IG Group Holdings plc
LEI No: 2138003A5Q1M7ANOUD76

Interim results for the six months ended 30 November 2021
27 January 2022

IG Group Holdings plc ("IG", "the Group", "the Company"), a purpose-led global financial technology business, today announces its results for the six months ended 30 November 2021 ("H1 FY22").

'A record first half performance across all of our businesses, building on the momentum from the past year and demonstrating the benefits of our increasingly global and diversified business model'

Highlights

- A strong performance in H1 FY22 from continuing operations[1]:
    - Net trading revenue increased 16% to £471.9 million (H1 FY21: £408.5 million). Excluding the foreign exchange hedging gain associated with the financing of the tastytrade acquisition, adjusted net trading revenue increased 14% to £466.1 million
    - Profit before tax increased 8% to £245.2 million (H1 FY21: £227.8 million), while adjusted[2] profit before tax increased 13% to £258.0 million
    - Active clients increased 42% to 320,400 (H1 FY21: 225,200) reflecting the acquisition of tastytrade; 53,600 new clients acquired (H1 FY21: 60,800), lower than FY21, as anticipated in less volatile market conditions, but significantly higher than pre-pandemic client acquisition (H1 FY20: 26,400)
    - Client retention rates have remained consistent with historical averages, reflecting the high quality of clients onboarded in previous periods
    - Total operating costs increased 22% to £223.3 million (H1 FY21: £182.8 million). Adjusted total operating costs[3] increased 13% to £205.7 million
    - Profit before tax margin for the first half was 52.0% (H1 FY21: 55.8%). Adjusted profit before tax margin was 55.3%
    - Basic EPS was 48.1 pence (H1 FY21: 50.7 pence). Adjusted basic EPS was 50.6p
    - Interim cash dividend of 12.96 pence per share (H1 FY21: 12.96 pence per share)
- Continuing successful execution of IG's growth strategy:
    - Revenue of £401.0 million in Core Markets+ (H1 FY21: £399.3 million) reflecting the high quality of our client base despite less volatile market conditions
    - High Potential Markets revenue of £65.1 million, up 30% on the H1 FY21 pro forma[4] revenue of £50.1 million
    - Non-OTC leveraged derivative revenue accounted for 16% of net trading revenue (H1 FY21: 5%)
- tastytrade continuing to build momentum:
    - tastytrade showed strong growth, delivering revenue of £52.8 million in the 5 months since acquisition, increasing 29%; or 34% on a constant currency basis, on the comparable period in the prior year [4]

[1] Discontinuing operations consists of Nadex

[2] Excludes the £5.8m foreign exchange gain associated with the financing of the tastytrade acquisition, one-time and recurring non-cash costs in relation to the tastytrade acquisition, debt refinancing and the proposed sale of Nadex and Small Exchange

[3] Excludes £17.6 million of one-off and recurring non-cash costs related to the tastytrade transaction and the proposed sale of Nadex and Small Exchange

[4] Reflects revenue from tastytrade in the period post acquisition, from 28 June 2021 to 30 November 2021, and for the equivalent prior period in FY21

    - Integration is well on-track with a focus on operations and marketing
- Continuing to deliver on our ESG strategy:
    - Announced our commitment to contribute 1% of post-tax profits to charitable initiatives from 2022 to 2025, with a focus on education and improving financial literacy
- Successful completion of a comprehensive debt refinancing and issuance, to provide greater capacity and support for future growth
- Announced the proposed sale of Nadex and the Small Exchange, anticipated to close in Q4

Financial Summary

	H1 FY22	H1 FY22 (adjusted)	H1 FY21	Change %	Change (adjusted) %
Net trading revenue (£ million) [1]	471.9	466.1[2]	408.5	16%	14%
Total operating costs (£ million) [1]	223.3	205.7[3]	182.8	22%	13%
Profit before tax (£ million) [1]	245.2	258.0[4]	227.8	8%	13%
Profit after tax (£ million)	202.6	213.2	184.3	10%	16%
Basic earnings per share (pence)	48.1p	50.6p	50.7p	(5%)	-
Interim dividend per share (pence)	12.96	12.96	12.96	-	-

[1] From continuing operations
[2] Excludes £5.8 million of foreign exchange hedging gain associated with the financing of the tastytrade acquisition
[3] Excludes £17.6 million of one-off and recurring non-cash costs related to the tastytrade transaction and the proposed sale of Nadex and Small Exchange
[4] Excludes £1.0 million of one-off financing cost related to the debt issuance

June Felix, Chief Executive, commented:

“This has been a period of outstanding performance with record revenues and profits. Since we launched our new strategy three years ago, the group has transformed from a UK-centric, CFD focused firm, to a global financial technology company with a multi-product trading platform.

One of the key factors behind the success of this transformation is our ‘global reach, local focus’ which allows us to act with agility to tailor our offerings. Our outstanding growth in Japan is a strong illustration of this approach.

The tastytrade acquisition in June 2021 brought about a step-change in our reach and product offering, Through our complementary capabilities, and buttressed by tastytrade’s award winning technology platform and compelling, distinctive educational content, IG is well positioned to take advantage of the global structural shifts toward self-directed trading and deliver continued sustainable growth.

Our ability to attract and retain a high-quality client base provides tangible and enduring value, and differentiates us from our competitors. As a group, we have multiple growth levers and a significant total addressable market. The ‘size of the prize’ is clear, and we are ready to capitalise on these opportunities as we continue to deliver on our strategic priorities and targets.

Finally, I would like to reiterate how IG is aligning its purpose with profit. Our recent pledge to contribute the equivalent of 1% of our post-tax profits to charitable causes is testament to our financial strength and demonstrates our commitment to supporting not just our clients, but the broader communities in which we operate. We believe that elevating collective financial literacy will reinforce our longevity as a business and simultaneously enhance potential outcomes for everyone in the communities in which we operate. We are here to win – for our client, for our investors, for the betterment of society.”

Further information

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Analyst presentation

There will be an analyst and investor presentation at 9:30am (UK Time) on Thursday 27 January 2022.

The presentation will also be accessible live via audio webcast at: https://pres.iggroup.com/ig054/. If you wish to listen via conference call, please use the following link: https://pres.iggroup.com/ig054/vip_connect. The audio webcast of the presentation and a transcript will be archived at: IG Group - Financial Results.

Financial reporting calendar

IG regularly updates the market on financial performance and delivery against strategy. The next financial update will be the Third Quarter Revenue Update in March 2022.

Non-IFRS performance measures

IG Group management believes that the non-IFRS performance measures ("adjusted measures") included in this document provide valuable information to the readers of this interim statement 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 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. Any adjusted measures in this document are not a substitute for IFRS measures, and they may present a more favourable view of performance because they may exclude significant costs without excluding the associated revenue, and so readers should consider the IFRS measures as well.

The adjusted measures in this document relate to income and costs arising from the tastytrade acquisition, the debt issuance and the proposed sale of Nadex and Small Exchange. These costs are either one-off in nature, such as legal and professional fees, or they are non-cash items which arise from the acquisition, such as intangible amortisation and retention awards funded by the previous owners of tastytrade. These items are excluded for comparability purposes against prior performance, and where they are recurring, they may not be adjusted for in future periods. Refer to appendix 1 and 2 for further information and calculations of adjusted measures included throughout this document, and reconciliation or reference to the most directly comparable IFRS measures.

Forward-looking statements

This interim 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 FY21 Group Annual Report for the financial year ended 31 May 2021. 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. Nothing in this statement should be construed as a profit forecast.

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.

No offer or solicitation

This announcement is not intended to, and does not constitute or form any part of, an 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.

About IG

IG Group is a purpose-led global financial technology business that has been at the forefront of trading innovation since 1974. Since then, we've evolved into a global financial technology 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.

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.

CEO review

Overview of performance

We are a purpose-led global financial technology business that provides our clients with the access, products, tools and education they need to take control of their financial future.

IG delivered another excellent set of results reflecting the size and quality of our active client base, both of our long-standing and loyal existing clients, and of the new clients onboarded during the sustained periods of increased demand last year. The total number of active clients increased to 320,400 in H1 FY22, with acquisition remaining significantly above pre-pandemic levels.

Statutory net trading revenue was £471.9 million, 16% higher than H1 FY21. Excluding the foreign exchange hedging gain related to the tastytrade transaction, adjusted net trading revenue of £466.1 million was 14% higher than the first half of FY21, another record half year revenue performance. Excluding tastytrade, which the Group acquired on 28th June 2021, adjusted net trading revenue was up 1%.

In November we announced a successful inaugural public debt issuance and renegotiation of our Revolving Credit Facilities. This provides the Group with flexibility and provides a solid funding base to support future growth.

In December we announced the proposed sale of Nadex and Small Exchange. This strategic divestment provides significant return on investment and gives us further capacity to invest across all of our businesses.

Progress executing our growth strategy

tastytrade

Our strategic acquisition of tastytrade significantly expands the Group's presence in the US and diversifies our revenue through entry into US options and futures, the world's largest listed derivatives market.

tastytrade has performed very well in the first 5 months since acquisition, delivering 34% revenue growth in H1 FY22 against the comparable period in the prior year, and again delivered another consecutive quarter of record revenue.

We have made good progress on the integration of tastytrade. We are leveraging IG's sophisticated marketing expertise, especially in search engine optimisation, combining that with tastytrade's strong social media presence.

Spectrum

Spectrum, our pan-European listed retail derivatives exchange, continued its high levels of growth with revenue up 79%. Spectrum's unique customer proposition of market access 24 hours a day, 5 days a week is proving increasingly popular amongst clients.

