expansion ambitions. We are evaluating and prioritising the best markets to target for expansion, and initial indications are positive.

Thirdly, we will also seek to use IG's marketing expertise to further develop tastytrade's search engine optimisation (SEO) activity, adopting the approach that IG has successfully followed across our global website and specifically within our Emerging Markets business. To date, tastytrade has grown at a remarkable speed through informal channels and some social media; bringing IG's well-developed and sophisticated marketing processes together with tastytrade's existing skillset will deliver further growth at tastytrade.

Resilience

It has taken a truly exceptional response from our people around the world to deliver the outstanding results in FY21. They responded with speed, agility and dedication in the challenging work environment caused by the pandemic and I am incredibly proud of what we have achieved together. We know that it has been far from easy and we have taken care to ensure that our people feel supported throughout these uncertain times. During the course of the year we launched an online 'working from home' hub where our staff could access a range of wellbeing tools including our Employee Assistance Programme and counselling services. In addition to this we held a number of specific events that promoted physical, mental and social wellbeing. We care deeply about our people and have run an annual employee engagement survey since 2013 to better understand their feelings and engagement. This year wellbeing became a key driver of engagement for the first time and I am delighted that nearly 90% of our people feel that they work in an open-minded, compassionate and safe environment.

Our technology and systems have also been resilient in the face of incredible demands, handling average daily trading volumes that were double those seen in FY19, and peaks many times above the level of activity seen before the Covid-19 pandemic, including over 25,000 new account applications in one three-day period. To preserve the quality of service to our existing client base, we chose on one occasion to restrict new client account opening and increased our onboarding thresholds.

We have invested systematically in our platforms so they can scale in line with our growth ambitions. As a result, we materially increased our technology capacity over the course of the year and will continue to invest in operational capacity and resilience to deliver the service that our growing client base demands.

Conclusion

Today we believe that we are in a stronger position than ever before. We have grown our client base, our revenues, and improved our profit margin through organic growth. We are accelerating our growth strategy with tastytrade and now have a material footprint in the world's largest listed derivatives market. With a combined client base of over 400,000 active traders across a wide geographic reach we are well-positioned to benefit from the structural shift towards increasing digitalisation, ease of access to financial information, and the inexorable trend toward self-directed trading and investing.

While we anticipate FY22 trading activity to moderate, compared to some of the record peaks in Q4 FY20 and at points this year, the significantly enlarged, high-quality client base that IG is known for will serve us well in the years ahead.

I would like to take this opportunity to thank our employees around the world for their hard work, commitment and continued focus throughout this challenging period. Without their contribution we would not have been able to deliver such an outstanding set of results or be so well positioned to deliver future growth.

June Yu Felix

JUNE FELIX
CHIEF EXECUTIVE OFFICER
22 July 2021

Chief Financial Officer's Statement

A record year of performance

A record year of revenue and client numbers, backed up by good cost, liquidity, and capital management, which positions us well for further growth."

CHARLES A ROZES
CHIEF FINANCIAL OFFICER

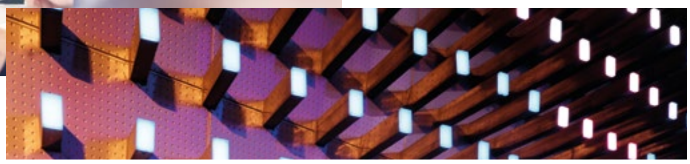
I am delighted to report an exceptional year of record revenue and profit for the Group. Net trading revenue for the year was up 31% to £853.4 million from FY20. Excluding an unrealised foreign exchange hedging loss associated with the tastytrade acquisition financing, adjusted net trading revenue was up 33% to £861.3 million. This was driven by a sustained increase in our client base, which increased by 31% to 313,300 active clients during FY21. The record performance reflected an elevated level of market volatility through the financial year, as well as the strength of our brand and product to attract new clients, and the resilience of our technology to support the larger client base. These factors, combined with good cost management, enabled us to deliver a high degree of positive operating leverage, driving a significant increase in adjusted operating profit margin to 55.9%, up from 45.6% the year before.

Having substantially achieved our Significant Opportunities target, we have upgraded our forward-looking guidance on our strategic initiatives, with the new High Potential Markets portfolio anticipated to grow revenues by 25 - 30% per annum over the medium term from FY21 pro forma revenue,[1] including tastytrade. On the newly designated Core Markets+ businesses, we are raising our revenue guidance for the medium term to growth of 5 - 7% per annum from FY22.

The Group's operating expense guidance for FY21 was an increase of 3% on our underlying cost base, plus a £10 million investment in a number of technology and operational projects to build capacity, scale and resilience in the business and to drive further growth. We finished the year in line with this guidance. Outside of this guidance, we chose to increase our discretionary marketing spend by 15% to capture the elevated level of client demand and there was an underlying increase in certain costs that flex with revenue and client activity. For FY22, we anticipate total operating costs to increase by around 4% on the pro forma combined IG and tastytrade FY21 operating costs.[1] We also anticipate incurring some one-time integration related costs, although these are not expected to be material.

1 See Appendix 1.

Chief Financial Officer's Statement continued



Profit before taxation for the year was £450.3 million, up 52% from the prior year. Adjusting for the impact of the one-time transaction costs of the tastytrade acquisition, profit before taxation was up 61% to £477.8 million.

The effective tax rate (ETR) for the year was 17.4%, and 16.4% on an adjusted basis, resulting in a profit after taxation of £371.9 million and £399.4 million. Basic earnings per share were 100.7p, up 54%, and 108.2p on an adjusted basis. We anticipate the ETR for FY22 to be approximately 20% on a combined Group basis.

IG is a highly cash-generative business. The conversion rate of operating profit to own funds remains consistently above 100% and was 111% in FY21 reflecting adjustments for non-cash items. Liquidity remained very strong throughout the period, as our robust sources of liquidity enabled us to handle elevated levels of client activity and peaks in broker margin requirements, maintaining sufficient liquidity capacity at all times.

Broker margin reached a record level in the year at £683.3 million compared with a peak of £380.8 million in FY20, reflecting the elevated trading volumes we experienced throughout the year. As a result of record profits and strong cash conversion, own funds at 31 May 2021 were £1,058.5 million, an increase from £832.5 million in May 2020.

Our record profits and comprehensive risk management programme, which is central to our business model, also bolstered the Group's capital resources. At the end of May 2021 our regulatory capital was £860.7 million, up from £675.5 million in May 2020. This translates to a headroom above the regulatory capital requirement of £369.6 million. Our capital ratio was 34.9% at the end of May 2021, against a minimum requirement of 19.9%. Following completion of the tastytrade acquisition on 28 June, our capital ratio was 26.1%, remaining above the minimum requirement.

The Board have proposed a final dividend of 30.24 pence per share, which would maintain the Group's full-year cash dividend for FY21 at 43.2p as guided previously. We have commenced a review and update to our capital planning framework, which we will discuss in the coming year. Consideration of shareholder returns, alongside other priorities such as current and future regulatory capital requirements, operating capital requirements, and organic and select inorganic growth opportunities, will be the principal areas of focus.

In conclusion, it's been a record year of revenue and client numbers, backed up by good cost, liquidity, and capital management, which positions us well for future growth.

CHARLES A ROZES
CHIEF FINANCIAL OFFICER
22 July 2021

Business and Performance Review

Summary Group Income Statement

£ million	FY21	FY21 Adjusted	FY20	Change %	Adjusted Change %
Net trading revenue	**853.4**	**861.3**[1]	**649.2**	**31%**	**33%**
Betting duty and FTT	(0.9)	(0.9)	(7.4)		
Net interest on client money	0.3	0.3	5.0		
Other operating income	7.7	7.7	7.0		
Net operating income	**860.5**	**868.4**	**653.8**	**32%**	**33%**
Operating expenses[2]	(354.5)	(334.9)[3]	(314.2)	13%	7%
Variable remuneration	(51.5)	(51.5)	(44.3)	16%	16%
Total operating costs	**(406.0)**	**(386.4)**	**(358.5)**	**13%**	**8%**
(Loss) / gain on sale of subsidiaries	(0.4)	(0.4)	0.7		
Operating profit	**454.1**	**481.6**	**296.0**	**53%**	**63%**
Net finance cost	(3.8)	(3.8)	(0.1)		
Profit before taxation	**450.3**	**477.8**	**295.9**	**52%**	**61%**
Taxation	(78.4)	(78.4)	(55.5)		
Profit after taxation	**371.9**	**399.4**	**240.4**	**55%**	**66%**

1 Excludes £7.9 million unrealised foreign exchange loss associated with the tastytrade acquisition financing.
2 Operating expenses include net credit losses on financial assets.
3 Excludes £19.6 million of one-time costs associated with the tastytrade acquisition.

The following income statement analysis is based on the adjusted FY21 results, excluding the £7.9 million of unrealised foreign exchange hedging loss and £19.6 million of one-time costs, both relating to the tastytrade acquisition.

Adjusted net trading revenue in FY21 was a record £861.3 million, 33% higher than FY20. Revenue performance was consistently strong throughout the year, driven by a sustained increase in the Group's active client base, which experienced a step change in Q4 FY20, and continued to build steadily throughout FY21. The Group's active clients were 313,300 in FY21, an increase of 31% on FY20.

Levels of market volatility, although lower than the peak levels of Q4 FY20, remained elevated throughout FY21, providing clients with many trading opportunities. Revenue per client moderated to more normal levels following the Q4 FY20 volatility peaks, however the FY21 quarterly average revenue per OTC client remained 10% higher than the Q1 - Q3 FY20 average.

Total FY21 adjusted operating costs of £386.4 million increased by 8% on FY20. This reflects additional investment in advertising and marketing to capture increased client demand, investment in people and technology to support resilience and capacity projects, and inflationary increases, as well as a 16% increase in variable remuneration to £51.5 million. The increase in variable remuneration reflects both the outperformance of the Group against its internal targets, and the increase in the number of eligible employees.

Adjusted operating profit of £481.6 million was 63% higher than FY20. Deducting net finance costs, the Group's adjusted profit before taxation was £477.8 million, 61% higher than FY20.

Revenue performance

	Adjusted net trading revenue (£m)		
	FY21	FY20	Change %
OTC leveraged derivatives	798.2	617.2	29%
Stock trading and investments	38.7	13.6	184%
Exchange traded derivatives	24.4	18.4	33%
Group	**861.3**	**649.2**	**33%**

Business and Performance Review continued

	Active clients (000)			Revenue per client (£)		
	FY21	FY20	Change %	**FY21**	FY20	Change %
OTC leveraged derivatives	216.3	176.6	22%	3,690	3,496	6%
Stock trading and investments	89.5	54.9	63%	432	248	74%
Exchange traded derivatives	27.4	19.8	38%	891	927	(4%)
Group[1]	**313.3**	**239.6**	**31%**			

1 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 FY21 there were 19,900 multi-product clients, compared with 11,700 in FY20.

OTC leveraged derivatives

FY21 OTC leveraged revenue was £798.2 million, 29% higher than FY20, reflecting a 22% increase in the number of active OTC leveraged clients and a 6% increase in the average revenue per client.

There were 216,300 active OTC leveraged clients in FY21. During the extreme market volatility in Q4 FY20, the Group onboarded a significant number of new clients, many of whom continued to trade throughout FY21. New client acquisition continued to be strong throughout FY21, with an additional 85,100 new active clients onboarded, a 19% increase on FY20. New OTC leveraged clients generated £162.5 million in revenue compared with £125.3 million in FY20, an increase of 30%.

Average revenue per client was £3,690, 6% higher than FY20, reflecting an increase in the level of client trading, noting that FY20 was heavily skewed by the significant increase in trading in Q4, whereas average revenue per OTC leveraged client has been steady across each quarter of FY21.

Stock trading and investments

Revenue from stock trading and investments was £38.7 million in FY21, up 184% on FY20, reflecting a 63% increase in the number of stock trading clients served by the Group and a 74% increase in the average revenue per client.

Throughout FY21 the stock trading client base grew each month driven by a significant and sustained increase in new active clients, with 51,400 onboarded, an increase of 98% on FY20.

Exchange traded derivatives

Revenue from exchange traded derivatives in FY21 was £24.4 million, 33% higher than FY20. Of this, £19.5 million was from Nadex, the Group's US retail-focused exchange, an increase of 10% on FY20. This was driven by a 28% increase in the number of active clients, with average revenue per client down 14%. Spectrum, the pan-European multilateral trading facility (MTF) which launched in October 2019 (FY20), delivered £4.9 million revenue compared with £0.6 million in FY20. During FY21, 3,800 new clients were onboarded, an increase of 44% on FY20.

OTC leveraged derivatives revenue – Core Markets

OTC leveraged revenue in the Core Markets was £670.8 million in FY21, 27% higher than FY20, from a 16% increase in the number of active clients and a 10% increase in the average revenue per client.

	Net trading revenue (£m)		
	FY21	FY20	Change %
UK & EU	420.1	328.5	28%
Australia	119.7	88.2	36%
Singapore	74.5	56.7	31%
EMEA non-EU	56.5	53.8	5%
Total Core Markets	**670.8**	**527.2**	**27%**

	Active clients (000)			Revenue per client (£)		
	FY21	FY20	Change %	**FY21**	FY20	Change %
UK & EU	117.4	99.9	18%	3,578	3,289	9%
Australia	28.2	25.1	12%	4,250	3,513	21%
Singapore	13.1	11.7	12%	5,683	4,843	17%
EMEA non-EU	9.2	8.5	8%	6,161	6,344	(3%)
Total Core Markets	**167.9**	**145.2**	**16%**	**3,996**	**3,631**	**10%**

UK and EU revenue in FY21 was £420.1 million, 28% higher than in FY20. The significant increase in revenue was driven by the 18% increase in the number of active clients trading, the result of good retention of the existing client base and the acquisition of 39,900 new active clients in the period, 17% higher than FY20. The revenue increase was most significant in our retail client segment, driven by record new client acquisition, resulting in an 18% increase in active clients and a 29% increase in the average revenue per client. Our professional client segment also saw a 5% increase in active clients and a 2% increase in revenue per client.

Revenue from Australia increased by 36% to £119.7 million, benefitting from a 12% increase in the active client base, and a 21% increase in revenue per client. In FY21 we acquired 10,100 new clients, an increase of 9% on FY20. On 29 March 2021, the Australian Securities and Investments Commission (ASIC) leverage restrictions were introduced and the impact on revenue in the last two months of FY21 was in line with expectations.

Singapore revenue was £74.5 million, 31% higher than FY20, reflecting a 12% increase in the number of active clients and a 17% increase in revenue per client. Acquisition was strong with 4,300 new clients onboarded, an increase of 5% on FY20.

EMEA non-EU revenue, which includes the Group's offices in Switzerland, Dubai and South Africa, was £56.5 million, 5% higher than FY20, with an 8% increase in active clients and a 3% reduction in revenue per client. Performance in this region, particularly in Switzerland and Dubai, is more concentrated in a small number of higher-value clients, and these markets did not see the same benefit from the increased new client demand and increased client activity as the broader Core Markets businesses.

OTC leveraged revenue – Significant Opportunities

OTC leveraged revenue in the Significant Opportunities portfolio was £127.3 million in FY21, 41% higher than FY20, driven by the continued growth in the client base, 54% higher than FY20. Revenue per client reduced by 8%, driven by changing client mix as the portfolio continued to develop.

	Net trading revenue (£m)		
	FY21	FY20	Change %
Japan	68.7	46.6	48%
Emerging Markets	34.7	28.4	22%
US	11.6	5.8	101%
IG Prime	12.3	9.2	33%
Total Significant Opportunities	**127.3**	**90.0**	**41%**

	Active clients (000)			Revenue per client (£)		
	FY21	FY20	Change %	**FY21**	FY20	Change %
Japan	24.0	16.4	46%	2,867	2,836	1%
Emerging Markets	9.5	7.2	32%	3,657	3,942	(7%)
US	14.6	7.5	95%	794	772	3%
IG Prime	0.3	0.3	25%	39,386	37,075	6%
Total Significant Opportunities	**48.4**	**31.4**	**54%**	**2,630**	**2,868**	**(8%)**

Japan revenue was £68.7 million in FY21, an increase of 48% on FY20 driven by a 46% increase in the active client base, with average revenue per client materially unchanged. The success of localisation, a new brand campaign, and influencer marketing resulted in the addition of 12,400 new clients in FY21, an increase of 30% on FY20.

Emerging Markets revenue increased by 22% as we continued to see natural demand for our products from locations where we do not have an office. Growth was driven by a 32% increase in the number of active clients, offset by a 7% reduction in average revenue per client.

US OTC leveraged revenue was £11.6 million, an increase of 101% on FY20. Active clients increased to 14,600, a 95% increase on FY20 as the client base continues to build. Average revenue per client increased 3% on FY20.

Revenue from IG Prime, our institutional business, in FY21 was £12.3 million, 33% higher than FY20. This was driven by a 25% increase in the number of clients, and a 6% increase in the average revenue per client, which for institutional clients is significantly higher than the average revenue per client in the other markets in the portfolio.

Business and Performance Review continued

Operating costs

Total adjusted operating costs for FY21 were £386.4 million, 8% higher than FY20. Operating costs comprise operating expenses and variable remuneration. FY21 adjusted operating expenses were £334.9 million, 7% higher than FY20. Variable remuneration in FY21 was £51.5 million, 16% higher than FY20.

£m	FY21	FY20	Change %
Fixed remuneration	131.4	116.4	13%
Advertising and marketing	71.1	61.8	15%
Revenue-related costs	25.8	29.2	(12%)
IT, structural market data and comms	25.9	21.5	20%
Regulatory fees	9.2	6.8	35%
Depreciation and amortisation	25.7	25.6	1%
Other costs	45.8	52.9	(14%)
Total adjusted operating expenses	**334.9**	**314.2**	**7%**
Headcount at period end	**2,094**	**1,921**	**9%**

Fixed remuneration increased by 13% in FY21 to £131.4 million. Of the £15.0 million increase in fixed remuneration, approximately £9 million related to headcount increases in the year combined with the annualised impact of headcount added in FY20. In FY21 headcount increased by 9% to 2,094, the majority of which was in our technology and operations functions to support resilience and scalability projects and to add capacity in client-facing operational teams. Approximately £4 million of the increase in fixed remuneration costs related to salary inflation, and the remainder of the increase related to one-off costs, including a higher holiday pay accrual.

Advertising and marketing spend increased by 15% in FY21 to £71.1 million, reflecting a decision to increase the acquisition marketing spend to capture elevated client demand. This additional investment, along with the Group's established brand presence and organic marketing capability, enabled the Group to onboard 85,100 new OTC leveraged clients in the period, 14,300 new exchange traded derivatives clients, and 51,400 new stock trading and investments clients.

Revenue-related costs are variable items which tend to fluctuate with the level of client activity and include client payment charges, variable market data charges, and provisions for client and counterparty credit losses. In FY21 these costs were £25.8 million, 12% lower than FY20, due to a significant reduction in the charge for client and counterparty credit losses, the majority of which arose in March 2020. This charge reduced from £11.0 million in FY20 to £2.9 million in FY21. Client payment charges and variable market data charges together were 25% higher than FY20, reflecting the sustained increase in client activity across FY21.

IT maintenance, structural market data charges and communications costs were £25.9 million in FY21, an increase of 20% on FY20 reflecting additional investment in technology resilience and scalability projects and increased capacity to support higher levels of trading and client activity.

The Group is charged fees by the various regulators in the jurisdictions in which it operates, and in addition is required to make a contribution to the Financial Services Compensation Scheme (FSCS) in the UK. Regulatory fees were £9.2 million, 35% higher than FY20, which includes an additional FSCS supplementary levy of £1.2 million which was incurred in H1 FY21.

Depreciation and amortisation costs increased nominally to £25.7 million.

Other costs reduced by 14% to £45.8 million with the prior year including a £5 million charitable donation to the Brighter Future Fund. Excluding this, other costs reduced by 5% in FY21 reflecting lower staff travel and entertainment costs as a result of Covid-19 travel restrictions.

£m	FY21	FY20	Change %
General bonus	30.5	24.8	23%
Share-based compensation	11.2	11.3	(1%)
Sales bonuses	9.8	8.2	20%
Variable remuneration	51.5	44.3	16%

In terms of variable remuneration, the charge for the general bonus pool increased to £30.5 million, up 23% compared with FY20. The general bonus charge reflected the Group's performance against its internal financial and non-financial targets, and the increase in the number of eligible employees.

Share-based compensation costs relate to the long-term incentive plans for senior management and reflect the size of the awards and the extent to which they are expected to vest, which is driven predominantly by earnings per share (EPS) and relative Total Shareholder Return performance.

Sales bonuses increased by 20% to £9.8 million reflecting higher commission payments to sales staff for the onboarding and management of their own-sourced high-value clients.

Earnings per share

£m (unless stated)	**FY21**	**FY21 Adjusted**	FY20	Change %	Adjusted Change %
Operating profit	454.1	481.6	296.0	53%	63%
Net finance costs	(3.8)	(3.8)	(0.1)	n/m	n/m
Profit before taxation	450.3	477.8	295.9	52%	61%
Taxation	(78.4)	(78.4)	(55.5)	41%	41%
Profit after taxation	371.9	399.4	240.4	55%	66%
Weighted average number of shares for the calculation of EPS (millions)	369.2	369.2	368.1	-	-
Basic earnings per share (pence per share)	**100.7**	**108.2**	**65.3p**	**54%**	**66%**

Adjusted operating profit in the period was £481.6 million, 63% higher than FY20. After net finance costs of £3.8 million, adjusted profit before taxation was £477.8 million.

The FY21 effective tax rate (ETR) was 16.4% based on adjusted profit after taxation (FY20: 18.8%). This reduction compared to the FY20 rate was due to the recognition of additional US tax losses and prior year adjustments. The ETR for FY22 is anticipated to be approximately 20% on an adjusted basis which includes the effects of the tastytrade acquisition but excludes the impact of one-off tax adjustments arising on the acquisition itself. The ETR is dependent on a mix of factors including taxable profit by geography, tax rates levied in those geographies and the availability and use of taxable losses. The future ETR may also be impacted by changes in our business activities, client composition and regulatory status, which could affect our exemption from the UK Bank Corporation Tax surcharge.

Basic adjusted EPS increased by 66% from 65.3 pence per share in FY20 to 108.2 pence per share in FY21.

Dividend

A proposed final dividend of 30.24 pence per share will be paid on 21 October 2021 to those shareholders on the register at the close of business on 24 September 2021. This would represent a total FY21 dividend paid of 43.2 pence per share.

Summary Group Balance Sheet

£m	**31 May 2021**	31 May 2020
Goodwill	107.3	108.1
Intangible assets[1]	32.7	39.1
Property, plant and equipment[2]	17.4	17.0
Operating lease net asset	(1.9)	0.1
Fixed assets	**155.5**	**164.3**
Cash in IG accounts	655.2	486.2
Amounts at brokers	710.6	437.4
Own funds in client money	60.9	66.5
Liquid asset buffer	86.1	83.8
Long term bank borrowings	(100.0)	(100.0)
Client funds on balance sheet	(354.3)	(141.4)
Own funds	**1,058.5**	**832.5**
Working capital	(86.4)	(61.8)
Tax payable	(6.4)	(9.9)
Net deferred tax net asset	12.1	10.8
Net assets	**1,133.3**	**935.9**

1 Excludes goodwill.
2 Excludes right-of-use assets.

The balance sheet is presented on a management basis which reflects the Group's focus on alternative performance measures to monitor the Group's 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 IFRS balances in appendix 2.

Business and Performance Review continued

Liquidity

The Group seeks to maintain a strong liquidity position at all times, ensuring that it has sufficient liquidity under both normal circumstances and stressed conditions to meet its working capital and other liquidity requirements including broker margin, the regulatory and working capital needs of its subsidiaries, and to fund adequate buffers in client money accounts. The Group's liquid assets comprise the following:

£m	31 May 2021	31 May 2020
Cash in IG bank accounts	655.2	486.2
Amounts at brokers	710.6	437.4
Own funds in client money	60.9	66.5
Liquid asset buffer	86.1	83.8
Liquid assets	**1,512.8**	**1,073.9**
Broker margin requirement	(590.9)	(326.0)
Cash balances in non-UK subsidiaries	(248.0)	(177.4)
Own funds in client money	(60.9)	(66.5)
Available liquidity	**613.0**	**504.0**
of which:		
Held as liquid asset buffer	86.1	83.8
Dividend due	130.4	111.7

Liquid assets increased by £438.9 million to £1,512.8 million during FY21, reflecting the strong performance and cash-generative nature of the Group during the period, and the increase in UK and European clients opting to enter into title transfer arrangements. The Group's cash in IG bank accounts increased by £169.0 million to £655.2 million.

The amounts at brokers, which comprise both cash and non-cash collateral, net of open derivative positions, increased by £273.2 million to £710.6 million as at 31 May 2021. This reflects the increased level in broker margin requirements that the group saw over the course of FY21.

The Group's liquidity management strategy enabled us to meet the increased liquidity requirements during FY21, including regularly repatriating excess cash from overseas. Cash generated from operations was used to fund the broker margin requirement, which was £264.9 million higher at 31 May 2021 than at 31 May 2020.

The maximum broker margin requirement in FY21 was £683.3 million, higher than the previous peak broker margin amount of £456.0 million in July 2018, reflecting the mix of client trading during periods of heightened market volatility.

The Group's available liquidity reflects the assets that are immediately available to meet additional liquidity requirements. Available liquidity was £613.0 million at 31 May 2021, £109.0 million higher than at 31 May 2020. For liquidity management and planning purposes, the Group conservatively excludes cash held by subsidiaries outside the UK from available liquidity. The amount of cash held in entities outside the UK was £248.0 million at 31 May 2021 (31 May 2020: £177.4 million).

In addition to the cash recognised on the balance sheet, as at 31 May 2021 the Group held £2,710.3 million (31 May 2020: £1,964.1 million) of client money in segregated bank accounts. These funds are held separately from the Group's own cash balances and are excluded from the Group's liquid assets.

£m	31 May 2021	31 May 2020
Liquid assets	1,512.8	1,073.9
Long-term bank borrowings	(100.0)	(100.0)
Client funds on balance sheet	(354.3)	(141.4)
Own funds	**1,058.5**	**832.5**

The Group's total liquid assets at the end of the period were £1,512.8 million (31 May 2020: £1,073.9 million). The Group's liquidity is provided by shareholders' funds supplemented by a £100 million bank term loan, client deposits at IG Bank in Switzerland, and client funds which have been transferred to the Group under title transfer arrangements. Client funds on balance sheet increased by £212.9 million during the period, as a result of an increased number of UK and European clients entering into title transfer arrangements.

The Group also has access to additional liquidity through a £100 million committed revolving credit facility which was undrawn at 31 May 2021 (31 May 2020: undrawn). This was supplemented in Q4 with a £25 million facility which was also undrawn at 31 May 2021.

The Group is a highly cash-generative business, and a significant amount of that cash supports hedging positions at brokers. The Group measures the strength of its balance sheet using its 'own funds' balance, a broader measure of the Group's liquidity position than cash, which takes into account the Group's liquid assets, less the Group's borrowings and client funds on its balance sheet. As at 31 May 2021, the Group had own funds of £1,058.5 million (31 May 2020: £832.5 million).

Own funds flow

£m (unless stated)	**FY21**	FY20
Operating profit	454.1	296.0
Depreciation and amortisation	25.7	25.6
Lease liability payments	(5.8)	(7.3)
Share based compensation	7.4	9.7
(Profit)/loss on sale of subsidiaries	0.4	(0.7)
Change in working capital	24.0	21.7
Own funds generated from operations	**505.8**	**345.0**
as % of operating profit	111%	117%
Taxes paid	(83.0)	(57.1)
Net own funds generated from operations	**422.8**	**287.9**
Net interest paid	(4.8)	(0.8)
Capitalised development costs	(3.3)	(4.3)
Capital expenditure	(12.7)	(12.0)
Purchase of own shares held in employee benefit trusts	(0.2)	(1.5)
Proceeds from sale of subsidiaries	-	0.6
Pre-dividend increase in own funds	**401.8**	**269.9**
Dividends paid	(159.7)	(159.2)
Increase in own funds	**242.1**	**110.7**
Own funds at start of the year	832.5	720.8
Increase in own funds	242.1	110.7
Impact of movement in exchange rates	**(16.1)**	**1.0**
Own funds at the end of the year	**1,058.5**	**832.5**

Own funds, including the impact of movement in exchange rates, increased by £226.0 million during FY21 (FY20: £111.7 million). Net own funds generated from operations were £422.8 million in FY21 (FY20: £287.9 million) and the conversion rate of operating profit into own funds was 111% in FY21 (FY20: 117%). This conversion rate is 6% lower than FY20 due to the significant increase in operating profit relative to the other adjustments which were broadly consistent with the prior year. Lease liability payments are lower as a result of a rent-free period during FY21. The reduction in share-based payments was offset by an increase in the bonus accrual within working capital, to reflect changes made to the Sustained Performance Plan scheme in FY21.

Regulatory capital

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

Shareholders' funds comprise share capital, share premium, retained earnings and other reserves and at 31 May 2021 totalled £1,133.3 million (31 May 2020: £935.9 million). The Group's regulatory capital resources are an adjusted measure of shareholders' funds, and as at 31 May 2021 totalled £860.7 million (31 May 2020: £675.5 million).

£m (unless stated)	**31 May 2021**	31 May 2020
Shareholders' funds	**1,133.3**	**935.9**
Less foreseeable / declared dividends	(130.4)	(111.7)
Less goodwill and intangible assets	(140.0)	(147.1)
Less value adjustment for prudent valuation	(2.2)	(1.6)
Regulatory capital resources	**860.7**	**675.5**
Total Pillar 1 Risk Exposure Amounts	2,467.7	2,018.6
Capital ratio	34.9%	33.5%
Capital ratio requirement	19.9%	19.9%
Total requirement	**491.1**	**401.7**
Capital headroom	**369.6**	**273.8**

The Group's capital ratio at 31 May 2021 was 34.9% (31 May 2020: 33.5%), above the required minimum capital ratio of 19.9% (31 May 2020: 19.9%), demonstrating the Group's solid capital base. Further details about the Group's capital requirement are published in the Pillar 3 disclosure on the Group's website.

CHARLES A ROZES
CHIEF FINANCIAL OFFICER
22 July 2021

Risk Management

Effective risk management is essential in achieving IG's strategy and business objectives, and to preserve its financial strength and resilience. The Board is responsible for ensuring that we maintain an appropriate risk management culture, supported by a robust Risk Management Framework.

Risk Management Framework

We have an established framework to identify, measure, manage and monitor the risks faced by the business. This includes the risk that our conduct may pose to the achievement of fair outcomes for clients, or to the sound, stable, resilient and transparent operation of financial markets. This framework provides the Board with assurance that the range of IG's risks, whether strategic or operational, are understood and managed in accordance with the appetite and tolerance levels set by the Board. It provides the basis for enabling our ongoing assessment, control, monitoring and reporting of risk management.

The framework is established around the following elements:
→ Risk Culture
→ Risk Taxonomy and Management
→ Risk Appetite Statement (RAS)
→ Risk Governance
→ Risk Management

Risk Culture

The Board recognises that embedding a culture of risk management and compliance across all areas of the Company is fundamental to the effective operation of our Risk Management Framework. It also sets the tone for broader conduct in all business activities and for promoting a common set of IG values and behaviours.

Our culture is defined by the shared values, attitudes, competencies and behaviours present throughout the business. A poor or inconsistent culture will inevitably lead to an increase in certain areas of risk.

We work to achieve our desired risk management culture through principles, policies and consistent practices.

Three lines of defence

IG operates a 'three lines of defence' Risk Governance Model.

First line of defence

The first line of defence has primary accountability for risk management, including the day-to-day responsibility for ensuring that the business operates within risk appetites. Management is responsible for identifying, assessing, and managing risks facing the business, in compliance with IG's risk management policies.

Second line of defence

The second line of defence, with an objective of independent risk oversight, is predominantly provided by the risk and compliance teams. These are part of a single control team, led by the Group's Chief Risk Officer.

These teams are independent from operational management in the first line and are responsible for overseeing and challenging the business in managing its risks day to day. This includes maintaining IG's risk management and control policies, providing independent analysis, controlling IG's risks, and keeping abreast of industry and regulatory developments that might require enhancements to our Risk Management Framework. Other areas of the business can also perform second line activities.

Third line of defence

The third line of defence, independent assurance, is provided by Group Internal Audit. The primary role of Internal Audit is to help the Board and executive management team to protect the assets, reputation and sustainability of the organisation by providing independent, objective assurance reviews – designed to add value and improve our operations. The scope of the annual audit plan includes reviews of our Risk Management Framework and managing IG's principal risks. These will include assessing the design and operating effectiveness of our internal governance structures and processes, setting and adhering to risk appetite, and the risk and control culture of the organisation.

The Group Internal Audit function reports to the Audit and Board Risk Committees on a quarterly basis.

Roles and responsibilities

Across IG's businesses each employee should understand clearly how they may encounter risk while performing their duties. Risk means the probability of loss or negative impact to IG due to an event or outcome.

Some teams will have exposure to specific risk types, while others experience more general risks. Examples of specific exposures are market risk for our trading desk, liquidity risk for our treasury operations and credit risk for the credit operations team. A more general example would be the exposure all our employees have to operational risk. Each employee should be aware of the risks they are exposed to and know their responsibilities relating to that risk, to keep within IG's risk appetite.

We make employees aware of their responsibilities through:

- **Training**
  We use our IGnite system to ensure that all employees complete mandatory periodic training. The second line of defence teams provide training on risk management tools, and ensure that changes to the risk landscape or exposure in a business area are covered as they appear
- **Top-down dissemination**
  Our senior management team stresses the importance of risk awareness through regular town halls, blogs and emails, reminding staff of their responsibilities and advising of changes to business or practices
- **Subject matter experts and risk associates**
  Throughout the business, specific individuals are given training on risk practices. Their role is to help promote an understanding of the expectations of the first-line requirements

Our approach

We take the view that our processes should be developed to mitigate risk through a strong control environment, with an understanding and acceptance of the residual risk. Wherever possible, employees should have clear paths of escalation and planned response for any events outside of risk appetite. Risk practices should have the following attributes:

- **Consistent and embedded**
  Risk management should be fully embedded into all of our departments and business processes, as an integral part of day-to-day management. A consistent approach should be taken and consistent practices followed by employees globally
- **Appropriate level**
  Risk management activities should be appropriate for the level and complexity of our business activities and associated risks
- **Continual assessment**
  Risk management should be reviewed and enhanced continually, to ensure that our Risk Management Framework remains effective and aligned to shareholder and stakeholder expectations

Risk Taxonomy and Management

We have developed a Risk Taxonomy to ensure that we consider the full range of risks faced by the business, and to create a consensus for classifying all risk management activities. The taxonomy categorises the principal risks faced by IG into five areas:

1. Regulatory environment risk
2. Commercial risk
3. Business model risk
4. Operational risk
5. Conduct risk

These are outlined in the table on the following page, and elaborated upon on pages 49 - 53.

Risk Management continued

Principal risks/Taxonomy level 1	Taxonomy level 2	Overview
Regulatory environment risk The risk we face enhanced regulatory scrutiny, 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 → Regulatory change → Tax	We actively monitor and manage the outlook for regulatory environment risk across all countries and territories where we operate. The regulatory landscape has remained stable in the UK and Europe. In Australia, the Australian Securities and Investments Commission (ASIC) published final product intervention measures in FY21 that were in line with expectation. Changes were easily embedded, given the similarity with the rules in force in the UK and EU since 2019. As regulation of all forms continues to evolve, further changes are anticipated in the normal course of business. When changes occur, we will have plans in place to ensure a smooth transition to meet new requirements.
Commercial risk The risk that our performance is affected by client sensitivity to adverse market conditions, failure to adopt or implement an effective business strategy, failure to provide the expected levels of client service, new or existing competitors offering more attractive products or services or client dissatisfaction.	→ Strategic delivery risk → Market conditions risk → Competitor risk → Client service risk	Sustained levels of increased market volatility, with occasional spikes, led to a strong business performance in FY21. We continue to make significant progress on our strategic initiatives, despite the ongoing circumstances related to the Covid-19 pandemic. The Group continues to monitor and assess market volatility, client service level and the competitor environment, and to respond to changes.
Business model risk The risk we face arising from the nature of our business and our business model, including market risk, credit risk, liquidity risk, and capital adequacy risk. Concentration risk exists and is managed within credit, market, liquidity and capital adequacy risk.	→ Market risk → Credit risk → Liquidity risk → Capital adequacy risk	News surrounding the global Covid-19 pandemic and events such as the US election and positive vaccine news drove market volatility throughout the year, resulting in increased trading volumes as clients looked to benefit from all-time index highs and other opportunities. The Group's mature and embedded systems and controls enabled us to manage the increased business model risk we faced during this extraordinary year.
Operational risk The risk of loss resulting from inadequate or failed internal processes, people, systems or external events.	→ Technology risk → People risk → Process risk → External risk	Sustained client demand continues to place additional stress on systems, people and processes through unprecedented levels of trading volumes. Strengthening our control environment and ensuring the scalability of our processes continue to be key focus areas, with operational and technological resilience programmes in flight.
Conduct risk The risk that our conduct poses to the achievement of fair outcomes for consumers, or to the sound, stable, resilient and transparent operation of the financial markets. The risk arising from the Group's failure to adequately assess and manage obligations and wider stakeholder expectations regarding environmental, social and governance (ESG)-related matters.	→ Our clients → The markets and financial crime → Culture	We continue to invest in systems, people and training to ensure our management of conduct risk meets the very highest standards. This includes ensuring we further embed our client-first culture, while continuing to work closely with all our regulators to protect the integrity of the financial markets. We manage our ESG profile by assessing and managing our obligations and wider stakeholder expectations regarding the Group's approach to being a responsible and sustainable business

Regulatory environment risk

Regulatory risk

The risk that IG is subject to enhanced regulatory scrutiny, and that we therefore face a higher chance of investigation, enforcement or sanction by financial services regulators, through non-compliance. This may be driven by internal factors, such as the strength of our control framework or its interpretation, awareness, understanding, or the implementation of relevant regulatory requirements. This risk can also arise from external factors, such as the current and changing priorities of both policy and supervision departments within the Group's regulators.

Regulatory change

IG operates in a highly regulated environment that is continually evolving.

Governments or regulators may introduce legislation or new regulations and requirements in any of the jurisdictions in which we currently operate. We face the risk that this could result in an adverse effect on our business or operations, reducing our revenue, raising costs or increasing our capital and liquidity requirements. We operate to the highest regulatory standards and believe that we lead the industry in the way in which we deal with our clients. We maintain constructive relationships with our key regulators and actively seek to converse with them in an effort to keep abreast of emerging regulatory trends or developments.

