IG Group Holdings plc
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FOR IMMEDIATE RELEASE

Results for the financial year ended 31 May 2021
22 July 2021

IG Group Holdings plc ("IG", "the Group", "the Company"), a global leader in online trading, today announces its results for the twelve months ended 31 May 2021 ("FY21").

"IG delivered record revenue and profit, underpinned by a significant increase in the number of high-quality, active clients. IG exceeded expectations against its growth targets and today issues new, upgraded guidance. The completion of the tastytrade acquisition after the year-end accelerates IG's growth and diversification ambitions, particularly in the important US market"

Highlights

- A record performance across all key metrics in FY21:
  - Net trading revenue up 31% to £853.4 million (FY20: £649.2 million). Excluding one-time hedging costs associated with the financing of the tastytrade acquisition, adjusted net trading revenue was £861.3 million
  - Total active clients rose 31% to 313,300 (FY20: 239,600) and new clients onboarded rose 39% to 134,800 (FY20: 96,900). IG now services a substantially larger client base going into FY22
  - New client retention rates remain comparable to historical averages, providing confidence that the larger client base is sustainable
  - Profit before taxation up 52% to £450.3 million (FY20: £295.9 million), while adjusted profit before taxation up 61% to £477.8 million. Revenue outperformance and good cost control delivered positive operating leverage and an adjusted profit before tax margin of 55.5% (FY20: 45.6%)
  - Maintained strong capital and liquidity positions that continued to support client growth, with regulatory capital resources of £860.7 million (31 May 2020: £675.5 million)
  - Final proposed dividend of 30.24 pence per share, which would represent a full-year dividend of 43.2 pence per share (FY20: 43.2 pence per share)
- Completed the landmark tastytrade acquisition on 28 June, a transaction that expands and diversifies IG's product range into US options and futures, the world's largest listed derivatives market
  - Trading and new client acquisition at tastytrade remained strong in the calendar year to date prior to the deal completion
- Exceeded expectations against the May 2019 strategic growth targets:
  - Core Markets revenue of £709.5 million (FY20: £540.8 million), up 31% on the prior year
  - Significant Opportunities revenue of £151.8 million (FY20: £108.4 million), up £43.4 million, substantially achieving our revenue target one year ahead of plan
- Core Markets and Significant Opportunities replaced, with new strategic guidance:
  - Core Markets is replaced by 'Core Markets+' and now includes Japan, Emerging Markets, and IG Prime. We anticipate the revenue generated from these businesses to moderate in FY22 and then deliver growth of 5 - 7% per annum over the medium term, up from the previous 3 - 5% guidance
  - Significant Opportunities is replaced by 'High Potential Markets' and now includes tastytrade. We anticipate revenue growth of 25 - 30% per annum over the medium term from pro forma

FY21[1], with tastytrade aiming for revenue growth at the higher end of this range over the medium term and above this range in FY22, as the business is early in its growth lifecycle

- Improved MSCI rating from 'BBB' to 'A' and achieved lifetime carbon-neutral status; continued to make distributions from our Brighter Future Fund

Financial Summary

£ million (unless stated)	FY21	FY21 (Adjusted)	FY20	Change %	Change (Adjusted) %
Net trading revenue	853.4	861.3[a]	649.2	31%	33%
Total operating costs[b]	406.0	386.4[c]	358.5	13%	8%
Profit before taxation	450.3	477.8	295.9	52%	61%
Profit after taxation	371.9	399.4	240.4	55%	66%
Basic earnings per share	100.7p	108.2p	65.3p	54%	66%
Total dividend per share	43.2p	43.2p	43.2p	unchanged	unchanged

[a] Excludes £7.9 million unrealised foreign exchange hedging loss associated with the tastytrade acquisition financing.

[b] Total operating costs include net credit losses on financial assets.

[c] Excludes £19.6 million of one-time costs associated with the tastytrade acquisition.

June Felix, Chief Executive Officer, commented:

"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.

We empower our clients as they identify opportunities to trade, providing them with a superior platform, innovative products and high-quality service to deliver an excellent trading experience. We are rewarded by their loyalty and advocacy.

Following a sustained period of strong acquisition, elevated demand and new client retention, IG now services a substantially larger client base, which provides a quality asset going into FY22. Today, we believe that we are in a better position than ever before. We have announced revised and upgraded growth guidance that reflects our outperformance in FY21, our strategic acquisition of tastytrade and the quality of our client proposition, putting us in a position of strength to continue to deliver sustainable value for our shareholders."