We are very excited about the growth that Spectrum has shown recently, and we continue to develop a strong pipeline of distribution opportunities, liquidity providers and product manufacturers, which will empower Spectrum to take full advantage of the £1 billion European exchange traded derivatives market.

Core Markets+

Performance in the UK and EU has been strong, against a backdrop of softer market conditions. In the UK, revenue was up 5% on H1 FY21, and 69% up on H1 FY20, showing the maintained step change in the client base. There was a similar story in the EU, where revenue was up 4% on H1 FY21, and

55% up on H1 FY20. The high quality of the clients we have onboarded recently is reflected in the levels of retention, which remain comparable to historic averages.

Japan is another success story. Not only did we see record revenue in the half, we are attracting clients at a faster rate than we have ever done previously. This positions us well for continued growth in future years. Our success in Japan highlights the capabilities of the Group to localise our marketing and products to different markets worldwide while relying on our fundamental strength in risk management, an ideal combination for future sustainable growth.

Australia saw the implementation of new Australian Securities and Investments Commission (ASIC) regulations in March 2021, therefore H1 FY22 represents the first full half of trading in that environment. As anticipated, this has led to a reduction in revenue from H1 FY21. However, comparing this to pre-pandemic in H1 FY20, revenue was up 23%, and second quarter revenue was up 17% on the first quarter, as clients adapted to the new regulations.

Dividend

The Board has approved an interim cash dividend of 12.96 pence per share. The dividend will be paid on 4 March 2022 to those shareholders on the register at the close of business on 3 February 2022.

Outlook

Our results have shown that we have sustained the step change in active clients onboarded over the past several quarters, a testament to our well-developed marketing capabilities, the power of our platforms, and our trade execution.

We've seen a strong outturn in the half, as all of our businesses continue to sustain a high level of operating performance. We continue to target revenue growth in Core Markets+ in the range of 5-7% per year over the medium term. We anticipate that our High Potential Markets portfolio will continue to grow revenue at a rate of 25-30% per year in the medium term, with tastytrade at the higher end of that range; for FY22 we now anticipate that tastytrade will be within this range.

The excellent performance we have seen so far this year means that our variable remuneration charge will be higher than originally anticipated. All other costs are being managed in line with the previous guidance. We expect the FY22 full year variable remuneration charge to be above the FY21 charge, reflecting the increase in the number of Group employees. As a result, we now expect our total adjusted operating costs to increase by around 7% on the combined FY21 IG and tastytrade cost base.

We have a very exciting future ahead of us, with multiple product and geographic growth levers and a significant total addressable market. Our strengths in technology innovation and robust risk management along with our global footprint and significant financial flexibility position us perfectly for the future.

Finally, I would like to take this opportunity to thank all of our employees around the world for their continued dedication and determination through what remains a challenging period. Our successes as a business would not be possible without their collective efforts.

June Felix

CEO

Business Performance Review

Summary Group Income Statement

£ million	H1 FY22	H1 FY22 Adjusted	H1 FY21	Change %	Adjusted Change %
Net trading revenue[1]	**471.9**	**466.1**	**408.5**	**16%**	**14%**
Betting duty, interest and other operating income	2.4	2.4	3.0		
Net operating income	**474.3**	**468.5**	**411.5**	**15%**	**14%**
Operating expenses[2]	(196.0)	(181.0)	(157.7)		
Variable remuneration	(27.3)	(24.7)	(25.1)		
Total operating costs[3]	**(223.3)**	**(205.7)**	**(182.8)**	**22%**	**13%**
Operating profit	**251.0**	**262.8**	**228.7**	**10%**	**15%**
Loss from associates	(1.0)	(1.0)	-		
Net finance cost[4]	(4.8)	(3.8)	(0.9)		
Profit before tax	**245.2**	**258.0**	**227.8**	**8%**	**13%**
Tax expense	(42.6)	(44.8)	(43.5)		
Profit from continuing operations	**202.6**	**213.2**	**184.3**	**10%**	**16%**
Profit from discontinued operations	-	-	2.8		
Profit for the period	**202.6**	**213.2**	**187.1**	**8%**	**14%**

[1] Adjusted excludes £5.8 million foreign exchange hedging gain associated with the financing of the tastytrade acquisition

[2] Operating expenses include net credit losses on financial assets

[3] Adjusted excludes £16.0 million of costs and recurring non-cash costs associated with the tastytrade acquisition and integration and £1.6 million relating to the proposed sale of Nadex and the Small Exchange

[4] Adjusted excludes £1.0 million of one-time financing expense associated with the debt issuance

Statutory results

On a statutory basis, net trading revenue was £471.9 million, reflecting the continued size and strength of the active client base and the inclusion of tasty revenue from 28 June 2021 following completion.

Revenue performance benefitted from the size and quality of the active client base, which has been maintained following the significant increase in Q4 FY20. Group active clients were 320,400 in H1 FY22, an increase of 42% on H1 FY21, reflecting the addition of 78,000 tastytrade clients. Excluding tastytrade, active clients were 242,300, 8% higher than H1 FY21, and 70% up on pre-pandemic period of H1 FY20.

The Group onboarded 53,600 new clients in H1 FY22. Excluding tastytrade, there were 39,400 new clients, a reduction of 35% on H1 FY21. New client acquisition remains materially above the pre-pandemic levels despite softer market conditions during H1 FY22.

Statutory operating costs were £223.3 million, 22% higher than H1 FY21 as a result of one-off tastytrade acquisition and integration costs, and costs relating to the proposed sale of Nadex and the Small Exchange.

The Groups' statutory profit before tax for H1 FY22 was £245.2 million, 8% higher than H1 FY21.

As a result of the tastytrade acquisition, the Group acquired an investment in Small Exchange and Zero Hash, which are recognised as associates with a loss of £1.0 million included in the Groups profit before tax.

On 1 December we announced the proposed sale of Nadex and Small Exchange to Crypto.com, therefore Nadex is presented as a discontinued operation. Small Exchange will continue to be presented within continuing operations. Statutory profit after tax was £202.6 million, taking into account profit from both continuing and discontinued operations.

Adjusted results

The following analysis is of results from continuing operations on an adjusted basis, excluding a £5.8 million foreign exchange gain related to the tastytrade acquisition, £16.0 million of costs relating to the tastytrade acquisition, which includes £12.6 million amortisation of acquisition related intangibles, £1.6 million relating to the proposed sale of Nadex and Small Exchange and £1.0 million of financing cost relating to the new debt issuance.

Adjusted net trading revenue in H1 FY22 was £466.1 million, 14% higher than H1 FY21. Excluding tastytrade, which the Group acquired on 28 June 2021, the adjusted net trading revenue was £413.3 million, 1% higher than H1 FY21.

Adjusted H1 FY22 operating costs from continuing operations were £205.7 million, 13% higher than H1 FY21 reflecting the addition of tastytrade. Excluding tastytrade, operating costs were down 1% on H1 FY21.

Adjusted operating profit from continuing operations of £262.8 million was 15% higher than H1 FY21.

The Group's adjusted profit before tax from continuing operations was £258.0 million, 13% higher than H1 FY21.

Revenue performance by product

	Adjusted net trading revenue from continuing operations (£m)		
	H1 FY22	**H1 FY21**	**Change %**
OTC leveraged derivatives	392.6	389.1	1%
Exchange traded derivatives	57.6	4.0	nm
Stock trading and investments	15.9	15.4	3%
Group	**466.1**	**408.5**	**14%**

	Active clients (000)			Revenue per client (£)		
	H1 FY22	**H1 FY21**	**Change %**	**H1 FY22**	**H1 FY21**	**Change %**
OTC leveraged derivatives	158.8	164.0	(3%)	2,472	2,373	4%
Exchange traded derivatives[1]	82.6	3.0	nm	685	709	(3%)
Stock trading and investments	92.5	71.2	30%	172	217	(21%)
Group[2]	**320.4**	**225.2**	**42%**			

[1] Exchange traded derivatives revenue per client calculation excludes revenue generated from the Group's market maker on Nadex
[2] Total Group active clients have been adjusted to remove the clients who are active in more than one product category (multi-product clients) to give a unique client count. In H1 FY22 there were 13,500 multi-product clients, compared with 12,900 in H1 FY21

OTC leveraged derivatives

OTC leveraged revenue in H1 FY22 was £392.6 million, 1% higher than H1 FY21. OTC leveraged revenue represents 84% of Group revenue, down from 95% in H1 FY21, reflecting the growing proportion of the Group's revenue from exchange traded derivatives, following the acquisition of tastytrade.

As anticipated, the levels of client activity and new client acquisition moderated in the half as markets became less volatile following heightened activity throughout FY21, although both the active client base and new client acquisition remain at levels materially higher than the pre-pandemic period. OTC leveraged active clients were down 3% on H1 FY21 and were up 44% on H1 FY20. New clients onboarded were down 32% on H1 FY21 and 28% higher than H1 FY20. Revenue per client was 4% higher, reflecting a change in client mix.

Exchange traded derivatives

Revenue from exchange traded derivatives, excluding Nadex as a discontinued operation, was £57.6 million, and represented 12% of Group revenue (H1 FY21: 1%). tastytrade revenue was £52.8 million, while revenue from Spectrum, the Group's multi-lateral trading facility, was £3.8 million, an increase of 79% on H1 FY21.

With the addition of tastytrade, the number of clients trading exchange traded derivatives increased to 82,600 (H1 FY21: 3,000), 26% of the total active client base.

