

Chief Executive Officer's Statement



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June Felix
Chief Executive Officer



Over the last 12 months we have delivered exceptional results.

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

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

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

Key achievements in FY22:

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

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

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

A purpose-led, global fintech

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

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

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

Our heritage embodies the spirit of our future – to consistently determine

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

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

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

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

Playing our part in our communities

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

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

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

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

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

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



Chief Executive Officer's Statement continued

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

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

Delivering on our promises

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

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

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

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

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

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

Foundations for success

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

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

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

Capital management and liquidity

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

These important steps will provide additional, significant levels of liquidity to further support our strategic growth ambitions: lengthening the maturity of our debt facilities, enhancing our financial flexibility, and providing

material headroom within our total facilities. The refinancing involved our first corporate bond issue of an investment-grade, seven-year, £300 million, senior unsecured note, and a new £300 million committed revolving credit facility, with an initial maturity of three years.

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



June Felix
Chief Executive Officer
20 July 2022