Tax

Within regulatory environment risk, we also include the risk of significant adverse changes in the way that the Group as a whole, or our individual businesses, are taxed. Examples of the tax risk we face include the risk that a financial transactions tax is imposed, which could severely impact the economics of trading, and the risk that the basis under which we're taxed, in any of the jurisdictions in which we operate, is adversely affected.

Commercial risk

We define commercial risk as the risk that our performance is affected by:

- Client sensitivity to adverse market conditions
- Failure to adopt or implement an effective business strategy
- Failure to provide the expected levels of client service
- New or existing competitors offering more attractive products or services
- Risk to third-party supply of services
- Client dissatisfaction

Strategic delivery risk

We work to mitigate our strategic delivery risk through the Board's regular and thorough review and challenge of our strategy, and the performance of current strategic initiatives. The Board holds a number of strategy sessions during the year to consider and agree the strategic priorities for the business. Planning processes are extensive, with stakeholders across our business being involved, and may include external assistance. We undertake external consultation and extensive market research before committing to any strategy, in order to test and validate a concept. Projects are managed via a phased investment process, with regular review periods, in order to assess performance and determine if further investment is justified. The Board also considers specific strategic actions and initiatives during its normal schedule of Board meetings.

Market conditions risk

IG's trading revenue reflects the transaction fees paid by clients, less the transaction costs incurred in hedging market exposures. The extent of client trading activity and the number of active clients in any period are the key determinants of revenue in that period. The ability to attract new clients, and the willingness of clients to trade, depends on the level of opportunity that clients perceive to be available in the markets. Our revenue is therefore partly dependent on market conditions.

We seek to mitigate the impact of adverse market conditions and client sensitivity towards those conditions through detailed review of daily revenue analysis, monthly financial information, Key Performance Indicators (KPIs) and regular reforecasts of our expected financial performance, reflecting the latest and expected market conditions. We use these forecasts to determine actions necessary to manage performance, with consideration given to changes in market conditions.

We regularly update our investors and market analysts on our revenue performance, including quarterly updates and pre-close statements, and engage with investors and market analysts to mitigate the risk that the impact of market conditions is not reflected in performance expectations.

Competitor risk

IG operates in a highly competitive environment, which includes some unregulated and unethical operators. We work to mitigate competitor risk by maintaining a clear distinction in the market in terms of product, service and ethics, and by closely monitoring the activity and performance of our competitors, including detailed comparison of the terms of product offers.

We consider ourselves the leader in our market and, given our strong ethical values, we never deploy questionable practices, regardless of whether they would prove to be commercially attractive to clients. We do, however, aim to ensure that our product offering remains attractive, taking into account the other benefits that we offer our clients. These include brand, strength of technology and client service quality. This allows our business to provide a competitive offering overall and manage competitor risk without compromising our values.

Risk Management continued

Client service risk

The risk of client dissatisfaction arising from the expected service level not being met, resulting in reduced trading and account closures. This risk may stem from business stretch in times of high financial market volatility and increased client contact.

The service IG provides clients is supported by client-facing teams that interact with clients directly, and specific operational teams that support client account activity.

Business model risk

We define business model risk as the risks we face arising from the nature of our business and our business model. These include market risk, credit risk, liquidity risk and capital adequacy risk.

Market risk

We do not seek to generate returns from actively taking market risk. We don't take proprietary trading positions, and our revenue isn't dependent on the direction of market movements.

We accept some market risk to facilitate instant execution of client trades. We manage this market risk by internalising client flow – netting the exposure created through clients' trades so as to offset it – and external hedging when the residual exposures reach defined limits. Our real-time market position-monitoring system allows us to constantly manage our market exposures against our market risk limits. If exposures exceed predetermined limits, we execute hedges to bring the exposure back within the limits.

We have a Market Risk Policy which sets out how our business manages its market risk exposures. The market risk policy incorporates a methodology for setting market risk limits, consistent with our risk appetite, for each financial market in which our clients can trade, as well as for certain groups of markets or assets which we consider to be correlated. We determine these limits with reference to the expected liquidity and volatility of the underlying financial product or asset class, and represent the maximum (long or short) net exposure IG will hold without hedging.

We set our market risk limits with the objective of achieving the optimal efficiency between allowing client trades to be internalised, the cost of external hedging, and the variability of daily revenue. We work to manage market risk so that our trading revenue predominantly reflects client transaction fees net of hedging costs and is not driven by market risk gains or losses.

Residual market risk can crystallise if a market 'gaps' or fluctuates sharply, which occurs when a price changes suddenly in a single large movement – sometimes at the opening of a trading day, rather than in small incremental steps. This can mean we're unable to execute or adjust our hedging in a timely manner, resulting in potential market risk exposure. This may create a gain or a loss.

We monitor our market risk exposures through regular scenario-based stress tests which analyse the impact of potential stress and market gap events. We use the results to take appropriate action to reduce our risk exposures and those of our clients.

Credit risk

IG faces the risk that either a client or a financial counterparty fails to meet their obligations to us, resulting in a financial loss.

As a result of offering leveraged trading products, we accept that client credit losses can arise as a cost of our business model. Client credit risk principally arises when a client's total funds deposited with IG are insufficient to cover any trading losses incurred. In addition, a small number of clients are granted credit limits to cover running losses on open trades and margin requirements.

We manage client credit risk through the application of our Client Credit Risk Policy.

We set client margin requirements that reflect the market price risk for each instrument and use tiered margining so that larger positions are subject to proportionately higher margin requirements. We offer training and education to clients covering all aspects of trading and risk management, which encourages them to collateralise their accounts at an appropriate level in excess of the minimum requirement. In addition to cash funding by clients, we may also accept collateral in the form of shares from professional clients held in their IG stock trading account.

We further mitigate client credit risk by monitoring client positions in real time via the close-out monitor (COM), and by giving clients the ability to set a level at which an individual deal will be closed (the 'stop' level or 'guaranteed stop' level).

The COM automatically identifies accounts that have insufficient margin and triggers an automated process to close positions on those accounts. Where client losses are such that their total equity falls below the specified liquidation level, positions will be liquidated to bring the account back to within margin requirements, resulting in reduced credit risk exposure for IG.

In some jurisdictions, IG provides negative balance protection for retail clients, which is a guarantee that clients can't lose more than the total amount of equity held on their account. This, together with COM and client-initiated 'stops', results in the transfer of an element of the market risk from the client to IG. This market risk arises following the closure of a client position, as IG may hold a corresponding hedging position that will, assuming sufficient market liquidity, be unwound.

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

We manage financial institution credit risk by applying our Financial Institution Counterparty Credit Risk Policy.

Financial institutional counterparties are subject to a credit review when we enter into a new relationship, and this is updated semi-annually (or more frequently as required, for example on changes to the financial institution's corporate structure). Proposed maximum exposure limits for these financial institutions, reflecting their credit rating and systemic position, are reviewed and approved by the Executive Risk Committee.

We actively manage our credit exposure to each of our broking counterparties, settling or recalling balances at each broker on a daily basis in line with the collateral requirements. As part of our management of concentration risk, we're also committed to maintaining multiple brokers for each asset class.

We're responsible, under various regulatory regimes, for the stewardship of client money and assets. These responsibilities include the appointment and periodic review of institutions where client money is deposited. Our general policy is that all financial institution counterparties holding client money accounts must have a minimum long-term credit rating of BBB-, with limits set depending on strength of credit rating. In a small number of operating jurisdictions where we maintain accounts to provide local banking facilities for clients, it can be problematic to find a banking counterparty satisfying these minimum rating requirements. In such cases, we may use a locally systemically important institution. These criteria also apply to IG's own bank accounts held with financial institutions.

In addition, the majority of our deposits are made on an overnight or breakable-term basis, which enables us to react immediately to any deterioration in credit quality. We only hold deposits of an unbreakable nature, or requiring notice, with a subset of counterparties that have been approved by the Executive Risk Committee.

Liquidity risk

Liquidity risk is the risk that we are unable to meet our financial obligations as they fall due. We manage this by applying our Liquidity Risk Management Policy.

Our approach to managing liquidity is to ensure that we have sufficient liquidity to meet our broker margin requirements and other financial liabilities when due, under both normal circumstances and stressed conditions. These liquidity requirements must be met from our own liquidity resources, as we do not use client money to fund our operations.

We hold liquid assets to:

1. Enable the funding of broker margin requirements
2. Ensure sufficient funds are held in non-UK entities
3. Place appropriate prudent margins and buffers in segregated client money accounts
4. Maintain a liquid assets buffer
5. Make dividend payments to shareholders
6. Cover profits and losses on client trading and hedging positions
7. Make tax and other payments

We manage liquidity within the UK Defined Liquidity Group (UK DLG) comprising IGM and IGI. The UK DLG includes IGM, IG's primary market risk management vehicle, which internalises and hedges market risk on behalf of the other entities in the Group. Key liquidity decisions are discussed at the Executive Risk Committee and then the Executive Committee, as necessary.

The UK DLG carries out an Individual Liquidity Adequacy Assessment (ILAA) each year. This assesses the key drivers of liquidity for the UK DLG and whether it has sufficient liquidity to continue in operation, including under liquidity stress. The Contingency Funding Plan (CFP), contained within the ILAA, identifies mitigation options and steps to improve the liquidity position in a stress scenario, through the implementation of management actions.

We use a number of KRIs for managing liquidity risk, including G3 cash (GBP, EUR and USD) held in UK DLG bank accounts, forecasted UK DLG available liquidity and UK DLG stressed liquidity after management actions.

We're required to fund initial margin payments to brokers on demand. Broker initial margin requirements are dependent on client trading positions, the level of internalisation IG can achieve from client trading, the product mix in our hedging positions and any natural offset in correlated products within our hedging positions.

In addition to our liquid assets, we mitigate liquidity risk through access to committed, unsecured bank facilities. We reassess annually the appropriate level of committed facilities we have available and draw down on the facility at least once during each year to test the process for accessing that liquidity.

The Group successfully managed its liquidity needs during the 2021 financial year, throughout the increased levels of client trading activity driven by the heightened and sustained levels of market volatility triggered by the Covid-19 pandemic. Liquidity is anticipated to remain strong.

We produce short-term liquidity forecasts and stress tests so that appropriate management actions, including facility draw-down, can be taken ahead of a period of expected liquidity demands.

IG is exposed to interest rate risk through our debt and our holdings of cash and investments. The interest costs incurred on debt, and interest income received through cash and investments, are not material in respect of our overall costs and income. We consider the liquidity risk related to these instruments in the Group Liquidity Risk Management Policy.

Risk Management continued

Capital adequacy risk

IG operates authorised and regulated businesses worldwide, supervised by the FCA in the UK and by various regulators across other jurisdictions. As a result of this supervision, we are required to hold sufficient regulatory capital at both Group and individual entity levels to cover our risk exposures, valued according to applicable rules, and any additional regulatory financial obligations imposed.

We're supervised on a consolidated basis by the FCA. In addition to our two UK FCA-regulated entities, our operations in Australia, Japan, Singapore, South Africa, Bermuda, the United States of America, Cyprus, Germany, Switzerland and United Arab Emirates (Dubai International Financial Centre) are directly authorised by the respective local regulators. Individual capital requirements in each regulated entity are taken into account, among other factors, when managing the global distribution and level of our capital resources, as part of the Group Capital Management Framework.

IG manages capital adequacy risk through our Regulatory Capital Policy, and we work to ensure that at all times we hold sufficient capital to operate our business successfully and to satisfy all regulatory requirements. We manage our capital resources with the objectives of facilitating business growth, maintaining our dividend policy, and complying with the regulatory capital resources requirements set by our regulators around the world.

We undertake an annual Internal Capital Adequacy Assessment Process (ICAAP) through which we assess our capital requirements, by applying a series of stress-testing scenarios to our baseline financial projections. This assessment is reviewed and challenged by the ICAAP and ILAA Committee as well as the Board Risk Committee, which recommends the result to the Board for review and approval.

We operate a monitoring framework over our capital resources and minimum capital requirements daily, calculating the credit and market risk requirements arising on the exposures at the end of each business day. We also monitor internal warning indicators as a component of our Board Risk Dashboard. Any breaches are escalated to the Board as they occur, with a recommendation for appropriate remedial action.

Entity-level capital requirements monitoring and management is carried out locally according to each jurisdiction's requirements.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people activities, technology or other operations, or external events.

Operational risk is managed by applying our Operational Risk Management Framework. We continuously develop this framework to ensure visibility of risks and controls. We focus on clear accountability for controls, escalation and reporting mechanisms – through which risk events are identified and managed, and appropriate action is taken to improve controls.

We recognise that operational risk arises in the execution of all activities we undertake. We identify and manage operational risk in four categories: technology, people, process and external events. We recognise the growing risks associated with climate change and a warming planet. These include physical risks from changing weather patterns, and the transition risks arising from movement towards a less polluting, greener economy.

Our Risk and Control Self-Assessment (RCSA) methodology focuses on areas of the business identified as a priority. We use an operational risk event self-reporting process which provides increased visibility over events and control actions to be taken. These are monitored through a consolidated Control Action List.

Technology risk

Technology risk is the risk of loss caused by breakdown or other disruption to technology performance and service availability, or by information security incidents. It also includes new technology and technology that fails to meet business requirements.

We manage our technology risk through our Technology Risk Framework, which is overseen by the Technology Risk Committee. KPIs, incidents and outages are raised to this forum, comprising technology, information security, operations and risk experts. To manage cyber risk and external threats to our systems and data, we have the Information Security Forum, through which senior management is made aware of ongoing and potential threats, with policies and processes continuously being refreshed to ensure their validity within the evolving landscape. We have a 24/7 Security Operations Centre to review and triage information security incidents and employ mitigation services for threats such as denial-of-service (DOS) attacks.

We undertake regular performance and stress-testing to ensure our platforms have sufficient headroom and resilience to perform in times of heightened financial market volatility and increased demand. We also test our disaster recovery capability regularly to ensure that standby services are effective and minimise the impact to our services.

People risk

People risk is considered as the risk of a loss intentionally or unintentionally caused by an employee, such as employee error or misdeeds, or involving employees, such as in the area of employment disputes. It includes risks relating to employment law, health and safety, and HR practices. People risk includes the risk that IG is unable to attract and retain the staff it requires to operate its business successfully. In addition, we monitor for any strain on resources, ensuring sufficient staffing levels are in place for key business teams, so that processes are run effectively with controls maintained.

Process risk

Process risk relates to the design, execution and maintenance of key processes – such as client onboarding, trade execution or financial reporting – including process governance, clarity of roles, process design and execution. It also covers record-keeping, regulatory compliance failures and reporting failures.

External risk

External risk is the risk of loss due to third-party relationships and outsourcing, damage to physical and non-physical property or assets from natural or non-natural external causes, and external fraud.

The Group Business Continuity Policy, and the framework to that document, provide a clear statement of our commitment to ensure that critical IG business activities can be maintained during a disruption.

Conduct risk

IG recognises and manages the risk that our conduct may pose to the achievement of fair outcomes for clients, and to the sound, stable, resilient, and transparent operation of the financial markets. We have a Conduct Risk Framework and have implemented a Conduct Risk Strategy that aims to analyse the conduct risks that may arise and sets out how those risks are managed and mitigated. It also sets out specific controls used to manage conduct risk. We work to promote a positive, company-wide culture of good conduct as a competitive advantage and a means to differentiate our business clearly from companies conducting themselves poorly or unethically. We also aim to ensure, through training and awareness, that all employees are aware of the importance of managing conduct risk.

Our clients

We manage and monitor the risk of clients failing to understand the functionality of our products and suffering poor outcomes. We recognise that some of our products are not appropriate for certain clients and operate a process to identify potential new clients for whom the product may not be suitable. We support clients with education and training and offer account types that limit clients' risk. Client outcomes are monitored and reported to the Board.

Across the Group, IG employs a Vulnerable Client Policy. The policy places responsibility on first-line client-facing staff to monitor for signs of vulnerability in clients (eg the type of language used by clients in their communications to us). If a client is deemed vulnerable their account will be closed. The number of clients who have closed accounts due to deemed vulnerability is tracked and monitored by the compliance team as part of a product governance management information suite. Compliance monitoring helps to identify lack of policy adherence, as well as any sudden increases in closures which may point to an issue with the way our products are being designed, marketed and sold.

In addition, the compliance team monitors the funding of client accounts in tandem with information held on clients regarding their financial position. This is done with the intention of identifying scenarios where affordability of losses may be called into question.

Markets and financial crime

We recognise the risk of causing poor market outcomes if proper controls are not in place to, for example, detect instances of market abuse which must then be reported on. Clients may also attempt to use IG to commit fraud or launder money, and we've designed our systems, controls and monitoring programmes with the aim of preventing and detecting such issues.

Culture

We recognise the risk that the actions of our staff or IG's culture can result in poor outcomes for clients, or for the financial markets. We work to ensure that our staff are appropriately trained, managed and incentivised to ensure that their behaviour and activities don't inadvertently result in poor outcomes for clients or the markets. We also review remuneration policies and incentive schemes to ensure that they are appropriate and conducive to good conduct by staff. We recognise the risks arising from a failure to adequately assess and manage obligations and wider stakeholder expectations regarding the Group's approach to being a responsible and sustainable business. An environmental, social and governance strategy is in place to manage these risks.

Risk Appetite Statement

The purpose of the IG Risk Appetite Statement (RAS) is to detail the acceptable levels of risk to which we're willing to be exposed, to allow for a profitable business while operating within our risk tolerances.

The RAS is based around a set of statements for each risk within the Taxonomy, as follows.

Regulatory environment risk

IG operates in numerous highly regulated jurisdictions. Our risk appetite to non-compliance with regulation or operate outside of an established regulated framework (eg unregulated offshore business) is low.

Commercial risk

As a listed firm, and in keeping with shareholder expectations of consistency in earnings, where IG has the ability to manage components of commercial risk, such as well-considered strategy planning and industry awareness, its risk appetite is considered low. Whilst acknowledging market conditions and the propensity for clients to trade is predominantly outside of our control, continuing to provide a high-quality and reliable service ensures that when market conditions change – encouraging clients to trade – IG is the provider of choice.

Risk Management continued

Business model risk

In pursuit of business goals IG has an appetite for running reasonable levels of market and credit risk, but has no appetite for liquidity or regulatory capital risk as per requirements and regulation.

Operational risk

Given the importance to our commercial success of providing undisrupted and high-quality service around the clock, IG has a low tolerance for operational issues and therefore a low appetite for operational risk.

Conduct risk

A strong culture and good conduct go hand in hand and firm culture is set by the tone from the top, starting with the CEO. IG monitors conduct-related management information each month and submits regular updates to the Board. IG has a low tolerance for conduct issues.

Key Risk Indicators

These statements are supported by Key Risk Indicators (KRIs) that are used to identify instances which require escalation and investigation. Thresholds and limits are set which raise awareness of increased risk and provide early warning indicators (Amber level) so management actions can be undertaken prior to a breach of the assigned risk appetite (Red level). KRIs are embedded in our risk monitoring and reporting.

KRIs consist of two distinct categories: 'Board-Approved Limits' and 'Monitoring KRIs'.

- **Board-Approved Limits (BALs)**
  In the event of a Red breach, action must be taken, without discretion, which ensures we come back inside the BAL. It is the responsibility of the risk owner to manage and explain what actions have been taken once an Amber threshold (if present) has been breached. All efforts must be made to avoid a Red breach. An explanation must be provided to the Board as to why the matter escalated such that we breached a BAL
- **Monitoring KRIs**
  A breach of a defined KRI triggers escalation to management, which results in consideration as to what actions are taken. Red levels, along with actions taken, are reported to the Board on a monthly basis

Risk Governance

Our risk governance structure is summarised below.

Senior managers and certification regime

IG Group consists of several legal entities, two of which – IG Markets Limited (IGM) and IG Index Limited (IGI) – are regulated by the UK's Financial Conduct Authority. IGM and IGI are classified as significant IFPRU firms, and also as enhanced firms under the Senior Managers and Certification Regime. These entities employ staff who provide services for themselves and all other entities in the Group. The only exception to this are the Executive Directors of IGI, who are employed directly by IG Group Limited.

We provide details of the assigned Senior Management Function (SMF) below.

Senior Management Function	IG member assigned
SMF 1: Chief Executive	Chief Executive Officer
SMF 2: Chief Finance Function	Chief Financial Officer
SMF 3: Executive Director	Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer
SMF 4: Chief Risk Function	Chief Risk Officer
SMF 5: Head of Internal Audit	Global Head of Internal Audit
SMF 9: Chair	Chair of the Board
SMF 10: Chair of the Risk Committee	Chair of the Board Risk Committee
SMF 11: Chair of the Audit Committee	Chair of the Audit Committee
SMF 12: Chair of the Remuneration Committee	Chair of the Remuneration Committee
SMF 13: Chair of the Nomination Committee	Chair of the Nomination Committee
SMF 16: Compliance Oversight	Chief Compliance Officer
SMF 17: Money Laundering Reporting Officer	Chief Compliance Officer
SMF 18: Other Overall Responsibility	Chief Legal and Governance Officer, Chief People Officer, Chief Product Officer, Chief Strategy Officer
SMF 24: Chief Operations Function	Chief Operating Officer, Chief Technology Officer

In addition to the assigned functions, prescribed and overall responsibilities are allocated to the relevant senior manager. In fulfilling their prescribed and overall responsibilities, the SMFs are supported by governance committees and direct reports, to whom responsibilities may be delegated.

The Board

The Board has overall accountability for the management of risk at IG. This includes determining our risk appetite, which sets out the nature and extent of the principal risks we're willing to take in achieving our objectives, and defining the standards and expectations that drive our risk culture. It also involves ensuring that we maintain an appropriate and effective Risk Management Framework, and monitoring performance and risk indicators to ensure that we remain within our risk appetite. The Board delegates certain risk governance responsibilities to Board Committees.

Board Risk Committee

The Board Risk Committee provides the principal forum for the ongoing review and evaluation of specific elements of the Risk Management Framework, and for making recommendations to the Board when appropriate. Biannually the Risk function provides to this Committee an assessment of key and emerging risks that may impact IG. The Committee then makes recommendations to the Board where appropriate. Find out more in the Board Risk Committee section on pages 111 - 113.

Audit Committee

The Audit Committee's responsibilities include reviewing an assessment of the control environment through Internal Audit reports and monitoring progress on the implementation of audit recommendations. The Audit Committee also has specific responsibilities to assess the accuracy and appropriateness of financial reporting and narrative disclosures, to review IG's tax Risk Management Framework, to receive reports on legal entity governance and the control environment for client money and assets, and to monitor whistleblowing arrangements. The Group Internal Audit function and External Auditors both report directly to the Audit Committee. Find out more in the Audit Committee section on pages 101 - 108.

Remuneration Committee

The Remuneration Committee's primary responsibility in relation to risk management is to ensure that remuneration policies are consistent with effective risk management across our business, and to consider the implications of those policies on risk and risk management. The Committee reviews the design and operation of performance-related pay schemes to ensure their efficacy and, with the assistance of the Board Risk Committee, to ensure that the risks implicit within the schemes are adequately monitored and controlled. Find out more in the Remuneration Committee section on pages 78 - 100.

Disclosure Committee

The Disclosure Committee is responsible for identifying Inside Information and makes decisions about how and when the Company should disclose this information. Find out more in the Disclosure Committee section on page 70.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee was formed in the 2020 financial year to oversee the environmental, social and governance considerations for IG, to adequately assess and manage obligations and expectations of these areas. Find out more in the Environmental, Social and Governance Committee section on page 109.

Nomination Committee

The Nomination Committee oversees the selection and appointment of Board members and senior management staff, and the risks inherent in this process. Find out more in the Nomination Committee section on pages 75 - 77.

Risk management within the business

We have a number of operational and executive committees. They provide advice and support to management in the day-to-day execution and proper performance of their duties, including those relating to implementation of the Board strategy and management of the Risk Management Framework. Find out more in the Overview of Corporate Governance Framework on page 60.

Going Concern and Viability Statement

Going Concern

The Group meets its day-to-day working capital requirements through its available liquid assets and committed banking facilities. The Group's liquid assets exclude all monies held in segregated client money accounts.

In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Group, taking account of its liquidity position and cash generation, the adequacy of capital resources, the availability of external credit facilities and the associated financial covenants, stress-testing of liquidity and capital adequacy that takes into account the principal risks faced by the business, in addition to the impact of the tastytrade acquisition. Further details of these principal risks and how they are mitigated and managed is documented in the Risk Management section in the 2021 Group Annual Report on page 46.

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.

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 2025. The Group's revenue, which is driven by client transaction fees, has benefitted from elevated financial market volatility over the course of the 2021 financial year. Projections of the Group's revenue have conservatively considered financial market volatility returning to normal levels in the first year of the four-year period.

The four-year forecasting period is the length of time over which the Board strategically assesses the business; the period of time the Board would typically look to pay back investments; and is the period over which the Group reviews its regulatory capital and liquidity resources and requirements. The Group has taken into account the impact of the tastytrade acquisition on Group regulatory capital and liquidity requirements over the planning period. Outside of this, no significant changes to regulatory capital and liquidity requirements have been assumed.

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 that it cannot control.

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

The Group undertakes stress testing on these forecasts and through the Individual Liquidity Adequacy Assessment (ILAA), Internal Capital Adequacy Assessment Process (ICAAP) and Recovery Plan, providing the Board with a robust assessment of the possible consequences of principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

The types of scenarios used include the collapse of a major financial services firm, a shock to oil prices and cyber-attacks. 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 ILAA, ICAAP and Recovery Plan accordingly.

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

In response to the Covid-19 pandemic during the 2020 financial year, the Group successfully implemented its comprehensive business continuity plan. The Group's significant long-term investment in communications and technology infrastructure has enabled all employees to work safely from home, and IG continues to provide the best possible service for its clients when they choose to trade the financial markets. The Group is in regular communication with its staff members to ensure their safety, and that of their families, during this time. Due to the Group's successful management of the heightened levels of client trading as a result of the sustained increase in financial market volatility triggered by the pandemic, the Group's relationship with key stakeholders, such as regulators and hedging brokers, has not been impacted.

Overall the Directors consider the Group well-placed to manage its business risks successfully, having taken into account the current economic outlook, the possible consequences of principal risks facing the business in severe but plausible scenarios, and the effectiveness of any mitigating actions on the Group's profitability and liquidity.

The Group's business model provides the Directors with comfort that the business is being run in a sustainable way, acting in the 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 we operate or seek to operate in. In particular a change that impacts on the Group's ability to sell or trade OTC leveraged products may have a fundamental effect on the viability of the Group and its businesses. Further details of these principal risks and how they are mitigated and managed is documented in the Risk Management section on page 46. 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 2025.

The strategic report up to and including page 57 was approved for issue by the Board on 22 July 2021 and signed on its behalf by:

CHARLES A ROZES
CHIEF FINANCIAL OFFICER

Chairman's Introduction to Corporate Governance

MIKE McTIGHE
CHAIRMAN

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

"The Board is functioning well as a collaborative, high-performing team which will provide a strong foundation for the future. We continue to effectively oversee IG's strategy to achieve our growth targets and deliver a more global, diversified and sustainable business fit for the future."

This time last year, I was looking ahead to the opportunity to build a more coherent and effective Board. I'm pleased to say that over the last 12 months, I believe that we have successfully continued to strengthen the membership of the Board – increasing diversity of all types, adding important skills and experience and building cohesion and a real team spirit.

As anticipated, we have also refined the membership of our Committees and updated their Terms of Reference so that they're empowered, in so far as it's practicable and sensible, to support the Board. This enables the Board to spend the majority of its time on the growth and development of IG. We also completed our restructuring of the boards of the UK regulated companies within the Group, IG Index Limited and IG Markets Limited, adding Non-Executive Directors to those boards to provide enhanced oversight and support and holding Board meetings for both entities concurrently with the Group.

In light of the pandemic, the Board moved to remote video conference meetings but more recently has started to return to holding hybrid meetings. Whilst the protocols for remote meetings have changed, and at times this has made communication more challenging, the Board has continued to work well and discharge its duties. Working remotely has also required the formalisation of previously informal communication channels including the scheduling of weekly meetings between the Chair and CEO, monthly individual meetings with the other Executive Directors, and also quarterly one-to-one meetings for the Chair and Non-Executive Directors. The Board is pleased to be reintroducing face-to-face meetings with effect from the September Board.

The Board remains committed to ensuring the highest standards of governance throughout the organisation and looking to continuously strengthen our governance arrangements, as you will see reflected in the following pages of this report. In the 2020 financial year, we announced the establishment of our Board Environmental, Social and Governance (ESG) Committee. One year on, I am pleased to present our first ESG Committee Report as part of the wider Governance Report. ESG plays an essential role at the heart of the Group and I am proud to unveil our new ESG Strategy, which you can read more about on page 22, and of the fact that we are making certain disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD) one year early.

Following the success of the restructuring of the boards of the UK regulated companies, we will be reviewing the Board structures for our other Regulated Entities, across the globe, for compliance with best practice.

During the year, we continued to focus on diversifying and building the business sustainably against the backdrop of the ongoing Covid-19 pandemic. This provided opportunities as well as challenges for IG, with large numbers of clients having come on board since the start of the 2021 calendar year in particular. Additionally, the Board debated and challenged management on the significant strategic acquisition of tastytrade, and reviewed key initiatives such as our blueprint for the future (the key part of which is our new corporate purpose). The Board continues to believe that the Group's strong corporate culture and high governance standards underpin its ability to deliver sustainable future growth and create long-term value for shareholders.

Board and Committee changes

Paul Mainwaring retired as Chief Financial Officer on 1 June 2020 and was replaced by Charlie Rozes following an extensive, independently facilitated search. Jim Newman, Non-Executive Director and Chairman of the Audit Committee, retired from the Board on 30 December 2020 and was replaced by Andrew Didham. Charlie brings extensive financial services knowledge and experience and a proven track record of leading high-performance businesses, while Andrew is a highly experienced Non-Executive Director with significant financial services experience which complements the range of skills on the Board.

During the year, we have welcomed Rakesh Bhasin (appointed to the Board on 6 July 2020), Wu Gang (appointed to the Board on 30 September 2020) and Susan Skerritt (appointed to the Board on 9 July 2021). Rakesh brings significant experience in the Asia-Pacific region, Wu Gang's background is in investment banking, with significant experience in Asia, and Susan has experience in financial markets and regulatory matters at US-based companies. All complement and further diversify the skills, knowledge and experience of the Board. Bridget Messer will be stepping down from the Board on 22 September 2021 due to personal reasons.

The Board is functioning well as a collaborative, high-performing team which will provide a strong foundation for the future. We continue to effectively oversee IG's strategy in achieving our growth targets and delivering a more global, diversified and sustainable business fit for the future. In 2019 we started a journey to strategically grow our business. In December 2020 it was agreed that we would strengthen our purpose, to give the business room to grow over the next decade and beyond. Our 'blueprint for the future' (comprising our corporate purpose, strategic drivers and values) was a critical decision for both management and the Board and will support the next generation of the business.

I mentioned last year that we were encouraging our Executive Directors to take on one external Non-Executive Directorship to broaden their experience. I am pleased to report that June Felix now holds such a position at the FTSE-100-listed RELX plc. The Board is supportive of appointments like this and the different perspective these positions provide to IG's Executive Directors.

Diversity, inclusion and equality

The Board recognises the value of diversity, in its broadest sense. We are pleased to report that our Board meets the ethnic diversity targets set out by the Parker Review ahead of the 2024 target for FTSE 250 companies, and met the Hampton-Alexander target at 31 December 2020 of one-third female representation.

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

In May and June 2021, a review of the effectiveness of the Board and Committees was undertaken. The evaluation process was internally facilitated by our Company Secretarial team. The evaluation process consisted of a questionnaire that was completed by each of IG's Board and Committee members. The results were anonymised and discussed at the Board and Committee meetings held in July, and next steps were agreed. During the year we also progressed the actions from the 2020 evaluation, including refreshing the Board and arranging additional Non-Executive-Director-only sessions. Further details can be found on page 72 of this report.

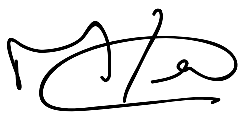
Priorities for the year ahead

The Board has been focused on supporting the Executive team in the execution of its growth strategy and a number of sessions were held to review the current market and competitive landscape, progress against the 2019 strategic ambitions in Core Markets and Significant Opportunities, and initial thinking on how we might further develop the business.

Having substantially achieved its targets, the team is looking to the future as we continue to grow and diversify. The acquisition of tastytrade is an important proof point and sees IG enter the sizeable US options and futures market. The Board will continue to support further growth in the business, ensuring it makes best use of the company's assets and resources.

The Board continues to focus on bringing the voice of its stakeholders into Board and committee discussions and decision-making. For more information on how, why and what we do to engage with our stakeholders see page 20 of this report.

I would like to thank all of our people worldwide for their outstanding resilience and tenacity during the pandemic and for consistently going above and beyond for the organisation. The achievements of the Company stand as a testament to the exceptional effort and talent of everyone at IG.



MIKE McTIGHE
CHAIRMAN
22 July 2021

Corporate Governance Statement

Statement of compliance

The 2018 UK Corporate Governance Code (the Code) sets out the standards expected of listed companies on how they are directed and governed. The Company has a Premium Listing on the London Stock Exchange and considers itself compliant with the provisions of the Code for the year ended 31 May 2021.

Overview of Corporate Governance Framework

We recognise that our overall structure is subject to the direction of our shareholders. They agree the Articles of Association, approve transactions mandated through the Listing Rules, consider the appointment and reappointment of Auditors and Directors, approve the final dividend, and provide Directors with the power to make certain decisions.

The Board of Directors is responsible for agreeing the Group's strategy and monitoring its execution against agreed targets. The Board has overall responsibility for promoting the long-term sustainable success of the Company for the benefit of its shareholders as a whole. This means having regard to those matters set out in Section 172 of the Companies Act 2006, providing leadership and direction through culture, ethics and values, and ensuring active engagement with shareholders and other stakeholders. The Board has adopted a schedule of matters reserved to it for decision. The Board of Directors is responsible for appointing Directors to the Board in order to carry out these roles and responsibilities. As at 31 May 2021 the Board consisted of 13 members, including a Non-Executive Chairman and eight Non-Executive Directors.

Overview of Committees

Certain governance responsibilities have been delegated by the Board to its Committees, to ensure independent oversight over financial reporting, internal controls, risk management, remuneration and reward, succession planning and environmental, social and governance (ESG) matters, and generally to assist the Board with carrying out its responsibilities. Further information on the role and membership of the Board and of the Audit, Remuneration, Board Risk, Nomination and ESG Committees is set out in the respective Committee Reports. The remit of the Audit Committee has been expanded to strengthen oversight of the UK Regulated Entities, as detailed in the Audit Committee Report on page 101.

Additionally, the Board has a Standing Committee which deals with Board-reserved matters that are required to be considered at short notice. Generally these are administrative matters which require a quorum-only meeting. Further information is available on page 68.

The Board also has a Disclosure Committee to assist with the identification, management and disclosure of Inside Information.

CEO delegated authority

The Chief Executive Officer (CEO) has delegated authority for:

- The development and execution of strategy
- Leadership and development of the Group's executive management team below Board level
- Day-to-day decision-making relating to, and management of, the affairs of the Group
- Delivering financial performance in line with agreed budgets
- Organisational design of the Group's operations

Other delegated authority

The Chief Financial Officer (CFO) has delegated authority for the financial management of the Group, the stewardship of Group assets, the safeguarding of client money and assets, financial reporting and investor relations. The Chief Commercial Officer (CCO) has delegated authority for global client management, marketing and global sales and conversion. The Chief Operating Officer (COO) has delegated authority in respect of trading and operations, and business change.

Below Board level, the following executive management committees are in place:

- The CEO is supported by the Group Executive Committee (ExCo) – the Group's most senior executive management Committee, comprising all Executive Directors and other senior executives. It supports the CEO in the proper performance of her duties, including the execution of strategy agreed by the Board. ExCo also provides advice and support to the executive management in day-to-day operational matters
- The CFO, in the proper performance of his duties, is supported by the Client Money and Assets Committee in providing oversight arrangements and operations in respect of the holding and safeguarding of client money and assets across the whole of the business
- ExCo is also supported by the recently formed Investment Committee, comprising the Executive Directors and chaired by the CEO. It is responsible for considering significant investments over £3 million and/or that have significant impact or are of strategic importance. It is responsible for the success of the significant investments made by the Group for the first 12 months after investment, before oversight passes to ExCo

- The Executive Risk Committee (ERC) provides advice to operational management in the day-to-day operation of risk governance, applying the principles of sound corporate governance to the identification, assessment, management, monitoring and reporting of risks within the risk appetite agreed by the Board. The ERC is supported by the Risk Committee, Technology Risk Committee, Information Security Committee, Vendor Risk Management Committee, Best Execution Committee, the ICAAP and ILAA Committee, Conduct and Operational Risk Committee and Transaction Reporting Committee. This allows for the detailed review of day-to-day matters. Significant matters are escalated to the Board Risk Committee via the Chair of the ERC
- The Technology Committee provides assurance of strategic direction, delivery performance, and quality levels for all technology services across IG, and is chaired by the Chief Technology Officer. It ensures that technology investment decisions taken are fit for future purpose, and that quality is maintained in an efficient and sustainable manner. It is also responsible for delivering and monitoring performance against our technology improvement initiatives to ensure that our technology remains available, secure, performant and scalable
- The IG People Forum, which is regularly attended by two Non-Executive Directors, was established in 2019 to provide a formal workforce advisory panel to facilitate Board engagement with the workforce as required under the 2018 UK Corporate Governance Code. The principal duty of the People Forum is to shape and coordinate key people initiatives and provide a forum where employees' views and opinions can be shared. It is often used to source employee feedback on strategic items prior to submitting any relevant proposals to the Group Board

The Board
as at the date of this Report

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

Mike McTighe
Chairman

Age: 67
Nationality: British
Ethnicity: White
Time on Board: one year
(Appointed 3 February 2020)

Committee membership:
Nomination Committee (Chair) (since 3 February 2020)
Disclosure Committee
Remuneration Committee

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

For over 20 years, he has held various non-executive director roles in a range of regulated and unregulated industries while also spending eight years on the board of Ofcom and one year on the board of Postcomm.

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

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

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

June Felix
Chief Executive Officer

Age: 64
Nationality: American
Ethnicity: Chinese
Time on Board: six years
(Appointed Non-Executive Director on 4 September 2015; and Chief Executive Officer on 30 October 2018)

Committee membership:
Disclosure Committee (Chair)

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

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

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

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

Former Directors who served during the year

Jim Newman
Jim stepped down from the Board on 30 December 2020.