New client acquisition increased significantly, reflecting the inclusion of tastytrade. Comparing H1 FY22 to pro forma H1 FY21, which included new clients acquired from 28 June 2020 to 30 November 2020, new client acquisition was down 33%, reflecting the softer market conditions. New client acquisition remained significantly higher than pre-pandemic levels, with H1 FY22 69% higher than the pro forma H1 FY20 comparison.

Revenue per client was 3% lower reflecting the lower average revenue per client in tastytrade's large US options and futures client base compared to the European MTF client base.

Stock trading and investments

Revenue from stock trading and investments was £15.9 million in H1 FY22, up 3% on H1 FY21 and 265% higher than H1 FY20. Active clients were 30% higher than H1 FY21, and 144% higher than H1 FY20, demonstrating the significant growth in this business over the pandemic period.

Similar to the OTC leveraged business, new client acquisition moderated in H1 FY22, down 45% on H1 FY21, but remained significantly higher than the pre-pandemic period, up 151% on H1 FY20.

Revenue per client was down 21% on H1 FY21, reflecting a reduction in trade frequency.

The growth in stock trading and investments has driven a 50% increase in client assets under administration, which at the end of the period were £3.6 billion (H1 FY21: £2.4 billion).

Revenue performance by segment

	Adjusted net trading revenue (£m)		
	H1 FY22	**H1 FY21**	**Change %**
OTC leveraged Core Markets+	385.1	383.9	-
Stock trading and investments	15.9	15.4	3%
Total Core Markets+	**401.0**	**399.3**	**-**
OTC leveraged - US	7.5	5.2	43%
Exchange traded derivatives	57.6	4.0	nm
Total High Potential Markets	**65.1**	**9.2**	**609%**
Total Group	**466.1**	**408.5**	**14%**

	Active clients (000)			Revenue per client (£)		
	H1 FY22	**H1 FY21**	**Change %**	**H1 FY22**	**H1 FY21**	**Change %**
OTC leveraged Core Markets+	149.5	154.8	(3%)	2,575	2,480	4%
Stock trading and investments	92.5	71.2	30%	172	217	(21%)
Total Core Markets+[1]	**230.9**	**214.7**	**8%**	**nm**	**nm**	**nm**
OTC leveraged - US	9.3	9.2	1%	808	572	41%
Exchange traded derivatives[2]	82.6	3.0	nm	685	709	(3%)
Total High Potential Markets	**91.9**	**12.2**	**nm**	**699**	**606**	**15%**
Group[3]	**320.4**	**225.2**	**42%**			

[1] Total Core Markets+ active clients have been adjusted to remove the clients who are active in more than one product category to give a unique Core Markets+ client count. In H1 FY22 there were 11,200 Core Markets+ multi-product clients, compared with 11,200 in H1 FY21

[2] Exchange traded derivatives revenue per client calculation excludes revenue generated from the Group's market maker on Nadex

[3] 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 H1 FY22 there were 13,500 multi-product clients, compared with 12,900 in H1 FY21

Core Markets+

Total Core Markets+ revenue was £401.0 million, in line with H1 FY21. Within total Core Markets+, OTC leveraged revenue was £385.1 million, in line with H1 FY21 and stock trading and investments revenue was £15.9 million, up 3% on H1 FY21.

As anticipated there has been some moderation in the levels of client activity and new client onboarding in the Core Markets+ portfolio, particularly in the more established markets which benefitted the most from the elevated levels of volatility and client demand in Q4 FY20 and throughout FY21, however the size of the active client base, and levels of new client acquisition remain significantly higher than pre-pandemic.

OTC leveraged Core Markets+ active clients were down 3% on H1 FY21 and 39% higher than H1 FY20. Revenue per client increased 4% on H1 FY21 and 17% on H1 FY20.

UK and EU revenue in H1 FY22 was £208.3 million, 5% higher than in H1 FY21. The impact of a 9% reduction in active clients was offset by a 15% increase in the average revenue per client. The revenue per client increase was due to a change in the client mix resulting from the reduction in new clients in the period.

Japan revenue of £44.6 million was 29% higher than H1 FY21 driven by a 59% increase in active clients. New client acquisition was very strong in the period benefitting from the continued focus on localisation, brand building, and successful marketing relationships. New clients onboarded increased 69% compared to H1 FY21. Average revenue per client was down 19% on H1 FY21 due to dilution from the large volume of new clients onboarded throughout the period.

Australia revenue of £45.2 million was 27% lower than H1 FY21 reflecting a full 6 month impact of the ASIC leverage restrictions, which were introduced on 29 March 2021. The leverage restrictions impacted active client numbers, new client acquisition and revenue per client all of which were lower thanH1 FY21. However revenue in the half remained higher than pre-pandemic, up 23% on H1 FY20.

High Potential Markets

Total High Potential Markets revenue was £65.1 million (H1 FY21: £9.2 million) which includes £52.8 million revenue from tastytrade for the 5 months since acquisition (28 June 2021 to 30 November 2021). Excluding tastytrade, the High Potential Markets portfolio revenue was £12.3 million, 33% higher than H1 FY21, with a 79% increase in Spectrum revenue, and a 43% increase in US OTC leveraged revenue.

Comparing H1 FY22 High Potential Markets revenue to pro forma H1 FY21 revenue, which includes revenue from tastytrade for the period 28 June 2020 to 30 November 2020, revenue for the portfolio was up 30%. For tastytrade, on the same basis revenue increased by 29% in Sterling, and 34% on a constant currency basis. tastytrade active clients increased by 21% on H1 FY21, with revenue per client 7% higher.

In the US OTC leveraged business revenue was £7.5 million, 43% higher than H1 FY21, driven by a 41% increase in revenue per client as the client base established. Active clients increased 1% on H1 FY21.

Revenue from Spectrum was £3.8 million, 79% higher than H1 FY21 driven by continued growth in the active client base, which increased by 50%, with a 19% increase in revenue per client.

Operating costs

Total adjusted operating costs for H1 FY22 were £205.7 million, 13% higher than H1 FY21 reflecting the acquisition of tastytrade. Excluding tastytrade, operating costs were 1% lower than H1 FY21.

Operating costs comprise operating expenses and variable remuneration. H1 FY22 adjusted operating expenses were £181.0 million, 15% higher than H1 FY21. Variable remuneration in H1 FY22 was £24.7 million, 2% lower than H1 FY21.

Adjusted operating costs from continuing operations

£m	H1 FY22	H1 FY21	Change %
Fixed remuneration	69.0	62.7	10%
Advertising and marketing	38.0	33.4	14%
Revenue related costs	19.0	13.2	44%
IT, structural market data and comms	15.7	11.9	32%
Regulatory fees	2.3	2.5	(8%)
Depreciation and amortisation	13.9	12.5	11%
Other costs	23.1	21.5	8%
Total adjusted operating expenses	**181.0**	**157.7**	**15%**
General bonus	13.9	14.6	(5%)
Share-based compensation	7.3	5.8	26%
Sales bonuses	3.5	4.7	(26%)
Variable remuneration	**24.7**	**25.1**	**(2%)**
Total operating costs	**205.7**	**182.8**	**13%**
Headcount at period end	**2,424**	**2,032**	**19%**

H1 FY22 fixed remuneration was £69.0 million, an increase of 10% on H1 FY21 reflecting the addition of over 180 tastytrade employees. Excluding tastytrade, fixed remuneration in H1 FY22 was down 1%, as H1 FY21 included a number of one-off costs (including holiday pay accrual and restructuring costs) and H1 FY22 benefitted from more favourable FX rates reducing overseas salary costs.

Advertising and marketing spend increased by 14% in H1 FY22 to £38.0 million. Excluding tastytrade, marketing spend increased by 1%.

Revenue related costs are variable items which 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 H1 FY22 these costs were £19.0 million, 44% higher than H1 FY21. Excluding tastytrade, revenue related costs reduced by 17%, reflecting a lower charge for client and counterparty credit losses, and lower credit card charges, due to the lower levels of client trading in the period.

IT maintenance, structural market data charges and communications costs were £15.7 million in H1 FY22, an increase of 32% on H1 FY21. Excluding tastytrade, the increase was 16%, reflecting additional investment in technology to support the larger active client base and build capacity for future growth.

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 £2.3 million in H1 FY22, 8% lower than H1 FY21.

Depreciation and amortisation costs increased 11% to £13.9 million. Excluding tastytrade the increase was 3%, reflecting the increased investment in technology.

Within variable remuneration, the charge for the general bonus pool was £13.9 million, down 5% on H1 FY21. Excluding tastytrade the general bonus charge was down 13%, reflecting a smaller outperformance to internal targets compared to the prior period.

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. These costs increased by 26% largely reflecting an increased number of participants.

Sales bonuses decreased by 26% to £3.5 million reflecting lower commission payments to sales staff for the onboarding and management of their own-sourced high-value clients.

Adjusted Profit Before Tax, Profit After Tax and Earnings Per Share

£m	H1 FY22	H1 FY21	Change %
Continuing Operations			
Operating profit	262.8	228.7	15%
Net finance costs	(3.8)	(0.9)	322%
Share of loss from associates	(1.0)	-	-
Profit before tax	258.0	227.8	13%
Tax expense	(44.8)	(43.5)	3%
Profit after tax from continuing operations	213.2	184.3	16%
Profit after tax from discontinued operations	-	2.8	-
Profit after tax for the period	213.2	187.1	14%
Weighted average number of shares for the calculation of EPS (millions)	421.7	369.0	14%
Basic earnings per share (pence per share)	**50.6**	**50.7**	**-**

Adjusted operating profit from continuing operations in the period was £262.8 million, 15% higher than H1 FY21, reflecting the acquisition of tastytrade. After net finance costs of £3.8 million, and a £1.0 million share of loss from associates, adjusted profit before tax was £258.0 million.