Further information

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Analyst presentation

There will be an analyst and investor presentation at 9:30am (UK Time) on Thursday 22 July.

The presentation will be accessible live via audio webcast at Results, reports and presentations | IG Group. If you wish to listen via conference call, please use the following link Conference call registration page | IG Group. The audio webcast of the presentation and a transcript will be archived at: www.iggroup.com/investors.

[1] See Appendix 1

Non-IFRS performance measures

IG Group management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing business performance between financial periods and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by IG Group management. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to appendix 2 for further information and calculations of non-IFRS performance measures included throughout this document, and the most directly comparable IFRS measures.

Forward-looking statements

This preliminary statement, prepared by IG Group Holdings plc (the “Company”), may contain forward-looking statements about the Company and its subsidiaries (the “Group”). Such forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", “projects”, "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which are beyond the Company’s control and are based on the Company’s beliefs and expectations about future events as of the date the statements are made. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including those set out under “Principal Risks” in the FY20 Group Annual Report for the financial year ended 31 May 2020. The Annual Report can be found on the Company’s website (www.iggroup.com).

Forward-looking statements speak only as of the date they are made. Except as required by applicable law and regulation, the Company undertakes no obligation to update these forward-looking statements.

No offer or solicitation

This announcement is not intended to, and does not constitute, or form part of, any offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period

Some numbers and period on period percentages in this statement have been rounded or adjusted to ensure consistency with the financial statements. This may lead to differences between subtotals and the sum of individual numbers as presented. Acronyms used in this report are as defined in the Group’s Annual Report.

About IG

IG Group has been at the forefront of trading innovation since 1974. Since then, we’ve evolved into a global fintech company incorporating the IG, tastytrade, IG Prime, Spectrum, Nadex and DailyFX brands, with a presence in Europe, North America, Africa, Asia-Pacific and the Middle East.

Our award-winning products and platforms empower ambitious people the world over to unlock opportunities around the clock, giving them access to over 19,000 financial markets. Today, more than 400,000 clients call IG Group home.

IG Group Holdings plc is an established member of the FTSE 250 and holds a long-term investment grade credit rating of BBB- with a stable outlook from Fitch Ratings.

Chief Executive Officer's Review

Record year for revenue, profit and active clients

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

[1] Investment Trends UK Trading Behaviour Report, May 2021.

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[1].

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[1], of which £100.6 million would have been contributed by tastytrade. We anticipate revenue growth of 25 - 30% per annum over the medium term for these businesses overall, with tastytrade anticipated to deliver revenue growth at the 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.[2]

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

[1] See Appendix 1.

[2] Latest Investment Trends market reports and internal analysis.

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[1], and operating profit was £45.8 million. 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 prioritizing 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 at one time 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.

Chief Financial Officer's Statement

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 in FY22, although these are not expected to be material.

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, respectively. 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 43.2 pence per share 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 distributions, alongside other priorities such as current and future

[1] See Appendix 1.

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.

Business 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 hedging 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%**

	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. 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.

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.

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.

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		(403.1)	(347.5)
Net credit losses on financial assets		(2.9)	(11.0)
(Loss) / gain on disposal of subsidiaries		(0.4)	0.7
Operating profit		454.1	296.0
Finance income		2.1	5.8
Finance costs		(5.9)	(5.9)
Profit before taxation		450.3	295.9
Taxation	3	(78.4)	(55.5)
Profit for the year and attributable to owners of the parent		371.9	240.4
Earnings per ordinary share:			
Basic	4	100.7p	65.3p
Diluted	4	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	6	38.6	46.4
Intangible assets	7	140.0	147.2
Financial investments	8	127.6	83.8
Financial assets pledged as collateral	8	61.1	-
Deferred income tax assets		12.9	11.5
		380.2	288.9
Current assets			
Trade receivables	9	490.9	347.0
Other assets	10	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	8	127.4	130.6
Financial assets pledged as collateral	8	26.0	9.9
		1,347.9	1,010.8
TOTAL ASSETS		1,728.1	1,299.7
Liabilities			
Non-current liabilities			
Borrowings		98.8	99.7
Lease liabilities	11	16.4	22.5
Deferred income tax liabilities		0.8	0.7
		116.0	122.9
Current liabilities			
Trade payables	12	357.5	143.1
Other payables		108.2	81.1
Lease liabilities	11	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		125.8	125.8
Translation reserve		53.2	74.1
Other reserves		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 preliminary announcement was approved by the Board of Directors on 22 July 2021 and signed on its behalf by:

Charles Rozes
Chief Financial Officer
Registered Company number: 04677092

Consolidated Statement of Changes in Equity

for the year ended 31 May 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		-	-	-	9.7	-	9.7
Tax recognised directly in equity on share-based payments	3	-	-	-	-	0.6	0.6
Employee Benefit Trust purchase of own shares		-	-	-	(1.5)	-	(1.5)
Equity dividends paid	5	-	-	-	-	(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		-	-	-	7.4	-	7.4
Tax recognised directly in equity on share-based payments	3	-	-	-	-	0.2	0.2
Employee Benefit Trust purchase of own shares		-	-	-	(0.2)	-	(0.2)
Equity dividends paid	5	-	-	-	-	(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

	Year ended 31 May 2021	Year ended 31 May 2020
	£m	£m
Operating activities		
Cash generated from operations	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

for the year ended 31 May 2021

1. Basis of preparation

The financial information in this announcement is derived from IG Group Holdings plc's Group Financial Statements but does not, within the meaning of Section 435 of the Companies Act 2006, constitute statutory accounts for the years ended 31 May 2020 or 31 May 2021.

The Financial Statements are prepared on a going concern basis and the accounting policies are consistent with the Group's 2020 Annual Report, with the exception of changes in policy on presentation.

Although the financial information has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this preliminary statement does not itself contain sufficient information to comply with IFRS. The Group will publish full IFRS compliant Group Financial Statements in August 2021 and statutory accounts for 2021 will be delivered to the Registrar of Companies following the company's Annual General Meeting on 24 September 2021.

The Group's auditors, PricewaterhouseCoopers LLP, have reported on those financial statements and the report was unqualified, did not emphasise any matters nor contained any statements under Section 498(2) or (3) of the Companies Act 2006.

Copies of full Group Financial Statements will be available via the Group's corporate website at www.iggroup.com in August 2021. Copies will also be available for posting to all shareholders upon request from the Group's Headquarters, Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA.

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 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	Year ended 31 May 2020
	£m	£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

2. Operating segments (continued)

	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 14.

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. 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)

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%).

4. 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	Year ended 31 May 2020
	£m	£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 14.

5. Dividends paid and proposed

	Year ended 31 May 2021	Year ended 31 May 2020
	£m	£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.

6. Property, plant and equipment

	Leasehold improvements	Office equipment, fixtures and fittings	Computer and other equipment	Right-of-use assets	Total
	£m	£m	£m	£m	£m
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

7. Intangible assets

	Goodwill	Domain names	Internally developed software	Software and licences	Total
	£m	£m	£m	£m	£m
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

8. 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%).

9. Trade receivables

	31 May 2021	31 May 2020
	£m	£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.

10. 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	31 May 2020
	£m	£m
Exchange	13.8	6.0
Vaults	16.5	16.1
	30.3	22.1

11. 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	31 May 2020
Future minimum payments due:	£m	£m
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	Year ended 31 May 2020
Future minimum payments due:	£m	£m
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	Year ended 31 May 2020
	£m	£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	Year ended 31 May 2020
	£m	£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

12. Trade payables

	31 May 2021	31 May 2020
	£m	£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.

13. Other reserves

	Share-based payments reserve	Own shares held in Employee Benefit Trusts	FVOCI reserve	Merger Reserve	Total other reserves
	£m	£m	£m	£m	£m
At 31 May 2020	16.7	(4.6)	1.2	81.0	94.3
At 31 May 2021	14.5	(1.6)	(0.1)	81.0	93.8

14. 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.

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.

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	**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 tastytrade 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 net trading 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 8)	86.1	83.8
Collateral held at brokers (note 8)	256.0	140.5
Trade receivables - amounts due from broker (note 9)	424.3	274.8
Other assets (note 10)	30.3	22.1
Trade receivables – own funds in client money (note 9)	63.3	66.5
Trade payables – 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 (Consolidated Cash Flow Statement)	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**
Operating profit (B)	454.1	296.0
Conversion rate from profit into own funds (A/B) %	111%	117%