Paul Mainwaring
Paul stepped down from the Board on 1 June 2020.

Lisa Pollina
Lisa was appointed to the Board on 4 March 2021 and stepped down on 9 July 2021.

Charlie Rozes
Chief Financial Officer

Age: 53
Nationality: American/British
Ethnicity: White
Time on Board: one year
(Appointed 1 June 2020)

Committee membership:
Disclosure Committee

Charlie was appointed as Chief Financial Officer on 1 June 2020.

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

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

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

Charlie has no current external appointments.

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

Bridget Messer
Chief Commercial Officer

Age: 42
Nationality: Australian/British
Ethnicity: White
Time on Board: three years
(Appointed 1 June 2018 and will be stepping down from the Board on 22 September 2021)

Committee membership:
None

Bridget's extensive knowledge of corporate, commercial and IG product matters, along with her excellent understanding of IG's various regulatory environments, helps the Board set its strategy for client acquisition, client management, and growth in IG's offices around the world.

Bridget joined IG as Legal Counsel in May 2005, then held a number of roles within the legal function leading to her appointment as General Counsel and Head of Compliance in April 2010. She was also appointed Group Company Secretary in March 2011.

In September 2015, Bridget was appointed to her current role as Chief Commercial Officer, reporting directly to the Chief Executive Officer. Bridget is a member of IG's Executive Committee.

Prior to joining IG, Bridget held solicitor positions within Deutsche Bank in London and at Corrs Chambers Westgarth Lawyers in Australia. Bridget is currently appointed as Chair of the Trustee Board of the African Commercial Law Foundation.

Bridget has no other current external appointments.

Bridget graduated from Queensland University of Technology with a Bachelor of Laws, first class honours, and a Bachelor of Business (Dean's List) in 2001. Bridget was admitted to the roll of solicitors for Queensland in 2003, and England and Wales in 2006.

Jon Noble
Chief Operating Officer

Age: 44
Nationality: British
Ethnicity: White
Time on Board: three years
(Appointed 1 June 2018)

Committee membership:
None

Jon was appointed Chief Operating Officer on 14 June 2019 with responsibility for Trading and Operations, and is a member of IG's Executive Committee. Jon also leads the business change office and chairs a number of the Company's management Committees, including the workforce-related People Forum and the Committee established to deliver upon, and monitor performance against, the Significant Opportunities agreed as part of the Board strategic review.

Jon is also a standing attendee of the Board ESG Committee, providing Executive guidance.

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

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

Jon has no current external appointments.

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

Jonathan Moulds
Senior Independent Non-Executive Director

Age: 56
Nationality: British
Ethnicity: White
Time on Board: three years
(Appointed 20 September 2018)

Committee membership:
Board Risk Committee (Chair)
Nomination Committee
Remuneration Committee

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

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

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

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

The Board continued
as at the date of this Report

Rakesh Bhasin
Non-Executive Director

Age: 58
Nationality: American/British
Ethnicity: Indian
Time on Board: one year
(Appointed 6 July 2020)

Committee membership:
ESG Committee
Audit Committee

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

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

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

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

Andrew Didham
Non-Executive Director

Age: 65
Nationality: British
Ethnicity: White
Time on Board: one year
(Appointed 19 September 2019)

Committee membership:
Audit Committee (Chair)
(since 30 December 2020)
Remuneration Committee
Board Risk Committee

Andrew is currently a Director of N.M. Rothschild & Sons Limited and is also Chairman of the N.M. Rothschild Pension Trust. Since 2015 he has been a Non-Executive Director and, since 2017, Senior Independent Director of Charles Stanley Group plc where he also serves as Non-Executive Chairman of its principal operating company Charles Stanley & Co. Limited. In 2017 Andrew was appointed to the Board of Shawbrook Group plc where he is a Non-Executive Director and Chairman of its Audit Committee.

From 2017 to 2019 Andrew served as Non-Executive Director and Chairman of the Audit and Risk Committees of Jardine Lloyd Thompson Group plc.

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

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

Wu Gang
Non-Executive Director

Age: 56
Nationality: British
Ethnicity: Chinese
Time on Board: ten months
(Appointed 30 September 2020)

Committee membership:
Nomination Committee
Board Risk Committee

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

Wu Gang is currently a Non-Executive Director of Ashurst LLP and a senior adviser at Rothschild & Co Hong Kong Limited. He served as a Non-Executive Director and member of the Remuneration Committee of Laird Plc from January 2017 to June 2018.

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

Sally-Ann Hibberd
Non-Executive Director

Age: 62
Nationality: British
Ethnicity: White
Time on Board: three years
(Appointed 20 September 2018)

Committee membership:
ESG Committee (Chair)
Board Risk Committee
(since 18 March 2020)
Remuneration Committee

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

Sally-Ann is a Non-Executive Director of Equiniti Group plc, Chair of its Risk Committee and a member of the Audit, Nomination and Remuneration Committees.

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

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

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

Malcolm Le May
Non-Executive Director

Age: 63
Nationality: British
Ethnicity: White
Time on Board: six years
(Appointed 10 September 2015)

Committee membership:
Audit Committee
ESG Committee

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

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

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

Susan Skerritt
Non-Executive Director

Age: 66
Nationality: American
Ethnicity: White
Time on Board: <1 month
(Appointed 9 July 2021)

Committee membership:
None

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

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

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

Helen Stevenson
Non-Executive Director

Age: 60
Nationality: British
Ethnicity: White
Time on Board: one year
(Appointed 18 March 2020)

Committee membership:
Remuneration Committee (Chair) (since 18 March 2020)
ESG Committee
Nomination Committee

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

Helen served as Chief Marketing Officer UK at Yell Group plc from 2006 to 2012 and, prior to this, served as Lloyds TSB Group Marketing Director. Helen started her career with Mars Inc where she spent 19 years, culminating in her role as European Marketing Director, leading category strategy development across Europe.

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

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

Board Governance

Leadership

The role of the Board

The Board provides leadership by setting the Group's strategic direction and overseeing management's execution of the strategy. It is responsible for establishing our purpose and values, and for ensuring that our culture and behaviours are both appropriate and consistent. It provides robust challenge, within a framework of prudent and effective risk management and internal controls. The Board is provided with timely and comprehensive information to enable it to discharge its responsibilities, to encourage strategic debate and to facilitate robust, informed and timely decision-making.

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

The Stakeholder Engagement section of the Strategic Report on pages 20 to 21 sets out the stakeholder engagement mechanisms that are currently in place. The statement identifies our key stakeholders, and showcases their importance and how engagement is being conducted. It also highlights the principal issues that matter to each stakeholder group, our governance activities, and the actions and outcomes from these engagements that the Board takes into consideration when making decisions.

The Board identifies points for discussion at Board meetings, which include specific documented consideration of Section 172 stakeholder interests when they are discussed. This requirement is incorporated into the procedure for preparing Board agendas, and there is a template identifying the relevant stakeholder considerations for inclusion in the Board papers that accompany such discussions.

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

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

Specific matters for approval and recommendation to the Board have been formally delegated to certain Board Committees. The matters reserved to the Board and Committee Terms of Reference are available on the Company's website, iggroup.com.

Board composition

As at 31 May 2021, the Board comprised a Non-Executive Chairman who was independent on appointment, four Executive Directors and eight Independent Non-Executive Directors, supported by the Company Secretary and senior management. Details of changes to the composition of the Board can be found in the Chairman's Introduction to Corporate Governance on page 58, in the Nomination Committee Report on pages 75 to 77 and in the Directors' Report on pages 114 to 116.

The Board operates a clear written division of responsibilities between the Chairman and the Chief Executive Officer (CEO), which was last updated in 2019. The Board reviewed the document during the year and is content that it remains appropriate and a true reflection of the respective roles.

Chairman

The Chairman, Mike McTighe, is responsible for leading the Board and creating the right conditions to ensure its effectiveness in all aspects of its role. This includes promoting the long-term sustainability of the Group and generating value for shareholders, promoting the highest standards of integrity, probity and corporate governance throughout the Company and, particularly, at Board level.

The Chairman is also responsible for ensuring that the Board takes an active and constructive part in supporting and challenging management in the development of our strategy and overall commercial objectives. This also includes Board succession planning.

The Chairman sets the Board's agendas, in consultation with the CEO and Company Secretary, taking full account of the need to allow time for robust and constructive discussion and challenge on all relevant matters. He is responsible for promoting effective communication between the Board and its Directors, in and outside of Board meetings, and for seeking engagement with major shareholders to understand their views on governance and performance against the strategy agreed by the Board.

The Chairman has a close working relationship with the CEO and the Company Secretary, who work together to monitor the effective implementation of the strategies and actions agreed by the Board.

Chief Executive Officer

The CEO, June Felix, has specific responsibility for developing and executing the Group's strategy. In undertaking such responsibilities, the CEO takes advice from, and is provided with support by, her senior management team and all Board colleagues.

Additional specific authority includes day-to-day decision-making relating to the management of the affairs of IG, for delivering financial performance in line with the agreed budget, and for organisational design of our operations. The CEO is also responsible for recruitment, leadership and development of our executive management team and for proposing to the Board our approach to vision, values, culture, diversity and inclusion.

Chief Financial Officer

The Chief Financial Officer (CFO), Charlie Rozes, appointed on 1 June 2020, is responsible for the financial management of the Group and its financial reporting, for monitoring our operating and financial results and for management of our internal financial control systems. The CFO also has responsibility for oversight of liquidity management, and the management and safeguarding of client money and assets. He supports the CEO in implementing our strategy and in relation to the financial, risk management and operational performance of the Group.

Other Executive Directors

The Chief Commercial Officer (CCO), Bridget Messer,[1] has delegated authority for global client management, marketing and global sales and conversion. The Chief Operating Officer (COO), Jon Noble, has delegated authority in respect of trading and operations and business change.

Senior Independent Director

Jonathan Moulds was appointed Senior Independent Non-Executive Director (SID) with effect from 17 September 2020 and, in this capacity, acts as a sounding board for the Chairman. He serves as an intermediary for the other Directors when necessary. He is also available to shareholders if they have concerns which communication via the normal channels of Chairman, CEO or other Executive Directors has failed to resolve, or when shareholders prefer to speak directly to him. He is responsible for evaluating the performance of the Chairman on behalf of the other Directors.

Non-Executive Directors

The Non-Executive Directors are independent of management and are considered by the Board to be free from any business or other relationships that could compromise their independence. Their role is to effectively advise and constructively challenge management, along with monitoring management's success in delivering the agreed strategy within the risk appetite and Control Framework agreed by the Board. They are also responsible, through the Remuneration Committee, for determining appropriate levels of remuneration and reward for the Executive Directors. In addition, the Chairman of the Audit Committee has responsibility for Internal Audit, including ensuring the independence of the function.

Company Secretary

The Company Secretary, Joanna Nayler, supports and works closely with the Chairman, the CEO, the CFO and the Board Committee Chairs in setting agendas for meetings of the Board and its Committees. She supports the accurate, timely and clear information flow to and from the Board and the Board Committees, and between Directors and senior management. In addition, she supports the Chairman in designing and delivering Directors' induction programmes, and the Board and Committee performance evaluations.

The Company Secretary also advises the Board on corporate governance matters and Board procedures, and is responsible for administering IG's Share Dealing Code of Conduct and the AGM.

1 Bridget Messer will be stepping down from the Board on 22 September 2021.

Board Governance continued

How the Board operates

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

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. There was one such meeting held during the year, convened principally to consider the tastytrade acquisition. For further information see pages 6 and 7. The Chairman and the Executive Directors also met, as the Board, to consider Non-Executive Directors' fees.

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

Where Directors are unable to attend meetings, they are encouraged to give the Chairman their views in advance on the matters to be discussed.

The Chairman and Non-Executive Directors meet in the absence of the Executive Directors at least twice a year. There were three such meetings during the year that took place immediately following Board meetings. The Chairman and Non-Executive Directors met with the CEO in the absence of the other Executive Directors once during the year and intend to schedule such sessions at least twice a year in future.

During the year, the Non-Executive Directors, led by the SID, met without the presence of the Chairman, including to evaluate the Chairman's performance.

Attendance at Board meetings

The number of scheduled Board meetings attended by each Director during the year is set out below. The Board's practice is for members who are unable to attend meetings to feed back any comments on the subject matter to the Chairman.

BOARD MEMBER	SCHEDULED MEETINGS ELIGIBLE TO ATTEND	SCHEDULED MEETINGS ATTENDED
Chairman		
Mike McTighe	6	6
Independent Non-Executive Directors		
Jonathan Moulds	6	6
Rakesh Bhasin[1]	6	6
Andrew Didham	6	6
Wu Gang[2]	4	4
Sally-Ann Hibberd	6	6
Malcolm Le May[3]	6	5
Lisa Pollina[4]	2	2
Helen Stevenson	6	6
Executive Directors		
June Felix	6	6
Bridget Messer[5]	6	6
Jon Noble	6	6
Charles Rozes[6]	6	6
Past Directors		
Jim Newman[7]	3	3

1 Appointed on 6 July 2020.
2 Appointed on 30 September 2020.
3 Malcolm Le May was unable to attend one Board meeting due to illness.
4 Appointed on 4 March 2021 and stepped down on 9 July 2021.
5 Bridget Messer will be stepping down from the Board on 22 September 2021.
6 Charlie Rozes was appointed to, and Paul Mainwaring stepped down from, the Board and as a director on 1 June 2020.
7 Stepped down on 30 December 2020.

Board activities during the year

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

Strategy

- Held two strategy deep-dive sessions, as well as discussions on strategy during Board meetings focusing on the strategic development of the business at which the Board analysed the then-current strategic business initiatives; analysed our client base and their feedback; reviewed the four-year plan; considered opportunities for inorganic growth culminating in the acquisition of tastytrade; received regional updates; assessed emerging markets and examined sector themes and trends that could be used to help inform strategic development. The Board also reviewed the competitive environment, identified and developed strategic options and opportunities through internal teams, and agreed strategic development priorities

Business, operational highlights and current trading

- Regularly received business performance updates on business progress and the issues and challenges faced by management through the CEO Report (which includes reports from the CFO, CCO, COO and Chief People Officer), Financial Review and reports from the Chief Risk Officer on risk and compliance matters
- Received reports on matters of interest such as the future of work, cyber security and IT resilience

Quarterly forecast and budget

- Received updates on performance against the prior year, budget and market analyst consensus
- Discussed the risks and opportunities for the 2021 financial year budget, and approved the 2022 budget and four-year plan

Culture, people, governance, risk and regulation

- Evaluated the effectiveness of our risk management and internal control systems, reviewed and approved the Group's Risk Appetite Statement and key regulatory documents, including the Internal Capital Adequacy Assessment Process (ICAAP), the Individual Liquidity Adequacy Assessment (ILAA) documents and the Group's Recovery Plan (RP)
- Reviewed our talent and succession plans
- Discussed the results of the employee engagement survey
- Analysed the impact of emerging risks, including those related to tax
- Approved the IG Brighter Future Strategy

Financial performance

- Reviewed the Group's financial performance and approved all financial results announcements and the Annual Report with the respective Financial Statements
- Reviewed and approved a four-year forecast
- Reviewed IG's capital plan and assessment

Dividends

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

Other

- Considered the shareholder engagement programme
- Received regular reports from Board Committee Chairs, including on whistleblowing
- Agreed various policies, including those related to health and safety as well as external directorships
- Agreed the extension of our banking facilities
- Agreed IG's corporate insurance programme
- Undertook an evaluation of its effectiveness and the effectiveness of each Board Committee and individual Directors
- Approved the annual review of the Modern Slavery Statement
- Approved the Tax Strategy and the Tax Risk Management Policy

Board Committees

Certain governance responsibilities have been delegated by the Board to its Committees, to ensure that there is independent oversight of internal control and risk management, and to assist the Board with carrying out its responsibilities. Other than in respect of the Disclosure Committee, whose members consist of the Chairman, CEO, CFO and Company Secretary, these Board Committees comprise Independent Non-Executive Directors and, in some cases, the Chairman. Each Committee has agreed Terms of Reference, approved by the Board, which are available on IG's corporate website, iggroup.com.

A brief description of the roles of each Committee is set out on the following page.

The Chair of each Board Committee reports to the Board on the matters discussed at Committee meetings. Reports from the Chair of each of the principal Board Committees, including information on the Committee's composition and activities in the year, can be found in the sections relating to each Committee within this Annual Report.

Board Governance continued

Audit Committee

- Reviews the clarity, completeness and appropriateness of disclosure in the Group's Financial Statements and the context in which statements are made
- Monitors, reviews and recommends to the Board the effectiveness of our Internal Audit function in the overall context of the Group's internal controls and risk management systems
- Recommends the appointment of the External Auditors and reviews their effectiveness, fees and independence
- Monitors the availability of distributable profits for the purpose of considering dividend payments
- Reviews and approves the Group's arrangements and policy for its workforce to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters

Board Risk Committee

- Reviews the design and implementation of the general Risk Management Policy and measurement strategies
- Considers and regularly reviews the Group's risk profile relative to current and future Group strategy and risk appetite, identifying any risk trends, material regulatory changes, concentrations or exposures and any requirement for policy change
- Assesses the Group's emerging and principal risks
- Considers the Group's Individual Liquidity Adequacy Assessment, Internal Capital Adequacy Assessment Process and the recovery plan
- Reviews the risk profile relative to current and future Group strategy and risk appetite
- Considers the scope and nature of the work undertaken by the risk management and control functions in analysing, monitoring and reporting of risks forming part of the IG Risk Taxonomy
- Provides advice to the Remuneration Committee on the alignment of the Remuneration Policy to risk appetite and annually reviewing remuneration-related risks

Nomination Committee

- Reviews the structure, size and composition of the Board and Board Committees to ensure that they are appropriately balanced in terms of diversity, knowledge, skills and experience
- Reviews and recommends appointments to the Board and to other senior management positions
- Conducts succession-planning reviews at Board level for recommendation to the Board

ESG Committee

- Sets the ESG strategy and ensures that it remains fit for purpose
- Monitors and reviews how the ESG strategy is received and regarded by its stakeholders
- Oversees how all elements of the ESG strategy are reported externally
- Ensures that there are appropriate policies in place to support the Group's ESG framework
- Assists on other matters related to ESG as may be referred to it by the Board

Disclosure Committee

- Identifies Inside Information
- Decides on how and when we should disclose Inside Information in accordance with the Disclosure Policy and having regard, in particular, to information previously disclosed by the Company

Standing Committee

- Meets as and when there may be a need to consider Board-reserved matters at short notice, where there are administrative matters requiring evidencing that do not warrant the need for a full Board or where full attendance is not possible at short notice

Remuneration Committee

- Makes recommendations to the Board on the Group's senior executive Remuneration Policy
- Oversees the Group's Remuneration Schemes
- Reviews and recommends to the Board our Remuneration Policy, which is consistent with effective risk management, the framework for the remuneration of the Company's Chairman and Executive Directors and share-based awards under our Employee Incentive Scheme
- Monitors developments in remuneration and reward practice to ensure that our policies take account of reasonable stakeholder expectation

Effectiveness

Board composition

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 in terms of experience and skills of individual Board members. These factors are regularly reviewed to ensure that the Board has the right mix of skills and experience for constructive discussion and, ultimately, effective Board decisions.

The breadth of skills and experience currently on the Board includes experience in key areas such as listed environments, international financial services, finance and accountancy, strategy, information technology, people, financial services regulation, marketing, risk management, investor relations, technology and digital, and law. Certain Non-Executive Directors currently undertake executive roles outside of IG.

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

Director independence

The Company is fully compliant with the 2018 UK Corporate Governance Code, which requires that at least half of the Board, excluding the Chairman, should comprise Non-Executive Directors who are determined by the Board to be independent.

The independence of the Non-Executive Directors is considered by the Board, and reviewed on an annual basis as part of the approval of the Annual Report and Accounts. The Board considers factors such as length of tenure and relationships or circumstances that are likely to affect, or 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 remain independent in character and judgement and are free from any business or other relationships that could materially affect the exercise of their judgement.

Conflicts of interest

Directors have a statutory duty to avoid situations in which they may have interests that conflict with those of the Company, unless that conflict is first authorised by the Board. Directors are required to disclose both the nature and extent of any potential or actual conflicts with the interests of the Company.

In accordance with the Companies Act 2006, 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.

Succession planning and appointments to the Board

The Board uses succession planning to ensure that executives with the necessary skills, knowledge and expertise are in place to develop and deliver our strategy, and that it has the right balance of individuals to be able to discharge its responsibilities. The Board regularly reviews its composition to keep it constantly refreshed. Any searches for Board candidates, and appointments made, are based on merit against objective criteria, including the use of a Board skills matrix.

The Nomination Committee has specific responsibility for considering the appointment of Non-Executive and Executive Directors and recommending new appointments to the Board. It regularly reviews the structure, size and composition required of the Board and makes recommendations to the Board as appropriate. More information on the work of the Nomination Committee can be found in the Nomination Committee Report on pages 75 to 77. The Board as a whole is also involved in overseeing the development of management resources across the Group.

Board tenure (as at the date of this report)

TENURE	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS (INCLUDING THE CHAIRMAN)
0 to 3 years	3	8
3 to 6 years	1	1
Over 6 years	n/a	n/a

Induction

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

Ongoing professional development

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

Board Governance continued

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

The Directors meet with executives to receive further insights into the operations of the business in the jurisdictions where the Group operates. Due to Covid-19 pandemic restrictions in the year, we have been unable to hold our series of breakfast meetings at which staff across the business can meet and ask questions on defined topics to the Non-Executive Directors. We'll resume these as soon as it's safe to do so. Non-Executive Directors are also invited to attend IG People Forum meetings, which have continued via video conference.

During the year, the Directors attended briefing sessions on strategy, the restructuring of the boards of the UK regulated companies and the four-year plan and budget.

The Chairman ensures that the Directors continually update and refresh their skills and knowledge, and independent professional advice is provided, when required, at IG's expense. During the year the Directors attended training on various areas including the Market Abuse Regulation and the Task Force on Climate-related Financial Disclosures (TCFD) requirements.

Information provided to the Board

The Chairman, with support from the CEO and Company Secretary, is responsible for ensuring that the Board receives accurate, timely and clear information to enable it to make appropriate challenges, to encourage debate and to ensure its decisions are fully informed.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and compliance with applicable laws and regulations is observed.

The Company Secretary supports the Chairman in setting the Board agendas, and Board papers are distributed to all Directors in advance of Board meetings via a secure electronic system. The Company Secretary is also responsible for advising the Board, through the Chairman, on corporate governance matters.

Directors receive briefings from the CEO and other executive officers in the periods between meetings.

Election and re-election of Directors

The UK Corporate Governance Code requires that all Directors of FTSE 350 companies should be subject to annual election by shareholders. All Directors will stand for re-election or election at the AGM.

Board evaluation

Each year, an evaluation of the effectiveness of the Board is conducted. The evaluation includes an assessment of the effectiveness of Board Committees. Individual Directors are also assessed with feedback provided to and from the Chairman.

Last year, as part of the externally facilitated review, the Board agreed areas of development, in respect of which there has been significant progress.

- **Focus on how the Board is organised and composed**
  A number of new Directors have joined the Board since the review took place, bringing skills and experience in areas such as international business in key markets such as USA and Asia, as well as increased ethnic diversity. Committee memberships have also changed to ensure these benefit from the depth of experience of the new Directors.
- **Focus on increasing the number of Non-Executive-Director-only Board sessions**
  Additional private Non-Executive-Director-only sessions have been held after Board meetings and there have been CEO and Non-Executive Director sessions too. Deep-dive Non-Executive-Director-only sessions were held on the four-year plan, strategy and marketing.
- **Ensure there is time for lessons learnt throughout the year**
  The Board has had a number of sessions where it discussed feedback and critiqued the actions of the management team to identify ways to improve in future.

In 2021, an internal evaluation was carried out. The review involved the provision of evaluation questionnaires developed by the Company Secretary and the Board Chairman. The questions, which took account of the Financial Reporting Council's Guidance on Board Effectiveness, focused on progress made on 2020 actions and current Board operation. The questionnaire was circulated to all Board members and each Committee member for completion.

Responses, comments and suggestions were collated by the Company Secretary on an unattributed basis and shared with the Board Chair and each of the respective Committee Chairs (as appropriate), together with a report summarising the output of the evaluation and suggested areas for focus and discussion.

The Company Secretary met with the Chairs to discuss the feedback and a final report, reflecting any comments received from the Chairs, was circulated to the Board and its Committees. The Board and its Committees discussed and agreed the improvement actions for 2021 in its July 2021 meetings. Further details are contained on the opposite page.

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

Time commitment

The Board is satisfied that each of the Directors continues to be able to allocate sufficient time to the Company to discharge their responsibilities effectively, notwithstanding changes to the external commitments of certain Directors.

Accountability

Financial and business reporting

The Strategic Report on pages 8 to 57 describes IG's purpose, strategy and business model, whereby we generate and preserve value over the long term and deliver our objectives.

A Statement of the Directors' Responsibilities in respect of the Financial Statements is set out on page 117, 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 56 and 57.

Risk management and internal control

We are exposed to a number of business risks in providing products and services to our clients. The Board is responsible for establishing the overall appetite for these risks, which is detailed and approved in the Risk Appetite Statement set out on page 53. The Board has responsibility for ensuring the maintenance of our risk management and internal control systems, and for annually reviewing them.

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

Through reports from the Board Risk Committee and the Audit Committee, and consideration of the ICAAP, ILAA and RP, 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 facing the Group, including those that would threaten our business model, future performance, solvency and liquidity. We outline the risks to which we're exposed and the framework under which risk is managed, including a description of the system of internal controls, in the Risk Management section on pages 46 to 55, and in the Going Concern and Viability Statement on pages 56 and 57.

An annual formal review of the effectiveness of our system of risk management and internal controls has been carried out for the Board, to support the statements included in the Annual Report and Financial Statements. The review focused on the overall Risk Governance Framework and the setting of our risk appetite. It considered the key risk assessment and monitoring activities across the Group, as well as the processes and controls in place to manage our principal risks and for escalating exceptions highlighted by the risk management processes.

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

Throughout the year and up to the date of this report, the Group has 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 International Financial Reporting 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:

- Pertain 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 Group assets that could have a material effect on our financial statements

Remuneration

The responsibility for determining remuneration arrangements for the Chairman and Executive Directors has been delegated to the Remuneration Committee. Information on the Remuneration Committee and the Directors' Remuneration Report and Policy can be found on pages 78 to 100.

Board Governance continued

Engagement with shareholders and other stakeholders

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

Our Annual Report is an important medium for communicating with shareholders, setting out detailed reviews of the business and its future developments in the Chairman's Statement, the Chief Executive Officer's Statement, the Chief Financial Officer's Statement and the Strategic Report.

To ensure that members of the Board develop an understanding of the views of major shareholders, there's regular dialogue with institutional investors and shareholders throughout the year. This includes presentations by management and Investor Roadshows around the time of our year-end and half-year results announcements, coordinated by our Investor Relations team. These presentations are available on our website, iggroup.com, which also provides a wide range of other information to shareholders and prospective shareholders. We also respond to ad hoc requests from shareholders on a regular basis.

The Chairman, the SID and the Executive Directors hold meetings with the Company's largest institutional shareholders and market analysts to discuss governance developments (including in respect of external and internal Remuneration Policy), business strategy, Board succession and financial performance.

Following all investor presentations and meetings, feedback is passed to the Board on any opinions or concerns expressed by shareholders. The Directors receive regular updates on shareholder views and roadshow feedback, as well as analysts' reports on market perception of our performance and strategy and are made aware of the financial expectations of the Group from the outside market.

The Chairman, the SID and the Remuneration Committee Chair are available to meet shareholders on request and ensure that the Board is aware of shareholder concerns not resolved through other communication mechanisms. The Chairman and the SID provide feedback to the Board on any views or concerns expressed to them by shareholders.

In addition to its shareholders, the Board recognises that the success of the business depends on its ability to engage effectively and work constructively with a variety of other key stakeholder groups, in order that their views may be taken into consideration in Board discussions and decisions.

The Board has identified a number of stakeholder groups other than shareholders. Details of the approach of the business to dealing with the various groups are set out through the reports and accounts below:

Principal stakeholders	Where principally reported	Pages
Clients	Strategic Report, Business Model, Stakeholder Engagement	16 to 21
Regulators	Strategic Report, Key Trends Likely to Affect Our Business	14 to 15
People	ESG Report	26 to 29
Communities	ESG Report	24 to 25
Environment	ESG Report	30 to 31

AGM

The AGM provides the Board with the opportunity to communicate with private and institutional investors, and we welcome and encourage their participation at the meeting, provided that we are able to hold it in a Covid-secure way. The Chairman aims to ensure that all the Directors, including the Chairs of the Board Committees, are available at the AGM to answer questions.

Due to Covid-19, the 2020 AGM was held virtually. All the proposed resolutions were passed on a poll, with the percentage of votes in favour of each resolution ranging from 88.10% to 99.99%.

The 2021 AGM will be held on 22 September 2021. The Notice of the AGM will set out the resolutions to be proposed at the meeting. A copy of the Notice will be available on the iggroup.com website. We send our Annual Report and Notice to shareholders, or make them available on our website, at least 20 working days before the date of the meeting. The Notice sets out a clear explanation of each resolution to be proposed at the meeting. After the meeting, we will make available to shareholders full details of the votes, including proxy votes, received on each resolution, and will publish these on our website on the same day.

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

Nomination Committee Report

MIKE MCTIGHE
CHAIRMAN OF THE NOMINATION COMMITTEE

“The Board and Committee believe that diversity includes gender, social and ethnic backgrounds, cognitive and personal strengths and experience.”

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

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

The Committee is responsible for ensuring that the Board has the necessary combination of skills, experience and knowledge needed to lead the Group and to support the development and delivery of IG’s strategy.

During the financial year, the Committee concluded searches for, and recommended the appointment of, three Independent Non-Executive Directors (NEDs): Rakesh Bhasin, Wu Gang and Lisa Pollina. Additionally, after the year end, Susan Skerritt was appointed a NED, and Lisa Pollina and Bridget Messer stepped down from the Board on 9 July 2021 and 22 September 2021 respectively. The searches for new NEDs were facilitated by Audeliss. Audeliss is independent of, and has no connection with, the Company or its individual Directors, other than in its role as a professional recruitment consultant for the Company. Audeliss was selected to carry out the search has a strong background in working with diverse senior networks, with a focus on levelling the playing field for diverse leaders. Following the relevant selection processes, Rakesh Bhasin was appointed to the Board on 6 July 2020, Wu Gang on 30 September 2020, Lisa Pollina on 4 March 2021 and Susan Skerritt on 9 July 2021.

Nomination Committee Report continued

Committee membership and attendance

The Committee currently consists of four Independent NEDs, as detailed in the table below, and meets as necessary to discharge its roles and responsibilities. Details of the membership during the year are given in the footnotes to the attendance table which is set out below. The Chairman of the Board is also the Chairman of the Committee, and the Company Secretary acts as the Secretary of the Committee. On invitation, the CEO also attends, but is not involved in decisions relating to her own succession. The Chief People Officer also attends on invitation.

During the year, the Committee met six times, principally to consider:

- The structure and composition of the Board and its Committees, which led to the appointment of new NEDs to fill Board vacancies, namely Rakesh Bhasin, Wu Gang, Lisa Pollina and (after year end) Susan Skerritt
- The appointment of Non-Executive Directors to the Group's UK and South African Regulated Entities
- The restructuring of the Group into the 'nested board structure' of concurrent meetings
- The change in responsibilities of NEDs (reallocation of committee membership)
- The appointment of the CEO to an external NED role at RELX plc

COMMITTEE MEMBERS AS AT 31 MAY 2021	ATTENDED	ELIGIBLE TO ATTEND
Mike McTighe	6	6
Wu Gang[1]	2	2
Jonathan Moulds	6	6
Helen Stevenson[1]	2	2
PAST MEMBERS		
Sally-Ann Hibberd[2]	4	4

1 Wu Gang and Helen Stevenson were appointed as members of the Committee on 19 November 2020.
2 Sally-Ann Hibberd stepped down from the Committee on 19 November 2020.

Role of the Nomination Committee

The principal roles and responsibilities of the Committee include:

- Reviewing the structure, size and composition of the Board and Board Committees to ensure that they are appropriately balanced in terms of skills, knowledge, diversity and experience, 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
- Keeping under review the leadership needs of the Group, with a view to ensuring the continued ability of the Group to compete effectively in its marketplace
- Keeping apprised of strategic issues and commercial changes affecting the Group and the market in which it operates
- Performance evaluation of the Board

The Terms of Reference (ToR) of the Committee, which were last reviewed in November 2020, are available on the Group's website, iggroup.com.

Main activities during the financial year

Non-Executive Director recruitment

Reflecting the Group's strategic and operational priorities, including the increasingly international nature of its operations, the Committee engaged Audeliss to facilitate the recruitment of three new Independent NEDs during 2020 and early 2021, which culminated in three Board appointments, set out above.

Other activities

A continued focus of the Committee during the year has been the ongoing development of the Executive Directors. In this regard, the Committee is keen to ensure that the Executive Directors on the Board have a good understanding of the perspectives and pressures faced by the NEDs. This approach will encourage the Executive Directors to hold one external non-executive directorship to enable the Executive Directors to broaden their perspective and understanding of the role of NEDs. In line with the policy, June Felix was appointed a Non-Executive Director of FTSE 100 company RELX plc on 15 October 2020.

During the year, NED membership of the Boards of the Group's UK regulated companies IG Markets Limited (IGM) and IG Index Limited (IGI) (the UK Regulated Entities) has also been a focus. On 13 January 2021, all IG Group Holdings NEDs were appointed as Directors of the UK Regulated Entities, with the exception of Lisa Pollina, who was appointed on 17 March 2021.

During the year, the Committee also conducted a review of its membership and that of the other Board Committees. The Committee decided to optimise its own composition and that of the other Board Committees, after being satisfied in each case that the relevant Committee would have the requisite skills, experience, knowledge and diversity. The membership of the other Board Committees at year end is detailed in the relevant Committee sections.

Board and Committee evaluation

An evaluation of the performance of the Committee was undertaken in line with the Committee's ToR. The evaluation process was facilitated internally. The last external review was conducted in 2020 by an independent consultancy, Boardroom Review Limited.

The 2021 Board and Committee review process consisted of the following key elements:

- Performance evaluation surveys prepared and issued, based on outcomes from previous years and best practice
- Feedback analysed and outcomes presented to the Board and Committees
- Outcomes discussed at Board and Committee meetings, with action plans and priorities set for 2022

Further information on the outcome of the evaluation of the Board and its Committees is given on page 72, together with a review of the progress on actions arising from the 2020 review.

Diversity statement

As a business, we are committed to maintaining a diverse workforce at all levels across the Company, and more information on how we do this, including a description of the policies relating to diversity and how they have been implemented, can be found in the ESG Report on pages 26 and 33.

Equality, diversity and inclusion aligns with our purpose, is embedded in our values and supports the delivery of our strategic drivers. We are also committed to building an inclusive culture where everyone is welcomed and enabled to make their best contribution to the success of IG. Our Group Equality, Diversity and Inclusion Policy is available on request.

At the financial year end, the Board had 38% female representation (2020: 33%). Additionally, IG met the Hampton-Alexander target of at least one-third female representation on the Board as at 31 December 2020 and the Parker Review target of one ethnic minority Director on the Board by 2024.

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

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

Senior management gender balance

The table below analyses the gender balance of the Executive Committee and their direct reports as of 31 May 2021.[1] We have seen some internal promotions and role changes this year, which have changed the male/female ratio in our senior leadership team. We continue to aspire to increase diversity across and at every level of our organisation. Our Diversity Commitment is available on our website. By 31 May 2021, 33% female representation had been achieved.

		31 May 2021		31 May 2020		
		Numbers	**%**	Numbers	%	% Change
Board	Female	**5**	**38%**	4	36%	2%
	Male	**8**	**62%**	7	64%	
Executive Committee	Female	**4**	**40%**	4	40%	0%
	Male	**6**	**60%**	6	60%	
Senior leadership team[1]	Female	**8**	**29%**	11	42%	-13%
	Male	**20**	**71%**	15	58%	
Total	Female	**668**	**33%**	595	31%	2%
	Male	**1,336**	**67%**	1,305	69%	

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

MIKE McTIGHE
CHAIRMAN OF THE NOMINATION COMMITTEE
22 JULY 2021

Directors' Remuneration Report and Policy

HELEN STEVENSON
CHAIR OF THE REMUNERATION COMMITTEE

2021 has been another exciting and successful year for IG – in a year like no other the Group has delivered record client growth and record revenue. In addition, the tastytrade acquisition underscores IG's ambition to continue to strengthen its global presence as a multi-product trading and investments provider."

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

Chair's overview

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year to 31 May 2021, my first as Chair of the Remuneration Committee. This report includes a summary of our new Directors' Remuneration Policy which we received strong shareholder support for at the 2020 AGM, details of remuneration arrangements in respect of the year to 31 May 2021 and a summary of how we intend to apply the Policy during the year to 31 May 2022.

Performance in the 2021 financial year

The Group has had one of the busiest periods ever seen in its history, and over the last year has delivered record client growth, revenue and profit. We continued to see sustained volatility in the global financial markets during the year which has significantly increased the demand for the products we offer from both new and existing customers. Throughout the period IG has remained committed to client quality and we continue to be defined and differentiated by our good conduct and client-centric business model.

The Group has continued to deliver on its strategy, diversifying into new product lines and into new geographies. In June we completed the acquisition of tastytrade – a landmark transaction and the largest in IG's history. The deal underscores IG's ambition to continue to strengthen its global presence as a multi-product trading and investments provider. Further details on our strategic progress can be found on page 8.

Directors' Remuneration Report and Policy continued

2020 AGM and Directors' Remuneration Policy

As detailed in last year's Directors' Remuneration Report, we undertook a detailed review of the Directors' Remuneration Policy and we made a number of changes which were presented to shareholders at the AGM on 17 September 2020. I am pleased to report that the new Policy achieved strong support (88.1% in favour).

Throughout the process, the Committee engaged extensively with shareholders and I would like to once again thank those who took part in the consultations for their ongoing support in remuneration matters.

The Committee believes that the current Policy has operated well and as we intended. We therefore decided not to make any changes this year.

A summary of this Policy is provided below and the full Policy can be found on pages 104 - 116 of the 2020 Annual Report and Accounts, available in the 'investors' section of iggroup.com.