The forecast full year effective tax rate (ETR) applied to the Group's H1 FY22 profit before tax is 17.4% (FY21 actual ETR: 17.4%). 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.

Adjusted basic EPS of 50.6p per share was flat on prior year as the increase in the number of ordinary shares following the issuance of 61 million shares to acquire tastytrade, was offset by the increase in adjusted profit after tax.

Dividend

An interim dividend of 12.96 pence per share will be paid on 4 March 2022 to those shareholders on the register at the close of business on 3 February 2022.

Summary Group Balance Sheet

The balance sheet is presented on a management basis which reflects the Group's use of alternative performance measures to monitor its financial position, with particular focus on own funds and liquid assets which are deployed to meet the Group's liquidity requirements. These alternative performance measures are reconciled to the corresponding IFRS balances in the appendix.

£m	30 Nov 2021	31 May 2021
Goodwill	595.1	107.3
Intangible assets[1]	287.5	32.7
Property, plant and equipment[2]	17.7	17.4
Operating lease net asset	(1.9)	(1.9)
Investments in associates	9.0	-
Fixed assets	**907.4**	**155.5**
Cash in IG accounts	664.0	655.2
Amounts at brokers	848.2	710.6
Own funds in client money	104.7	60.9
Liquid asset buffer	82.2	86.1
Issued debt / long term bank borrowings	(299.2)	(100.0)
Client funds on balance sheet	(478.4)	(354.3)
Own funds	**921.5**	**1,058.5**
Working capital	(55.2)	(86.4)
Net current assets held for sale	40.6	-
Tax payable	(6.2)	(6.4)
Net deferred tax (liability) / asset	(65.6)	12.1
Net assets	**1,742.5**	**1,133.3**

[1] Excludes goodwill

[2] Excludes right-of-use assets

On June 28, 2021 the Group completed the acquisition of tastytrade, and the results of tastytrade have been consolidated from that date. The Group has completed a provisional exercise to estimate the fair value of assets and liabilities acquired. Goodwill of £476.5 million, and identified intangible assets have been recognised, with a net book value of £254.7 million at 30 November 2021.

The Group drew down on a £150 million term loan in June 2021 to finance the tastytrade acquisition, taking its total committed term loan facilities to £250 million. In November 2021, the Group completed a comprehensive debt refinancing exercise and implementation of a long term funding structure, through the issue of £300 million of 7 year senior unsecured bonds, and renegotiation of revolving credit facilities to increase capacity to £300 million. As at 30 November 2021, the Group had £300 million debt in issue (31 May 2021: £100 million bank borrowings), and the Group has access to a £300 million revolving credit facility which was undrawn at 30 November 2021 (31 May 2021: undrawn).

The Group's net current assets held for sale relate to the net assets allocated to the Nadex disposal group, primarily comprising goodwill, fixed assets and cash, investment and goodwill associated with Small Exchange, which had initially been recognised on the statutory balance sheet as an investment in associate.

Own Funds Flow

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 liquid assets, including amounts at brokers, less borrowings and client funds on its balance sheet. As at 30 November 2021, the Group had a cash balance of £664.0 million (31 May 2021: £655.2 million) and own funds of £921.5 million (31 May 2021: £1,058.5 million).

The Group's cash balance increased by £8.8 million during H1 FY22, as a result of cash generated from operations of £258.1 million, additional debt funding of £299.2 million, and an increase of client funds on balance sheet of £125.1 million. These increases were reduced by the £216.1 million cash consideration paid to acquire tastytrade, the payment of the FY21 final dividend totalling £130.3 million, repayment of existing debt of £250.0 million of the existing term loan and a £16.7 million classification of cash held by Nadex to net current assets held for sale.

Whilst the cash balance increased during H1 FY22, the own funds balance reduced. This is the result of debt securities issued and client funds on balance sheet being deducted when calculating own funds. The movement of own funds during the period is as follows:

£m	**H1 FY22**	**H1 FY21**
Operating profit	251.0	232.2[1]
Depreciation and amortisation	27.1	12.9
Lease liability payments	(4.2)	(2.8)
Share based compensation	5.6	4.2
Change in working capital	(31.9)	(13.1)
Own funds generated from operations	**247.6**	**233.4**
as % of operating profit	99%	101%
Taxes paid	(33.9)	(30.3)
Net own funds generated from operations	**213.7**	**203.1**
Net interest and fees paid	(5.6)	(1.4)
Capitalised development costs	(2.6)	(1.6)
Capital expenditure	(7.3)	(6.6)
Purchase of own shares held in employee benefit trusts	(6.7)	(0.2)
Investments in associates	(1.9)	-
Own funds recognised on acquisition of tastytrade	38.2	**-**
Cash consideration of tastytrade	(216.1)	**-**
Pre-dividend increase in own funds	**11.7**	**193.3**
Dividends paid	(130.3)	(111.8)
Increase/(decrease) in own funds	**(118.6)**	**81.5**
Own funds at start of the period	**1,058.5**	**832.5**
Increase/(decrease) in own funds	(118.6)	81.5
Impact of movement in exchange rates	-	(6.7)
Own funds at the end of period	**939.9**	**907.3**
Own funds at the end of period from discontinued operations	(18.4)	-
Own funds at the end of the period from continuing operations	**921.5**	**907.3**

[1] Includes £3.5 million operating profit from discontinued operations

Own funds, including the impact of movement in exchange rates, decreased by £118.6 million during H1 FY22 (H1 FY21: increase £74.8 million), as the payment of the FY21 final dividend of £130.3m and the payment of £216.1 million cash consideration to acquire tastytrade more than offset own funds generated from operations of £213.7 million.

The conversion rate of operating profit into own funds was 99% in H1 FY22 (H1 FY21: 101%). This conversion rate is lower than in H1 FY21 due, in part, to the additional £13.5 million of depreciation and amortisation relating to the acquired tastytrade intangible assets and increased working capital. Of the working capital increase, £17.3 million relates to balances arising from the tastytrade acquisition and ongoing tastytrade balances.

Net interest and fees are higher in H1 FY22 from the drawdown of the term loan to part-finance the acquisition of tastytrade and debt refinancing. In addition to this, the Group purchased an additional £6.5 million of shares to settle the employee share-based awards during H1 FY22, further reducing own funds.

Own funds from discontinued operations relates to the Nadex disposal group, of which £16.7 million is cash.

Liquidity

The Group seeks to maintain a strong liquidity position, 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 segregated client money accounts.

Liquid assets increased by £186.3 million during H1 FY22, and comprises the following:

£m	30 Nov 2021	31 May 2021
Cash in IG bank accounts	664.0	655.2
Amounts at brokers	848.2	710.6
Own funds in client money	104.7	60.9
Liquid asset buffer	82.2	86.1
Liquid assets	**1,699.1**	**1,512.8**

Amounts at brokers have increased by £137.6 million during H1 FY22 due to increased broker margin requirements. The balance comprises cash and UK Government Securities held on account by the Group's hedging counterparties, the valuation of open derivative positions and the valuation of physical cryptocurrency assets. The Group's broker margin requirement at 30 November 2021 was £729.3 million, £138.4 million higher than at 31 May 2021. The maximum broker margin requirement in H1 FY22 was £774.7 million, higher than the previous peak broker margin amount of £683.3 million in February 2021, reflecting the mix of client trading during periods of heightened market volatility.

Own funds in client money represents the Group's own cash held in segregated client funds in accordance with regulatory requirements, including the UK's Financial Conduct Authority (FCA) Client Asset Sourcebook (CASS) rules. This increased by £43.8 million to £104.7 million, as a result of trading conditions on the last day of the month.

The liquid asset buffer is held as UK Government Securities. From 1 January 2022 the liquid asset buffer requirement has been replaced by a new regime within the Investment Firm Prudential Regime rules. The Group will be subject to a basic liquid assets requirement and a liquid assets threshold requirement, which can be met with a broader range of assets than under the current rules. The Group does not expect the new rules to have a detrimental impact on its liquidity requirements, or the composition of its liquid assets.

£m	30 Nov 2021	31 May 2021
Liquid assets	**1,699.1**	**1,512.8**
Broker margin requirement	(729.3)	(590.9)
Cash balances in non-UK subsidiaries	(303.4)	(248.0)
Own funds in client money	(104.7)	(60.9)
Available liquidity	**561.7**	**613.0**
of which:		
Held as liquid asset buffer	82.2	86.1
Dividend due	55.9	130.4

The Group's available liquidity comprises assets that are available at short notice to meet additional liquidity requirements. Available liquidity was £561.7 million at 30 November 2021, £51.3 million lower than at 31 May 2021. This lower available liquidity reflects that the Group's liquid assets had already been deployed to support a broker margin requirement which was significantly higher than at 31 May 2021, and also reflects increased cash balances in non-UK subsidiaries. The Group regularly repatriates cash from its overseas subsidiaries and 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 £303.4 million at 30 November 2021 (31 May 2021: £248.0 million), £55.4 million higher than at 31 May 2021 due to increased overseas cash requirements arising from the acquisition of tastytrade and increased client funds recognised on balance sheet in overseas entities.

In addition to the cash recognised on the balance sheet, as at 30 November 2021, the Group held £2,701.7 million (31 May 2021: £2,710.3 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	30 Nov 2021	31 May 2021
Liquid assets	1,699.1	1,512.8
Client funds on balance sheet	(478.4)	(354.3)
Issued debt / Long-term borrowings	(299.2)	(100.0)
Own funds	**921.5**	**1,058.5**

The Group's own funds at the end of period were £921.5 million (31 May 2021: £1,058.5 million). This comprises liquid assets, less client funds on balance sheet and issued debt. Client funds on balance sheet are funds which are deposited with the Group's Swiss banking subsidiary, IG Bank SA, and client funds held by other subsidiaries which are not subject to the same legal or regulatory protections as client money held off balance sheet, including funds held by the Group under title transfer arrangements.. In June 2021 the Group drew down on a £150 million term loan to finance the tastytrade acquisition. In November 2021, the Group issued £300 million of 7 year senior unsecured bonds, and the majority of the proceeds were used to repay the outstanding term loans. The reduction in own funds during the period is driven by the net cash outflow arising from the cash consideration paid to acquire tastytrade.

Following the refinancing exercise performed in November 2021, total available credit facilities have risen from £375 million as at 31 May 2021, to £600 million as at 30 November 2021, with the potential to rise to £700 million if the new revolving credit facility is increased in size. The £300 million committed revolving credit facility was undrawn at 30 November 2021 (31 May 2021: undrawn).

Regulatory Capital

The Group is supervised on a consolidated basis by the FCA 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 30 November 2021 totalled £1,742.5 million (31 May 2021: £1,133.3 million). The Group's regulatory capital resources are an adjusted measure of shareholders' funds, and as at 30 November 2021 totalled £717.2 million (31 May 2021: £860.7 million), taking into account H1 FY22 profits which are included in the regulatory capital calculation following approval from the FCA.

£m	30 Nov 2021	31 May 2021
Shareholders' funds	**1,742.5**	**1,133.3**
Less foreseeable / declared dividends	(202.6)	(130.4)
Less goodwill and intangible assets	(806.6)	(140.0)
Less Deferred tax assets and significant investments in financial sector entities	(13.4)	-
Less value adjustment for prudent valuation	(2.7)	(2.2)
Regulatory capital resources	**717.2**	**860.7**
Total Pillar 1 Risk Exposure Amounts	2,773.4	2,467.7
Capital ratio	25.9%	34.9%
Capital ratio requirement	19.9%	19.9%
Total requirement - £m	**551.9**	**491.1**
Capital headroom - £m	**165.3**	**369.6**

The Group's Capital Ratio at 30 November 2021 was 25.9% (31 May 2021: 34.9%), above the required minimum capital ratio of 19.9% (31 May 2021: 19.9%), demonstrating the Group's solid capital base. The Capital Ratio has decreased in the period as a result of the goodwill and intangible assets arising on the acquisition of tastytrade. Further details about the Group's capital requirement are published in the Pillar 3 disclosure on the Group's website.

From 1 January 2022 the Group is subject to the Investment Firm Prudential Regime, which changes the basis of calculation of the Group's regulatory capital. These changes do not have any detrimental impact on the regulatory capital position of the Group.

Principal risks and uncertainties

IG's Risk Taxonomy categorises the principal risks faced by the Group into five areas: the risks inherent in the regulatory environment, the risks inherent in the commercial environment, business model risk, operational risk and conduct risk.

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain consistent with those detailed on pages 47 to 53 of the FY21 Group Annual Report, which is available on the Group's website. There have been no significant changes in the Group's risk management framework in H1 FY22 and up to the date of this announcement.

Consolidated Interim Income Statement
for the six months ended 30 November 2021 (unaudited)

	Note	Unaudited six months ended 30 November 2021 £m	Unaudited six months ended 30 November 2020 (Restated)[1] £m
Continuing Operations			
Trading revenue		476.8	413.0
Introducing partner commissions		(4.9)	(4.5)
Net trading revenue	3	471.9	408.5
Betting duty and financial transaction taxes		(0.1)	(0.7)
Interest income on segregated client funds		1.0	1.2
Interest expense on segregated client funds		(1.4)	(0.8)
Other operating income		2.9	3.3
Net operating income		474.3	411.5
Operating costs	4	(221.8)	(180.4)
Net credit losses on financial assets		(1.5)	(2.4)
Operating profit		251.0	228.7
Share of loss from associates		(1.0)	-
Finance income		1.0	1.9
Finance costs		(5.8)	(2.8)
Profit before tax		245.2	227.8
Tax expense	5	(42.6)	(43.5)
Profit for the period from continuing operations		202.6	184.3
Profit for the period from discontinued operations	19	-	2.8
Profit for the period		202.6	187.1
Attributable to:			
Owners of the parent		202.6	187.1
Earnings per ordinary share			
Basic	6	48.1p	50.7p
Diluted	6	47.7p	50.3p

[1]Refer to Note 19 for further information.

Consolidated Interim Statement of Comprehensive Income
for the six months ended 30 November 2021 (unaudited)

	Unaudited six months ended 30 November 2021		Unaudited six months ended 30 November 2020	
	£m	£m	£m	£m
Profit for the period		202.6		187.1
Other comprehensive income / (expense):				
Items that may be subsequently reclassified to the Consolidated Interim Income Statement:				
Changes in the fair value of financial assets held at fair value through other comprehensive income, net of tax	(1.2)		(1.1)	
Foreign currency translation gain / (loss)	30.2		(9.1)	
Other comprehensive income / (expense) for the period		29.0		(10.2)
Total comprehensive income attributable to owners of the parent		231.6		176.9

Consolidated Interim Statement of Financial Position
at 30 November 2021 (unaudited)

	Note	Unaudited 30 November 2021 £m	31 May 2021 £m	Unaudited 30 November 2020 £m
Assets				
Non-current assets				
Property, plant and equipment		38.8	38.6	42.7
Intangible assets	8	882.6	140.0	143.4
Financial investments	9	131.7	127.6	63.0
Financial assets pledged as collateral	9	45.9	61.1	57.1
Investments in associates		9.0	-	-
Deferred income tax assets		10.4	12.9	13.3
		1,118.4	380.2	319.5
Current assets				
Trade receivables	10	709.8	490.9	406.4
Other assets	11	27.3	30.3	66.9
Prepayments		16.6	12.6	10.0
Other receivables		9.9	5.5	3.8
Cash and cash equivalents		664.0	655.2	423.2
Financial investments	9	137.6	127.4	148.5
Financial assets pledged as collateral	9	71.2	26.0	10.8
		1,636.4	1,347.9	1,069.6
Assets classified as held for sale	19	43.0	-	-
TOTAL ASSETS		2,797.8	1,728.1	1,389.1
Liabilities				
Non-current liabilities				
Borrowings	12	-	98.8	99.8
Debt securities in issue	12	297.1	-	-
Lease liabilities		15.7	16.4	20.1
Deferred income tax liabilities		76.0	0.8	0.4
		388.8	116.0	120.3
Current liabilities				
Trade payables	13	564.9	357.5	143.9
Other payables		85.7	108.2	87.7
Lease liabilities		7.3	6.7	6.8
Income tax payable		6.2	6.4	25.4
		664.1	478.8	263.8
Liabilities directly associated with assets classified as held for sale	19	2.4	-	-
Total liabilities		1,055.3	594.8	384.1
Equity				
Share capital and share premium	14	125.8	125.8	125.8
Translation reserve		83.4	53.2	65.0
Other reserves		593.1	93.8	90.8
Retained earnings		940.2	860.5	723.4
Total equity		1,742.5	1,133.3	1,005.0
TOTAL EQUITY AND LIABILITIES		2,797.8	1,728.1	1,389.1

These Consolidated Interim Condensed Financial Statements were approved by the Board of Directors on 27 January 2022 and signed on its behalf by:

Charles Rozes, Chief Financial Officer
Registered Company number: 04677092

Consolidated Interim Statement of Changes in Equity

for the six months ended 30 November 2021 (unaudited)

	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
At 1 June 2020	-	125.8	74.1	94.3	641.7	935.9
Profit for the period attributable to owners of the parent	-	-	-	-	187.1	187.1
Other comprehensive (expense) for the period	-	-	(9.1)	(1.1)	-	(10.2)
Total comprehensive (expense) / income for the period	-	-	(9.1)	(1.1)	187.1	176.9
Equity-settled employee share-based payments	-	-	-	4.2	-	4.2
Transfer of vested awards from the share-based payment reserve	-	-	-	(6.4)	6.4	-
Employee Benefit Trust purchase of own shares	-	-	-	(0.2)	-	(0.2)
Equity dividends paid	-	-	-	-	(111.8)	(111.8)
At 30 November 2020 (unaudited)	-	125.8	65.0	90.8	723.4	1,005.0
At 1 June 2021	-	125.8	53.2	93.8	860.5	1,133.3
Profit for the period attributable to owners of the parent	-	-	-	-	202.6	202.6
Other comprehensive (expense) / income for the period	-	-	30.2	(1.2)	-	29.0
Total comprehensive (expense) / income for the period	-	-	30.2	(1.2)	202.6	231.6
Equity-settled employee share-based payments	-	-	-	5.6	-	5.6
Transfer of vested awards from the share-based payment reserve	-	-	-	(7.4)	7.4	-
Employee Benefit Trust purchase of own shares	-	-	-	(6.7)	-	(6.7)
Equity dividends paid	-	-	-	-	(130.3)	(130.3)
Issue of ordinary share capital for the acquisition of tastytrade, Inc.	-	-	-	509.0	-	509.0
At 30 November 2021 (unaudited)	-	125.8	83.4	593.1	940.2	1,742.5

Consolidated Interim Cash Flow Statement
for the six months ended 30 November 2021 (unaudited)