Incentive outcomes for the 2021 financial year

The sustained performance plan (SPP) for the 2021 financial year operated in line with the new Policy. The SPP award for the 2021 financial year was based on three metrics: earnings per share (EPS) (55%), relative Total Shareholder Return (TSR) (25%) and non-financial measures (20%). EPS performance for the 2021 financial year was 100.7 pence, which was significantly ahead of the maximum target, resulting in 100% of this element paying out, and our TSR over the period 1 June 2018 to 31 May 2021 was between median and upper quartile compared to the FTSE 250 (excluding investment trusts), which resulted in 78.4% of this element paying out. As a result, these elements paid out 74.6% in aggregate (out of a maximum of 80% for these two elements).

During the year, non-financial performance was very strong – reflected in an improved client experience and new client conversion (with high platform ratings), as well the business substantially achieving the strategic targets outlined in May 2019 a year earlier than planned. After careful consideration, the Committee judged that 94% of the total portion of the award based on non-financial strategic operational objectives should pay out to reflect this strong overall performance.

Based on the above, the Committee determined that 93.4% of the SPP award for the 2021 financial year should be awarded. This award will be granted following the announcement of results for the year and will be delivered 30% in cash, 20% in share options released in July 2024 and 50% in share options released in July 2025.

In determining the level of payout, the Committee carefully considered whether pay outcomes were appropriate, a fair reflection of the underlying performance of the business and aligned with the experience of shareholders, employees and other stakeholders.

As part of this determination of the performance outcome the Committee took into account the following:

- → TSR performance over the past three years is +29.4%, which is between the median and upper quartile compared to comparators
- → Our revenue and EPS performance are the highest in our history, representing increases of c.31% and c.54% on prior year
- → Nearly all of our employees participate in the Group annual bonus plan and therefore they will also benefit from the improvement in performance
- → We continue to pay a dividend for the 2021 financial year of 43.2 pence per share
- → We have made strong progress on the delivery of our strategy, strengthening the business and positioning it for future growth
- → We have not needed nor taken any support from the government's Coronavirus Job Retention Scheme (often referred to as the furlough scheme)

Overall, the Committee concluded that the level of the SPP award for the 2021 financial year was a fair reflection of the shareholder value delivered through the increase in share price as well as the enhanced financial performance, and that it was appropriate in the context of the experience of our other stakeholders. The Committee did not apply any discretion to the outcomes of the SPP.

Board changes

Executive Directors

As detailed in last year's report, Paul Mainwaring, CFO, stepped down from the Board on 1 June 2020 and remained with the Company until 26 June in order to facilitate a comprehensive handover. Details of his leaving arrangements can be found on page 95. Charlie Rozes was appointed as the Group's new CFO and he joined the Board on 1 June 2020. Details of Charlie's remuneration arrangements can be found below in the Annual Report on Remuneration starting on page 88. Bridget Messer, CCO, will be stepping down from the Board on 22 September and will be treated as good leaver for the purposes of the SPP. More details on this can be found on page 96.

Non-Executive Directors

On 30 December 2020, Jim Newman retired from the Board. He was paid his fees to this date. During the year, we welcomed Rakesh Bhasin, Wu Gang and Lisa Pollina (who subsequently resigned) to the Board as new Non-Executive Directors.

Directors' Remuneration Report and Policy continued

Wider workforce remuneration

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

The Company has a People Forum which is attended by employee representatives from across the Group. The People Forum discusses pay as well as other matters which affect employees. I attended the People Forum during the year and was able to hear participants' views on pay at IG. The People Forum also requested that the Group provide an explanation of IG's pay structures, and this was shared with employees in June 2020. The details provided included an explanation of executive pay at the Group as well as explaining how this is reported.

We are now in our second year of disclosing the CEO pay ratio (further details are provided on page 97) and we have also reported our latest gender pay gap as part of the Gender Pay Gap Report, which can be found on our website, iggroup.com.

Looking ahead

The Group is well positioned to continue to build on the strong performance demonstrated in recent years and we look forward to continuing to deliver strong returns to our shareholders. Having completed a thorough review of the Directors' Remuneration Policy in 2020, the Committee is focused on its successful implementation and is satisfied that the current policy is aligned to the Group's strategic ambitions.

As economies and societies around the world continue to face challenges stemming from the global Covid-19 pandemic, the Committee will remain focused on ensuring that remuneration outcomes remain aligned to the experiences of our shareholders, employees and other stakeholders.

Salaries

Salaries for the Executive Directors for 2021 will be increased in line with the wider UK workforce by 0.73%. The new salaries, which apply from 1 June 2021, are:

June Felix (CEO) – £614,500
Charlie Rozes (CFO) – £493,500
Bridget Messer (CCO) – £379,000
Jon Noble (COO) – £379,000

Incentives for 2022

There are no planned changes to the incentive levels in the 2022 financial year, with the maximum opportunity under the SPP remaining at 500% of salary for the CEO and 400% of salary for the other Executive Directors. SPP awards for the 2022 financial year will continue to be based 55% on EPS performance, 25% on TSR performance relative to the FTSE 250 (excluding investment trusts) and 20% on non-financial measures. Further details of performance conditions attached to the 2022 incentives can be found below on page 144.

Upcoming regulatory change

The Committee has been keeping abreast of remuneration regulatory developments, particularly with the introduction of the FCA's new Investment Firms Prudential Regime (IFPR) and the EU's Investment Firm Directive and Regulation (IFD/IFR), which will impact IG Group's Regulated Entities – including IG Index Limited, IG Markets Limited, IG Europe GmbH, Spectrum MTF Operator GmbH and Brightpool Limited – from the 2023 financial year onwards for UK companies and from 26 June 2021 for non-UK companies. The Group is in the process of implementing these new rules and will consult with shareholders if any substantive changes are required to the Directors' Remuneration Policy.

Conclusion

The Committee is satisfied that our outcomes for the 2021 financial year are aligned with the interests of shareholders, that they reflect performance over this challenging year and that the Policy has operated as intended. I look forward to receiving your support for the Directors' Remuneration Report at the AGM on 22 September 2021.

HELEN STEVENSON
CHAIR OF THE REMUNERATION COMMITTEE
22 JULY 2021

Summary of 2020 Directors' Remuneration Policy

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

Objectives of the Remuneration Policy

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

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

Remuneration Policy table

The following table summarises each element of the Remuneration Policy for the Executive Directors, and provides an overview of how Remuneration Policy will be implemented for the 2022 financial year.

We have not made any changes to the Directors' Remuneration Policy that was approved at the 2020 AGM on 17 September 2020. Full details of the approved Policy are included within the 2020 Annual Report and Accounts which can be viewed in the 'investors' section on our website iggroup.com

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation for FY22
Base salary				
To recruit and retain key employees of an appropriate calibre to deliver the strategic objectives of the Company.	Base salaries are normally reviewed by the Committee annually, with salary increases effective from 1 June. Base salaries are set taking into account: → Scale, scope and responsibility of the role → Experience of the individual and his or her 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	Whilst there is no maximum salary, increases will normally be in line with the typical increases awarded to other employees in the Group. However, increases may be above this level in certain circumstances.	None	The Remuneration Committee has agreed that salaries will be increased by 0.73% this year in line with the average increase for the wider workforce. Salaries from 1 June 2021 are therefore: → Chief Executive Officer – £614.5k → Chief Financial Officer – £493.5k → Chief Commercial Officer – £379k → Chief Operating Officer – £379k

Directors' Remuneration Report and Policy continued

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation for FY22
Pension and benefits				
Competitive, cost-effective flexible pension and benefits allowance to help recruit and retain Executive Directors.	Executive Directors are eligible to participate in the Company's flexible pension and benefits plan, from which Executive Directors can receive a range of benefits, Company pension contribution or cash allowance. Executive Directors may participate in a share incentive plan (SIP), savings-related share option scheme (SAYE) or any other all-employee plans on the same basis as other employees up to HMRC-approved limits. The Committee may introduce other benefits if it is considered appropriate to do so. Where appropriate, the Company may provide support to Executive Directors in the preparation of their tax returns. Executive Directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred. Where an Executive Director is required to relocate to perform their role, the appropriate one-off or ongoing benefits may be provided (eg housing, schooling etc).	The maximum pension and benefits allowance for Executive Directors will be in line with the allowance available to the wider workforce in the UK. This rate is currently 12% of salary. Executive Directors may participate in a SIP, SAYE or other all-employee plan up to the same maximum as other employees.	None	Pension and benefits allowances for Executive Directors for FY22 are unchanged and are as follows: → Chief Executive Officer – 12% of salary → Chief Financial Officer – 12% of salary → Chief Commercial Officer – 12% of salary → Chief Operating Officer – 12% of salary This is in line with the rate available to the wider workforce.

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation for FY22
Share ownership policy				
This aligns the interests of management and shareholders both in- and post-employment and promotes a long-term approach to performance and risk management.	Executive Directors are expected to build a holding of shares to the value of a minimum of 200% of base salary. It is normally expected that the shareholding guideline would be met within five years from the date of appointment (unless exceptional circumstances apply). The Committee will review progress annually, with an expectation that Executive Directors will make progress towards achieving the shareholding policy each year. Following ceasing to be an Executive Director, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years. This guideline applies to shares that are released from the SPP on or after the adoption of the new Policy at the 2020 AGM. Any shares purchased by the Executive Directors will not be subject to the guideline.	Not applicable	None	The current shareholdings for the Executive Directors are: → Chief Executive Officer – 506% of salary → Chief Financial Officer – 97% of salary → Chief Commercial Officer – 391% of salary → Chief Operating Officer – 468% of salary

Directors' Remuneration Report and Policy continued

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation for FY22
Sustained performance plan				
The sustained performance plan (SPP) provides a single incentive plan for Executive Directors rather than having separate annual and long-term plans. It provides a simple and competitive incentive mechanism that encourages and rewards both annual and sustained long-term performance, linked to the 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.	Awards are made after the announcement of results relating to each 'plan year'. For the FY21 onwards, plan contributions pay out as follows: → 30% of the award is delivered in cash shortly following the end of the plan year → 20% of the amount earned will be awarded in shares which will be released to participants following the end of the fourth financial year that follows the start of the plan year → 50% of the amount earned will be awarded in shares which will be released to participants following the end of the fifth financial year that follows the start of the plan year The Remuneration Committee retains discretion to scale back the vesting of awards at the end of years four and five if the underlying performance of the participant and/or the Group does not justify the payout of the award.	The maximum plan contribution in respect of a plan year is 500% of salary for the Chief Executive Officer and 400% of salary for other Executive Directors.	Awards are determined based on performance for the prior financial year (financial and strategic measures) and for up to three financial years ending with the plan year TSR measures. Performance measures may comprise, for example, EPS targets, TSR and strategic non-financial measures. The Committee may vary performance measures from year to year in accordance with strategic priorities and the regulatory environment. No more than 25% of the award will normally be payable for threshold levels of performance. The Committee may, in its discretion, adjust SPP awards, if it considers that the outcome does not reflect the underlying financial or non-financial performance of the participant and/or the Group over the relevant period or that such vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgment the Committee may take into account such factors as the Committee considers relevant.	For FY22 the maximum plan contribution will continue to be 500% of salary for the Chief Executive Officer and 400% for other Executive Directors. For FY22 the level of plan contribution will be based on: → 55% earnings per share performance → 25% on relative TSR compared to the FTSE 250 (excluding investment trusts) → 20% on non-financial measures Performance for EPS and non-financial measures will be assessed over the 2022 financial year. TSR performance will be assessed over the three-year period from 1 June 2019 to 31 May 2022. EPS targets and non-financial measures are considered to be commercially sensitive and therefore have not been disclosed. The Committee's intention is that these targets will be disclosed retrospectively in next year's annual remuneration report.

Further details on performance measures

For the 2022 financial year it is intended that SPP awards will be based on a combination of EPS, TSR and non-financial strategic and operational performance measures.

Metrics	Rationale and link to the strategic KPIs	Further details
TSR relative to the FTSE 250 (excluding investment trusts) (25% weighting)	TSR measures the total return to the 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 the Group performs on a range of other metrics, including financial indicators such as revenue, profit, cash generation and dividends, and non-financial indicators such as client satisfaction and operational performance.	TSR will be assessed over the period 1 June 2019 to 31 May 2022. 25% of this portion will be awarded for median performance with 100% of this portion being awarded for upper quartile performance (straight-line assessment in-between).
EPS (55% weighting)	EPS is a key indicator of the profits generated for shareholders, and a reflection of both revenue growth and cost control.	EPS targets will be assessed based on performance for the year ending 31 May 2022. The Committee sets EPS targets taking into account relevant factors including Board-approved budget, market consensus expectations and historical targets. Payouts start to accrue for reaching threshold levels of performance with 100% of this portion being awarded for the achievement of maximum performance.

Non-financial strategic and operational performance schemes (20% weighting)

The non-financial metrics are specifically designed to measure factors important to the IG Group in continuing to operate on a profitable and sustainable basis for the long term. These metrics focus on our core priorities in line with the Group's strategy. The Committee has reviewed the approach to the non-financial measures for FY22 to ensure that they were clear, simple and focused on the Group's key priorities. These goals include a number of objectives which are focused on IG's sustainability agenda both from an environmental, people and societal perspective. Non-financial measures have been grouped into four categories: strategic drivers (40%), client experience (25%), people and culture (25%) and environmental & social impact (10%).

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 delivering profit and shareholder value in the future.

Strategic drivers 40%	The delivery of the Group's strategic initiatives is key to IG's future financial performance and growth. Strategic delivery targets are set across IG's key strategic initiatives with clear owners for each. The targets reflect key deliverables or milestones for the financial year, which will position IG for growth in future years.	Performance against these targets will be assessed by the Remuneration Committee, based on items delivered over the financial year ending 31 May 2022. For FY22 the measures are based on the key strategic initiatives for the Group, which are in line with the Board-approved strategy. The key strategic initiatives in focus for financial year 2022 are the success of the acquisition and integration of tastytrade, the growth of IG's exchange traded derivatives business in Europe, and key initiatives that provide scalability to IG's technology and operational environments.

Directors' Remuneration Report and Policy continued

Metrics	Rationale and link to the strategic KPIs	Further details
Client experience[1] 25%	Providing clients with a compelling, rewarding and engaging experience is central to IG's ability to attract and retain clients. IG has a sophisticated, high-quality and loyal client base and in order to maintain and grow this, the Group focuses on all aspects of customer experience. Performance is tracked and measured via reference to a variety of metrics which provide insight into either specific elements of the customer experience, or the overall experience.	Performance against these measures will be assessed over the financial year ending 31 May 2022. Following the end of the year, the Committee assesses performance relative to prior years, internal targets and sector averages. This metric is assessed across three areas: customer satisfaction, IT availability and complaints performance.
People and culture[1] 25%	IG believes having a strong, compliant culture which embodies IG's values and excellent conduct is an important differentiator and helps to contribute to business success and risk management. Having appropriate and diverse talent available and engaged is a prerequisite for successful delivery of IG's strategy.	Performance against these measures will be assessed over the financial year ending 31 May 2022. The Committee assesses performance based on the outcome of the annual engagement survey, which is administered by a third party, and IG's performance against its strict internal conduct standards. Furthermore, iconic actions against IG's purpose will be assessed, as will progress against diversity and inclusion targets.
Environmental and societal impact[1] 10%	The Committee considered it important that management are incentivised and rewarded for progress against our objective of playing a sustainable role in the environment and societies in which we operate. These metrics include the impact that IG has within the broader communities in which it operates and the impact it has on the environment.	Performance against these measures will be assessed over the financial year ending 31 May 2022. Following the end of the year, the Committee assesses performance against internal targets and sector averages. Assessment takes account of activities and achievements during the year. For example, societal impact will be measured through the number of young people positively impacted by the Brighter Future educational initiatives, amongst other measures. IG's environmental impact will be measured through its scope 1 - 3 emissions and progress towards becoming a net zero organisation.

1 In line with the development and introduction of our Brighter Future strategy, we have embedded ESG-aligned metrics in the 'client experience', 'people and culture' and 'environmental and societal impact' sections of our non-financial metrics. For example diversity and inclusion, business ethics and information security.

Chairman and Non-Executive Directors

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

Purpose and link to strategy	Operation	Opportunity	Implementation for FY22
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 of his or her Board duties. Non-Executive Directors receive a fee for carrying out their duties. They may receive additional fees if they chair the Board Committees, and for holding the post of Senior Independent Director. Additional fees may be paid for additional time commitments if considered appropriate. Committee membership fees may be paid. Reasonable costs in relation to travel and accommodation for business purposes are reimbursed to the Chairman and Non-Executive Directors. The Company may meet any tax liabilities that may arise on such expenses. The Chairman and Non-Executive Directors do not receive a pension and benefits allowance or participate in incentive schemes. Non-significant benefits may be introduced if considered appropriate. Details of current fee levels are set out in the Annual Report on Remuneration starting on page 88.	The Board has reviewed the Non-Executive Director fees and agreed that the basic fee will be increased this year in line with the salary increase for the wider workforce The fees from 1 June 2021 are therefore as follows: → Non-Executive Director base fee – £65,500 → Committee Chairs (other than the Nomination Committee) – £25,000 → Senior Independent Director – £15,000 → Committee membership fees (excluding the Nomination Committee and the Group Board Chairman) – £3,000 → Chairman fee – £302,000 Note an additional fee for chairing and membership of the ESG committee was introduced from 6 July 2020 and is in line with fees for other board committees.

Executive Directors' service contracts

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

The dates on which service contracts are entered into and notice periods are as follows:
- June Felix – 30 October 2018 (12 months' notice from either party)
- Charlie Rozes – 1 June 2020 (12 months' notice from either party)
- Bridget Messer – 22 May 2018 (six months' notice from either party)
- Jon Noble – 22 May 2018 (six months' notice from either party)

Non-Executive Directors' service contracts

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

Directors' Remuneration Report and Policy continued

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) 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 22 September 2021.

This part of the report includes a summary of how we implemented the Policy in the financial year ended 31 May 2021.

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

Implementation of Remuneration Policy in the financial year ending 31 May 2021

Total single figure of remuneration – Executive Directors (audited)

							Contribution to SPP account[5]			
Name of Director	Year	Fees/basic salary £000	Benefits allowance/ benefits[3] £000	Pension £000	Total fixed pay £000	Buy-out awards[4]	Vested element £000	Deferred element £000	Total variable pay £000	Total £000
J Felix	2021	610	85	–	695	–	855	1,994	2,849	3,544
	2020	600	124	–	724	–	972	1,944	2,916	3,640
P Mainwaring[1]	2021	2	–	–	2	–	2	4	6	8
	2020	411	70	–	481	–	533	1,065	1,598	2,079
J Noble	2021	376	41	4	421	–	422	985	1,407	1,828
	2020	370	35	9	414	–	480	959	1,439	1,853
B Messer	2021	376	42	4	422	–	422	985	1,407	1,829
	2020	370	35	9	414	–	480	959	1,439	1,853
C Rozes[2]	2021	490	56	3	549	309	549	1,282	1,831	2,689
	2020	–	–	–	–	–	–	–	–	–

1 P Mainwaring retired from the Board on 1 June 2020. Remuneration is shown to this date. He was entitled to a pro-rated SPP award in respect of his period of employment (to 26 June 2020) with a value totalling £117,663. This will be delivered 30% in cash and 70% in share options (which will be released 20% of the total amount in July 2024 and 50% of the total amount in July 2025).

2 C Rozes joined the Board on 1 June 2020. Remuneration is shown from this date.

3 Benefits can include critical illness cover, dental cover, health assessments, income protection cover, life assurance, travel insurance and private medical cover. It was agreed under the updated Remuneration Policy for FY21 that where appropriate, the Company may provide support to Executive Directors in the preparation of their tax returns. Assistance was provided to J Felix and B Messer and these costs came to £11,547 and £873 respectively (including any applicable tax costs). J Felix, C Rozes, J Noble and B Messer receive a flexible benefits and pensions allowance of 12% of base salary less any benefits taken. P Mainwaring received a flexible benefits and pensions allowance of 17% of base salary less any benefits taken. Executives have the option to receive part, or all, of their pension and benefits entitlement in cash.

4 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. Further details of these awards can be found under 'Buy-out awards for C Rozes' on page 93.

5 Figures provided are the cash values of the SPP contributions in respect of performance for the periods ending 31 May 2021 (ie plan year 8). 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 2024 and 50% of the total amount in July 2025. Details of SPP awards held in the plan account related to awards for prior years are provided in the Other Share Awards Outstanding table on page 94. As awards are included based on their value at the date of grant, no portion of the award disclosed is attributable to share price growth and the Committee did not exercise discretion in relation to share price.

As awards are included based on their value at the date of grant, no portion of the award disclosed is attributable to share price growth and the Committee did not exercise discretion in relation to share price.

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

Name of Director	Year	Fees[5] £000	Benefits[6] £000	Total £000
M McTighe[1]	2021	300	–	300
	2020	100	–	100
J Moulds	2021	102	–	102
	2020	167	–	167
R Bhasin[2]	2021	63	–	63
	2020	–	–	–
A Didham[3]	2021	81	–	81
	2020	47	–	47
Wu Gang[4]	2021	45	–	45
	2020	–	–	–
S-A Hibberd	2021	94	–	94
	2020	71	2	73
M Le May	2021	79	–	79
	2020	102	–	102
L Pollina[5]	2021	16	–	16
	2020	–	–	–
H Stevenson[6]	2021	86	–	86
	2020	14	–	14
Former Directors				
J Newman[7]	2021	56	–	56
	2020	96	–	96

1 M McTighe joined the Board on 3 February 2020. Remuneration for FY20 is shown from this date.
2 R Bhasin joined the Board on 6 July 2020. Remuneration is shown from this date.
3 A Didham joined the Board on 19 September 2019. Remuneration for FY20 is shown from this date.
4 Wu Gang joined the Board on 30 September 2020. Remuneration is shown from this date.
5 L Pollina joined the Board on 4 March 2021. Remuneration is shown from this date.
6 H Stevenson joined the Board on 18 March 2020. Remuneration for FY20 is shown from this date.
7 J Newman retired from the Board on 30 December 2020. Remuneration is shown to this date.
8 Other than in respect of the Chair, basic Non-Executive Director fees were £65,000 per annum with an additional £25,000 paid for chairing a Board Committee (other than the Nomination Committee) and £3,000 for membership of a committee (excluding the Nomination Committee). The Senior Independent Director also receives an additional fee. This was £10,000 until 17 September 2020 and was increased to £15,000 from this date.
9 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 the financial year ending 31 May 2021 (audited)

Performance targets for plan year 8 (financial year ending 31 May 2021) comprised EPS targets, TSR and non-financial measures. TSR performance was measured over the three-year period from 1 June 2018 to 31 May 2021, and EPS and non-financial measures over the financial year ending 31 May 2021.

Performance measure	Weighting	Threshold (25% payout for TSR and 0% for EPS)	Maximum (100% payout)	Actual performance	Percentage of maximum award to Directors
EPS	55%	41.1p	50.3p	100.7p (100% awarded)	100%
TSR	25%	Median ranking	Upper quartile ranking	+29.4% TSR 54th out 166 companies	78.4%
Non-financial	20%	0%	100%	94% awarded (see below for details)	94%
Total	**100%**				**93.4%**

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.

Directors’ Remuneration Report and Policy continued

Performance measures: how these are set, and a review of performance for the year ended 31 May 2021

Earnings per share (55% weighting)

At the start of the financial year, the Committee established an EPS range in order to measure the performance and determine the payouts under the SPP. In doing this, the Committee took into account a number of relevant factors, including Board-approved budget, market consensus expectations and historical targets as well as the ongoing uncertainty and market volatility in the context of the Covid-19 pandemic.

EPS performance for the 2021 financial year was 100.7 pence representing a 54% increase in respect of the previous year and more than double the maximum target set, and therefore the full portion of this element will be awarded.

Total Shareholder Return (25% weighting)

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

For the award to be granted in respect of the year to 31 May 2021, TSR was measured over the three-year period from 1 June 2018 to 31 May 2021. Actual TSR performance for the Group for the three-year period was 29.4% (2020: 62.1%). TSR was positioned between the median and upper quartile compared to the comparator group and therefore 78.4% this element will be awarded.

Non-financial measures (20% weighting)

The Committee approved a series of non-financial measures comprising client experience, strategic delivery, operational effectiveness, and culture, conduct and people during the year ended 31 May 2021. 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 94% (2020: 86.1%) of the potential payout under this element.

Performance highlights include seeing a 10% increase in employee engagement scores and materially achieving the strategic targets outlined in May 2019 a year earlier than planned.

The table below provides details of the individual measures considered and their performance assessment for the year ended 31 May 2021.

Component	Detail	FY21 outcome
Client experience	The Remuneration Committee use a number of indicators to measure performance against the client experience metric. In the 2021 financial year, IG scored 90% for this metric. In determining the score for this metric, the Remuneration Committee reviewed client satisfaction data for IG and other firms within the sector, as well as performance against internal KPIs. In keeping with last year, IG’s external client satisfaction ratings have been taken into consideration when assessing this metric, namely independent review website scores and mobile app ratings. Taking these into consideration ensures that IG maintains a consistent standard across a variety of external and internal measures. When assessing this metric, the Remuneration Committee has also taken into consideration client behaviour. Specifically, the proportion of revenue generated by IG’s long-standing client base compared to newer clients and the conversion of new clients through from starting the application form to placing their first trade. In the context of the demand placed on the business over the course of the 2021 financial year, these metrics have proven to be very robust compared to prior years and the Committee judged that 90% of this element should be awarded.	90%

Component	Detail	FY21 outcome
Strategic delivery	As part of the Board's strategic planning, there is a clear plan relating to strategic delivery projects provided to the Remuneration Committee at the start of the financial year. This details the underlying projects and deliverables set for delivery in the short-to-medium term. The Remuneration Committee uses this plan to judge the performance, and management's execution and delivery of the key strategic initiatives. This plan is in line with the strategic priorities outlined at the beginning of the 2021 financial year, and is split between Core Markets and the portfolio of Significant Opportunities. Both the Core Markets and the portfolio of Significant Opportunities performed very strongly during the 2021 financial year. As a result of the strong performance in financial year 2021, the strategic targets outlined in May 2019 have been materially achieved one year earlier than expected. In addition to materially achieving the strategic targets outlined in May 2019 a year earlier than planned, IG also announced the acquisition of tastytrade in the US. This strategic acquisition opens up the options and futures market in the US for IG, which is made up of over 1.5 million active traders and provides the next chapter of strategic growth for the Group. The Committee therefore judged that this element of the non-financial measures should be paid out in full.	100%
Operational effectiveness	IG achieved 100% rolling cumulative uptime in financial year 2021. This compares to 99.935% in the 2020 financial year and 99.99% in financial year 2019. When assessing this metric, the Remuneration Committee looked beyond just uptime and took into consideration the number and impact of client facing incidents that impacted IG's technology. This metric also encompassed the ability for IG to develop and stand-up a dedicated technology performance environment within financial year 2021. This capability was delivered one month earlier than expected and the results from the subsequent testing have started to inform IG's comprehensive technology resilience programme. The Remuneration Committee decided at the beginning of financial year 2021 that IT systems and stability should again represent 50% of the overall operational effectiveness non-financial metric. This reflects the crucial importance that the stability of IG's systems has on the Group as a whole. Additionally, when assessing this metric, the Remuneration Committee also take into consideration how IG respond to client queries within this metric. This is assessed against the challenging internal targets that IG sets itself to ensure it is able to provide a quick and effective response to clients when they contact IG. When assessing this metric for the financial year 2021, the Remuneration Committee also took into consideration the unprecedented demand seen by IG's client-facing people seen for sustained periods over the course of the year. The Committee therefore judged that 99% of this element of the non-financial measures should be paid out.	99%

Directors' Remuneration Report and Policy continued

Component	Detail	FY21 outcome
Culture, conduct and people	This measure is designed to ensure that IG has an engaged workforce with a strong compliant culture that embodies IG's values. This is to serve as a differentiator and contribute to business success and risk management. This metric is assessed against employee engagement, including a culture index score, 3 conduct related Board-reported KRIs and progress against diversity and inclusion targets. Both employee engagement and culture index are assessed by an anonymous survey administered by an external third party. IG achieved a people engagement score of 74% in the 2021 financial year, which was 10% higher than the 2020 financial year. This was a significant achievement and has been driven by a number of internal initiatives aimed at increasing engagement, following a small decrease in people engagement between the 2019 and 2020 financial years. Additionally, IG's culture index score increased by 2% year-on-year to 80%, with commitment to ethical business decisions and conduct and the executive team showing commitment to providing high quality products and services scoring particularly strongly. IG scored well against the Board-reported conduct KRIs and reported significant progress against its two-year diversity and inclusion targets outlined at the start of the 2020 financial year. During this period, IG employed over 100 women across the organisation. The Committee therefore judged that 87% of this element of the non-financial measures should be paid out.	99%

In addition to considering the performance against the measures outlined above, the Committee may at its discretion decide to reduce the level of SPP awards granted if it considers that the Company's or individual's performance for the relevant measurement period does not warrant the level of award or to take account of such other factors as it considers appropriate.

Overall, the Committee determined that 93.4% of the SPP award for the 2021 financial year should be awarded. This award will be granted following the announcement of results for the year and will vest in accordance with the Policy.

In determining the level of payout, the Committee carefully considered whether pay outcomes were appropriate, a fair reflection of the underlying performance of the business and aligned with the experience of shareholders, employees and other stakeholders, particularly in light of the current climate.

As part of this consideration the Committee took into account the following:

- The Group has achieved exceptional performance in exceptional circumstances this year. Our people have performed strongly, rapidly making changes to the ways of working to ensure that the Group was able to convert increased client trading volume to enhanced shareholder value
- Our revenue and EPS performance are the highest in our history, representing a 31% and 54% increase on prior year
- TSR performance over the past three years is +29.4% which is between the median and upper quartile compared to comparators
- Nearly all of our employees participate in the Group annual bonus plan and therefore they will also benefit from the increase in performance
- We continue to pay a dividend for the 2021 financial year of 43.2 pence per share
- We have made good progress on the delivery of our strategy, strengthening the business and positioning it for future growth

Overall, the Committee concluded that the level of the SPP award for the 2021 financial year was a fair reflection of the shareholder value delivered through the increase in share price, as well as the enhanced financial performance, and that it was appropriate in the context of the experience of our other stakeholders.

Overall summary

Based on the performance for the financial year ending 31 May 2021, we will grant awards under the SPP at 93.4% of the maximum potential payout to the Executive Directors after the announcement of the results. The actual number of shares that will be contributed to a Director's plan account will be based on the ten-day average share price immediately prior to grant.

Since its introduction eight years ago, the average payout under the SPP is 62.7% 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**	8-year average
SPP contribution (% maximum)	54%	41%	90%	27%	80%	18.6%	97.2%	**93.4%**	62.7%

Awards granted during the year ended 31 May 2021 (audited)

The SPP awards granted during the financial year ended 31 May 2021 in respect of performance to 31 May 2020 (plan year 7) are as follows:

	Contribution						
	% of salary	Value of options awarded	Number of options awarded[1]	Number of options in the plan account after plan year 7 contribution[2]	Number of options vested and exercised during the year[3]	Number of options lapsed	Number of options in the plan account at the end of the year
J Felix	486%	£2,916,000	392,649	433,483	144,494	–	288,989
P Mainwaring	389%	£1,597,968	215,171	350,922	116,974	–	233,948
B Messer	389%	£1,438,856	193,707	336,123	112,042	–	224,081
J Noble	389%	£1,438,856	193,707	345,130	115,044	–	230,086

1 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 2020 of 742.8 pence per share. Awards were granted in the form of nominal cost options and are subject to continued employment. The release of shares is subject to the satisfaction of the underlying financial performance to be tested in the final year of the plan. Full details of performance targets applied to the FY20 SPP awards and the assessment of performance against targets are set on out pages 118 to 121 of the 2020 Directors' Remuneration Report.

2 In addition to the awards made in respect of plan year 7, this also includes the brought forward number of options in the plan account from plan years 1 - 6 (where relevant) with its respective accrued dividend shares.

3 The closing share price on 6 August 2020, the date of exercise, was £7.34.

For Awards granted in respect of years up to and including the financial year ending 31 May 2020 (plan years 1 - 7), in accordance with the scheme rules 33.3% of the cumulative awards in the plan account will vest in August 2021, with the vesting of the remaining options deferred. The August 2021 vesting will include additional dividend shares accrued as follows in respect of plan year 1 - 7 awards held in the plan account: J Felix 305,223, J Noble 243,012 and B Messer 236,671 based on reinvestment at the dividend payment date.

Buy-out awards for C Rozes (audited)

As detailed on p124 of the 2020 Annual Report, on leaving his previous role, Charlie forfeited a number of share awards which the Company has 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. The awards granted are intended to represent awards of equal value to those which were given up by Charlie and the awards are subject to continued employment and malus and clawback provisions. The table below summarises the awards granted to Charlie.

	Number of nominal cost options granted	Value of options awarded[1]	Performance conditions	Vesting dates of award
Restricted share award	35,628	£261,510	N/A	50% on 1 May 2021 and 50% on 1 May 2022
Performance share award	35,616	£261,421	Average of the performance outcome of the SPP for FY21 and FY22	30 June 2022
Market value option award	6,535	£47,967	N/A	One third on each of the following dates: 1 May 2021, 1 May 2022 and 1 May 2023

1 The share price used to determine the value of awards was £7.34, the closing share price on 6 August 2020.

Directors' Remuneration Report and Policy continued

Awards to be granted in respect of the year ended 31 May 2021

SPP awards for the financial year ending 31 May 2021 will be delivered 30% in cash, 20% in share options released in July 2024 and 50% in share options released in July 2025.

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 8 (ie performance to 31 May 2021), are set out below:

	Event	Plan contribution in respect of period ended 31 May 2021 (estimated number of options)[1]
J Felix	Plan year 8	232,682
B Messer	Plan year 8	114,892
J Noble	Plan year 8	114,892
C Rozes	Plan year 8	149,527

1 Executive Directors will be granted awards, in respect of 70% of the amount earned, for plan year 8 following the announcement of results for the year ended 31 May 2021 on 22 July 2021. 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 857 pence, being the share price on 28 May 2021. 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 2020	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 21
J Felix							
SIP: matching shares	6 Aug 19	565.29p	318	0	0	0	318
SIP: matching shares	6 Aug 20	743.66p	0	242	0	0	242
Total			**318**	**242**	**0**	**0**	**560**

	Award date	Share price at award date	Number as at 31 May 2020	Number awarded during the year	Number lapsed during the year	Number exercised during the year	Number outstanding at 31 May 21
J Noble							
SIP: matching shares	6 Aug 19	565.29p	318	0	0	0	318
Total			**318**	**0**	**0**	**0**	**318**

	Award date	Share price at award date	Number as at 31 May 2020	Number awarded during the year	Number lapsed during the year	Number of dividend equivalents added at vesting	Number exercised during the year	Number outstanding at 31 May 21
C Rozes[1]								
Buy-out award[2]	6 Aug 20	734.00p	0	35,628	0	999	18,813	17,814
Buy-out award[3]	6 Aug 20	734.00p	0	35,616	0	0	0	35,616
Buy-out award[4]	6 Aug 20	734.00p	0	6,535	0	120	2,298	4,357
Total			**0**	**77,779**	**0**	**1,119**	**21,111**	**57,787**

1 On leaving his previous role, C Rozes forfeited a number of share awards which the Company has bought out on a like-for-like basis as summarised in the table above. For details of these awards see the 2020 Annual Report.
2 An award of restricted shares vesting in equal tranches on 1 May 2021 and 1 May 2022 (subject to continued employment).
3 An award of performance shares vesting on 30 June 2022 to the same extent as the average vesting outcome for the financial years ending 31 May 2021 and 31 May 2022 of awards granted under the IG Group Sustained Performance Plan.
4 An award of restricted shares vesting in equal tranches on 1 May 2021, 1 May 2022 and 1 May 2023 (subject to continued employment).

Table of Directors' share interests (audited)

	Legally owned[7]		Share awards with performance conditions	Share awards without performance[8,9]	Vested but unexercised	Total	% of salary held under shareholding policy[10]
	31 May 2020	31 May 2021				31 May 2021	% salary
Executive Directors							
J Felix	96,774	206,111	–	289,549	-	489,024	506%
B Messer	53,172	53,172	–	224,081	-	277,253	391%
J Noble	82,663	83,207	–	230,404	-	313,611	468%
C Rozes[1]	53,172	25,111	35,616	22,171	-	82,898	97%
Non-Executive Directors							
M McTighe	–	6,600	–	–	–	6,600	–
J Moulds	–	–	–	–	–	–	–
R Bhasin[2]	–	–	–	–	–	–	–
A Didham	–	–	–	–	–	–	–
S-A Hibberd	–	–	–	–	–	–	–
Wu Gang[3]	–	–	–	–	–	–	–
M Le May	–	–	–	–	–	–	–
H Stevenson	–	–	–	–	–	–	–
L Pollina[4]	–	–	–	–	–	–	–
Former Directors							
P Mainwaring[5]	120,993	–	–	233,948	–	233,948	259%
J Newman[6]	–	–	–	–	–	–	–

1 C Rozes joined the Board on 1 June 2020.
2 R Bhasin joined the Board on 6 July 2020.
3 Wu Gang joined the Board on 30 September 2020.
4 L Pollina joined the Board on 4 March 2021. She stepped down from the Board on 9 July 2021.
5 P Mainwaring stepped down from the Board on 1 June 2020.
6 J Newman retired from the Board on 30 December 2020.
7 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.
8 These figures include the number of matching shares held at 31 May 2021 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.
9 This figure excludes awards under the SPP scheme for performance year ending 31 May 2021, which will be granted following the announcement of the Group's results on 22 July 2021. The awards held in the SPP plan account include those in respect of plan years 1 - 7 as at 31 May 2021.
10 Calculated as shares owned on 31 May 2021 plus the unvested shares held within the SPP on a net of tax basis at the closing mid-market share price of 857 pence on 28 May 2021.

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 2021 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 2021 are not included in this table (see page 94 for details).

Leaving arrangements for Paul Mainwaring

As disclosed in the 2020 Annual Report and Accounts, Paul Mainwaring, CFO, retired from the Board on 1 June 2020 and remained with the Company until 26 June 2020. Between 2 June and 26 June Paul was paid his salary of £29,489 and pay in respect of unused holiday of £22,130. Paul also received income protection, life assurance and private medical insurance, as well as receiving a pro-rated portion of his remaining benefits allowance in cash of £4,765.

Paul received pay in lieu of notice totalling £444,440. Of this, £379,863 was in lieu of salary and £64,577 was in lieu of benefits. Paul was also entitled to a pro-rated SPP award in respect of his period of employment (to 26 June 2020). As noted above the SPP in respect of FY21 vested at 93.4% and therefore the total value was £117,663. This will be delivered 30% in cash and 70% in share options (which will be released 20% of the total amount in July 2024 and 50% of the total amount in July 2025).