	Note	Unaudited six months ended 30 November 2021	Unaudited six months ended 30 November 2020 (Restated)[1]
	Note	£m	£m
Operating activities			
Operating profit:		251.0	232.2
From continuing operations		*251.0*	*228.7*
From discontinued operations		-	*3.5*
Depreciation and amortisation		27.1	12.9
Equity settled share-based payments charge		5.6	4.2
Increase in trade receivables, other receivables and other assets		(199.3)	(106.7)
Increase / (Decrease) in trade and other payables		173.7	(13.0)
Cash generated from operations		258.1	129.6
Income taxes paid		(33.9)	(30.3)
Net cash flow generated from operating activities		224.2	99.3
Investing activities			
Interest received		0.7	1.0
Net cash flow to investment in associates		(1.9)	-
Purchase of property, plant and equipment		(3.9)	(4.6)
Payments to acquire and develop intangible assets		(6.0)	(3.6)
Net cash flow from financial investments		(45.2)	(34.4)
Net cash flow on purchase of subsidiary	18	(193.5)	-
Net cash flow used in investing activities		(249.8)	(41.6)
Financing activities			
Interest paid		(4.3)	(2.4)
Financing fees paid		(2.0)	-
Interest paid on lease liabilities		(0.3)	(0.3)
Repayment of principal element of lease liabilities		(3.9)	(2.5)
Drawdown of term loan		150.0	
Repayment of term loan		(250.0)	-
Issue of debt securities		299.2	-
Equity dividends paid to owners of the parent	7	(130.3)	(111.8)
Employee Benefit Trust purchase of own shares		(6.7)	(0.2)
Net cash flow generated from / (used in) financing activities		51.7	(117.2)
Net increase / (decrease) in cash and cash equivalents		26.1	(59.5)
Cash and cash equivalents at the beginning of the period		655.2	486.2
Impact of movement in foreign exchange rates		(0.6)	(3.5)
Cash and cash equivalents at the end of the period		680.7	423.2
Attributable to discontinued operations and recognised within assets held for sale		***16.7***	***-***
Attributable to continuing operations and recognised as cash and cash equivalents		***664.0***	***423.2***

[1]Refer to Note 19 for further information.

Notes to the Consolidated Interim Condensed Financial Statements

for the six months ended 30 November 2021 (unaudited)

1. General information

The Consolidated Interim Condensed Financial Statements of the Group for the six months ended 30 November 2021 were authorised for issue by the Board of Directors on 27 January 2022 and the Consolidated Interim Statement of Financial Position was signed on the Board's behalf by Charles Rozes. IG Group Holdings plc is a public limited 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 interim financial information, together with the comparative information contained in this report for the six months ended 30 November 2020, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial information is unaudited but has been reviewed by the Company's auditors, PricewaterhouseCoopers LLP, and their report appears at the end of these Consolidated Interim Condensed Financial Statements. The Financial Statements for the year ended 31 May 2021 (FY21 Financial Statements) have been audited and reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation and accounting policies

Basis of preparation

The Consolidated Interim Condensed Financial Statements for the six months ended 30 November 2021 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and in accordance with UK adopted IAS 34 Interim Financial Reporting. The Consolidated Interim Condensed Financial Statements are presented in Sterling.

The Consolidated Interim Condensed Financial Statements do not include all of the information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Group's Annual Report for the year ended 31 May 2021 (FY21 Group Annual Report) which has 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. The financial statements for the year ended 31 May 2021 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 for the year ending 31 May 2022 will be prepared in accordance with IFRS as adopted by the UK Endorsement Board and this change in basis of preparation is required by UK company law as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This does not constitute a change in accounting policy, and there is no impact on the recognition, measurement or disclosure in the period reported.

Throughout this report, FY22, FY21 and FY20 refer to the financial years ended 31 May 2022, 31 May 2021 and 31 May 2020 respectively. H1 FY22, H1 FY21 and H1 FY20 refer to the six months ended 30 November 2021, 30 November 2020 and 30 November 2019 respectively.

Reclassification of comparatives

To ensure consistency with the current period, comparative figures for the period ended 30 November 2020 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:

- 'Translation reserve' of £65.0 million has been separated out from 'Other reserves' and presented as a separate line item in the Consolidated Interim Statement of Changes in Equity.
- UK Government Securities of £67.9 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.

Acquisitions

The group acquired tastytrade, Inc. (tastytrade) and its subsidiaries on 28 June 2021. The results of tastytrade have been consolidated within the Group since the date of acquisition. Where necessary, comparative information is presented in US Dollar alongside Sterling. Further details are disclosed in note 18.

As part of the acquisition of tastytrade the Group acquired investments in Small Exchange, Inc. (Small Exchange) and Zero Hash Holdings Ltd (Zero Hash). As at 30 November 2021, Small Exchange has been recognised as an asset held for sale and Zero Hash has been recognised as an associate on the Consolidated Interim Statement of Financial Position. At acquisition date, the Group initially recognised a convertible loan note with Zero Hash at fair value of $12.0 million and subsequently converted to an equity shareholding in September 2021.

Disposals

North American Derivatives Exchange, Inc. (Nadex) has been classified as both a discontinued operation and a disposal group as at 30 November 2021, as the sale was determined to be highly probable and a major line of business. As a result, its profits have been separated from the Group's continuing operations for the period and are shown as discontinued operations. The comparative period has been restated accordingly. The Nadex operations were not classified as a disposal group as at 31 May 2021 and the balance sheet has not been restated from that published in the FY21 Group Annual Report, or as at 30 November 2020. Further details relating to the proposed sale are disclosed in note 19. Small Exchange has been classified as an asset held for sale as at 30 November 2021 and does not meet the criteria for a discontinued operation. The Group's share of losses continue to be recognised within continuing operations.

Notes to the Consolidated Interim Condensed Financial Statements

for the six months ended 30 November 2021 (unaudited)

Significant accounting policies

The accounting policies adopted in the preparation of the Consolidated Interim Condensed Financial Statements are consistent with those followed in the preparation of the FY21 Group Annual Report, except for the new accounting policies outlined below.

Investment in associates and joint ventures
Associates are entities for which the Group has significant influence but not control or joint control. Investments in associates are accounted for under the equity method of accounting after initially being recognised at cost. The investment is adjusted for the Group's share of the profit or loss and other comprehensive income of the associate which is recognised from the date that significant influence begins, until the date that significant influence ceases.

Joint ventures are entities for which the Group has joint control. Investments in joint ventures are accounted for under the equity method of accounting after initially being recognised at cost. The investment is adjusted for the Group's share of the profit or loss and other comprehensive income of the joint venture which is recognised from the date that joint control begins, until the date that joint control ceases.

Investments in associates and joint ventures are assessed for impairment indicators at each reporting date. If such indicators exist, the recoverable amount is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in the income statement.

Debt securities in issue
Debt securities in issue are recognised initially at fair value. Subsequently, debt securities are measured at amortised cost, with any difference between net proceeds and the redemption value being recognised in the Income Statement over the lifetime of the security using the effective interest rate method. Transaction fees are recognised on the statement of financial position, and amortised over the expected life of the security.

Non-current assets (or disposal groups) and discontinued operations
Non-current assets (or disposal groups) are classified as held for sale if the carrying amount is recovered through a sale transaction rather than through continuing use, and if the sale is highly probable. The assets are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets which are measured at fair value. Where the fair value less costs to sell is lower than the carrying amount, an impairment is recognised. Any subsequent increases in fair value less costs to sell which are not in excess of previously recognised impairment losses are recognised in the income statement.

Non-current assets are not depreciated or amortised while they are classified as held for sale and the assets held for sale are separately presented from other assets on the Consolidated Interim Statement of Financial Position. Liabilities associated with assets held for sale are presented separately from other liabilities on the Consolidated Interim Statement of Financial Position.

A discontinued operation is a component that has been disposed or classified as held for sale, and represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately in the Consolidated Interim Income Statement with comparatives restated.

Money Market Funds
Money market funds are mutual funds that invest in a diversified range of money market instruments, such as government owned instruments and short term debt from highly credit rated counterparties. Money market funds are presented within 'cash and cash equivalents' as they are short-term highly liquid investments that are readily convertible into known amounts of cash, they are subject to an insignificant risk of changes in value and they can be withdrawn without penalty. As at 30 November 2021, the Group's cash and cash equivalents balance included £56.3 million (31 May 2021 and 30 November 2020: £nil) of money market funds.

New accounting standards and interpretations
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.

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 reporting date, and the amounts reported for revenue and expenses during the period. The nature of estimates means that actual outcomes could differ from those estimates. In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the presentation or measurement of items recorded in the Consolidated Interim Condensed Financial Statements are the following:

(a) Provisional fair value and useful economic lives of intangible assets acquired (estimate) – the Group has recognised goodwill of £476.5 million and intangible assets of £256.9 million upon acquisition of tastytrade based on provisional estimates of fair values at the acquisition date of 28 June 2021. In accordance with IFRS 3 – Business Combinations, the Group has a measurement period of up to 12 months from the date of acquisition to estimate the fair value of assets acquired. If the Group identifies new information about facts and circumstances that were in existence at the acquisition date, the final estimate of fair values on acquisition may be adjusted during the measurement period. The provisional fair values of intangible assets are based upon a number of factors including management's best estimates of future performance and estimates of an appropriate discount rate. The identified intangible assets are amortised over their remaining useful economic lives, which are also based on management's best estimates of the periods over which value from the intangible asset is provided. Further information outlining the valuation methodologies is provided in note 18.