Directors’ Remuneration Report and Policy continued

Leaving arrangements for Bridget Messer

Bridget Messer, CCO, will be stepping down from the Board on 22 September. Bridget will be treated as a good leaver for the purposes of the SPP awards which she holds and will also receive a pro rata SPP award in respect of the 2022 financial year for her period in employment. The outstanding share options Bridget holds in her SPP account will be released to her in accordance with the plan’s rules and are subject to malus and clawback provisions. We will publish further details of her leaving arrangements at the point she steps down from the Board and within next year’s Directors’ Remuneration Report.

Payments to past Directors (audited)

No payments were made to past Directors in the year.

Change in directors’ remuneration compared to Group UK employees

The table below sets out the percentage change in remuneration for each of the Directors between year ended 31 May 2020 and 31 May 2021. There are no employees in IG Group Holdings plc, and therefore we have voluntarily disclosed the change in remuneration for UK Group employees.

	Base salary	Taxable benefits	Performance-related remuneration
	% change (FY21/FY20)	% change (FY21/FY20)	% change (FY21/FY20)
Executive Directors			
J Felix	1.7%	-21%	-2.3%
B Messer	1.7%	3.6%	-2.3%
J Noble	1.7%	1.7%	-2.3%
C Rozes[1]	–	–	–
Non-Executive Directors			
M McTighe[2]	300%	–	–
J Moulds	-39%	–	–
R Bhasin[3]	–	–	–
A Didham[4]	72%	–	–
S-A Hibberd	32%	-100%	–
Wu Gang[5]	–	–	–
M Le May	-23%	–	–
H Stevenson[6]	614%	–	–
L Pollina[7]	–	–	–
Group UK employees[8]	**1.7%**	**1.7%**	**25%**

1 C Rozes was appointed to the Board on 1 June 2020
2 M McTighe joined the Board on 3 February 2020.
3 R Bhasin joined the Board on 6 July 2020.
4 A Didham joined the Board on 19 September 2019.
5 Wu Gang joined the Board on 30 September 2020.
6 H Stevenson joined the Board on 18 March 2020.
7 L Pollina joined the Board on 4 March 2021.
8 Employee group consists of individuals employed by IG Index Limited the main UK employing entity. Median employee salary, benefits and bonus have been calculated on a full-time equivalent basis. Salary and benefits are calculated as at 31 May, bonus is that earned during the year ending 31 May.

Relative importance of spend on pay

The following table sets out the dividends and overall spend on pay over the past financial year:

	2021 £m	2020 £m	Percentage change
Dividends	**159.7**	159.5	0.1%
Employee remuneration costs	**182.9**	160.7	13.8%

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
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 'method 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 method 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 2021 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	£51,000	£63,870
50th percentile	£65,000	£88,550
75th percentile	£85,000	£123,950

The CEO pay ratio has been rounded to the nearest whole number. The ratios for FY21 are slightly lower than FY20 which reflects the slightly lower SPP outcome for FY21 compared to the previous year.

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 which have on average increased compared to FY20 given the Company's excellent performance. Taking into account the above, the Committee believes that the CEO's pay ratio and the year-on-year change is a fair in the context of our approach to remuneration more broadly within the organisation.

Statement of shareholder voting

The Directors' Remuneration Policy was approved at the 2020 AGM. The Directors' Remuneration Report for the financial year ended 31 May 2020 was approved at the 2020 AGM. The following votes were received:

	2020 Remuneration Policy	
	Total number of votes (000s)	% of votes cast
For[1]	268,201	88.1%
Against	36,221	11.9%
Total	304,422	100%
Withheld	9,350	–

1 'For' includes votes at the Chairman's discretion.

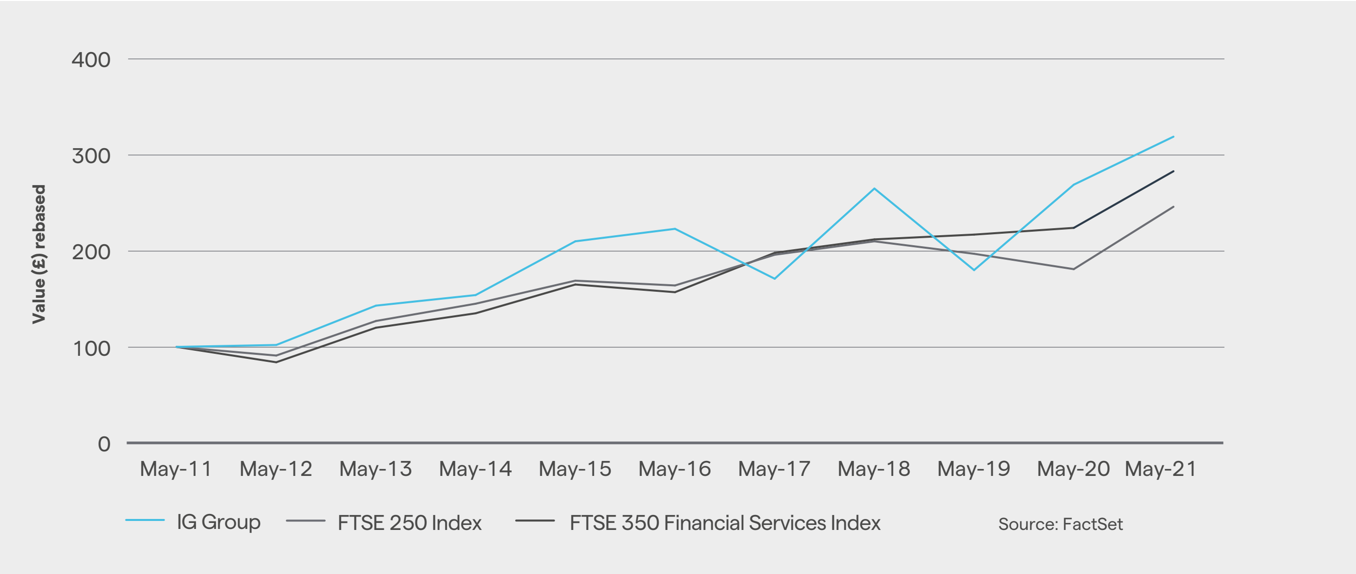
	2020 Annual Report on Remuneration	
	Total number of votes (000s)	% of votes cast
For[1]	301,681	96.2%
Against	11,956	3.8%
Total	313,646	100%
Withheld	135	–

1 'For' includes votes at the Chairman's discretion.

Directors' Remuneration Report and Policy continued

Total Shareholder Return chart

This graph shows the value, by 31 May 2021, of £100 invested in the Group on 31 May 2011 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			June Felix		
	Single figure remuneration	Annual bonus outcome[1]	LTIP/ VSP/SPP vesting outcome	Single figure remuneration	Annual bonus outcome[1]	LTIP/ VSP/SPP vesting outcome	Single figure remuneration	Annual bonus outcome[1]	LTIP/ VSP/SPP vesting outcome
2012	2,201	99%	61%	–	–	–	–	–	–
2013	1,103	47%	6%	–	–	–	–	–	–
2014	1,970	–	3%,[2] 54%[3]	–	–	–	–	–	–
2015	1,519	–	41%	–	–	–	–	–	–
2016	210	–	0%	2,641[4]	–	90%	–	–	–
2017	–	–	–	1,452	–	27.1%	–	–	–
2018	–	–	–	2,974	–	80%	–	–	–
2019	–	–	–	777[5]	–	18.64%	780[6,7]	–	18.64%
2020	–	–	–	–	–	–	3,640	–	97.2%
2021	**–**	**–**	**–**	**–**	**–**	**–**	**3,544**	**–**	**93.4%**

1 The SPP replaced the annual bonus and value sharing plan schemes from the financial year ending 31 May 2014.
2 Relates to VSP award to T Howkins.
3 Relates to SPP award to T Howkins.
2 P Hetherington was appointed CEO on 15 October 2015, prior to this he was Chief Operating Officer. This figure includes a portion of the remuneration that he received during this period.
3 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.
4 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.
5 J Felix was appointed CEO on 30 October 2018, prior to this she was an NED on the Board. The figure includes a portion of the remuneration that she received as an NED between 1 June 2018 and 30 October 2018.

Remuneration Committee's role

The Committee's principal roles are summarised below:

- Make recommendations to the Board on the Group's 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 the Group's objectives
- Set and agree with the Board a competitive and transparent remuneration framework which is aligned to the Group's strategy and is in the interest 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 the Group's Remuneration Policy, ensuring it is consistent with effective risk management across the Group, and consider the implications of this Remuneration Policy for risk and risk management
- Determine and agree the policy for the remuneration of the Company Chairman and the Executive Directors
- Review pay, benefits and employment conditions and the remuneration trends across the Group
- Approve the structure of share-based awards under the Group's 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 the Group Remuneration Policy for risk and risk management
- Monitor regulatory developments, including those affecting UK-listed companies and financial services firms, to ensure the Company's Remuneration Policy is consistent with these
- Establish the selection criteria, appoint and set the Terms of Reference (ToR) for any remuneration consultants who advise the Committee

The full ToR for the Committee can be found on the Group's website, iggroup.com. To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's ToR, is approved by the Committee.

Activity during the financial year

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

- Reviewing the Directors' Remuneration Policy and the operation of the SPP
- Reviewing the Directors' Remuneration Report published in the 2020 Annual Report and Accounts
- Reviewing the fee for the Company Chairman and Executive Directors' remuneration for the 2021 financial year
- Reviewing performance against targets for the 2021 SPP award, the vesting of long-term incentive plan awards and for the determination of the bonus pool
- Reviewing the remuneration and bonus awards, including for senior management
- Reviewing the proposed targets for the 2022 financial year SPP, including agreeing the non-financial metrics
- Reviewing the performance of the Group's sales incentive plans to gain assurance that their design helps promote good conduct
- Reviewing remuneration-related risks, remuneration code staff reward outcomes and gender pay gap reporting
- Reviewing developments in market practice and corporate governance relating to remuneration

Advice to the Committee

During the financial year ended 31 May 2021, the Committee consulted the Chief Executive Officer about remuneration matters relating to individuals other than herself. The Chief People Officer and the Employment Tax and Reward Manager provide support to the Committee. The Company Secretary is secretary to the Committee and also provided advice and support as required.

Membership and attendance of the Remuneration Committee

The Remuneration Committee is composed of Independent Non-Executive Directors (NEDs). Following the Board re-organisation there have been a number of changes to Committee membership this year. The current members of the Remuneration Committee are Helen Stevenson (Chair), Jonathan Moulds, Sally-Ann Hibberd, Andrew Didham and Mike McTighe. Jonathan Moulds, Sally-Ann Hibberd, Andrew Didham and Mike McTighe joined the Committee on 19 November 2020.

Malcolm Le May stepped down as Chair and from the Committee on 17 September 2020, subsequently Helen Stevenson became Chair of the Committee on this date. Jim Newman retired from the Board and stepped down from the Committee on the 30 December 2020. The members of the Committee during the year are set out below, together with their attendance at meetings.

Directors' Remuneration Report and Policy continued

COMMITTEE MEMBERS AS AT 31 MAY 2021	ELIGIBLE TO ATTEND	ATTENDED
Helen Stevenson – Chair[1]	6	6
Andrew Didham[2]	2	2
Sally-Ann Hibberd[2]	2	2
Mike McTighe[2]	2	2
Jonathan Moulds[2]	2	2
PAST MEMBERS		
Malcolm Le May[3]	4	3
Jim Newman[4]	4	4

1 Helen Stevenson was appointed Chair of the Committee with effect from 17 September 2020. Helen has been a member of the Committee since she joined the Board on 18 March 2020. Helen has significant experience chairing remuneration committees and her appointment complied with the UK Corporate Governance Code provision that the Chair of the Committee should have at least 12 months experience as Chair of a remuneration committee.

2 Andrew Didham, Sally-Ann Hibberd, Jonathan Moulds and Mike McTighe joined the Committee on 19 November 2020.

3 Malcolm Le May stepped down as Chair of the Committee on 17 September 2020. Malcolm was unable to attend one Committee meeting during this period due to ill health. Malcolm stepped down from the Committee on 19 November 2020.

4 Jim Newman retired from the Board and stepped down from the Committee on 30 December 2020.

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attend the Committee meetings by invitation. The Company Chairman is a member of the Committee although the Company Chairman and Executive Directors do not attend or take part when matters relating to their own remuneration are discussed. The Chief People Officer and representatives from other areas of the business attend the Committee meetings by invitation as appropriate to the matter under consideration. The Company Secretary is secretary to the Committee.

Following each Committee meeting, a formal report is made to the Board in which the Chair of the Committee describes the proceedings of the Committee meeting and makes recommendations to the Board as appropriate.

Advice to the Committee

During the financial year ended 31 May 2021, the Committee consulted the Chief Executive Officer about remuneration matters relating to individuals other than herself. The Chief People Officer and the Employment Tax and Reward Manager provide support to the Committee. The Company Secretary is secretary to the Committee and also provided advice and support as required.

External advisers attend Committee meetings at the invitation of the Committee Chairman.

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 Remuneration Committee during the financial year ending 31 May 2021 were £87,060 (excluding VAT). Fees are charged on a time and material basis.

Deloitte are founding members of the Remuneration Consulting Group and are signatories to its Code of Conduct, which requires its advice to be objective and impartial. During the year, Deloitte also provided unrelated advisory services in respect of regulatory, risk management and tax advice, Internal Audit services and agreed upon procedures-based assurance services.

It is the view of the Committee that the engagement team at Deloitte that provided remuneration advice to the Committee during the year do not have connections with the Group or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. The Committee considers that the advice received from the advisers is independent, straightforward, relevant and appropriate, and that it has an appropriate level of access to them and has confidence in their advice.

Committee evaluation

During the year, an evaluation of the performance of the Committee and its members was undertaken in line with the Committee's ToR. The evaluation process was facilitated by the Company Secretariat as part of the overall annual Board and Committee effectiveness review.

Further information of the evaluation of the Board and its Committees and of individual Directors is given on page 72, together with a review of the progress on actions arising from the internally run performance review undertaken during 2020.

This report was approved by the Board of Directors on 22 July 2021 and signed on its behalf by:

HELEN STEVENSON
CHAIR OF THE REMUNERATION COMMITTEE
22 JULY 2021

Audit Committee Report

ANDREW DIDHAM
CHAIRMAN OF THE AUDIT COMMITTEE

The Committee has overseen and supported the development of improvements in the systems and controls infrastructure over the last year, as we continuously raise the bar in terms of how we operate."

Andrew Didham, Chairman of the Audit Committee, gives his review of the Committee's activities during the financial year.

Chairman's overview

I am pleased to present my first report as Chairman of the Audit Committee, on the Committee's activities during the year and how it has discharged its responsibilities. The Committee has continued to work closely with other Board Committees, in particular the Risk Committee, in respect of relevant issues affecting more than one Committee, including operational risk and control developments, strategic developments and the impact assessment of Covid-19, including the appropriateness of return-to-office plans.

The Committee has overseen and supported the development of improvements in the systems and controls infrastructure. This included the financial control systems infrastructure, processes and systems relating to the management of client money and assets, and improvements to access management control systems, where implementation of additional controls remains in progress.

The Committee reviewed its Terms of Reference (ToR) during the year. The latest amendments to the ToR were made in May 2021 to incorporate the recent nested board arrangements of the Company with IG Markets Limited (IGM) and IG Index Limited (IGI). This has resulted in additional responsibilities for the Committee in respect of monitoring the financial performance of IGM and IGI and monitoring the integrity of the financial and narrative statements of those entities.

I can also report that latterly the Committee has seen improvements in the level and quality of materials provided in respect of updates in key areas – and that updates were received on business resilience and cyber security in a remote world, regulatory expectations in Germany, and a review of the audit sector focusing on the impact on companies. The Committee received a report regarding Internal Audit's quality self-assessment, which identified some areas for improvement.

Audit Committee Report continued

I can also confirm that during the financial year the Company complied with the provisions of the Competition and Markets Authority's Order.

Membership and attendance

All Audit Committee members are Independent Non-Executive Directors who draw on considerable and broad business and financial services experience. I was appointed Chairman of the Committee following Jim Newman's retirement on 30 December 2020. Malcolm Le May and Rakesh Bhasin were appointed to the Committee with effect from 30 December 2020. Sally-Ann Hibberd stepped down from the Committee on the same date.

The Corporate Governance Code requires that at least one member of the Committee, determined by the Board, has recent and relevant financial experience, which I as Committee Chairman am considered to fulfil.

The CFO, Global Head of Internal Audit, Company Secretary and representatives from PricewaterhouseCoopers LLP (PwC), the External Auditor, attend Committee meetings by standing invitation. Members of senior management from various areas of the business attend the Committee meetings by invitation when necessary.

The Committee has four scheduled meetings a year and will additionally meet if and when required. The table below details meetings scheduled and attendance during the year.

COMMITTEE MEMBERS AS AT 31 MAY 2021	ATTENDED	ELIGIBLE TO ATTEND
Andrew Didham[1]	4	4
Malcolm Le May[3]	2	2
Rakesh Bhasin[3]	2	2
PAST MEMBERS		
Jim Newman[4]	2	2
Sally-Ann Hibberd[2]	2	2

1 Andrew Didham was appointed as Chairman of the Committee on 30 December 2020.
2 Sally-Ann Hibberd stepped down from the Committee on 30 December 2020.
3 Malcolm Le May and Rakesh Bhasin were appointed to the Committee on 30 December 2020.
4 Jim Newman retired from the Committee on 30 December 2020.

Role of the Audit Committee

The principal roles and responsibilities of the Committee are set out in its ToR, and include, but are not limited to:

- Reviewing the clarity, completeness and appropriateness of disclosure in IG Group Holdings' financial statements and the context in which statements are made including the Going Concern and Viability Statement
- Reviewing and assessing the control environment via Internal Audit reports
- Reviewing and assessing the progress on implementation of audit recommendations via the Control Action List
- Monitoring and reviewing the effectiveness of the Group's Internal Audit function in the overall context of the Group's internal controls and risk management systems
- Recommending the appointment of the External Auditors and reviewing their effectiveness, fees, ToR and independence
- Monitoring the availability of distributable profits for the purpose of considering dividend payments
- Reviewing and approving the Group's arrangements and Policy for its workforce to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters

The Committee's full ToR are reviewed on an annual basis and are available on iggroup.com.

How the Committee operates

To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's ToR and covering key events in the financial reporting cycle, is approved by the Committee.

The Company Secretary, with input from the Committee as appropriate, drafts the agenda before each meeting, ensuring that each of the items under the Committee's ToR and responsibilities are covered at least once in the financial year, and more frequently if required.

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

Members of the Committee also meet separately with the Global Head of Internal Audit and the External Auditors to focus on their respective areas of responsibility, and to discuss any potential requirements for support from the Committee to address any issues arising.

Main activities during the financial year

Financial reporting

In relation to financial reporting, the primary role of the Committee is to work with management and the External Auditors in reviewing the appropriateness of the half-year and annual financial statements. The Committee discharged its responsibilities in this area through focusing on the following, among other matters:

- Assessing the quality and acceptability of accounting policies and practices
- Ensuring disclosures are clear and compliant with financial reporting standards, and relevant financial and governance reporting requirements
- Considering material areas in which significant judgements and estimates have been applied or there has been discussion with the External Auditors
- Reviewing announcements and financial statements prior to issuance, including preliminary and half-year results announcements and recommending these to the Board for approval

- Reviewing the processes to support the assessment and determination of the principal risks that may have an impact on the Group's solvency and liquidity, before recommending and approving the Going Concern and Viability Statement to the Board
- Evaluating on behalf of the Board whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and providing the information necessary for shareholders to assess the Group's performance, business model and strategy
- Receiving a paper summarising all statements and assurances required of Directors in the Annual Report and Financial Statements together with evidence to support the Directors' views and required statements
- Overseeing the Group's approach to tax management and control
- Reviewing the inherent risks in the financial reporting process and systems

To aid this review process, the Committee has considered reports from the CFO and his team, Internal and External Auditors.

The Committee considered and discussed with management and the External Auditors the primary areas of judgment and disclosure in relation to the financial statements for the year ended 31 May 2021, details of which are set out below.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Going concern and long-term viability		
The Directors are required to make a statement in the Annual Report as to the going concern and longer-term viability of the Group.	The Committee evaluated various reports from management that set out the view of the Group's going concern and longer-term viability. These reports detailed the impact of outcomes of stress tests after applying multiple scenarios to determine how the Group is able to cope with deterioration in liquidity profile or capital position.	Taking into account the assessment by management of stress-testing results and risk appetite, the Committee agreed to recommend the Going Concern and Viability Statement to the Board for approval.
Carrying value of goodwill and other intangible assets		
In accordance with accounting standards, the Group is 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, the Group is required to assess whether there is any indication the other intangible assets may be impaired.	The Committee reviewed a paper from management setting out the key assumptions used in the impairment review of the goodwill balance and an associated sensitivity analysis. The Committee also considered the work of and conclusion of the External Auditors on goodwill and intangible assets.	Based on the assessment performed, the Committee concluded that there should be no change to the recorded carrying value of the goodwill and other intangible assets.
Cryptocurrencies		
The Group holds cryptocurrency assets and rights to cryptocurrency assets for hedging purposes and the assets are held for sale in the ordinary course of business. A judgement has been made to apply the measurement principles of IAS 2 Inventories in accounting for these assets and this is recognised as a critical accounting judgement.	The Committee reviewed a report from management setting out the guidance which has been issued in relation to accounting for cryptocurrencies and market practice. The Committee also requested a briefing on the risks associated with holding cryptocurrency assets	Based on the assessment performed, the Committee concluded that the measurement and disclosure of cryptocurrency assets and rights to cryptocurrency assets was appropriate.

Audit Committee Report continued

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
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, the Group hold tax provisions in respect of the potential tax liability that may arise on these unresolved items. The Group has generated tax losses in certain jurisdictions where we operate. We've recognised deferred tax assets in respect of these losses to the extent that future profits have been forecast.	The Committee reviewed a report from management that detailed the assumptions made in calculating the Group's Corporation Tax charge and provisions. Our External Auditors also provided commentary on this matter to the Committee. The Committee has also reviewed the Group's Tax Risk Management Policy and Tax Strategy.	The Committee concluded that the Corporation Tax charge and provisions recorded by the Group were appropriate and complete. The Committee recommended the Group's Tax Risk Management Policy and Tax Strategy to the Board for approval.
FRC review		
The FRC's Conduct Committee reviewed the Group's Annual Report and Financial Statements for the year ended 31 May 2020 as part of its routine monitoring activity. The Conduct Committee did not report any material errors in compliance with relevant reporting requirements, or require any corrections. The FRC did provide recommendations.	The Committee reviewed the recommendations made by the FRC to support continuous improvements in our reporting, and reviewed a report from management on proposals to address the recommendations though additional disclosures for the FY21 Financial Statements where relevant.[1]	The Committee concluded that the changes to the FY21 Financial Statements in response to the FRC letter were appropriate.
Impact of Covid-19		
The Group considered the impact of Covid-19 on its ability to recover financial assets held and in relation to the Going Concern and longer-term viability assumptions underpinning the Financial Statements.	The Committee reviewed a report from management that detailed the assumptions made in determining the expected credit loss in accordance with IFRS 9, taking into consideration the additional impact of Covid-19. The Committee considered the impact of Covid-19 when reviewing the various stress tests applied. The Committee has also reviewed changes to the disclosures made in relation to financial instruments.	The Committee concluded that the expected credit loss provisions and disclosures recorded by the Group were appropriate and complete. As noted above, the Committee recommended to the Board the adoption of the Going Concern and Viability Statement.

1 The FRC's review provides no assurance that the Annual Report is correct in all material respects, as its purpose is not to verify the information provided, but to consider compliance with reporting requirements. As such, the FRC and its officers, employees and agents accept no liability for any reliance on its review by third parties, including but not limited to shareholders and investors.

Control environment

Other matters addressed by the Committee including focus on the effectiveness of the Group's control environment and performance of our IT systems, and the Internal Audit function, including the objectivity and independence of Internal Audit personnel.

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Risk management and internal control		
The Committee is required to assist the Board in the annual review of the effectiveness of the Group's Risk Management Framework and internal control systems.	The Committee received a report from the Board Risk Committee including an assessment of those risks that might threaten the Group's business model, future performance, solvency or liquidity. It considered and challenged management on the overall effectiveness of the Risk Management Framework and internal control systems. The Committee received regular reports on a project to further improve controls over Identity Access Management and the development of corporate actions controls and reporting. The Committee reviewed the relevant disclosures within the Accountability section of the Corporate Governance Report within the Annual Report.	The Committee agreed to recommend to the Board the Annual Report statements relating to the effectiveness of the Risk Management Framework and internal control systems.
Internal Audit		
The Committee is required to oversee the performance, resourcing and effectiveness of the Internal Audit function.	The Committee monitored and reviewed the effectiveness of the Group's Internal Audit function in the overall context of our internal controls and risk management systems. It reviewed and assessed the risk-based Internal Audit plan. It reviewed and monitored management's responsiveness to the findings of the Internal Audit function. It monitored the consolidated Control Action List noting themes arising and reviewed the effectiveness of the function. The Committee received all Internal Audit reports and, in addition, received summary reports on the results of the work of the Internal Audit function on a periodic basis. The Committee reviewed additional Internal Audit Reports, not forming part of the annual plan. It reviewed the performance of the Internal Audit function against the plan and an assessment of the effectiveness of the Internal Audit function. The priorities for the Internal Audit function and approach to remote working in light of Covid-19 impacts were considered.	The Committee reviewed the resourcing and effectiveness of the Internal Audit function and approved the risk-based audit plan. The Internal Audit function supports the work of the Committee. The Internal Audit function remains effective and has implemented the appropriate processes to ensure this. The function has sufficient resources to deliver the proposed plan. The function continues to be efficient, with robust processes. The priorities of the function in light of the Covid-19 impact assessment were evaluated and agreed.

Audit Committee Report continued

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Whistleblowing		
The Committee considers the adequacy of the Group's arrangements by which employees may in confidence raise concerns about improprieties in matters of financial reporting or other matters.	The Committee reviewed the Group's Whistleblowing Policy to ensure that it remained fit for our needs.	The Committee reviewed the Whistleblowing Policy and decided it remained fit for purpose. The Committee concluded that whistleblowing processes were operating effectively during the period under review.
Client money and assets		
The Committee has a responsibility for overseeing the Group's systems and controls relating to the holding and management of client money and assets.	The Committee monitored the effectiveness of the control environment relating to client money and assets, and received an annual report on the operation of the Client Money and Assets Committee. The Committee also considered the report from the External Auditors on the client money control environment and operations. The Committee further received regular reports on the control environment of corporate actions, which focused on improvements to the control environment.	The Committee reviewed improvements made to the control environment and the steps being taken to further enhance controls at both Group and entity level. The Committee considered that these were appropriate to the circumstances of the Group.
Corporate governance		
To aid it with its review of corporate governance, the Committee has received support from the Company Secretary, whose Legal Entity and Policy Governance Committee has provided some oversight over the risk-based system for the governance, operation and maintenance of the Group's legal entities. A review of the work of the Legal Entity and Policy Governance Committee is underway to consider its future role in terms of oversight	The Committee noted the continued development of appropriate procedures and policies, including the Policy Governance Framework. A restructuring of the boards of the UK regulated companies within the Group: IG Index Limited and IG Markets Limited, to add Non-Executive Directors to those boards completed during the financial year. This has ensured appropriate, enhanced oversight of the regulated entity boards, as well as clarity of accountability and decision-making. Work is underway to put in place enhanced governance in North America, following the acquisition of tastytrade, Inc as the Group seeks to ensure that the most appropriate governance structures are in place around the world.	The Committee was satisfied as to the progress made in improving the overall framework. The Company Secretary will report back on the outcome of the review of the work of the Legal Entity and Policy Governance Committee and its future role in terms of oversight.

External Auditors

The Committee is responsible for making recommendations on the appointment, reappointment and removal of External Auditors, and for assessing and agreeing the fees payable to them (both audit and non-audit fees). The Committee is also responsible for reviewing the audit plans and reports from the External Auditors. The main activities undertaken in relation to the External Audit are summarised below:

Role of the Committee	Discharge of responsibilities	Conclusion/action taken
Oversight of external audit		
The Committee is required to oversee the work and performance of PwC as External Auditors, including the maintenance of audit quality during the period.	The Committee met with the key members of the PwC audit team to discuss the 2021 audit plan and agree areas of focus. This included cryptocurrencies, privileged access management and revenue. It assessed regular reports from PwC on the progress of the 2021 audit and any material issues identified. It debated the draft audit opinion ahead of the 2021 year-end. The Committee was also briefed by PwC on critical accounting estimates, where significant judgment is needed.	The Committee approved the audit plan and the main areas of focus, including revenue recognition, accounting for cryptocurrencies, the potential risk of management override of controls and uncertain tax positions. More on the Committee's role in assessing the performance, effectiveness and independence of the External Auditors and the quality of the external audit can be found on page 108.
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 the Group's processes and controls over client money and asset segregation.	During the year, the Committee reviewed and approved a recommendation from management on the Company's audit and audit-related fees.	The Committee considers the 2021 audit and audit-related fees to be appropriate given the change in complexity of the Group structure. A breakdown of audit and non-audit related fees is in note 4 to the Financial Statements on page 134.
Non-audit services and fees		
To prevent the objectivity and independence of the External Auditors from becoming compromised, the Committee has a formal policy governing the engagement of the External Auditors to provide non-audit services. The policy is reviewed on an annual basis. The Committee reviewed the Group's policy governing non-audit work against details of regulations on the statutory audit of public interest entities. We have updated our internal process on engagement of External Auditors and review of non-audit services to ensure that its policy is in line with the regulations.	The Committee reviewed and approved all arrangements for non-audit fees. Fees in relation to permitted services below £0.05 million are deemed pre-approved by the Committee and are subject to the approval of the CFO. Fees above £0.05 million must be approved by the Committee, through the Committee Chairman. The Committee also requested and received an explanation from PwC of its own in-house independence process. The Committee ensured there were no exceptions to fee limits and approval processes, per the policy, during the year.	During the year, non-audit fees of £0.1 million were paid to PwC, as discussed in note 4 to the Financial Statements.

Effectiveness of the External Auditors

In assessing the effectiveness and independence of the External Auditors, the Committee considered relevant professional and regulatory requirements and the relationship with the External Auditors as a whole. The Committee monitored the External Auditors' compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, and assessed their qualifications, expertise and resources, as well as the effectiveness of the audit process, including a report from the External Auditors on their own internal quality procedures and independence.

As part of the assessment, a questionnaire was completed by the key stakeholders in the Group. The questionnaire addressed matters including the External Auditors' 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. Following the review of the effectiveness of the External Auditors, the external audit process and an assessment of the External Auditors' independence and objectivity, the Committee recommends the reappointment of PwC to the Board for recommendation to and approval by shareholders at the Company's 2021 AGM.

There are no contractual obligations restricting choice of External Auditors.

Audit Committee effectiveness

During the year, an evaluation of the performance of the Committee was undertaken in line with the Committee's ToR.

Further information of the evaluation of the Board and its Committees is given on page 72, together with a review of the progress on actions arising from the performance review undertaken during 2020.

ANDREW DIDHAM
CHAIRMAN OF THE AUDIT COMMITTEE
22 JULY 2021

ESG Committee Report

SALLY-ANN HIBBERD
CHAIR OF THE ESG COMMITTEE

"IG is a purpose-led organisation which looks beyond its day-to-day business and seeks to ensure that it continues to operate responsibly and sustainably. The Committee played a key role in ensuring IG's development and adoption of a new corporate purpose, and has developed a comprehensive ESG strategy."

Sally-Ann Hibberd, Chair of the ESG Committee, highlights some of the Committee's key activities during its first financial year.

Chair's overview

The Environmental, Social and Governance (ESG) Committee has an important role in providing oversight on behalf of, and advice to, the Board in relation to the Group's ESG strategy and activities. The Board established the Committee in 2020 to reinforce its commitment to ESG within the business. This year has been the first full cycle of Committee meetings.

During the year, the Committee has worked closely with the IG Group Chief Operating Officer (COO), the executive accountable for ESG, as well as the Group's ESG Manager, to ensure that ESG considerations are taken into account appropriately in everything the company does, and that there is an ambitious ESG strategy in place which is underpinned by the right company culture and policies.

The Committee has also considered how well this ESG strategy takes into account our purpose and the views and priorities of key stakeholder groups, and ensured that there are stretching performance metrics in place that can be used to measure the success of the strategy. Furthermore, the Committee has also challenged the Group in relation to its charitable outreach through Brighter Future initiatives (see pages 22 to 33 for more information).

Role of the ESG Committee

The principal roles and responsibilities of the Committee include:

- Ensuring that there is an ESG strategy and that it remains fit for purpose
- Monitoring and reviewing how the ESG strategy is received and regarded by its stakeholders
- Overseeing how all elements of the ESG strategy are reported externally
- Ensuring that there are appropriate policies in place to support the ESG framework of the IG Group
- Assisting on other matters related to ESG as may be referred to it by the Board

The Terms of Reference of the Committee (ToR), which were last reviewed in May 2021, are available on the Group's website, iggroup.com.

ESG Committee membership and attendance
The Committee consists of Independent Non-Executive Directors (NEDs) and meets on a quarterly basis. A member of the Company Secretarial Team acts as the Secretary to the Committee. The Board Chairman, IG Group Chief Operating Officer, ESG Manager, Chief People Officer, Chief Risk Officer and Chief Legal and Governance Officer are standing attendees of the Committee. Other members of the Executive and Senior Management team attend meetings at the request of the Committee.

During the year, the Committee met five times.

COMMITTEE MEMBERS AS AT 31 MAY 2021[1]	ATTENDED	ELIGIBLE TO ATTEND
Sally-Ann Hibberd	5	5
Malcolm Le May[1]	3	3
Helen Stevenson	5	5
Rakesh Bhasin	5	5

1 The Committee Chair and members have been in place since the Committee was established, save for Malcolm Le May, who was appointed as a member on 19 November 2020.

Activities during the financial year

The Committee has established an annual forward calendar which reflects the duties and responsibilities set out in its ToR.

During the year, the Committee undertook a number of significant activities. It has reviewed and recommended to the Board the Group's first ESG strategy, as well as targets, key performance indicators, its budget and third-party partnerships. It has also considered whether the Group maintains appropriate policies in order to effectively support its ESG framework.

The Committee has put in place measures to ensure that ESG is appropriately considered in discussions and decision-making by the Board and its other committees. It has presented recommendations to the Board to further enhance this, including:

- Requesting that all Board Committee ToR reflect that ESG priorities will be considered, as appropriate, during the decision-making process
- Having a formal responsibilities matrix in place for ESG matters
- Updating Board and Committee reporting templates to take ESG considerations into account
- Scheduling policy and internal audit reviews
- Reviewing communication channels between committees from an ESG perspective

Committee evaluation

During the year, an evaluation of the performance of the Committee was undertaken in line with the Committee's ToR. Further information of the evaluation of the Board and its Committees is given on page 72.

SALLY-ANN HIBBERD
CHAIR OF THE ESG COMMITTEE
22 JULY 2021

Board Risk Committee Report

JONATHAN MOULDS
CHAIRMAN OF THE BOARD RISK COMMITTEE

This year's review comes with the added consideration of the complexity we have faced during the Covid-19 pandemic, through which our workforce across the Group has been working from home. We've also witnessed extreme market volatility as a result of the pandemic. In addition we saw a surge in volatility in some US equities consequent to the Reddit and GameStop activity in early 2021."

Jonathan Moulds, Chairman of the Board Risk Committee, gives his review of the Committee's activities during the financial year.

I believe the way that the Group's Risk Management Framework and business have continued to adapt to a changing risk profile in light of the pandemic and market conditions has been robust. We've faced significant turmoil and heightened risk across the Group. This has ranged from the levels of market and credit risks, due to extreme levels of market volatility, to operational and technology risks associated with both employees working from home and the significant increase in the volumes of new customers and trades.

We've continued to experience ever-increasing volumes on our systems, caused by the heightened market volatility and significantly increased client numbers. We've also faced process and conduct risks due to the continued and increasing unprecedented demand for our products and services, which has driven up the volume of new applications and trading.

Despite this, through our resilience and control infrastructure, we have not seen any significant manifestation of risk, or any events out of keeping with the volumes of business witnessed.

Chairman's overview

The Committee has continued to focus on providing oversight and advice to the Board in relation to the Group's current and potential future risk exposures, including risks to the achievement of our strategy. The Committee's agenda reflects the importance of reviewing the key actual and emerging risks faced by the business.

Board Risk Committee Report continued

I'm pleased to report that the Committee has continued to embed its role in ensuring a holistic approach to risk management across the Group, including through clear linking of risk reporting to the key risks facing the business. This has been enabled by the ongoing development of the Risk Taxonomy and Key Risk Indicators, including their alignment with each other throughout the year.

The Risk function, headed by the Group Chief Risk Officer (CRO), has supported this development while continuing to focus on the Risk Appetite Statement and Risk Management Framework. The operational risk management systems have continued to be developed and embedded into the business, with strong stakeholder engagement that encourages a culture of event reporting. The Operational Risk team has adapted its approach to assist and coach first-line functions in root-cause analysis relating to events, enabling improvements to design and implementation of controls. Operational risk reports are regularly provided to related management committees, such as the Executive Risk Committee and the Client Money and Assets Committee.

This year's annual Non-Executive Director Risk Workshop once again provided active oversight of and input into our regulatory capital calculations, as set out in the Group's Internal Capital Adequacy Assessment Process (ICAAP) and Individual Liquidity Adequacy Assessment (ILAA). It also covered the stress-testing of our risks, and our capital and liquidity held against those, as well as our reverse stress-test. Recovery Plans (RP) were also considered at Committee meetings. Reporting from Internal Audit has focused on the ongoing state of the Risk Management Framework – particularly the development of the operational risk framework, as well as the Group's current and potential risk exposures.

Role of the Board Risk Committee

The Committee provides oversight and advice to the Board in relation to current and potential future risk exposures and future risk strategy of the Group. This includes the determination of risk appetite and tolerance, considering the current and prospective macroeconomic and financial environment. Key responsibilities of the Committee, in addition to those noted above, include:

- Reviewing the design and implementation of the general Risk Management Policy and measurement strategies
- Considering and regularly reviewing the Group's risk profile relative to current and future Group strategy and risk appetite, identifying any risk trends, material regulatory changes, concentrations or exposures and any requirement for policy change
- Assessing the Group's emerging and principal risks
- Considering the Group's ILAA, ICAAP and the RP
- Considering the scope and nature of the work undertaken by the Risk Management and the control functions in analysing, monitoring and reporting of risks forming part of the IG Risk Taxonomy
- Providing advice to the Remuneration Committee on the alignment of the Remuneration Policy to risk appetite and annually reviewing remuneration-related risks

The Terms of Reference (ToR) for the Committee were last reviewed in November 2020 and are available on the Company's website, iggroup.com

Board Risk Committee membership and attendance

The Board Risk Committee is composed of Independent Non-Executive Directors. Andrew Didham and Wu Gang were appointed as members of the Committee on 19 November 2020. Jim Newman retired as a member on 30 December 2020. The following table shows the Committee members during the year and their attendance at Committee meetings.

COMMITTEE MEMBERS AS AT 31 MAY 2021	ATTENDED	ELIGIBLE TO ATTEND
Jonathan Moulds	6	6
Andrew Didham[1]	2	2
Wu Gang[2]	2	2
Sally-Ann Hibberd	6	6
PAST MEMBERS		
Jim Newman[3]	4	4

1 Andrew Didham was appointed as a member of the Committee on 19 November 2020.
2 Wu Gang was appointed as a member of the Committee on 19 November 2020.
3 Jim Newman retired as a member of the Committee effective from 30 December 2020.

The Committee is scheduled to meet at least four times a year and additionally as required. The Committee met six times during the financial year. The Committee makes recommendations to the Board and, where relevant, to other Board Committees. The business of the Committee is reported at the following Board meeting.

The Executive Directors, the Company Secretary, the CRO and the Global Head of Internal Audit attend Committee meetings as standing attendees. Representatives from other areas of the business attend the Committee meetings by invitation, as required.

To ensure the Committee discharges its responsibilities appropriately, an annual forward calendar, linked to the Committee's ToR, is approved by the Committee. The Company Secretary assists the Chairman of the Committee in drafting the agenda for each Committee meeting.

Activity during the financial year

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

- Reviewing the Risk Appetite Statement, Risk Taxonomy, Risk Management Framework and Compliance Framework
- Considering current and emerging risks facing the business, including regulatory change, the Covid-19 pandemic and market volatility
- Risk and credit review of material single-stock exposures from clients
- Reviewing the adequacy of the Group's global insurance cover
- Reviewing partnership models in the APAC region
- Reviewing Product Governance
- Reviewing the Market Abuse Framework
- Reviewing and challenging of operational risk development
- Reviewing of regulatory waivers applying to legal entities across the Group
- Reviewing IT and cyber security in relation to the annual technology risk review
- Formal annual compliance assessment of material breaches
- Reviewing enhancements on the Group's approach to transaction reporting
- Reviewing a culture risk dashboard and report covering client outcomes, IT, regulatory outcomes, people outcomes and conduct more broadly
- Reviewing the capital and liquidity position of the Group including through the ICAAP, ILAA and the RP

Committee evaluation and future priorities

During the year, an evaluation of the performance of the Committee was undertaken in line with the Committee's ToR.

Further information of the evaluation of the Board and its Committees is given on page 72.

JONATHAN MOULDS
CHAIRMAN OF THE BOARD RISK COMMITTEE
22 July 2021

Directors' Report

Directors' Report

The Directors present their report, together with the Group Financial Statements, for the year ended 31 May 2021. The Directors' Report comprises pages 114 to 116 of this report, together with the sections of the Annual Report incorporated by reference as set out below:

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Section 414A of the Companies Act 2006 (the Act) requires the Directors to present a Strategic Report in the Annual Report and Financial Statements. The information can be found on pages 8 to 57.

The Company has chosen, in accordance with Section 414C (11) of the Act 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 Act, which can be found in the ESG Report section on page 33.

In line with the requirements under Capital Requirements Capital Directive IV, 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 iggroup.com.

Disclosures required pursuant to Listing Rule 9.8.4R

In compliance with the UK Financial Conduct Authority'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	114

Modern slavery

In compliance with Section 4 (l) of the Modern Slavery Act 2015, the Group has published its slavery and human trafficking statement online.

Branch offices

The Group has the following overseas branches within the meaning of the Companies Act 2006: branch offices in Australia, China (Representative Office), France, Germany, Hong Kong, Ireland, Italy, New Zealand, the Netherlands, Norway, Poland, South Africa, Spain and Sweden.

Corporate Governance Statement

In compliance with the UK Financial Conduct Authority'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 Corporate Governance Report.

Profit and dividends

The Group's statutory profit for the year after taxation amounted to £371.9 million (2020: £240.4 million), all of which is attributable to the equity members of the Company.

The Directors recommend a final ordinary dividend of 30.24 pence per share, amounting to £130.4 million, making a total of 43.2 pence per share and £178.3 million for the year (2020: 43.2 pence and £159.1 million). Dividends are recognised in the Financial Statements for the year in which they are paid or, in the case of a final dividend, when approved by the shareholders. The amount recognised in the Financial Statements, as described in note 10, 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 21 October 2021 to those shareholders on the register as at 24 September 2021.

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 (the Articles) are available on iggroup.com, or by writing to the Company Secretary at the Group's registered office. The Articles can also be obtained from the UK Registrar of Companies. The Articles were last amended by the shareholders by means of a special resolution on 20 September 2016. Proposed resolutions will be included in the AGM Notice this year.

Board of Directors and their interests
The Directors who held office during the financial year are set out below:

Chairman
Mike McTighe – appointed to the Board and as Chairman on 3 February 2020

Independent Non-Executive Directors
Jonathan Moulds
Rakesh Bhasin – appointed on 6 July 2020
Andrew Didham
Wu Gang – appointed on 30 September 2020
Sally-Ann Hibberd
Malcolm Le May
Jim Newman – stepped down on 30 December 2020
Lisa Pollina – appointed on 4 March 2021 and stepped down on 9 July 2021
Susan Skerritt – appointed on 9 July 2021
Helen Stevenson – appointed on 18 March 2020

Executive Directors
June Felix
Paul Mainwaring – stepped down on 1 June 2020
Bridget Messer – will be stepping down on 22 September
Jon Noble
Charles Rozes – Appointed on 1 June 2020

Appointment and retirement of Directors
The appointment and retirement of Directors is governed by the Articles, the UK Corporate Governance Code (the Code), the Act and related legislation. 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. Any such Director holds office only until the next AGM, and is then eligible to offer himself or herself for election.

The Articles 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 that all Directors of FTSE 350 companies should be subject to annual election, all Directors will stand for election or re-election at the 2021 AGM.

Directors' conflicts of interest
In accordance with the Act, all Directors must disclose both the nature and extent of any potential or actual conflicts with the interests of the Company. We explain the procedure for this on page 71.

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 Act) were in force during the year ended 31 May 2021 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 (2020: £nil).

Share capital
The Company has three classes of shares: ordinary shares, deferred redeemable shares and preference shares. As at 31 May 2021, our issued shares comprised 370,299,455 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 0.02% 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 22 to the Financial Statements. Information about the rights attached to our shares can also be found in the Articles. Details of the Group's required regulatory capital are disclosed in the Business Performance Review on page 45.

Variation of rights
Subject to the provisions of applicable statutes, the rights attached to any class of shares may be varied, either with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

Restrictions on transfer of securities
There are no specific restrictions on the transfer of securities in the Company, other than as contained in the Articles, 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, Inc. 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.

Directors' Report continued

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 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 2020 AGM. The authority to issue or buy back shares will expire at the 2021 AGM, and it will be proposed at the meeting that the Directors be granted new authorities to issue or buy back shares. The Directors currently have authority to purchase up to 37,029,945 of the Company's ordinary shares. However, no ordinary shares were repurchased 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. The Company 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 23 to the Financial Statements.

Major interest in shares

Information provided to the Company by major shareholders pursuant to the Financial Conduct Authority (FCA) and Disclosure Guidance and Transparency Rules (DTR) 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 28 May 2021 and as at 30 June 2021. 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.

	28 May 2021		30 June 2021	
Major Interest in shares	**No. of shares**	**Percentage**	No. of shares	Percentage
Artemis Investment Management LLP	**25,830,950**	**6.98%**	25,617,216	5.94%
BlackRock (Index)	**25,195,891**	**6.80%**	24,677,604	5.72%
MFS Investment Management	**24,333,327**	**6.57%**	24,966,339	5.79%
The Vanguard Group, Inc.	**17,528,221**	**4.73%**	17,100,088	3.96%
Tom Sosnoff	**nil**	**nil**	15,996,740	3.71%
Technology Crossover Management VII, Ltd	**nil**	**nil**	15,529,261	3.60%
M&G	**12,806,993**	**3.46%**	11,983,351	2.78%
Schroder	**12,668,819**	**3.42%**	12,321,485	2.86%
Royal London Asset Management	**11,259,582**	**3.04%**	10,718,335	2.49%

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 17 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.

Annual General Meeting

The Company's AGM will be held on 22 September 2021. Details of the resolutions to be proposed at the AGM will be provided in a separate circular sent to all shareholders.

Independent Auditors

Resolutions to reappoint PricewaterhouseCoopers LLP as the Company's Auditors, and to authorise the Directors to determine their remuneration, will be put to shareholders at the AGM on 22 September 2021.

Subsequent events

Please refer to note 29 to the Financial Statements.

Statement of Directors' Responsibilities
in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the 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 international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group Financial Statements in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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, for the Group and Company, international accounting standards in conformity with the requirements of the Companies Act 2006 and, for the Group, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are also 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 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 Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the 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 in the Corporate Governance section confirm that, to the best of their knowledge:
- The Group and Company Financial Statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, for the Group, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company
- 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 Auditors 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 Auditors are aware of that information

On behalf of the Board

JUNE FELIX
CHIEF EXECUTIVE OFFICER
22 JULY 2021

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 2021 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 international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2021; the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements 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.

Separate opinion in relation to International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the Financial Statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 4 to the Financial Statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Group: We determined the appropriate work to perform based on the consolidated balances of the Group. As a result, all of our audit work was performed by the Group audit team in London supported by a PwC member firm in Poland, reflecting the centralised nature of the Group's business activities.
- This approach gave us sufficient coverage over the Group's total assets and consolidated profit before tax.
- Company: The parent Company balance sheet consists primarily of investment in subsidiaries, receivables, and payables. The audit work was performed by the Group audit team in London.

Key audit matters

- Revenue (Group)
- Impact of Covid-19 (Group and Company)

Independent Auditors' Report continued
to the members of IG Group Holdings plc

Materiality
- Overall Group materiality: £22,500,000 (2020: £14,800,000) based on 5% of profit before tax.
- Overall Company materiality: £7,600,000 (2020: £6,800,000) based on 1% of total assets.
- Performance materiality: £16,900,000 (Group) and £5,700,000 (Company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

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.

Management override of controls, including privileged access management, which was a key audit matter last year, is no longer included because of the improvements in management's controls and thus the lower audit risk in relation to privileged access management. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue (Group) The Group's trading revenue is predominantly generated from over-the-counter (OTC) leveraged 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, particularly from OTC leveraged 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 30 - Significant accounting policies for further details.	We focused firstly on understanding the control environment in which revenue is recorded. We understood and evaluated the design of key controls in place and tested their operating effectiveness. These controls included: → IT general controls over key revenue systems in scope; → Automated business controls such as interfaces between in-scope systems, key reports and automated calculations; → Validation of system calculated revenue numbers including manual client ledger postings by the Group's revenue control team; → Cash and settlement reconciliations; and → Market counterparty and other third-party reconciliations. We concluded that we could place reliance on these controls for the purpose of our audit. Our substantive testing included, but was not limited to, the following: → Using data enabled audit techniques, we recalculated the revenue recorded in relation to a sample of trades and agreed these to the underlying accounting records; → Tested the commission and overnight funding rates on a sample basis; → We tested the valuation of selected client and broker positions to third party pricing sources; → We agreed all cash account balances to external third-party evidence at year-end through a combination of independent confirmations and examination of bank statements; → We agreed all amounts and balances held with market counterparties to independent confirmations and other external third party evidence; and → We tested manual client ledger postings on a sample basis. No material issues arose from this work.

Independent Auditors' Report continued
to the members of IG Group Holdings plc

Key audit matter	How our audit addressed the key audit matter
Impact of Covid-19 (Group and Company) The impact of the Covid-19 pandemic has resulted in unprecedented economic conditions and the resulting market volatility has contributed to higher client trading activity during the year. The Covid-19 pandemic has also changed the way that companies operate their business, with one of the most substantial impacts being the transition to remote working, with a substantial proportion of IG's employees continuing to work remotely during FY21 consistent with the end of FY20. Our Group audit team in the UK and our PwC member firm team in Poland have also continued to work largely remotely during FY21.	We engaged with the Audit Committee and management at IG remotely using video and telephone calls. Substantially all of the information and audit evidence we need for the IG audit is provided in electronic format. We shared information, including the audit evidence provided to us by IG, using share-screen functionality in video calls and our secure encrypted information sharing software. We were not able to visit our PwC member firm in Poland during the FY21 audit. However, consistent with our experience with IG, we engaged with and directed the team in a manner consistent with our previous audits using video conferencing and telephone calls. To ensure we were satisfied with the work performed by the member firm, we evaluated and reviewed audit evidence by remotely reviewing electronic audit files. With the resulting increase in client trading activity, we considered the impact on the control environment, testing key controls throughout the year to obtain audit evidence on whether the controls continued to be designed and operate effectively. In addition, we assessed the impact that increased trading activity may have on liquidity including; → Reviewed the Group's liquidity position and evaluated liquidity stress testing performed by management considering whether these were adequate; → Substantiated the nature and existence of the Group's financial resources and liquidity financing facilities; → Evaluated the adequacy of the disclosures made in the Financial Statements with respect to the impact of Covid-19. Refer to the going concern section below of our report for our conclusion related to going concern, including the effect of Covid-19 on liquidity.

How we tailored the audit scope

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.

The Group consists of a UK holding Company with a number of subsidiary entities and branches containing the operating businesses of both the UK and overseas territories. The accounting records and related controls for both the UK and overseas businesses are primarily maintained and operated by the Group's finance teams in London and Krakow. The technology controls that are relevant to our financial statement audits are operated by the Group in London, Krakow and Bangalore. As a result, the majority of our audit work was performed by the Group audit team in London, supported by a PwC member firm in Poland, reflecting the centralised nature of the Group's business activities.

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	£22,500,000 (2020: £14,800,000).	£7,600,000 (2020: £6,800,000).
How we determined it	5% of profit before tax	1% of total assets
Rationale for benchmark applied	Consistent with last year, we applied this benchmark, a generally accepted auditing practice, as it is the most relevant metric against which the performance of the Group is measured.	A benchmark of total assets has been used 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.

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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% of overall materiality, amounting to £16,900,000 for the Group Financial Statements and £5,700,000 for the Company Financial Statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.1 million (Group audit) (2020: £0.7 million) and £0.3 million (Company audit) (2020: £0.3 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the impact of Covid-19.
- Understanding management's controls over going concern.
- 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.
- Evaluating the adequacy of the disclosures made in the Financial Statements in relation to going concern.

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.

Independent Auditors' Report continued
to the members of IG Group Holdings plc

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 2021 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report and Policy to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the Auditors.

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 in respect of the Financial Statements, 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 Listing Rules of the Financial Conduct Authority, the Financial Conduct Authority's Handbook, European Securities and Markets Authority ('ESMA') and corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to the inappropriate recording of journals. Audit procedures performed by the engagement team 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;
- Identifying and testing journal entries and period end adjustments, including those posted by senior management or with unusual account combinations;
- Review of correspondence with regulators, and internal audit reports in so far as they are related to the Financial Statements;
- Review of whistleblowing reports; and
- Incorporated unpredictability into the nature, timing and/or extent of our testing

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.

Independent Auditors' Report continued
to the members of IG Group Holdings plc

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
Following the recommendation of the Audit Committee, 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 11 years, covering the years ended 31 May 2011 to 31 May 2021.

CARL SIZER (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF PRICEWATERHOUSECOOPERS LLP
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
LONDON
22 July 2021

Financial Statements

PG. 126–175

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Consolidated Income Statement
for the year ended 31 May 2021

	Note	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Trading revenue		**863.0**	657.7
Introducing partner commissions		**(9.6)**	(8.5)
Net trading revenue	2	**853.4**	649.2
Betting duty and financial transaction taxes		**(0.9)**	(7.4)
Interest income on segregated client funds		**2.1**	6.0
Interest expense on segregated client funds		**(1.8)**	(1.0)
Other operating income		**7.7**	7.0
Net operating income		**860.5**	653.8
Operating costs	3	**(403.1)**	(347.5)
Net credit losses on financial assets	27	**(2.9)**	(11.0)
(Loss) / gain on disposal of subsidiaries		**(0.4)**	0.7
Operating profit		**454.1**	296.0
Finance income	6	**2.1**	5.8
Finance costs	7	**(5.9)**	(5.9)
Profit before taxation		**450.3**	295.9
Taxation	8	**(78.4)**	(55.5)
Profit for the year and attributable to owners of the parent		**371.9**	240.4
Earnings per ordinary share:			
Basic	9	**100.7p**	65.3p
Diluted	9	**99.9p**	64.9p

Consolidated Statement of Comprehensive Income

for the year ended 31 May 2021

	Year ended 31 May 2021		Year ended 31 May 2020	
	£m	£m	£m	£m
Profit for the year attributable to owners of the parent		**371.9**		240.4
Other comprehensive income:				
Items that may be subsequently reclassified to the income statement:				
Changes in the fair value of financial assets held at fair value through other comprehensive income, net of tax	**(1.3)**		0.7	
Foreign currency translation (loss) / gain	**(20.9)**		2.4	
Other comprehensive (loss) / income for the year		**(22.2)**		3.1
Total comprehensive income attributable to owners of the parent		**349.7**		243.5

Consolidated Statement of Financial Position

at 31 May 2021

	Note	**31 May 2021 £m**	31 May 2020 £m
Assets			
Non-current assets			
Property, plant and equipment	11	**38.6**	46.4
Intangible assets	12	**140.0**	147.2
Financial investments	13	**127.6**	83.8
Financial assets pledged as collateral	13	**61.1**	-
Deferred income tax assets	8	**12.9**	11.5
		380.2	288.9
Current assets			
Trade receivables	15	**490.9**	347.0
Other assets	16	**30.3**	22.1
Prepayments		**12.6**	11.1
Other receivables		**5.5**	3.9
Cash and cash equivalents		**655.2**	486.2
Financial investments	13	**127.4**	130.6
Financial assets pledged as collateral	13	**26.0**	9.9
		1,347.9	1,010.8
TOTAL ASSETS		**1,728.1**	1,299.7
Liabilities			
Non-current liabilities			
Borrowings	17	**98.8**	99.7
Lease liabilities	18	**16.4**	22.5
Deferred income tax liabilities	8	**0.8**	0.7
		116.0	122.9
Current liabilities			
Trade payables	19	**357.5**	143.1
Other payables	20	**108.2**	81.1
Lease liabilities	18	**6.7**	6.8
Income tax payable		**6.4**	9.9
		478.8	240.9
TOTAL LIABILITIES		**594.8**	363.8
Equity			
Share capital and share premium	22	**125.8**	125.8
Translation reserve		**53.2**	74.1
Other reserves	23	**93.8**	94.3
Retained earnings		**860.5**	641.7
TOTAL EQUITY		**1,133.3**	935.9
TOTAL EQUITY AND LIABILITIES		**1,728.1**	1,299.7

The Consolidated Financial Statements on pages 126 to 175 were approved by the Board of Directors on 22 July 2021 and signed on its behalf by:

CHARLES A ROZES
CHIEF FINANCIAL OFFICER
Registered Company number: 04677092

Consolidated Statement of Changes in Equity
for the year ended 31 May 2021

	Note	Share capital £m	Share premium £m	Translation reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 1 June 2019		–	125.8	71.7	89.5	555.8	842.8
Profit for the year and attributable to owners of the parent		–	–	–	–	240.4	240.4
Other comprehensive income for the year		–	–	2.4	0.7	–	3.1
Total comprehensive income for the year		–	–	2.4	0.7	240.4	243.5
Equity-settled employee share-based payments	24	–	–	–	9.7	–	9.7
Tax recognised directly in equity on share-based payments	8	–	–	–	–	0.6	0.6
Employee Benefit Trust purchase of own shares	23	–	–	–	(1.5)	–	(1.5)
Equity dividends paid	10	–	–	–	–	(159.2)	(159.2)
Transfer of vested awards from the share-based payment reserve		–	–	–	(4.1)	4.1	–
At 31 May 2020		–	125.8	74.1	94.3	641.7	935.9
At 1 June 2020		**–**	**125.8**	**74.1**	**94.3**	**641.7**	**935.9**
Profit for the year and attributable to owners of the parent		**–**	**–**	**–**	**–**	**371.9**	**371.9**
Other comprehensive loss for the year		**–**	**–**	**(20.9)**	**(1.3)**	**–**	**(22.2)**
Total comprehensive (loss) / income for the year		**–**	**–**	**(20.9)**	**(1.3)**	**371.9**	**349.7**
Equity-settled employee share-based payments	**24**	**–**	**–**	**–**	**7.4**	**–**	**7.4**
Tax recognised directly in equity on share-based payments	**8**	**–**	**–**	**–**	**–**	**0.2**	**0.2**
Employee Benefit Trust purchase of own shares	**23**	**–**	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Equity dividends paid	**10**	**–**	**–**	**–**	**–**	**(159.7)**	**(159.7)**
Transfer of vested awards from the share-based payment reserve		**–**	**–**	**–**	**(6.4)**	**6.4**	**–**
At 31 May 2021		**–**	**125.8**	**53.2**	**93.8**	**860.5**	**1,133.3**

Consolidated Cash Flow Statement
for the year ended 31 May 2021

	Note	**Year ended 31 May 2021 £m**	Year ended 31 May 2020 £m
Operating activities			
Cash generated from operations	28	**573.5**	349.6
Income taxes paid		**(83.0)**	(57.1)
Net cash flow generated from operating activities		**490.5**	292.5
Investing activities			
Interest received		**1.5**	4.5
Purchase of property, plant and equipment		**(9.1)**	(9.9)
Payments to acquire and develop intangible assets		**(6.9)**	(6.4)
Proceeds on disposal of subsidiaries		**–**	0.6
Net cash flow from financial investments		**(118.2)**	3.3
Net cash flow used in investing activities		**(132.7)**	(7.9)
Financing activities			
Interest paid		**(5.0)**	(5.0)
Financing fees paid		**(1.3)**	(0.3)
Interest paid on lease liabilities		**(0.6)**	(0.6)
Repayment of lease liabilities		**(5.2)**	(6.7)
Equity dividends paid to owners of the parent		**(159.7)**	(159.2)
Employee Benefit Trust purchase of own shares		**(0.2)**	(1.5)
Net cash flow used in financing activities		**(172.0)**	(173.3)
Net increase in cash and cash equivalents		**185.8**	111.3
Cash and cash equivalents at the beginning of the year		**486.2**	373.3
Impact of movement in foreign exchange rates		**(16.8)**	1.6
Cash and cash equivalents at the end of the year		**655.2**	486.2

Notes to the Financial Statements

1. General information, basis of preparation and critical accounting estimates and judgements

General information

The Financial Statements of IG Group Holdings plc and its subsidiaries (together the Group) for the year ended 31 May 2021 were authorised for issue by the Board of Directors on 22 July 2021 and the 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.

The Group's Financial Statements have been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the Financial Statements also comply with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through other comprehensive income and fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed below.

Basis of preparation

The accounting policies which have been applied in preparing the Financial Statements for the year ended 31 May 2021 are disclosed in note 30.

Reclassification of comparatives

To ensure consistency with the current period, comparative figures have been reclassified when the presentation of financial statements has been changed. The adjustments were to ensure the consistent classification of financial statement line items. The adjustments are:

- Income earned from clients for market data and from charging clients for funding accounts have been reclassified to 'other operating income' from 'operating costs'. Further details can be found in note 3.
- 'Translation reserve' of £53.2 million (31 May 2020: £74.1 million) has been separated out from 'other reserves' and presented as a separate line item in the Statement of Changes in Equity and Statement of Financial Position.
- UK Government Securities of £87.1 million (31 May 2020: £9.9 million) used as a collateral with brokers to meet margin requirements have been separated out from 'Financial investments' as 'financial assets pledged as collateral', where the broker has the right to re-hypothecate the pledged collateral.

Critical accounting estimates and judgements

The preparation of financial statements requires the Group to make estimates and judgements that affect the amounts reported for assets and liabilities as at the year-end, and the amounts reported for revenue and expenses during the year.

The nature of estimates means that actual outcomes could differ from those estimates. There are no critical accounting estimates for 31 May 2021. In the Directors' opinion, the judgements that have the most significant impact on the presentation or measurement of items recorded in the Financial Statements is as follows:

(a) Accounting for cryptocurrencies (judgement) – the Group has recognised £30.3 million of cryptocurrency assets and rights to cryptocurrency assets on its Statement of Financial Position as at 31 May 2021 (31 May 2020: £22.1 million). These assets are used for hedging purposes and held for sale in the ordinary course of business. A judgement has been made to apply the measurement principles of IAS 2 Inventories in accounting for these assets. The assets are presented as 'other assets' on the Consolidated Statement of Financial Position. The measurement and disclosure of cryptocurrency assets is considered to be a critical accounting policy judgement.

Notes to the Financial Statements continued

2. Operating segments

The Executive Directors are the Group's Chief Operating Decision Maker (CODM). Management has determined the operating 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. The segmental analysis shown below therefore does not include a measure of profitability, nor a complete segmented balance sheet, as this would not reflect the information which is received by the CODM on a regular basis.

Net trading revenue by operating segment

The CODM considers business performance based on geographical location. This geographical split reflects the location of the office that manages the underlying client relationship. Net trading revenue represents an allocation of the total net trading revenue that the Group generates from client trading activity.

The CODM also considers business performance from a product perspective, split into OTC leveraged derivatives, exchange traded derivatives and stock trading and investments. The revenue from exchange traded derivatives derives from the United States and the EU. The revenue from stock trading and investments derives from the UK, EU and Australia.

The segmental breakdown of net trading revenue is as follows:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Net trading revenue by geography:		
UK	**346.8**	257.7
EU	**108.0**	89.0
EMEA – Non-EU	**60.6**	55.2
Australia	**128.0**	91.9
Singapore	**75.3**	57.0
Japan	**68.7**	46.6
Emerging markets	**34.8**	28.3
US	**31.2**	23.5
Total net trading revenue	**853.4**	649.2

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Net trading revenue by product:		
OTC leveraged derivatives	**790.3**	617.2
Exchange traded derivatives	**24.4**	18.4
Stock trading and investments	**38.7**	13.6
Total net trading revenue	**853.4**	649.2

The Group does not derive more than 10% of revenue from any one single client.

The UK geographic segment, and the OTC leveraged derivatives segment, is stated net of a £7.9 million loss incurred on hedging the $300 million exposure arising from the cash consideration which is payable upon completion of the acquisition of tastytrade, Inc, as set out in note 29.

2. Operating segments 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:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
UK	**129.1**	131.3
EU	**6.6**	7.6
EMEA – Non-EU	**5.5**	6.7
Australia	**1.3**	1.8
Singapore	**1.2**	1.8
Japan	**4.9**	7.0
US	**30.0**	37.4
Total non-current assets	**178.6**	193.6

3. Operating costs

	Note	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Employee-related expenses:			
Fixed remuneration		**131.4**	116.4
Variable remuneration		**51.5**	44.3
		182.9	160.7
Advertising and marketing		**71.1**	61.8
Premises-related costs		**6.5**	7.3
IT, market data and communications		**32.2**	28.4
Legal and professional costs		**32.1**	14.2
Regulatory fees		**9.2**	6.8
Depreciation and amortisation	11,12	**25.7**	25.6
Other costs		**43.4**	42.7
Total operating costs		**403.1**	347.5

Included in premises-related costs is £0.1 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 2020: £0.7 million).

Income earned from clients for market data and from charging clients for funding accounts, was previously netted off against the associated expenses within 'operating costs'. For FY21, this income has been recognised in 'other operating income'. To provide consistency with the current period, comparative figures for 'other operating income' and 'operating costs' in FY20 have been adjusted. For FY20, 'other operating income' on the Consolidated Income Statement has been adjusted by £5.6 million from £1.4 million to £7.0 million. For FY20, 'IT, market data and communications' has been adjusted by £1.8 million from £26.6 million to £28.4 million and 'other costs' has been adjusted by £3.8 million from £38.9 million to £42.7 million.

Notes to the Financial Statements continued

4. Auditors' remuneration

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Audit fees		
Parent	**0.7**	0.6
Subsidiaries	**0.7**	0.7
Total audit fees	**1.4**	1.3
Audit-related fees		
Services supplied pursuant to legislation	**0.6**	0.6
Other audit-related assurance services	**0.1**	0.1
Total audit-related fees	**0.7**	0.7
Non-audit fees		
Other services	**0.1**	0.1
Total non-audit fees	**0.1**	0.1

Audit-related fees include services that are specifically required of the Group's Auditors through legislative or contractual requirements, controls assurance engagements required of the Auditors by the regulatory authorities in whose jurisdiction the Group operates and other audit-related assurance services.

5. Staff costs

The staff costs for the year, including Directors, were as follows:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Wages and salaries, performance-related bonus and equity-settled share-based payment awards	**157.4**	137.8
Social security costs	**17.7**	15.8
Other pension costs	**7.8**	7.1
	182.9	160.7

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 2021 and 31 May 2020 is set out in the Directors' Remuneration Report on page 88.

The average monthly number of employees, including Directors, split into the key activity areas was as follows:

	Year ended 31 May 2021 Number	Year ended 31 May 2020 Number
Prospect acquisition	**311**	308
Sales and client management	**277**	260
Technology	**759**	709
Operations	**386**	336
Business administration	**293**	274
	2,026	1,887

6. Finance income

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Bank interest receivable	**0.6**	2.5
Interest receivable on cash held at brokers	**0.6**	1.7
Interest accretion on financial investments	**0.9**	1.6
	2.1	5.8

7. Finance costs

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Bank interest payable	**0.6**	0.5
Revolving credit facility interest and fees	**0.5**	0.9
Term loan interest and fees	**2.6**	2.8
Interest payable to brokers	**1.6**	1.1
Interest payable on lease liabilities	**0.6**	0.6
	5.9	5.9

8. Taxation

Tax on profit on ordinary activities

Tax charged in the income statement:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Current income tax:		
UK corporation tax	**80.9**	52.7
Non-UK corporation tax	**6.4**	4.9
Adjustment in respect of prior years	**(6.0)**	(0.2)
Total current income tax	**81.3**	57.4
Deferred income tax:		
Origination and reversal of temporary differences	**(2.0)**	(1.4)
Adjustment in respect of prior years	**(0.4)**	(0.2)
Impact of change in tax rates on deferred tax balances	**(0.5)**	(0.3)
Total deferred income tax	**(2.9)**	(1.9)
Tax expense in the income statement	**78.4**	55.5
Tax not charged to income statement:		
Tax recognised in other comprehensive income	**–**	0.2
Tax recognised directly in equity (current and deferred)	**(0.2)**	(0.6)

Notes to the Financial Statements continued

8. Taxation CONTINUED

Reconciliation of the total tax charge

The standard rate of corporation tax in the UK for the year ended 31 May 2021 is 19.0% (31 May 2020: 19.0%). Taxation outside the UK is calculated at the rates prevailing in the relevant jurisdictions. The tax expense in the income statement for the year can be reconciled as set out below:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Profit before taxation	**450.3**	295.9
Profit multiplied by the UK standard rate of corporation tax of 19.0% (year ended 31 May 2020: 19.0%)	**85.6**	56.2
Higher taxes on overseas earnings	**1.4**	0.4
Adjustment in respect of prior years	**(6.4)**	(0.4)
Expenses not deductible for tax purposes	**4.6**	1.1
Patent Box deduction	**(4.7)**	(1.7)
Impact of change in tax rates on deferred tax balances	**(0.5)**	(0.3)
Recognition and utilisation of losses previously not recognised	**(2.7)**	(1.3)
Current year losses not recognised as deferred tax assets	**1.1**	1.5
Total tax expense reported in the income statement	**78.4**	55.5

The effective tax rate for the year is 17.4% (year ended 31 May 2020: 18.8%).

The Finance Act 2021 passed into legislation in May 2021 and increased the main rate of UK corporation tax from 19% to 25% effective from 1 April 2023. The impact of these changes on deferred tax have been assessed and deferred tax assets and liabilities have been measured at the tax rates that are expected to apply when the related asset is realised or liability settled.

Deferred income tax assets

	31 May 2021 £m	31 May 2020 £m
Tax losses available for offset against future profits	**4.0**	4.3
Temporary differences arising on share-based payments	**3.1**	2.7
Temporary differences arising on fixed assets	**2.0**	1.8
Other temporary differences	**3.8**	2.7
	12.9	11.5

Deferred income tax liabilities

	31 May 2021 £m	31 May 2020 £m
Temporary differences arising on fixed assets	**(0.3)**	(0.4)
Other temporary differences	**(0.5)**	(0.3)
	(0.8)	(0.7)

Deferred income tax recovery/settlement

	31 May 2021 £m	31 May 2020 £m
Deferred tax assets to be recovered within 12 months	**3.7**	4.8
Deferred tax assets to be recovered after 12 months	**9.2**	6.7
	12.9	11.5

	31 May 2021 £m	31 May 2020 £m
Deferred tax liabilities to be settled within 12 months	**(0.3)**	(0.1)
Deferred tax liabilities to be settled after 12 months	**(0.5)**	(0.6)
	(0.8)	(0.7)

8. Taxation CONTINUED

The recognised deferred tax asset reflects the extent to which it is considered probable that future taxable profits can be offset against the tax losses carried forward and sufficient capital gains arising in the future.

Share-based payment awards have been charged to the income statement but are not allowable as a tax deduction until the awards vest. The excess of the expected tax relief in future years over the amount charged to the income statement is recognised as a credit directly to equity.

Unrecognised deferred tax assets

	31 May 2021			31 May 2020		
	Gross unrecognised losses for tax purposes £m	**Tax value of loss £m**	**Expiry date**	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date
Overseas trading losses	**14.4**	**4.2**	**N/A**	7.0	2.0	N/A
UK capital losses	**23.5**	**5.9**	**N/A**	25.5	4.8	N/A
	37.9	**10.1**		32.5	6.8	

The Group has an unrecognised deferred tax asset of £10.1 million (31 May 2020: £6.8 million) in respect of prior and current years' losses, the recoverability of which is dependent on sufficient taxable profits of the entities.

The movement in the deferred income tax assets is as follows:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
At the beginning of the year	**11.5**	9.0
Tax credited to the income statement	**3.0**	2.0
Tax (charged)/credited directly to equity	**(0.6)**	0.6
Impact of movement in foreign exchange rates	**(1.0)**	(0.1)
At the end of the year	**12.9**	11.5

The movement in the deferred income tax liability is as follows:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
At the beginning of the year	**(0.7)**	(0.4)
Tax (charged) to the income statement	**(0.1)**	(0.1)
Tax (charged)/credited to other comprehensive income	**–**	(0.2)
At the end of the year	**(0.8)**	(0.7)

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 estimations and judgements with respect to several items, including the recognition of deferred tax assets, which are dependent on the Group's estimation of future profitable income, transfer pricing, and certain items where the tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The Group is subject to a number of disparate tax jurisdictions worldwide as a result of its global operations, and these tax regimes themselves are subject to change. The Group determines its tax liability by taking into account its tax risks and it makes provision for those matters where it is probable that a tax liability will arise.

Notes to the Financial Statements continued

9. Earnings per ordinary share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding shares held as own shares in the Group's Employee Benefit Trusts. Diluted earnings per share is calculated using the same profit figure as that used in basic earnings per share and by adjusting the weighted average number of ordinary shares assuming the vesting of all outstanding share scheme awards and that vesting is satisfied by the issue of new ordinary shares.

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Earnings attributable to owners of the parent	**371.9**	240.4
Weighted average number of shares:		
Basic	**369,181,516**	368,081,407
Dilutive effect of share-based payments	**3,222,900**	2,540,279
Diluted	**372,404,416**	370,621,686

	Year ended 31 May 2021	Year ended 31 May 2020
Basic earnings per ordinary share	**100.7p**	65.3p
Diluted earnings per ordinary share	**99.9p**	64.9p

The Company issued 61.0 million ordinary shares on 29 June 2021 as consideration for the acquisition of tastytrade, Inc, which completed on 28 June 2021. These shares are not included in the diluted weighted average number of shares for the year ended 31 May 2021 as the conditions required to complete the transaction had not been met as at 31 May 2021. Further details are provided in note 29.

10. Dividends paid and proposed

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Final dividend for FY20 at 30.24p per share (FY19: 30.24p)	**111.8**	111.4
Interim dividend for FY21 at 12.96p per share (FY20: 12.96p)	**47.9**	47.8
	159.7	159.2

The final dividend for the year ended 31 May 2021 of 30.24 pence per share was proposed by the Board on 22 July 2021 and has not been included as a liability at 31 May 2021. Following the issuance of 61.0 million ordinary shares on 29 June 2021, the total final dividend will be £130.4 million. This dividend will be paid on 21 October 2021, following approval at the Company's AGM, to those members on the register at the close of business on 24 September 2021.