(b) Accounting for cryptocurrencies (judgement) – the Group has recognised £27.3 million of cryptocurrency assets and rights to cryptocurrency assets on its Consolidated Interim Statement of Financial Position as at 30 November 2021 (FY21: £30.3 million and H1 FY21: £66.9 million). These assets are used for hedging purposes and are held for sale in the ordinary course of business. A judgement has been made to apply the measurement principles of IAS 2 Inventories, using the commodity broker-trader exception, in accounting for these assets. The assets are presented as 'Other assets' on the Consolidated Interim Statement of Financial Position. The accounting treatment of cryptocurrency assets is considered to be a critical accounting policy judgement.

Going concern basis of accounting
The Directors have prepared the Consolidated Interim Condensed 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 Consolidated Interim Condensed Financial Statements.

The Group meets its day-to-day working capital requirements through its available liquid assets and debt facilities. The Group's liquid assets exclude all monies held in segregated client money accounts. In assessing whether it is appropriate to adopt the going concern basis in preparing the Consolidated Interim Condensed 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 taking into account the principal risks faced by the business. The Group's acquisition of tastytrade has changed the nature of certain risks facing the Group due to the introduction of new products and markets, and due to the regulations associated with those products and markets. However, the principal risks and uncertainties which may affect the Group in the second half of the financial year remain consistent with those disclosed in the FY21 Group Annual Report.

The Directors' assessment has considered the impact of the tastytrade acquisition, and future performance, solvency and liquidity over a period of at least 12 months from the date of approval of the Consolidated Interim Condensed 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 confirms that they consider it appropriate to adopt the going concern basis in preparing the Consolidated Interim Condensed Financial Statements.

Seasonality of operations

The Directors consider that there is no predictable seasonality to the Group's operations.

3. Net trading revenue and operating segments

Net trading revenue represents trading revenue after deducting introducing partner commissions.

The Executive Directors are the Group's Chief Operating Decision Maker (CODM). Management considers business performance from a product perspective, split into OTC leveraged derivatives, exchange traded derivatives and stock trading and investments. The segmental analysis shown below by product aggregates the different geographical locations given the products are economically similar in nature. Revenue from OTC leverage derivatives are derived from UK, EU, EMEA – Non EU, Australia, Singapore, Japan, Emerging Markets and the United States. Exchange traded derivatives revenue derives from tastytrade and Spectrum business located in the United States and the EU, whereas stock trading and investments revenue derives from the UK, EU and Australia.

The segmental analysis does not include a measure of profitability, nor a segmented Consolidated Interim Statement of Financial Position, as this would not reflect the information which is received by the Group's Chief Operating Decision Maker.

Net trading revenue by product from continuing operations:

	Unaudited six months ended 30 November 2021	Unaudited six months ended 30 November 2020 (Restated)
	£m	£m
OTC leveraged derivatives	398.4	389.1
Exchange traded derivatives	57.6	3.9
Stock trading and investments	15.9	15.5
	471.9	408.5

Net trading revenue by geography from continuing operations:

	Unaudited six months ended 30 November 2021	Unaudited six months ended 30 November 2020 (Restated)
	£m	£m
UK	177.5	165.2
EU	55.1	51.4
EMEA – Non EU	27.1	30.1
Australia	48.8	65.3
Singapore	37.0	36.5
Japan	44.6	34.6
Emerging Markets	20.4	18.4
US	61.4	7.0
	471.9	408.5

3. Net trading revenue and operating segments (continued)

The UK geographic segment, and the OTC leveraged derivatives segment, include a £5.8 million gain incurred on hedging the $300 million exposure arising from the cash consideration which was paid upon completion of the acquisition of tastytrade as set out in note 18.
The comparatives are restated to reflect the discontinued operations arising from the proposed Nadex sale, which was previously reflected in the US and exchange traded derivative operating segments. Refer to note 19 for further information.

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:

	Unaudited six months ended 30 November 2021	Unaudited six months ended 30 November 2020
	£m	£m
UK	133.8	130.8
EU	6.0	7.0
EMEA – Non EU	7.8	6.1
Australia	1.0	1.6
Singapore	1.0	1.5
Japan	4.4	6.1
Emerging Markets	-	-
US	776.4	33.0
	930.4	186.1

4. Operating costs

	Unaudited six months ended 30 November 2021	Unaudited six months ended 30 November 2020 (Restated)[1]
	£m	£m
Fixed remuneration	69.1	62.7
Variable remuneration	27.3	25.1
Employee related expenses	96.4	87.8
Advertising and marketing	38.0	33.4
Premises related costs	3.8	3.4
Depreciation and amortisation	26.6	12.5
Regulatory fees	2.3	2.5
Other costs	54.7	40.8
	221.8	180.4

[1]Refer to Note 19 for further information.

5. Tax expense

The tax expense of £42.6 million (H1 FY21: £43.5 million) is recognised based on management's estimate of the effective tax rate for the full year of 17.4% (H1 FY21: 19.0%), applied to profits generated from continuing operations. Refer to note 19 for tax on discontinued operations. The actual effective tax rate for FY21 was 17.4%. The factors affecting the tax charge in future periods are detailed on page 137 of the FY21 Group Annual Report.

6. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding shares held as own shares in the Group's Employee Benefit Trusts. Diluted earnings per ordinary share is calculated using the same profit figure as that used in basic earnings per ordinary 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.

Weighted average number of ordinary shares	Unaudited 30 November 2021	Unaudited 30 November 2020
Basic	421,718,081	368,956,420
Dilutive effect of share-based payments	2,982,002	2,671,918
Diluted	424,700,083	371,628,338

Notes to the Consolidated Interim Condensed Financial Statements
for the six months ended 30 November 2021 (unaudited)

6. Earnings per ordinary share (continued)

	Unaudited six months ended 30 November 2021	Unaudited six months ended 30 November 2020
Basic earnings per ordinary share	48.1p	50.7p
Diluted earnings per ordinary share	47.7p	50.3p

7. Dividends paid and proposed

	Unaudited six months ended 30 November 2021 £m	Unaudited six months ended 30 November 2020 £m
Final dividend for FY21 of 30.24 pence per share (FY20: 30.24 pence per share)	130.3	111.8

The proposed interim dividend for FY22 of 12.96 pence per share totalling £55.9 million was approved by the Board on 27 January 2022 and has not been included as a liability at 30 November 2021. This dividend will be paid on 4 March 2022 to those members on the register at the close of business on 3 February 2022.

8. Intangible assets

	Goodwill £m	Customer Relationships £m	Trade names £m	Non-compete arrangements £m	Internally developed software £m	Domain Names £m	Software and Licences £m	Total £m
Cost:								
At 1 June 2020	108.1	-	-	-	40.9	37.7	28.1	214.8
Additions	-	-	-	-	1.6	-	2.1	3.7
Impact of movement in foreign exchange rates	(0.4)	-	-	-	0.1	(2.5)	(0.2)	(3.0)
At 30 November 2020 (unaudited)	107.7	-	-	-	42.6	35.2	30.0	215.5
Accumulated amortisation:								
At 1 June 2020	-	-	-	-	27.7	15.4	24.5	67.6
Provided during the year	-	-	-	-	2.3	1.8	1.2	5.3
Impact of movement in foreign exchange	-	-	-	-	0.1	(0.9)	-	(0.8)
At 30 November 2020 (unaudited)	-	-	-	-	30.1	16.3	25.7	72.1

	Goodwill £m	Customer Relationships £m	Trade names £m	Non-compete arrangements £m	Internally developed software £m	Domain Names £m	Software and Licences £m	Total £m
Cost:								
At 1 June 2021	107.3	-	-	-	44.3	33.4	31.2	216.2
Additions - business acquisition	476.5	156.3	56.9	29.6	14.1	-	-	733.4
Additions	-	-	-	-	2.7	-	3.0	5.7
Impact of movement in foreign exchange rates	22.4	6.2	2.3	1.3	0.7	1.9	0.1	34.9
Classified as assets held for sale	(11.1)	-	-	-	(19.5)	-	(0.7)	(31.3)
At 30 November 2021 (unaudited)	595.1	162.5	59.2	30.9	42.3	35.3	33.6	958.9
Accumulated amortisation:								
At 1 June 2021	-	-	-	-	32.3	17.2	26.7	76.2
Provided during the year	-	7.5	1.6	2.6	3.4	1.7	1.7	18.5
Impact of movement in foreign exchange	-	-	-	-	0.1	0.9	0.1	1.1
Classified as assets held for sale	-	-	-	-	(19.0)	-	(0.5)	(19.5)
At 30 November 2021(unaudited)	-	7.5	1.6	2.6	16.8	19.8	28.0	76.3

8. Intangible assets (continued)

	Goodwill	Customer Relationships	Trade names	Non-compete arrangements	Internally developed software	Domain Names	Software and Licences	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Net book values								
30 November 2020 - (unaudited)	107.7	-	-	-	12.5	18.9	4.3	143.4
31 May 2021	107.3	-	-	-	12.0	16.2	4.5	140.0
30 November 2021- (unaudited)	595.1	155.0	57.6	28.3	25.5	15.5	5.6	882.6

Details relating to the intangible assets recognised upon acquisition of tastytrade are disclosed in note 18. Refer to note 19 for further details relating to assets classified as held for sale.

The Group has performed a review of intangible assets as at 30 November 2021 and concluded that there are no indicators of impairment.