11. 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 2019	21.6	6.3	33.9	24.0	85.8
Additions	1.3	0.7	7.9	12.1	22.0
Impact of movement in foreign exchange rates	0.1	(0.1)	–	0.1	0.1
At 31 May 2020	23.0	6.9	41.8	36.2	107.9
Additions	**1.0**	**0.1**	**8.0**	**0.3**	**9.4**
Impact of movement in foreign exchange rates	**(0.4)**	**(0.3)**	**(0.7)**	**(2.0)**	**(3.4)**
At 31 May 2021	**23.6**	**6.7**	**49.1**	**34.5**	**113.9**
Accumulated depreciation:					
At 1 June 2019	15.7	4.0	27.7	–	47.4
Provided during the year	1.6	0.9	4.9	6.9	14.3
Impact of movement in foreign exchange rates	(0.1)	(0.1)	–	–	(0.2)
At 31 May 2020	17.2	4.8	32.6	6.9	61.5
Provided during the year	**1.4**	**0.6**	**6.1**	**6.9**	**15.0**
Impact of movement in foreign exchange rates	**(0.1)**	**(0.1)**	**(0.4)**	**(0.6)**	**(1.2)**
At 31 May 2021	**18.5**	**5.3**	**38.3**	**13.2**	**75.3**
Net book value – 31 May 2021	**5.1**	**1.4**	**10.8**	**21.3**	**38.6**
Net book value – 31 May 2020	5.8	2.1	9.2	29.3	46.4

12. Intangible assets

	Goodwill £m	Domain names £m	Internally developed software £m	Software and licences £m	Total £m
Cost:					
At 1 June 2019	108.1	40.5	36.7	26.0	211.3
Additions	–	–	4.3	2.1	6.4
Disposals	–	(3.5)	–	–	(3.5)
Impact of movement in foreign exchange rates	–	0.7	(0.1)	–	0.6
At 31 May 2020	108.1	37.7	40.9	28.1	214.8
Additions	**–**	**–**	**3.3**	**3.6**	**6.9**
Disposals	**–**	**–**	**–**	**(0.2)**	**(0.2)**
Impact of movement in foreign exchange rates	**(0.8)**	**(4.3)**	**0.1**	**(0.3)**	**(5.3)**
At 31 May 2021	**107.3**	**33.4**	**44.3**	**31.2**	**216.2**
Accumulated amortisation:					
At 1 June 2019	–	15.1	22.1	22.6	59.8
Provided during the year	–	3.6	5.8	1.9	11.3
Amounts derecognised upon disposal	–	(3.5)	–	–	(3.5)
Impact of movement in foreign exchange rates	–	0.2	(0.2)	–	–
At 31 May 2020	–	15.4	27.7	24.5	67.6
Provided during the year	**–**	**3.5**	**4.7**	**2.5**	**10.7**
Amounts derecognised upon disposal	**–**	**–**	**–**	**(0.2)**	**(0.2)**
Impact of movement in foreign exchange rates	**–**	**(1.7)**	**(0.1)**	**(0.1)**	**(1.9)**
At 31 May 2021	**–**	**17.2**	**32.3**	**26.7**	**76.2**
Net book value – 31 May 2021	**107.3**	**16.2**	**12.0**	**4.5**	**140.0**
Net book value – 31 May 2020	108.1	22.3	13.2	3.6	147.2

Notes to the Financial Statements continued

13. Financial investments

The Group's financial investments are UK Government securities. The Group holds £86.1 million financial investments as at 31 May 2021 (31 May 2020: £83.8 million) to meet the Group's liquid asset buffer requirement. The remaining balance of £256.0 million (31 May 2020: £140.5 million) is held with brokers to satisfy margin requirements.

This includes £87.1 million (31 May 2020: £9.9 million) UK Government securities held with brokers where the broker has the right to rehypothecate the assets. These assets are separately recognised as 'financial assets pledged as collateral' on the Statement of Financial Position.

The effective interest rates of financial investments held at the year-end range from -0.16% to 1.3% (31 May 2020: 0.29% to 1.04%).

14. Goodwill

Goodwill has been allocated for impairment testing purposes to cash-generating units (CGUs) as follows:

	31 May 2021 £m	31 May 2020 £m
UK	**100.9**	100.9
US	**5.3**	6.1
Australia	**0.1**	0.1
South Africa	**1.0**	1.0
	107.3	108.1

Goodwill arose as follows:
- → UK – from the reorganisation of the UK business on 5 September 2003
- → US – from the acquisition of Nadex (formerly HedgeStreet Exchange) on 6 December 2007
- → Australia – from the acquisition of the non-controlling interest in IG Australia Pty Limited in the year ended 31 May 2006
- → South Africa – from the acquisition of Ideal CFDs on 1 September 2010

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 years ended 31 May 2021 or 31 May 2020. 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, or allocated on a reasonable and consistent basis.

The estimated recoverable amount for each CGU is based upon the value in use (VIU) of each CGU. For all CGUs, the estimate of the recoverable amount was higher than the carrying value.

Key assumptions used in the calculation of the recoverable amount of the CGUs

The key assumptions for the VIU calculations are those regarding expected future cash flows, regional long-term growth rates and discount rates. Future cash flow projections are based on the most recent financial budgets considered by the Board which are used to project cash flows for each CGU over the next four years.

Our long-term plan is based on projected profitability and capital expenditure, which have regard to historical performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. Projected revenue is based on number of first trades, number of active clients and client income. The Group's structural cost base assumes a consistent increase in spend year on year to support the revenue growth projected.

After the period of four years a terminal growth rate of 2.0% (31 May 2020: 2.0%) has been applied to the cash flow to derive a terminal value. The resultant cash flows have been discounted at a pre-tax discount rate of 10.0% (31 May 2020: 10.0%) for UK, 15.0% (31 May 2020: 15.0%) for South Africa, 12.0% (31 May 2020: 12.0%) for Australia and 12.0% (31 May 2020: 12.0%) for the US.

14. Goodwill CONTINUED

Sensitivity to changes in assumptions

These calculations have been subject to a sensitivity analysis reflecting reasonable changes in key assumptions. All VIU calculations are not sensitive to a 500 basis points discount rate increase and to business performance of 30% below forecast. In addition, the recoverable amount of all CGUs remained higher than the carrying value with terminal growth rates reduced to zero. At this level the recoverable amount for all CGUs exceeded the carrying values by a significant amount.

15. Trade receivables

	31 May 2021 £m	31 May 2020 £m
Amounts due from brokers	**424.3**	274.8
Own funds in client money	**63.3**	66.5
Amounts due from clients	**3.3**	5.7
	490.9	347.0

Amounts due from brokers represent balances with brokers where the combination of cash held on account and the valuation of financial derivative open positions results in an amount due to the Group.

Own funds in client money represents 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 £9.2 million (31 May 2020: £16.5 million) to be transferred to the Group on the following business day.

Amounts due from clients arise when a client's total funds deposited with the Group are insufficient to cover any trading losses incurred or when a client utilises a trading credit limit, and is stated net of an allowance for impairment.

16. Other assets

Other assets are cryptocurrencies and rights to cryptocurrencies, which are owned and controlled by the Group for the purpose of hedging the Group's exposure to clients' cryptocurrency trading positions. The Group holds rights to cryptocurrencies on exchange and in vaults as follows:

	31 May 2021 £m	31 May 2020 £m
Exchange	**13.8**	6.0
Vaults	**16.5**	16.1
	30.3	22.1

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 26).

17. Borrowings

In January 2021 the Group extended its existing credit facility with four UK banks. The credit facility is for £200 million, of which £100 million is a fully drawn term loan and £100 million is a revolving credit facility, which was not drawn as at 31 May 2021.

The term loan is repayable on maturity of the facility in June 2023 and is stated net of £0.4 million of unamortised arrangement fees. The revolving credit facility has a maturity date of December 2022 having been extended by18 months in January 2021.

The Group has also entered into a £150 million term loan facility as part of the acquisition of tastytrade, Inc. This facility will be drawn down on completion of the acquisition and was undrawn as at 31 May 2021. The loan is repayable on maturity of the facility in June 2023. Unamortised arrangement fees of £0.8 million have been recognised and capitalised on the balance sheet.

The Group entered into a £25 million bilateral revolving credit facility in March 2021 with a maturity date of September 2021. There is an option to extend the maturity for an additional three months to December 2021. The bilateral revolving credit facility was not drawn as at 31 May 2021.

Under the terms of its facility agreements, the Group is required to comply with various financial covenants, including gearing ratios and minimum levels of shareholder equity. The Group has complied with these covenants throughout the reporting period.

Notes to the Financial Statements continued

18. Leases

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 2021 £m	31 May 2020 £m
Future minimum payments due:		
Within one year	**6.7**	6.8
After one year but not more than five years	**15.5**	20.9
After more than five years	**0.9**	1.6
	23.1	29.3

In addition to the £23.1 million lease liability (31 May 2020: £29.3 million), the Group has £0.1 million lease commitments under non-cancellable operating leases which are not capitalised as right-of-use assets (31 May 2020: £0.2 million). During the year, the Group has paid £6.3 million of lease payments (31 May 2020: £7.7 million) including those not capitalised as right-of-use assets.

The table below shows the maturity analysis of the undiscounted cash flows for non-cancellable leases.

Lease liability

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Future minimum payments due:		
Within one year	**6.7**	7.0
After one year but not more than five years	**16.5**	22.0
After more than five years	**0.9**	1.7
	24.1	30.7

The movements in balances associated with IFRS 16 Leases can be reconciled as follows:

Right-of-use asset

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Right-of-use asset at the beginning of the year	**29.3**	24.0
New lease agreements – present value of lease liabilities	**–**	11.5
New lease agreements – estimated restoration costs	**–**	0.7
Changes to existing lease agreements – estimated restoration costs	**0.3**	–
Depreciation in the year	**(6.9)**	(6.9)
Impact of movement in foreign exchange rates	**(1.4)**	–
Right-of-use asset at the end of the year	**21.3**	29.3

Lease liability

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Lease liability at the beginning of the year	**29.3**	24.5
New lease agreements – present value of lease liabilities	**–**	11.5
Changes to existing lease agreements	**0.4**	–
Lease payments made in the year	**(5.8)**	(7.3)
Unwinding of discount	**0.6**	0.6
Impact of movement in foreign exchange rates	**(1.4)**	–
Lease liability at the end of the year	**23.1**	29.3

19. Trade payables

	31 May 2021 £m	31 May 2020 £m
Client funds	**354.3**	141.4
Amounts due to clients	**3.2**	1.7
	357.5	143.1

Client funds comprise title transfer funds, client deposits with the Group's Swiss banking subsidiary, and client money held by IG US LLC. These amounts are included within 'cash and cash equivalents'. Client funds also includes financial liabilities relating to issued turbo warrants.

Amounts due to clients represent balances that will be transferred from the Group's own cash into segregated client funds on the following business day in accordance with the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

20. Other payables

	31 May 2021 £m	31 May 2020 £m
Accruals	**97.2**	74.2
Payroll taxes, social security and other taxes	**11.0**	6.9
	108.2	81.1

21. Contingent liabilities and provisions

In the ordinary course of business, the Group is subject to legal and regulatory risks in a number of jurisdictions. There are no contingent liabilities that are expected to have a material adverse financial impact on the Group's Consolidated Financial Statements. The Group had no material provisions at 31 May 2021 (31 May 2020: £nil).

22. 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 2019	368,844,455	–	125.8
Issued during the year	595,000	–	–
At 31 May 2020	369,439,455	–	125.8
Issued during the year	860,000	–	–
At 31 May 2021	**370,299,455**	**–**	**125.8**
(ii) Deferred redeemable shares (0.001p)			
At 31 May 2020	65,000	–	–
At 31 May 2021	**65,000**	**–**	**–**
(iii) Redeemable preference shares (£1.00)			
At 31 May 2020	40,000	–	–
At 31 May 2021	**40,000**	**–**	**–**

During the year ended 31 May 2021, 860,000 (31 May 2020: 595,000) ordinary shares with an aggregate nominal value of £43.00 (31 May 2020: £29.75) were issued. The 860,000 ordinary shares (31 May 2020: 595,000) were issued to the Employee Benefit Trust in order to satisfy the exercise of sustained performance plan and long-term incentive plan awards, for consideration of £43.00 (31 May 2020: £29.75).

Except as the ordinary shareholders have agreed or may otherwise agree, on a winding up of the Company, the balance of assets available for distribution, after the payment of all of the Company's creditors and subject to any special rights attaching to other classes of shares, are distributed among the shareholders according to the amounts paid up on shares by them.

Notes to the Financial Statements continued

22. Share capital and share premium CONTINUED

Deferred redeemable shares

These shares carry no entitlement to dividends and no voting rights.

Redeemable preference shares

The preference shares are entitled to a fixed non-cumulative dividend of 8.0% paid in preference to any other dividend. Redemption is only permissible in accordance with capital distribution rules or on the winding up of the Company where the holders are entitled to £1 per share plus, if the Company has sufficient distributable reserves, any accrued or unpaid dividends. The preference shares have no voting rights, except that they are entitled to vote should the Company fail to pay any amount due on redemption of the shares. The effective interest rate on these shares is 8.0% (31 May 2020: 8.0%).

23. Other reserves

	Share-based payments reserve £m	Own shares held in Employee Benefit Trusts £m	FVOCI reserve £m	Merger reserve £m	Total other reserves £m
At 1 June 2019	16.5	(8.5)	0.5	81.0	89.5
Equity-settled employee share-based payments	9.7	–	–	–	9.7
Exercise of UK share incentive plans	(5.4)	5.4	–	–	–
Employee Benefit Trust purchase of shares	–	(1.5)	–	–	(1.5)
Change in value of financial assets held at fair value through other comprehensive income	–	–	0.7	–	0.7
Transfer of vested awards from share-based payment reserve	(4.1)	–	–	–	(4.1)
At 31 May 2020	16.7	(4.6)	1.2	81.0	94.3
Equity-settled employee share-based payments	**7.4**	**–**	**–**	**–**	**7.4**
Exercise of UK share incentive plans	**(3.2)**	**3.2**	**–**	**–**	**–**
Employee Benefit Trust purchase of shares	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Change in value of financial assets held at fair value through other comprehensive income	**–**	**–**	**(1.3)**	**–**	**(1.3)**
Transfer of vested awards from share-based payment reserve	**(6.4)**	**–**	**–**	**–**	**(6.4)**
At 31 May 2021	**14.5**	**(1.6)**	**(0.1)**	**81.0**	**93.8**

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 (FVOCI) reserve includes unrealised gains or losses in respect of financial investments, net of tax.

Own shares held in Employee Benefit Trusts

The movements in own shares held in Employee Benefit Trusts in respect of employee share plans during the year were as follows:

	Year ended 31 May 2021 Number	Year ended 31 May 2020 Number
At the beginning of the year	**1,279,338**	1,126,490
Subscribed for and purchased during the year	**898,139**	858,852
Exercise and sale of own shares held in trust	**(1,305,205)**	(706,004)
At the end of the year	**872,272**	1,279,338

The Group has a UK-resident Employee Benefit Trust which holds shares in the Company to satisfy awards under the Group's HM Revenue and Customs-approved share incentive plan (SIP). At 31 May 2021 205,623 ordinary shares (31 May 2020: 277,478) were held in the trust. The market value of the shares at 31 May 2021 was £1.8 million (31 May 2020: £2.1 million).

23. Other reserves CONTINUED

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 2021 the trust held 651,444 ordinary shares (31 May 2020: 974,678). The market value of the shares at 31 May 2021 was £5.6 million (31 May 2020: £7.5 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 2021 15,205 ordinary shares (31 May 2020: 27,182) were held in the trust. The market value of the shares at 31 May 2021 was £0.1 million (31 May 2020: £0.2 million).

24. Employee share plans

The Company operates three employee share plans; a sustained performance plan (SPP), a long-term incentive plan (LTIP) and a share incentive plan (SIP). The LTIP and SIP are equity-settled. The SPP awarded prior to FY21 was fully equity-settled. The SPP awarded for FY21 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. In addition to this, the Group in FY21 bought out on a like-for-like basis the CFO's share award which was forfeited.

Sustained performance plan (SPP)

The SPP award was introduced in the year ended 31 May 2014 for the Group's Executive Directors and other selected senior employees. The Remuneration Committee approves any awards made under the plan and is responsible for setting the policy for the operation of the SPP, agreeing performance targets and participation.

The legal grant of awards under the SPP occurs post the relevant performance period. At the outset of the financial year the Remuneration Committee approves, and communicates to the participants, performance conditions and a pre-defined maximum monetary award in terms of multiple of salary. The grant of awards, in the form of equity-settled par value options, is based upon three performance conditions: relative Total Shareholder Return (TSR), earnings per share (EPS) and operational non-financial performance (NFP). Awards subsequently vest periodically in tranches until three years after the expiry of the SPP scheme in August 2023, unless a decision is made by the Remuneration Committee to extend the life of the SPP scheme.

The additional awards were granted to the Group Chief Financial Officer (CFO) following his appointment on 1 June 2020, to replace awards from the CFO's previous employer which lapsed upon his resignation.

The following table shows the movement of options in the SPP, and the additional awards issued to the CFO, for the year ended 31 May 2021:

Award date	Performance period (year ended)	Share price at award	Expected full vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Exercised during the year Number	Dividend equivalent awarded during the year Number	At the end of the year Number
4 Aug 2014	31 May 2014	609.90p	1 Aug 2025	38,945	–	–	(15,486)	1,317	24,776
6 Aug 2015	31 May 2015	742.55p	1 Aug 2025	41,971	–	–	(16,551)	1,429	26,849
2 Aug 2016	31 May 2016	868.65p	1 Aug 2025	196,326	–	–	(91,188)	5,906	111,044
1 Aug 2017	31 May 2017	626.50p	1 Aug 2025	152,160	–	–	(58,721)	5,249	98,688
7 Aug 2018	31 May 2018	893.00p	1 Aug 2025	513,206	–	–	(194,958)	17,880	336,128
6 Aug 2019	31 May 2019	559.20p	1 Aug 2025	370,953	–	(3,063)	(135,104)	13,074	245,860
6 Aug 2020	31 May 2020	734.00p	1 Aug 2025	–	1,847,611	(252,039)	(331,745)	70,998	1,334,825
6 Aug 2020	–	734.00p	1 May 2022	–	35,628	–	(18,813)	999	17,814
6 Aug 2020	31 May 2021	734.00p	30 Jun 2022	–	35,616	–	–	–	35,616
6 Aug 2020	–	734.00p	1 May 2023	–	6,535	–	(2,298)	120	4,357
			Total	1,313,561	1,925,390	(255,102)	(864,864)	116,972	2,235,957

The average share price at exercise of options during the year was 728.61 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 2021 was 4.17 years (30 May 2020: 5.17 years).

The SPP awards for the year ended 31 May 2021 will be granted in August 2021 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.

Notes to the Financial Statements continued

24. Employee share plans CONTINUED

The table below details the number of options expected to be awarded for the year ended 31 May 2021, based on the year-end share price:

Expected award date	Closing share price at 31 May 2021	Expected full vesting date	Awards expected for the year ending 31 May 2021 Number
5 Aug 2021	857.0p	1 Aug 2025	1,358,071

Long-term incentive plan (LTIP)

The LTIP is made available to senior management who are not invited to participate in the SPP.

Awards under the LTIP are nominal cost options, which vest after three years, conditional upon continued employment at the vesting date. There are no other performance targets.

The maximum number of LTIP awards that can vest under the awards made are:

Award date	Share price at award	Expected vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Dividend equivalent awarded during the year Number	Exercised during the year Number	At the end of the year Number
1 Aug 2017	626.50p	1 Aug 2020	262,995	–	–	55,559	(318,554)	–
7 Aug 2018	893.00p	7 Aug 2021	227,379	–	(9,008)	–	–	218,371
6 Aug 2019	559.20p	6 Aug 2022	474,004	–	(35,160)	–	–	438,844
6 Aug 2020	734.00p	6 Aug 2023	–	407,862	(21,165)	–	–	386,697
Total			964,378	407,862	(65,333)	55,559	(318,554)	1,043,912

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 2021 was 1.34 years (31 May 2020: 1.40 years).

Share incentive plan (SIP)

SIP awards are made available to all UK, Australian and US employees. The terms of the award are approved by the Remuneration Committee.

The UK and Australian awards invite all employees to purchase up to £1,800/A$3,000 (31 May 2020: £1,800/A$3,000) of partnership shares, with the Company matching on a one-for-one (31 May 2020: one-for-one) basis. All matching shares vest after three years as long as the employee remains employed with the Group for the term of the award. Shares awarded under the scheme are held in trust in accordance with local tax authority rules. Employees are entitled to receive dividends on the partnership and matching shares held in trust for as long as they remain employees.

The US award invites employees to invest a maximum of 5% of their salary to the award. Employees are invited to purchase shares in IG Group Holdings plc at a discount of 15% to the scheme price, being the lower of the opening share price and the closing share price for the period.

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	1 Aug 2017	626.50p	1 Aug 2020	101,354	–	–	(101,354)	–
Australia	15 Jul 2017	626.50p	15 Jul 2020	10,686	–	–	(10,686)	–
UK	7 Aug 2018	893.00p	7 Aug 2021	92,368	–	(2,634)	(4,576)	85,158
Australia	15 Jul 2018	935.84p	15 Jul 2021	8,806	–	(1,266)	(362)	7,178
UK	6 Aug 2019	559.20p	6 Aug 2022	66,198	–	(2,283)	(2,676)	61,239
Australia	15 Jul 2019	597.00p	15 Jul 2022	2,358	–	(283)	–	2,075
UK	6 Aug 2020	734.00p	6 Aug 2023	–	58,134	(1,035)	(2,096)	55,003
Australia	15 Jul 2020	828.00p	15 Jul 2023	–	4,440	(740)	(37)	3,663
Total			Total	281,770	62,574	(8,241)	(121,787)	214,316

24. Employee share plans CONTINUED

Of the above SIP awards exercised during the year ended 31 May 2021, the average weighted share price at exercise was:

Country of award	Award date	Weighted average share price at exercise
UK	1 Aug 2017	626.50p
Australia	15 Jul 2017	640.00p
UK	7 Aug 2018	871.26p
Australia	15 Jul 2018	859.50p
UK	6 Aug 2019	556.00p
Australia	15 Jul 2019	614.12p
UK	6 Aug 2020	751.60p
Australia	15 Jul 2020	825.70p

The weighted average exercise price of the SIP awards exercised during the year ended 31 May 2021 is 758.45 pence.

Accounting for share schemes

The IFRS expense recognised in the income statement in respect of share-based payments was £7.4 million (31 May 2020: £9.7 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 £12.7 million (31 May 2020: £13.5 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 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 awards granted on 5 August 2020:

Date of grant	5 August 2020
Share price at grant date (pence)	748.00p
Expected life of awards (years)	0.82
Risk-free sterling interest rate (%)	0.06%
IG Group Holdings plc expected volatility (%)	37.84%

Due to the small exercise price of 0.005 pence, the risk-free rate has no impact on the fair value calculation.

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 2021	**577.48p**	**695.98p**	**667.22p**	**689.06p**	**618.63p**
Year ended 31 May 2020	751.23p	468.83p	743.20p	739.50p	577.48p

Notes to the Financial Statements continued

25. Related party transactions

The Group had no transactions with its Directors other than those disclosed in the Directors' Remuneration Report.

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 2021 £m	Year ended 31 May 2020 £m
Short-term employee benefits	6.4	4.6
Share-based payments	6.5	7.9
	12.9	12.5

The average number of key management personnel during the year was 10 (year ended 31 May 2020: 9). Included within 'short-term employee benefits' are pension charges of £0.1 million (year ended 31 May 2020: £0.1 million).

26. 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. The Group considers the carrying value of all financial assets and liabilities to be a reasonable approximation of fair value and represents the Group's maximum credit exposure as at the balance sheet date.

As at 31 May 2021	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets:						
Cash and cash equivalents		–	655.2	–	655.2	655.2
Financial assets pledged as collateral	13	–	–	87.1	87.1	87.1
Financial investments	13	–	–	255.0	255.0	255.0
Trade receivables – amounts due from brokers	15	17.1	407.2	–	424.3	424.3
Trade receivables – own funds in client money	15	–	63.3	–	63.3	63.3
Trade receivables – amounts due from clients	15	–	3.3	–	3.3	3.3
Other receivables		–	5.5	–	5.5	5.5
		17.1	1,134.5	342.1	1,493.7	1,493.7
Financial liabilities:						
Trade payables – client funds	19	38.4	(392.7)	–	(354.3)	(354.3)
Trade payables – amounts due to clients	19	–	(3.2)	–	(3.2)	(3.2)
Borrowings	17	–	(98.8)	–	(98.8)	(98.8)
Other payables	20	–	(108.2)	–	(108.2)	(108.2)
Lease liabilities	18	–	(23.1)	–	(23.1)	(23.1)
		38.4	(626.0)	–	(587.6)	(587.6)

26. Financial instruments CONTINUED

As at 31 May 2020	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets:						
Cash and cash equivalents		–	486.2	–	486.2	486.2
Financial assets pledged as collateral	13	–	–	9.9	9.9	9.9
Financial investments	13	–	–	214.4	214.4	214.4
Trade receivables – amounts due (to)/ from brokers	15	(1.8)	276.6	–	274.8	274.8
Trade receivables – own funds in client money	15	–	66.5	–	66.5	66.5
Trade receivables – amounts due from clients	15	–	5.7	–	5.7	5.7
Other receivables		–	3.9	–	3.9	3.9
		(1.8)	838.9	224.3	1,061.4	1,061.4
Financial liabilities:						
Trade payables – client funds	19	12.6	(154.0)	–	(141.4)	(141.4)
Trade payables – amounts due to clients	19	–	(1.7)	–	(1.7)	(1.7)
Borrowings	17	–	(99.7)	–	(99.7)	(99.7)
Other payables	20	–	(81.1)	–	(81.1)	(81.1)
Lease liabilities	18	–	(29.3)	–	(29.3)	(29.3)
		12.6	(365.8)	–	(353.2)	(353.2)

Financial instrument valuation hierarchy

The hierarchy of the Group's financial instruments carried at fair value is as follows:

As at 31 May 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
Trade receivables – amounts due from brokers	**0.6**	**16.5**	**–**	**17.1**
Financial assets pledged as collateral	**87.1**	**–**	**–**	**87.1**
Financial investments	**255.0**	**–**	**–**	**255.0**
Financial liabilities:				
Trade payables – client funds	**–**	**38.4**	**–**	**38.4**

As at 31 May 2020	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
Trade receivables – due (to)/from brokers	(3.0)	1.2	–	(1.8)
Financial assets pledged as collateral	9.9	–	–	9.9
Financial investments	214.4	–	–	214.4
Financial liabilities:				
Trade payables – client funds	–	12.6	–	12.6

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.

Notes to the Financial Statements continued

26. Financial instruments CONTINUED

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 2020: 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 2021 and 31 May 2020.

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.

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 2021 and 31 May 2020.

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 2021	Note	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off £m	Net amounts of financial assets and liabilities £m
Financial assets				
Trade receivables – amount due from/(to) brokers	**15**	**954.6**	**(530.3)**	**424.3**
Financial liabilities				
Trade payables – client funds	**19**	**42.1**	**(396.4)**	**(354.3)**
		996.7	**(926.7)**	**70.0**

As at 31 May 2020	Note	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off £m	Net amounts of financial assets and liabilities £m
Financial assets				
Trade receivables – amount due from/(to) brokers	15	733.1	(458.3)	274.8
Financial liabilities				
Trade payables – client funds	19	14.8	(156.2)	(141.4)
		747.9	(614.5)	133.4

Amounts due from brokers and client funds have been presented gross to reflect the impact of offsetting. The Group is entitled to offset amounts due from brokers on a broker account level by currency. Collateral at brokers represents UK government gilts securities listed with brokers to meet the brokers' 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.

27. Financial risk management

Financial risks arising from financial instruments are analysed into market, credit, concentration and liquidity risks. Details of how risks are managed are discussed in the Risk Management section on page 46.

Market risk

Market risk disclosures are analysed into the following categories:

- Non-trading interest rate risk
- Price and foreign currency risk, which is further analysed between the impact on financial investments held at fair value through other comprehensive income and the impact on the Group's year-end net trading book position. The Group's foreign currency exposure on its financial assets and liabilities denominated in currencies other than the reporting currency is included in the trading book

Non-trading interest rate risk

The Group has interest rate risk relating to financial instruments not held at fair value through profit or loss. These exposures are not hedged.

The interest rate risk profile of the Group's financial assets and liabilities at each year-end was as follows:

	Within 1 year		Between 2 and 5 years		Total	
	31 May 2021 £m	31 May 2020 £m	**31 May 2021 £m**	31 May 2020 £m	**31 May 2021 £m**	31 May 2020 £m
Fixed rate:						
Financial assets pledged as collateral	**26.0**	9.9	**61.1**	–	**87.1**	9.9
Financial investments	**127.4**	130.6	**127.6**	83.8	**255.0**	214.4
Floating rate:						
Cash and cash equivalents	**655.2**	486.2	**–**	–	**655.2**	486.2
Trade receivables – due from brokers	**424.3**	274.8	**–**	–	**424.3**	274.8
Trade receivables – own funds in client money	**63.3**	66.5	**–**	–	**63.3**	66.5
Borrowings	**–**	–	**(98.8)**	(99.7)	**(98.8)**	(99.7)
	1,296.2	968.0	**89.9**	(15.9)	**1,386.1**	952.1

There are no financial assets and liabilities which are held for a period over five years.

Non-trading interest rate risk sensitivity analysis – fixed rate

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The level of future fixed interest receivable would be similar to that received in the year and is considered immaterial to the Group's profit for the year.

Non-trading interest rate risk sensitivity analysis – floating rate

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Trade receivables and payables include client and broker balances upon which interest is paid or received based upon market rates.

Interest rate sensitivity has been performed on floating rate financial instruments by considering the impact of a 1% decrease in interest rates on financial assets and financial liabilities. The impact of such a movement on the Group's profit before tax for the year is shown below.

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
(Decrease)/increase in profit before tax:		
Cash and cash equivalents	**(6.6)**	(4.9)
Trade receivables – amount due from brokers	**(1.2)**	(1.1)
Trade receivables – own funds in client money	**(0.6)**	(0.7)
Borrowings	**0.1**	0.2

Notes to the Financial Statements continued

27. Financial risk management CONTINUED

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 2021 £m**	Year ended 31 May 2020 £m
Decrease in FVOCI reserve (equity)	**(3.1)**	(1.7)

The Group is also exposed to price and foreign currency risk in relation to its net trading book position. The Group accepts some residual market risk to facilitate instant execution of client trades but does not take proprietary positions for the purposes of speculative gain. The Group manages the market risk it faces in providing its services to clients by internalising client flow (allowing individual client trades to offset one another) and hedging when the residual exposures reach pre-defined limits. The Group's Risk Management Framework is set out on page 46 of the Annual Report.

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 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 IG's expected losses outside of the 99% confidence level (average losses in the 1% tail), while stress testing models potential losses in extreme but plausible events. Stress testing covers a range of scenarios including future known economic and political events, market- or region-specific scenarios and potential macro systemic shocks which references the 20-year price returns for all markets at the 99.9th percentile confidence interval. The Group's end-of-day market risk VaR for the year is shown in the table below:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Market risk as at 31 May	**5.3**	7.0
Average market risk (daily)	**9.6**	3.3
Maximum market risk (daily)	**25.5**	11.9
Minimum market risk (daily)	**2.8**	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.

27. Financial risk management CONTINUED

Associated with the proposed tastytrade, Inc acquisition, the Group entered into a foreign exchange contract to hedge the $300 million exposure arising from the cash consideration due upon completion of the transaction. In the year ended 31 May 2021, the Group recognised a £7.9 million unrealised foreign exchange loss in net trading revenue as a result of this hedge. If sterling strengthened by 1%, the Group would recognise an additional loss of £2.1 million (31 May 2020: £nil). This exposure is not included in the market risk VaR above.

Credit risk

The principal sources of credit risk to the Group's business are from financial institutions and individual clients.

Amounts due from financial institutions, which are stated net of an expected credit loss of £nil (31 May 2020: £0.1 million), are all less than 30 days past due. Amounts due from clients, which are stated net of an expected credit loss of £17.0 million at 31 May 2021 (31 May 2020: expected credit loss of £15.7 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 2021 £m	31 May 2020 £m	**31 May 2021 £m**	31 May 2020 £m	**31 May 2021 £m**	31 May 2020 £m	**31 May 2021 £m**	31 May 2020 £m
Credit rating:								
AA+ and above	**27.3**	25.7	**–**	–	**–**	–	**–**	–
AA to AA-	**158.1**	22.9	**8.2**	–	**–**	–	**0.6**	5.4
A+ to A-	**426.2**	420.2	**402.1**	267.8	**–**	–	**61.8**	60.1
BBB+ to BBB-	**30.0**	7.2	**–**	–	**–**	–	**0.8**	1.0
BB+ to B	**13.6**	10.2	**1.1**	3.3	**–**	–	**–**	–
Unrated	**–**	–	**12.9**	3.7	**3.3**	5.7	**0.1**	–
Total carrying amount	**655.2**	486.2	**424.3**	274.8	**3.3**	5.7	**63.3**	66.5

Loss allowance

Below is a reconciliation of the total loss allowance:

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
At the beginning of the year	**15.8**	9.3
Loss allowance for the year:		
– gross charge for the year	**8.0**	13.8
– recoveries	**(5.1)**	(2.8)
– debts written off	**(1.3)**	(4.4)
Foreign exchange	**(0.4)**	(0.1)
At the end of the year	**17.0**	15.8

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 by stage and the associated loss allowance. The financial instruments that are assessed in accordance with the 'simplified approach' as permitted by IFRS 9 are trade receivables (excluding derivative amounts due from brokers).

Notes to the Financial Statements continued

27. Financial risk management CONTINUED

	31 May 2021 Stage 1 12-month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Simplified approach £m	Total £m
Credit grade:					
Investment grade	**983.7**	**–**	**–**	**455.9**	**1,439.6**
Non-investment grade	**13.6**	**–**	**–**	**40.4**	**54.0**
Gross carrying amount	**997.3**	**–**	**–**	**496.3**	**1,493.6**
Loss allowance	**–**	**–**	**–**	**(17.0)**	**(17.0)**
Total carrying amount	**997.3**	**–**	**–**	**479.3**	**1,476.6**

	31 May 2020 Stage 1 12-month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Simplified approach £m	Total £m
Credit grade:					
Investment grade	700.3	–	–	328.2	1,028.5
Non-investment grade	10.2	–	–	40.3	50.5
Gross carrying amount	710.5	–	–	368.5	1,079.0
Loss allowance	–	–	–	(15.8)	(15.8)
Total carrying amount	710.5	–	–	352.7	1,063.2

Concentration risk

The Group's largest credit exposure to any one individual broker at 31 May 2021 was £69.9 million (A+ rated) (31 May 2020: £70.2 million (A+ rated)). Included in cash and cash equivalents, the Group's largest credit exposure to any bank at 31 May 2021 was £117.3 million (AA- rated) (31 May 2020: £100.1 million (A+ rated)). The Group has no significant credit exposure to any one particular client or group of connected clients.

Liquidity risk

Amounts receivable and payable on demand

The Group's financial instruments are all repayable within one year, with the exception of the Group's term loan which is repayable in full in June 2023 and certain lease liabilities as disclosed in note 18.

The Group has non-derivative cash flows payable over five years in relation to the redeemable preference shares of £40,000 at 31 May 2021 (31 May 2020: £40,000).

28. Cash flow information

Cash generated from operations

	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Operating activities		
Operating profit	**454.1**	296.0
Depreciation and amortisation	**25.7**	25.6
Share-based payments charge	**7.4**	9.7
Loss / (Gain) on disposal of subsidiaries	**0.4**	(0.7)
(Increase) in trade and other receivables and other assets	**(161.9)**	(35.6)
Increase in trade and other payables	**247.8**	54.6
Cash generated from operations	**573.5**	349.6

28. Cash flow information CONTINUED

Liabilities arising from financing activities

	Borrowings £m	Leases £m	Total £m
Liabilities as at 1 June 2019	99.6	24.5	124.1
Addition of new leases	–	11.5	11.5
Lease payments made in the year	–	(7.3)	(7.3)
Unwinding of discount	–	0.6	0.6
Financing arrangement fees	(0.3)	–	(0.3)
Amortisation of fees	0.4	–	0.4
Liabilities as at 31 May 2020	99.7	29.3	129.0
Changes to existing lease agreements	**–**	**0.4**	**0.4**
Lease payments made in the year	**–**	**(5.8)**	**(5.8)**
Unwinding of discount	**–**	**0.6**	**0.6**
Financing arrangement fees	**(1.3)**	**–**	**(1.3)**
Amortisation of fees	**0.4**	**–**	**0.4**
Impact of movement in foreign exchange rates	**–**	**(1.4)**	**(1.4)**
Liabilities as at 31 May 2021	**98.8**	**23.1**	**121.9**

29. Subsequent events

On 28 June 2021, the Group completed the acquisition of tastytrade, Inc, a company incorporated in United States and headquartered in Chicago. tastytrade, Inc is a high-growth US online brokerage and trading education platform with a leading position in US listed derivatives, primarily options and futures.

Under the terms of the purchase agreement, IG Group Holdings plc (directly and through certain wholly owned subsidiaries) acquired the entire share capital of tastytrade, Inc and in exchange, $300 million cash consideration was paid and IG Group Holdings plc issued 61,000,000 listed ordinary shares. Based on IG Group Holding plc's issued share capital at completion, the total shares amounted to an economic interest in IG Group Holdings plc of approximately 14.1%. The shares were issued on 29 June 2021 and upon issue the total value of the shares was £517.3 million, based upon the opening share price on 29 June 2021 of £8.48.

The Group financed the transaction by drawing down on the £150 million term loan which was arranged during the year ended 31 May 2021. Further details of the facility is provided in note 17.

The acquisition of tastytrade, Inc has compelling strategic benefits for IG. The acquisition provides IG with immediate scale in the world's largest listed options and futures market. It also transforms the scale and breadth of IG's existing US presence through Nadex, IG US LLC and DailyFX and its relevance to US retail clients. The acquisition also extends IG's global product capabilities into exchange traded options and futures diversifying IG's regulatory risk profile beyond its historical focus on OTC trading, and increasing the contribution from capital efficient agency-only activities.

Associated with the acquisition, the Group incurred operating costs of £19.6 million for legal, bank and broker fees in FY21.

The Group is applying the acquisition method to account for the transaction in accordance with IFRS 3 – Business Combinations. The Group is required to determine what is part of the business combination transaction, to recognise and measure the identified net assets acquired, and to determine the consideration transferred. Given the size of the transaction and the short period of time between completion and the date when the Annual Report is authorised for issue, the Group is unable to reasonably estimate the fair value of net assets acquired, the fair value of consideration transferred and the resulting goodwill. It is likely that the goodwill balance will be significant. The most recent audited financial statements for tastytrade, Inc as at 31 December 2020 reflected net assets of $184.4 million, with current assets of $142.1 million and non-current assets of $49.2 million.

As part of the fair value exercise the Group will consider the recognition criteria in terms of IFRS3 and may identify the following classes of purchased intangible assets:

- Customer relationships
- Trade names
- Technology

The Group has 12 months from the date of acquisition to complete the valuation exercise.

Notes to the Financial Statements continued

30. Significant accounting policies

The accounting policies and interpretations adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Financial Statements for the year ended 31 May 2020, with the exception of changes in policy on presentation as outlined in note 1.

New accounting standards and interpretations adopted during the year

There were no new standards, amendments or interpretations issued during the period which have had a material impact on the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Going concern

The Directors have prepared the Financial Statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements.

In assessing whether it is appropriate to adopt the going-concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Group, taking account of its liquidity position and cash generation, the adequacy of capital resources, the availability of external credit facilities and the associated financial covenants, and stress-testing of liquidity and capital adequacy that takes into account the principal risks faced by the business.

The Directors' assessment has considered future performance, solvency and liquidity over a period of at least 12 months from the date of approval of the 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.

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 31.

Subsidiaries are consolidated from the date on which the Group obtains control until the date on which control ceases. Control is achieved where the Group has existing rights that give it the current 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 Consolidated Financial Statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All inter-company transactions, balances, income and expenses between the Group entities, including unrealised profits arising from them, are eliminated on consolidation.

Business combinations 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 re-measured at each balance sheet date with periodic changes to the estimated liability recognised in the income statement. Acquisition-related costs are expensed as incurred. Goodwill is initially measured as the excess of the consideration transferred over the fair values of identifiable net assets. If this consideration is lower than the fair values of identifiable net assets acquired, the difference is credited to the income statement in the year of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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 'operating segments'. Operating segments that do not meet the quantitative thresholds required by IFRS 8 are aggregated.

30. Significant accounting policies CONTINUED

Foreign currencies

The Group's presentational currency is sterling. 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 Group's presentational currency rate of exchange prevailing at the balance sheet date. Gains and losses arising on revaluation are taken to trading revenue in the income statement. Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

The functional currency of each entity in the Group is consistent with the primary economic environment in which the entity operates. On consolidation, 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. 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 income statement as income or expense.

Revenue recognition

Trading revenue includes revenue arising from each of the Group's four revenue generation models: OTC leveraged derivatives, exchange traded derivatives, stock trading, and investments.

OTC leveraged derivatives

Revenue from the OTC leveraged derivatives business represents:

i) fees paid by clients for spread, commission and funding charges in respect of the opening, holding and closing of financial spread bets, contracts for difference or options contracts, together with gains and losses for the Group arising on client trading activity; less
ii) fees paid by the Group in spread, commissions and funding charges arising in respect of hedging the risk associated with the client trading activity and the Group's currency exposures, together with gains and losses incurred by the Group arising on hedging activity

Open client and hedging positions are fair valued daily with gains and losses arising on this valuation recognised in revenue. The policies and methodologies associated with the determination of fair value are disclosed in note 26, 'financial instruments'.

Exchange traded derivatives

Revenue from exchange traded derivatives represents fees paid by members of the Group's regulated futures and options exchange, with members of the exchange charged a fee per transaction undertaken. Revenue also represents gains and losses incurred by the Group arising on its market-making activity on the Group's futures and options exchange and the Group's multilateral trading facility.

Stock trading

Revenue from stock trading represents fees and commission earned from the stock trading service after deducting contracting and trade settlement fees payable to third-party brokers. Revenue is recognised in full on the date of the trade being placed or the fee being charged.

Investments

Revenue from investments represents management fees, which are earned as a percentage of assets under management. These are recognised over the period in which the service is provided.

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Group and can be reliably measured. Revenue is shown net of sales taxes and excludes any inter-company transactions.

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, as this is consistent with the management information received by the CODM.

Notes to the Financial Statements continued

30. Significant accounting policies CONTINUED

Finance income and costs on segregated client funds

Interest income and expense on segregated client funds is accrued on a time basis, by reference to the principal amount outstanding and at the applicable interest rate.

Interest income and interest expense on segregated client funds are disclosed within operating profit, as this is consistent with the nature of the Group's operations.

Dividends

Dividends declared but not yet distributed to the Company's shareholders are recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Employee benefits

(a) Pension obligations

The Group operates defined contribution schemes. Contributions are charged to the income statement when they become payable according to the rules of the schemes. Once the contributions have been paid, the Group has no legal or constructive obligations to pay further contributions.

(b) Bonus schemes

The Group recognises an accrual and an expense for bonuses based on formulae that take into consideration specific financial and non-financial measures.

Liabilities for the Group's cash-settled portion of the SPP are recognised as an employee benefit expense over the relevant service period and remeasured at each balance sheet date until settlement.

(c) Termination benefits

Termination benefits are payable when an employment contract is terminated by the Group. The Group recognises termination benefits when the Group can no longer withdraw the offer of those benefits.

Leases

The Group's leases are recognised as a right-of-use asset with a corresponding lease liability from the date at which the asset is available for use.

Leasing arrangements can contain both lease and non-lease components. The Group has elected to separate out the non-lease component and to account for these separately from the right-of-use asset.

The lease liability is initially measured as the net present value of the following payments:
- Fixed payments less any lease incentives
- Variable lease payments dependent on an index or rate initially measured as at the commencement date
- Amounts payable by the Group under residual guarantees
- Payments of penalties for terminating the lease

Lease payments are discounted at the Group's estimated incremental secured borrowing rate. This represents the cost to borrow funds 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 of:
- Lease liability at initial recognition
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Right-of-use assets are depreciated over the duration of the lease term.

Lease payments for low-value assets or with a period of 12 months or less are recognised on a straight-line basis as an expense.

30. Significant accounting policies CONTINUED

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 net profit as reported in the income statement because it 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax 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 income statement, except when it relates to items credited or charged directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or 'other comprehensive income'.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated 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 and includes 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, and are written down immediately to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition is determined as the difference between the sale proceeds and carrying amount of the asset and is immediately recognised in the income statement.

Notes to the Financial Statements continued

30. Significant accounting policies CONTINUED

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 cash-generating units by management for purposes of impairment testing. Cash-generating units represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

The carrying amount of goodwill allocated to a cash-generating unit 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 technical feasibility and commercial viability can be demonstrated
- → The availability of adequate technical and financial resources and an intention to complete the project have been confirmed
- → Probable future economic benefit has been established

Development expenditure on internally developed intangible assets, excluding internal software development costs, which do not meet these criteria are taken to the income statement in the year in which it is incurred.

Intangible assets with a finite life are amortised over their expected useful lives, as follows:

Internally developed software	– straight-line basis over 3 to 5 years
Software and licences	– straight-line basis over the contract term of up to 5 years
Trade names	– straight-line basis over 2 years
Client lists and customer relationships	– straight line basis over 3 years
Domain names	– straight-line basis over 10 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed before being brought into use.

Impairment of non-financial assets

When impairment testing is required, the Directors review the carrying amounts of the Group's non-financial assets 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 cash-generating unit 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

30. Significant accounting policies CONTINUED

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

Financial instruments – classification, recognition and measurement

The Group determines the classification of its financial instruments at initial recognition in accordance with the categories outlined below and re-evaluates this designation at each year-end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus or minus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Financial instruments are disclosed in note 26 of the 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 and 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 classification are the financial derivative open positions included in trade receivables (due from brokers). The Group uses derivative financial instruments in order to hedge derivative exposures arising from open client positions, which are also classified as fair value through profit and loss.

All financial instruments at fair value through profit or loss are carried at fair value with gains or losses recognised in 'trading revenue' in the Income Statement.

(b) Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets which are held to collect the contractual cash flows. The contractual terms of the financial assets give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's financial assets measured at amortised cost comprise 'trade receivables', 'other receivables' and 'cash and cash equivalents'.

(c) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are assets that are held to collect the contractual cash flows or to be sold. The contractual terms of these assets give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are included in non-current assets unless the investment matures or management intend to dispose of them within 12 months of the end of the reporting period. The Group's fair value through other comprehensive income financial assets are 'financial investments' and 'financial assets pledged as collateral'.

(d) Financial liabilities

The Group's financial liabilities include 'trade payables', 'lease liabilities', 'borrowings' and 'other payables'. These are measured subsequently at amortised cost using the effective interest method, excluding the derivative element of 'trade payables – amounts due from brokers', which is measured at fair value through profit or loss and recognised as part of 'trade receivables' as detailed in (a). The interest expense is calculated at each reporting period by applying the effective interest rate, and the resulting charge is reflected in finance costs on the income statement.

(e) Determination of fair value

Financial instruments arising from open client positions and the Group's hedging positions are stated at fair value and 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

Notes to the Financial Statements continued

30. Significant accounting policies CONTINUED

Financial instruments – impairment of financial assets

The impairment charge in the income statement includes a loss allowance reflecting the change in expected credit losses. Expected credit losses are recognised for 'trade receivables', 'cash and cash equivalents', 'other receivables' and 'financial investments'. 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 and other receivables. The Group applies the general approach for other financial assets.

Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; 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 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 it has an external credit rating of 'investment grade' or if no external credit rating is available, in accordance with the Group's internal credit risk management definition.

Assets are transferred to Stage 3 when an event of default, as defined in the Group's credit risk management policy, occurs or where the assets are credit impaired. The Group determines that a default occurs when a payment is 90 days past due for all assets except for receivables from clients where it uses 120 days. This is aligned with the Group's risk management practices.

All changes in expected credit losses subsequent to the assets' initial recognition are recognised as an impairment loss or gain. Financial assets are written off, either partially or in full, against the related allowance when the Group has no reasonable expectations of recovery of the asset. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement.

Financial instruments – derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

(a) Financial assets

A financial asset is derecognised where the rights to receive cash flows from the asset have expired; 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 rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Group has transferred its rights 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 or 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, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

30. Significant accounting policies CONTINUED

(c) Offsetting financial instruments

Assets or liabilities resulting from profit or losses on open positions are carried at fair value. Amounts due from or to clients and brokers are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Trade payables and receivables

Trade receivables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions result in an amount due to the Group.

Trade payables 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 payable by the Group.

Trade receivables do not contain a significant financing element and so 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.

Other assets

Other assets represent rights to cryptocurrencies and cryptocurrencies controlled by the Group. The Group offers various cryptocurrency-related products that can be traded on its platform. The Group purchases and sells cryptocurrencies as part of its hedging activity.

The Group holds cryptocurrency assets for trading in the ordinary course of its business, effectively acting as a commodity broker-dealer in respect of the underlying cryptocurrency asset because the salient features of these assets are, in economic terms, consistent with certain commodities under IAS 2 Inventories, 3(b). The assets are recognised on trade date and measured at fair value less costs to sell, with changes in valuation being recorded in the income statement in the period in which they arise. Cryptocurrency assets are not financial instruments and they are categorised as non-financial assets.

Other receivables

Other receivables are financial assets which give rise to payments on specified dates that are solely payments of principal 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.

Other receivables do not contain a significant financing element and so the Group has applied the simplified approach. 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. Other receivables are written off when there is objective evidence of non-collectability or when an event of default occurs.

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 and cash equivalents comprises cash on hand and demand deposits which may be accessed without penalty. Cash equivalents comprise 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.

The majority of the Group's cash balances are held with investment-grade banks. The Group considers the risk of default, and how adverse changes in economic and business conditions might impact the ability of the banks to meet their obligations. The Group assesses the expected credit losses on cash and cash equivalents on a forward-looking basis and if there has been a significant increase in credit risk since initial recognition.

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. Segregated client funds are held in segregated client money accounts which restrict the Group's ability to control the monies and accordingly such amounts are held off-balance sheet.

Notes to the Financial Statements continued

30. Significant accounting policies CONTINUED

The amount of segregated client funds held at 31 May 2021 was £2,710.3 million (31 May 2020: £1,964.1 million) and the amount of segregated client assets was £3,292.3 million (31 May 2020: £1,509.8 million). These amounts are held off-balance sheet. The return received on managing segregated client funds is included within net operating income.

In addition, 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 2021, IG Bank S.A. was required to hold £36.5 million (31 May 2020: £23.9 million) in satisfaction of this requirement. This amount, which represents restricted cash, is included in cash and cash equivalents.

At 31 May 2021, the Group held £161.3 million (31 May 2020: £112.5 million) of segregated client funds for customers of the Group's Japanese subsidiary, IG Securities Limited. Under local law, the Group is liable for any credit losses suffered by clients on the segregated client money balance.

Title transfer funds are held by the Group under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Group. Title transfer funds are accordingly held on balance sheet with a corresponding liability to clients within trade payables.

Included within 'cash and cash equivalents' are customer cash balances separately maintained by the Group's retail foreign exchange dealer, IG US LLC, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per bank. These cash balances are not legally restricted, therefore the Group is exposed to concentration credit risk and accordingly recognises a corresponding liability to the clients within 'trade payables'.

Financial investments

Financial investments are held as fair value through other comprehensive income and are non-derivative financial assets. Financial investments are recognised on a trade date basis. They are initially recognised at fair value plus directly related transactions costs. They are subsequently carried at fair value, the quoted market price of the specific investments held.

Unrealised gains or losses, other than loss allowances for expected credit losses for investments measured at FVOCI, are reported in equity (in the fair value through other comprehensive income reserve) and in other comprehensive income, until such investments are sold, collected or otherwise disposed of.

On disposal of an investment, the accumulated unrealised gain or loss included in equity is recycled to the income statement for the period and reported in other income. Gains and losses on disposal are determined using the fair value of the investment at the date of derecognition.

Interest on financial investments is included in finance income using the effective interest rate method. The effective interest rate is either the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or, when appropriate, a shorter period to the net carrying amount of the financial asset. 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 points 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.

Other payables

Non-trading financial liabilities are recognised initially at fair value and carried at amortised cost using the effective interest rate method if the time value of money is significant.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Borrowings

Borrowings are recognised initially fair value. Subsequently, taking into consideration the term of the borrowings, an assessment is made whether to state at amortised cost, with any difference between net proceeds and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest rate method.

30. Significant accounting policies CONTINUED

Share capital

(a) Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability on the balance sheet, measured initially at fair value net of transaction costs and subsequently at amortised cost until extinguished on conversion or redemption. Dividends paid are charged as an interest expense in the income statement.

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(b) Own shares held in Employee Benefit Trusts

Shares held in Employee Benefit Trusts for the purposes of employee share schemes are classified as a deduction from shareholders' equity and are recognised at cost. Consideration received for the sale of such shares is recognised in equity, with any difference between the proceeds from the sale and the cost being taken to reserves. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

(c) Share-based payments

The Company operates three employee share plans: a share incentive plan, a sustained performance 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 is recognised as an expense in the income statement on a straight-line basis over the vesting period based on the Company's estimate of the number of shares that will vest.

For non-market-based vesting conditions, at each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions determining the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement as part of operating expenses, with a corresponding credit to equity.

The grant by the Company of options over its equity instruments to employees of the subsidiary undertakings in the Group is treated as a capital contribution. The fair value of the employee services received is recognised over the vesting period as an increase in the investment in subsidiary undertakings, with a corresponding credit to equity. Upon awards vesting, the cost of awards is transferred from the share-based payments reserve into retained earnings.

31. List of 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
Spring Merger Sub I, Inc[(2)]	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware, 19808		100%	Dormant
Spring Merger Sub II, Inc[(2)]			100%	Dormant
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

Notes to the Financial Statements continued

31. List of investments in subsidiaries CONTINUED

Name of company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
Subsidiary undertakings held indirectly CONTINUED:				
IG Nominees Limited[1]	Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA United Kingdom	Ordinary shares	100%	Nominee company
IG Knowhow Limited		Ordinary shares	100%	Software development
Extrabet Limited[1]		Ordinary shares	100%	Non-trading
IG Finance[1]		Ordinary shares	100%	Financing
IG Finance Two[1]		Ordinary shares	100%	Financing
IG Finance Three[1]		Ordinary shares	100%	Financing
IG Finance Four[1]		Ordinary shares	100%	Financing
IG Finance 5 Limited[1]		Ordinary shares	100%	Financing
IG Forex Limited[1]		Ordinary shares	100%	Financing
IG Spread Betting Limited[1]		Ordinary shares	100%	Financing
IG Finance 8 Limited[1]		Ordinary shares	100%	Financing
IG Finance 9 Limited		Ordinary shares	100%	Financing
Financial Domaigns Limited[1]		Ordinary shares	100%	Holding company
Financial Domaigns Registry Holdings Limited		Ordinary shares	100%	Holding company
Financial Domaigns Registrar Limited[1]		Ordinary shares	100%	Domains registrar
Financial Domaigns (Services) Limited[1]		Ordinary shares	100%	Domains registry
Deal City Limited		Ordinary shares	100%	ETF trading
InvestYourWay Limited[1]		Ordinary shares	100%	Non-trading
IG Trading and Investments Limited		Ordinary shares	100%	Non-trading
IG Australia Pty Limited	Level 15, 55 Collins Street, Melbourne VIC 3000 Australia	Ordinary shares	100%	Sales and marketing office
IG Share Trading Australia Pty Limited		Ordinary shares	100%	Non-trading
IG Asia Pte Limited	9 Battery Road, 01–02 MYP Centre, 049910 Singapore	Ordinary shares	100%	CFD trading and foreign exchange
Kunxin Translation (Shenzhen) Co. Limited	19-B16, Shenzhen Dinghe Tower, No.100 of Fuhua 3rd Road, Fuan Community, Futian District, Shenzhen	Ordinary shares	100%	Translation services
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
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

31. List of investments in subsidiaries CONTINUED

Name of company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
IG US Holdings Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808 United States	Ordinary shares	100%	Holding company
North American Derivatives Exchange Inc.		Ordinary shares	100%	Exchange
Market Risk Management Inc.		Ordinary shares	100%	Market maker
FX Publications Inc		Ordinary shares	100%	Publications
IG US LLC		Ordinary shares	100%	Foreign exchange trading
Fox Sub Limited(1)	57/63 Line Wall Road, Gibraltar	Ordinary shares	100%	Financing
Fox Sub 2 Limited		Ordinary shares	100%	Financing
Fox Japan Holdings		Ordinary shares	100%	Holding company
IG Limited	Office 2&3, Level 27, Currency House – Tower 2, Dubai International Financial Centre, P O Box – 506968 Dubai, United Arab Emirates	Ordinary shares	100%	CFD trading and foreign exchange
Brightpool Limited	Christodoulou Chatzipavlou, 221 Helios Court, 3rd floor 3036, Limassol Cyprus	Ordinary shares	100%	Market maker
IG Markets Kenya Limited	William House, 4th Ngong Avenue, Nairobi, Nairobi West District, PO Box 40111, 00100 Kenya	Ordinary shares	100%	Non-trading
IG International Limited	Canon's Court, 22 Victoria Street, Hamilton, HM 12 Bermuda	Ordinary shares	100%	CFD trading and foreign exchange
IG Securities Hong Kong Limited	19/F, Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong	Ordinary shares	100%	Financial services

(1) These subsidiaries entered into Members' Voluntary Liquidation (solvent liquidation) and were handed over to liquidators on 28 May 2021.
(2) Spring Merger Sub I, Inc. and Spring Merger Sub II, Inc. were incorporated on 15 January 2021.

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: Financial Domaigns Registry Holdings Limited (09235699), IG Finance 9 Limited (07306407) and Deal City Limited (09635230).

The following UK entities, all of which are 100% owned by the Group and entered into Members' Voluntary Liquidation (solvent liquidation), are not subject to an audit by virtue of s479A of the Companies Act 2006 relating to subsidiary companies: IG Finance (05024562), IG Finance Two (05137194), IG Finance Four (05312015), IG Nominees Limited (04371444), IG Spread Betting Limited (06806588), IG Finance 8 Limited (06807656), InvestYourWay Limited (07081901), Extrabet Limited (04560348), and IG Forex Limited (06808361), IG Finance Three (05297886), IG Finance 5 Limited (06752558), Financial Domaigns Limited (09233880), Financial Domaigns Registrar Limited (09235694), and Financial Domaigns (Services) Limited (09235591).

IG Trading and Investments Limited (11628764) is a UK entity, which is 100% owned by the Group and is exempt from the requirement to prepare individual financial statements by virtue of s394A of the Companies Act 2006 relating to the individual financial statements of dormant subsidiaries.

Employee Benefit Trusts

IG Group Holdings plc Inland Revenue Approved Share Incentive Plan (UK Trust)
IG Group Limited Employee Benefit Trust (Jersey Trust)
IG Group Employee Equity Plan Trust (Australian Trust)

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Company Statement of Financial Position

as at 31 May 2021

	Note	31 May 2021 £m	31 May 2020 £m
Assets			
Non-current assets			
Investment in subsidiaries	6	**553.3**	541.9
Property, plant and equipment	7	**6.1**	7.5
		559.4	549.4
Current assets			
Prepayments		**0.5**	0.2
Other receivables	9	**209.2**	134.3
Cash and cash equivalents		**0.4**	0.2
		210.1	134.7
TOTAL ASSETS		**769.5**	684.1
Liabilities			
Non-current liabilities			
Lease liabilities		**6.0**	6.4
		6.0	6.4
Current liabilities			
Other payables	10	**18.1**	4.1
Lease liabilities		**1.8**	1.3
		19.9	5.4
Total liabilities		**25.9**	11.8
Equity			
Share capital and share premium	11	**125.8**	125.8
Other reserves	12	**88.9**	88.1
Retained earnings		**528.9**	458.4
Total equity		**743.6**	672.3
TOTAL EQUITY AND LIABILITIES		**769.5**	684.1

The Company profit for the year was £223.8 million (2020: profit of £156.1 million).

The Financial Statements of IG Group Holdings plc (registered number 04677092) were approved by the Board of Directors on 22 July 2021 and signed on its behalf by:

CHARLES A ROZES
CHIEF FINANCIAL OFFICER

Company Statement of Changes in Equity
for the year ended 31 May 2021

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 June 2019	–	125.8	83.1	458.3	667.2
Profit and total comprehensive income for the year	–	–	–	156.1	156.1
Equity-settled employee share-based payments	–	–	9.7	–	9.7
Employee Benefit Trust purchase of own shares	–	–	(1.5)	–	(1.5)
Equity dividends paid	–	–	–	(159.2)	(159.2)
Transfer of vested awards from the share-based payment reserve	–	–	(3.2)	3.2	–
At 31 May 2020	–	125.8	88.1	458.4	672.3
At 1 June 2020	**–**	**125.8**	**88.1**	**458.4**	**672.3**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**223.8**	**223.8**
Equity-settled employee share-based payments	**–**	**–**	**7.4**	**–**	**7.4**
Employee Benefit Trust purchase of own shares	**–**	**–**	**(0.2)**	**–**	**(0.2)**
Equity dividends paid	**–**	**–**	**–**	**(159.7)**	**(159.7)**
Transfer of vested awards from the share-based payment reserve	**–**	**–**	**(6.4)**	**6.4**	**–**
At 31 May 2021	**–**	**125.8**	**88.9**	**528.9**	**743.6**

Company Cash Flow Statement
for the year ended 31 May 2021

	Note	**Year ended 31 May 2021 £m**	Year ended 31 May 2020 £m
Operating activities			
Cash generated from operations	8	**164.7**	185.7
Net cash flow generated from operating activities		**164.7**	185.7
Investing activities			
Investment in subsidiary		**(4.0)**	(23.6)
Net cash flow used in investing activities		**(4.0)**	(23.6)
Financing activities			
Interest on lease liabilities		**(0.2)**	(0.2)
Repayment of lease liabilities		**(0.3)**	(1.8)
Equity dividends paid to owners of the parent		**(159.7)**	(159.2)
Employee Benefit Trust purchase of own shares		**(0.3)**	(1.5)
Net cash flow used in financing activities		**(160.5)**	(162.7)
Net increase/(decrease) in cash and cash equivalents		**0.2**	(0.6)
Cash and cash equivalents at the beginning of the year		**0.2**	0.8
Cash and cash equivalents at the end of the year		**0.4**	0.2

Notes to the Financial Statements

1. Authorisation of Financial Statements and statement of compliance with IFRS

The Financial Statements of IG Group Holdings plc (the Company) for the year ended 31 May 2021 were authorised for issue by the Board of Directors on 22 July 2021 and the 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.

The Company's Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no significant areas of judgement or complexity, or areas where assumptions and estimates are significant to the Company's Financial Statements.

As permitted by Section 408(1)(b), (4) of the Companies Act 2006, the individual income statement of IG Group Holdings plc (the Company) has not been presented in these Financial Statements. The amount of profit for the year included within the Financial Statements of IG Group Holdings plc is £223.8 million (year ended 31 May 2020: £156.1 million). A Statement of Comprehensive Income for IG Group Holdings plc has also not been presented in these Financial Statements. No items of other comprehensive income arose in the year (31 May 2020: £nil).

2. Accounting policies

The accounting policies applied are the same as those set out in note 30 of the Consolidated Financial Statements except for the following:

- Investments in subsidiaries are stated at cost less accumulated impairment losses
- Dividends receivable are recognised when the shareholder's right to receive the payment is established

3. Auditors' remuneration

Auditors' remuneration is disclosed within note 4 of the Consolidated 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 2020: nil).

6. Investment in subsidiaries

At cost

	31 May 2021 £m	31 May 2020 £m
At the beginning of the year	**541.9**	508.6
Additions in the year	**11.4**	33.3
	553.3	541.9

Additions in the year include equity-settled share-based awards for employees of subsidiaries of £7.4 million (year ended 31 May 2020: £9.7 million) and additional investments in IG Group Limited of £4.0million (year ended 31 May 2020: £23.6 million).

A full list of the Group's directly and indirectly owned subsidiaries is provided in note 31 of the Consolidated Financial Statements.

The Directors consider the carrying amount of the Company's investments in subsidiaries to be supported by the net present value of future cash flows.

7. Property, plant and equipment

Right-of-use asset

	31 May 2021 £m	31 May 2020 £m
Cost:		
At the beginning of the year	**9.0**	9.0
Dilapidation adjustment	**0.2**	–
At the end of the year	**9.2**	9.0
Accumulated depreciation:		
At beginning of the year	**1.5**	–
Provided during the year	**1.6**	1.5
At the end of the year	**3.1**	1.5
Net book value	**6.1**	7.5

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 2021 £m	31 May 2020 £m
Not later than one year	**1.8**	1.3
After one year but not more than five years	**6.0**	6.4
	7.8	7.7

The table below 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.

Lease liability

Future minimum payments due:	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Within one year	**1.8**	1.5
After one year but not more than five years	**6.2**	6.7
	8.0	8.2

8. Cash flow information

	31 May 2021 £m	31 May 2020 £m
Operating activities		
Operating loss	**(24.2)**	(4.4)
Dividends received	**248.2**	160.8
Lease asset depreciation	**1.6**	1.5
(Increase)/decrease in trade and other receivables	**(75.2)**	33.8
Increase/(decrease) in trade and other payables	**14.3**	(6.0)
Cash generated from operations	**164.7**	185.7

Included within 'operating loss' are legal and professional fees, external audit fees, and costs incurred in relation to the acquisition of tastytrade, Inc. For further details refer to note 29 in the Group Consolidated Financial Statements.

Liabilities arising from financing activities

	31 May 2021 £m	31 May 2020 £m
Liability at the beginning of the year	**7.7**	9.5
Lease payments made in the period	**(0.5)**	(2.0)
Unwinding of discount	**0.2**	0.2
Changes to existing lease agreements	**0.4**	–
Liability at the end of the year	**7.8**	7.7

Notes to the Financial Statements continued

9. Other receivables

	31 May 2021 £m	31 May 2020 £m
Amounts due from Group companies:		
– IG Markets Limited	**205.5**	1.8
– IG Index Limited	**3.3**	0.3
– Market Data Limited	**–**	131.2
– Other Group companies	**0.3**	0.9
Other debtors	**0.1**	0.1
	209.2	134.3

Under the Group's cash management framework, entities holding cash that is surplus to short-term requirements lend the money to IG Markets Limited. These amounts are repayable on demand and are non-interest bearing.

10. Other payables

	31 May 2021 £m	31 May 2020 £m
Accruals	**17.3**	3.4
Amounts due to Group companies	**0.8**	0.7
	18.1	4.1

11. Share capital and share premium

Share capital and share premium is disclosed within note 22 of the Consolidated Financial Statements.

12. Other reserves

	Share-based payments £m	Own shares held in Employee Benefit Trusts £m	Merger reserve £m	Total other reserves £m
At 1 June 2019	10.6	(8.5)	81.0	83.1
Equity-settled employee share-based payments	9.7	–	–	9.7
Exercise of UK share incentive plans	(5.4)	5.4	–	–
Employee Benefit Trust purchase of shares	–	(1.5)	–	(1.5)
Transfer of vested awards from the share-based payments reserve	(3.2)	–	–	(3.2)
At 31 May 2020	11.7	(4.6)	81.0	88.1
Equity-settled employee share-based payments	**7.4**	**–**	**–**	**7.4**
Exercise of UK share incentive plans	**(3.2)**	**3.2**	**–**	**–**
Employee Benefit Trust purchase of shares	**–**	**(0.2)**	**–**	**(0.2)**
Transfer of vested awards from the share-based payments reserve	**(6.4)**	**–**	**–**	**(6.4)**
At 31 May 2021	**9.5**	**(1.6)**	**81.0**	**88.9**

13. Directors' shareholdings

The Directors of the Company hold shares as disclosed in the Remuneration report in the Group Annual Report.

14. Contingent liabilities and provisions

In the ordinary course of business, the Company is required to issue guarantees on behalf of its subsidiaries. These primarily relate to guarantees provided to third-party banks and hedging counterparties. Under the terms of the agreements the Company acts as guarantor for unsettled liabilities that may arise under other agreements between Group companies and financial institutions. The amounts guaranteed by the Company as at 31 May 2021 was £0.4 million (31 May 2020: £4.9 million).

The Company has also entered into facility agreements set out in note 17 of the Group Consolidated Financial Statements, alongside other subsidiaries of the Group. Under the terms of its facility agreements, the Group is required to comply with various financial covenants, including gearing ratios and minimum levels of shareholder equity. The Group has complied with these covenants throughout the reporting period.

15. 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 Company is able to obtain financial support from other Group companies if this is needed. Therefore, liquidity risk is minimal.

16. Subsequent events

The subsequent events of the entity are the same as those disclosed in the notes to the Group Consolidated Financial Statements in note 29.

17. Dividends paid and proposed

The dividends paid and proposed by the entity are the same as those disclosed in the notes to the Group Consolidated Financial Statements in note 10.

Shareholder and Company Information

Shareholder information

Shareholder communications

You can opt to receive communications from us by email rather than by post and we will email you whenever we add shareholder communications to the Company website. To set this up, please visit www.investorcentre.co.uk/ecomms and register for electronic communications.

If you wish to change this instruction you can do so by contacting our Registrar at the address shown overleaf. You can also make this request online via your Investor Centre account.

The Registrar can also be contacted by telephone on +44 (0)371 495 2032. Calls to this number cost no more than a national rate call from any type of phone or provider. These prices are for indication purposes only; if in doubt, please check the cost of calling this number with your phone line provider. Lines are open 8.30am to 5.30pm, Monday to Friday excluding bank holidays.

Shareholder enquiries

If you have any queries relating to your shareholding, dividend payments, lost share certificates, or change of personal details, please contact Computershare by visiting www.investorcentre.co.uk or by using the contact details above.

American Depositary Receipts (ADRs)

IG's ADR programme trades in the US over-the-counter (OTC) market, under the symbol IGGHY. Each ADR currently represents one ordinary share.

Dividend dates

Ex-dividend date	23 September 2021
Record date	24 September 2021
Last day to elect for dividend reinvestment plan	30 September 2021
Final dividend payment date	21 October 2021

Annual shareholder calendar

Company reporting

Final results announced	22 July 2021
Annual Report published	9 August 2021
Annual General Meeting	22 September 2021

Interim report

As part of our e-comms programme, we have decided not to produce a printed copy of our Interim Report. We will instead publish the report on our website, where it will be available around mid-January each year.

Company information

Directors (as at 22 July 2021)

Executive Directors

J Y Felix (Chief Executive Officer)
C A Rozes (Chief Financial Officer)
B E Messer (Chief Commercial Officer)
J M Noble (Chief Operating Officer)

Non-Executive Directors

R M McTighe (Chairman)
J P Moulds
R Bhasin
A Didham
Wu Gang
S-A Hibberd
M Le May
S Skerritt
H C Stevenson

Company Secretary

J S Nayler

Registered number

04677092

Registered office

Cannon Bridge House
25 Dowgate Hill
London
EC4R 2YA

Bankers

Barclays Bank plc
1 Churchill Place
London
E14 5HP

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

Lloyds Banking Group plc
25 Gresham Street
London
EC2V 7AE

Royal Bank of Scotland Group plc
280 Bishopsgate
London
EC2M 4RB

Brokers
Barclays Bank plc
5 The North Colonnade
Canary Wharf
London
E14 4BB

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

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
Bridgwater Road
Bristol
BS99 6ZZ

Cautionary statement
Certain statements included in our 2021 Annual Report, or incorporated by reference to it, may constitute 'forward-looking statements' in respect of the Group's operations, performance, prospects and/or financial condition.

Forward-looking statements involve known and unknown risks and uncertainties because they are beyond the Group's control and are based on current beliefs and expectations about future events about the Group and the industry in which the Group operates.

No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. The forward-looking statements contained herein reflect knowledge and information available at the date of this Annual Report and the Group undertakes no obligation to update these forward-looking statements except as required by law.

This report does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase, any shares or other securities in the Company, and nothing in this report should be construed as a profit forecast.

Market share
Market share data has been provided by Investment Trends Pty Limited (website: www.investmenttrends.co.uk). Contact: Suzie Toohey (email: s.toohey@investmenttrends.com) or Brian Chong (email: b.chong@investmenttrends.com). Unless stated, market share data is sourced from the following current reports:
- Investment Trends France Leverage Trading Report, released August 2020
- Investment Trends US Leverage Trading Report, released November 2020
- Investment Trends Singapore Leverage Trading Report, released November 2020
- Investment Trends Australia Leveraged Trading Report, released February 2021
- Investment Trends Hong Kong Warrants & FX Report, released January 2021
- Investment Trends Germany Leverage Trading Report, released March 2021
- Investment Trends Spain Leverage Trading Report, released April 2021
- Investment Trends UK Leverage Trading Report, released June 2021

Appendices

Appendix 1: Pro forma FY21 results

Group Adjusted Income Statement including tastytrade

£m	IG standalone	tastytrade	Pro forma FY21[1]
Net trading revenue	**861.3**	**100.6**	**961.9**
Betting duty interest and other operating income	7.1	1.8	8.9
Net operating income	**868.4**	**102.4**	**970.8**
Total operating costs	(386.4)	(56.6)	(443.0)
Loss on sale of subsidiaries	(0.4)	-	(0.4)
Operating profit	**481.6**	**45.8**	**527.4**
Operating profit margin	**55.9%**	**45.6%**	**54.8%**

1 tastytrade performance is based on unaudited US GAAP results for the 12 months ended 31 May 2021, and converted at the monthly FX rates.

Portfolio restructure – pro forma FY21 adjusted net trading revenue

£m	Core Markets+	High Potential
FY21	709.5	151.8
Japan	68.7	(68.7)
Emerging Markets	34.7	(34.7)
IG Prime	12.3	(12.3)
tastytrade	-	100.6
Pro forma FY21	825.2	136.7

Appendix 2: Reconciliation of non-IFRS performance measures

Adjusted net trading revenue

£m	FY21	FY20	Change %
Net trading revenue (note 2)	853.4	649.2	31%
Unrealised foreign exchange hedging loss associated with tastytrade acquisition financing	7.9	–	–
Adjusted net trading revenue	**861.3**	**649.2**	**33%**
Core Markets	709.5	540.8	31%
Significant Opportunities	151.8	108.4	40%

Adjusted operating costs

£m	FY21	FY20
Operating costs (note 3)	**403.1**	**347.5**
- Net credit losses on financial assets	2.9	11.0
Adjusted operating costs inc. net credit losses	**406.0**	**358.5**
- One-time costs related to the tastytrade acquisition	(19.6)	-
Adjusted operating costs	**386.4**	**358.5**

Adjusted profit before taxation and earnings per share

£m (unless stated)	FY21	FY20
Earnings per share (p) (consolidated income statement)	100.7	65.3
Weighted average number of shares for the calculation of EPS (millions)	369.2	368.1
Profit after taxation (consolidated income statement)	371.9	240.4
Taxation (consolidated income statement)	78.4	55.5
Profit before taxation (consolidated income statement)	450.3	295.9
- One-time costs relating to the tastytrade acquisition	19.6	–
- Unrealised foreign exchange hedging loss associated with tasty trade acquisition financing (note 2)	7.9	–
Adjusted profit before taxation (A)	**477.8**	–
Taxation	(78.4)	–
Adjusted profit after taxation	**399.4**	–
Adjusted earnings per share (pence per share)	**108.2**	–
Adjusted revenue (B)	861.3	–
Adjusted PBT margin (A/B) %	**55.5%**	–

Liquid assets

£m	31 May 2021	31 May 2020
Financial investments – liquid assets buffer (note 13)	86.1	83.8
Collateral held at brokers (note 13)	256.0	140.5
Trade receivables - amounts due from broker (note 15)	424.3	274.8
Other assets (note 16)	30.3	22.1
Trade receivables – own funds in client money (note 15)	63.3	66.5
'Trade payable – amounts due to clients'[1]	(2.4)	–
Cash and cash equivalents	655.2	486.2
Liquid assets	1,512.8	1,073.9

[1] Amounts considered part of 'own funds'.

Net own funds generated from operations

£m	FY21	FY20
Cash generated from operations (note 28)	573.5	349.6
- Increase in other assets	(0.4)	2.3
- Increase in trade payables	(222.2)	(30.7)
- Increase in trade receivables	160.7	31.1
- Repayment of lease liabilities	(5.2)	(6.7)
- Interest paid on lease liabilities	(0.6)	(0.6)
Own funds generated from operations (A)	505.8	345.0
Taxes paid (Consolidated cash flow statement)	(83.0)	(57.1)
Net own funds generated from operations	**422.8**	**287.9**
Profit before taxation (B)	450.3	295.9
Conversion rate from profit to cash (A/B) %	111%	117%

Group-wide Key Performance Indicator (KPI) Definitions

Adjusted net trading revenue (£m)

Represents the transaction fees paid by clients (client income), net of introducing partner commissions, our external hedging costs, client trading profit and losses, and corresponding hedging profits and losses, on an adjusted basis.

Adjusted net trading revenue generated from non-OTC products (%)

Represents net trading revenue generated from exchange traded derivatives and stock trading and investments, on an adjusted basis.

Adjusted profit before tax margin (%)

Measures the profit that we generate as a percentage of net trading revenue, prior to tax charges, on an adjusted basis.

Net own funds generated from operations (£m)

Measures the level of net own funds (cash) that we generate from our operations after deductions for taxes.

Total number of active OTC leveraged clients (000)

The total number of clients who have generated revenue in the relevant financial year by trading our leveraged OTC products.

Platform uptime (%)

This measures the percentage of time that IG's online trading platforms were online during the financial year. Partial outages or degradation of service are included as uptime.

ESG KPIs: scope 1–3 greenhouse gas emissions per employee (TCO_2e)

Total scope 1–3 greenhouse gas emissions in the financial year, divided by average headcount during the year ended 31 May 2021.

IG Group Holdings plc
Cannon Bridge House
25 Dowgate Hill
London EC4R 2YA

T: +44 (0)20 7896 0011
F: +44 (0)20 7896 0010
W: iggroup.com

IG Group