9. Financial investments

The Group's financial investments are UK Government securities. The Group holds £82.2 million financial investments as at 30 November 2021 (31 May 2021: £86.1 million and 30 November 2020: £86.2 million) to meet the Group's liquid asset buffer requirement. The remaining balance of £304.2 million (31 May 2021: £256.0 million and 30 November 2020:£193.2 million) is held with brokers to satisfy margin requirements. This includes £117.1 million (31 May 2021: £87.1 million and 30 November 2020: £67.9 million) of 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 Consolidated Interim Statement of Financial Position.

10. Trade receivables

	Unaudited 30 November 2021	31 May 2021	Unaudited 30 November 2020
	£m	£m	£m
Amounts due from brokers	582.9	424.3	329.2
Own funds in client money	123.8	63.3	72.6
Amounts due from clients	3.1	3.3	4.6
	709.8	490.9	406.4

Amounts due from brokers represent balances where the combination of cash held on account and the valuation of financial derivative open positions, or unsettled transactions, 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 £36.9 million (31 May 2021: £9.2 million and 30 November 2020: £8.8 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. The balance is stated net of an allowance for impairment.

11. 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 cryptocurrencies on exchange and in vaults as follows:

	Unaudited 30 November 2021	31 May 2021	Unaudited 30 November 2020
	£m	£m	£m
Exchange	11.0	13.8	10.9
Vaults	16.3	16.5	56.0
	27.3	30.3	66.9

12. Borrowings and debt securities in issue

In June 2021, the Group drew down on a £150.0 million term loan to finance the tastytrade acquisition, taking the total committed term loan facilities to £250.0 million.

The Group subsequently performed a comprehensive debt refinancing exercise and implementation of a long term funding structure, which was completed in November 2021. The refinancing involved the following:

- the issue of £300.0 million 3.125% senior unsecured bonds due 2028;
- a new £300.0 million committed revolving credit facility, with an initial maturity of three years; and
- the repayment and cancellation of the Group's existing £125.0 million revolving credit facilities and £250.0 million term loan facilities.

The Group has the option to request an increase in the revolving credit facility size to £400.0 million and to request two maturity extensions of one year each, all subject to bank approval.

Following this refinancing exercise, total available credit facilities have risen from £375.0 million as at 31 May 2021, to £600.0 million as at 30 November 2021, with the potential to rise to £700.0 million if the new revolving credit facility is increased in size.

The issued debt has been recognised at fair value less transaction fees. As at 30 November 2021, £2.1 million unamortised arrangement fees are recognised on the Consolidated Interim Statement of Financial Position, with £1.0 million unamortised fees relating to the repaid term loans being expensed in the period. Arrangement fees of £1.8 million have been capitalised in relation to the new revolving credit facility and will be amortised over the duration of the initial term of three years.

Under the terms of the new revolving credit facility agreement, the Group is required to comply with financial covenants covering maximum levels of leverage and debt to equity. The Group has complied with all covenants throughout the reporting period.

13. Trade payables

	Unaudited 30 November 2021 £m	31 May 2021 £m	Unaudited 30 November 2020 £m
Client funds	478.4	354.3	139.0
Amounts due to clients	20.4	3.2	4.9
Amounts due to brokers	66.1	-	-
	564.9	357.5	143.9

Client funds comprise client monies deposited with the Group's Swiss banking subsidiary, IG Bank SA, and client monies held by other subsidiaries which are not subject to the same legal or regulatory protections as client money held off balance sheet, including funds held by the Group under title transfer arrangements. These amounts are included within cash and cash equivalents in the Group's Consolidated Interim Statement of Financial Position. Client funds also include 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 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates.

Amounts due to brokers represents balances where the value of unsettled positions or the value open derivative positions held in accounts which are not covered by an enforceable netting agreement, results in an amount payable by the Group.

14. Share capital and share premium

	Number of shares	Share capital	Share premium account
		£m	£m
Allotted and fully paid:			
(i) Ordinary shares (0.005p)			
At 31 May 2020	369,439,455	-	125.8
Issued during the period	860,000	-	-
At 30 November 2020 (unaudited)	370,299,455	-	125.8
At 31 May 2021	370,299,455	-	125.8
Issued during the period	61,275,000	-	-
At 30 November 2021 (unaudited)	431,574,455	-	125.8

During H1 FY22, 61,000,000 ordinary shares with an aggregate nominal value of £3,050.00 were issued as part of the consideration for the acquisition of tastytrade. The issue of shares is determined to qualify for merger relief under section 612 Companies Act 2006, and the amount in excess of the nominal value of ordinary shares, totalling £509.0 million, has been recognised in the merger reserve instead of the Share premium account.

IG Group Holdings plc also issued 275,000 ordinary shares (H1 FY21: 860,000 ordinary shares) with an aggregate nominal value of £13.75 (H1 FY21: £43.00) to the Employee Benefit Trust in order to satisfy the exercise of Sustained Performance Plan and Long Term Incentive Plan awards, for consideration of £13.75 (H1 FY21: £43.00).

During H1 FY22, there have been no changes to the Group's deferred redeemable shares and redeemable preference shares (H1FY21: none).

15. Related party transactions

The basis of remuneration of key management personnel remains consistent with that disclosed in the FY21 Group Annual Report. The Group incurred short term office rental costs in relation to office space leased from key management personnel totalling £0.1m in H1 FY22 (H1 FY21: £nil).

During H1 FY22, the Group incurred £0.4 million of arrangement fees relating to the issue of debt securities in which a member of key management personnel holds a directorship in.

On November 2021, the Group took part in a funding round of Small Exchange and further invested an additional £1.9m. The Group's shareholding in Small Exchange as at the end of November 2021 was 39.31%. In addition to the Group's share of losses of Small Exchange, the Group paid various operating expenses on behalf of Small Exchange and is reimbursed for these expenses. The total value of these expenses in H1 FY22 was £1.0m (H1 FY21: £nil) and as at 30 November 2021, a receivable balance of £0.9m has been recognised.

On acquisition of tastytrade, the Group initially recognised a convertible loan note with Zero Hash at fair value of $12.0 million which was subsequently converted into an equity shareholding in September 2021. On 22 December 2021, the Group disposed of part of its shareholdings. For further information refer to note 20.

There were no other related party transactions which had a material impact on the Consolidated Interim Condensed Financial Statements.

16. Contingent liabilities and provisions

In the ordinary course of business, the Group is subject to legal and regulatory risks in a number of jurisdictions which may result in legal claims or regulatory action against the Group. Through the Group's ordinary course of business there are on-going legal proceedings and engagements with regulatory authorities. Where possible, an estimate of the potential impact of these legal proceedings are made using management's best estimate, but where the most likely outcome cannot be determined no provision is recognised. The Group does not consider there to be contingent liabilities that are expected to have a material adverse financial impact on the Consolidated Interim Condensed Financial Statements. The Group had no material provisions at H1 FY22 (FY21 and H1 FY21: £nil).

17. Financial risk management

Financial risks arising from financial instruments are analysed into market, credit and liquidity risks. Details of how these risks are managed are in note 27 of the FY21 Group Annual Report. There has not been a significant change in the Group's financial risk management policies during the period.

Details of the financial instruments valuation hierarchy is provided in note 30, Significant Accounting Policies, in the FY21 Group Annual Report. The definitions, details of the inputs and the valuation techniques in determining the fair values of the Group's financial instruments are shown in note 26 of the FY21 Group Annual Report.

Financial instrument valuation hierarchy

The hierarchy of the Group's financial instruments carried at fair value is as follows:

	Level 1	Level 2	Level 3	Total fair value
At 30 November 2021 (unaudited)	£m	£m	£m	£m
Financial assets:				
Amounts due (to) / from brokers	3.7	(58.6)	-	(54.9)
Financial assets pledged as collateral	117.1	-	-	117.1
Financial investments	269.3	-	-	269.3
Trade payables – client funds	17.6	67.4	-	85.0

	Level 1	Level 2	Level 3	Total fair value
At 31 May 2021	£m	£m	£m	£m
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
Trade payables – client funds	-	38.4	-	38.4

	Level 1	Level 2	Level 3	Total fair value
At 30 November 2020 (unaudited)	£m	£m	£m	£m
Financial assets:				
Amounts due from brokers	3.6	14.5	-	18.1
Financial assets pledged as collateral	67.9	-	-	67.9
Financial investments	211.5	-	-	211.5
Trade payables – client funds	-	12.3	-	12.3

17. Financial risk management (continued)

Fair value of financial assets and liabilities measured at amortised cost

The carrying value of the financial assets and liabilities measured at amortised cost approximate their fair value:

- Cash and cash equivalent
- Trade and other receivables (excluding the Group's open financial derivative hedging positions with brokers)
- Trade and other payables (excluding the Group's open financial derivative positions with clients)
- Borrowings
- Debt securities in issue
- Lease liabilities

The Group's financial instruments carried at amortised cost as at 30 November 2021 are measured at Level 2 (31 May 2021 and 30 November 2020: Level 2).

There have been no changes to the fair value hierarchy, the valuation techniques and accounting estimates for any of the Group's financial instruments in the period. 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.

18. Business acquisition

On 28 June 2021, the Group completed the acquisition of tastytrade, Inc. (tastytrade), a company incorporated in the United States and headquartered in Chicago. Tastytrade is a US online brokerage and trading education platform operating within the US listed options and futures market.

The acquisition of tastytrade has strategic benefits for the Group and provides immediate scale in the US listed options and futures market. It transforms the scale and breadth of the Groups existing US presence through IG US LLC and DailyFX and its relevance to US retail clients. The acquisition also extends the Groups global product capabilities into exchange traded options and futures, diversifying IG's regulatory risk profile beyond its historical focus on OTC leveraged derivatives, and increases the contribution from capital efficient agency-only activities.

A fair value exercise has been prepared in accordance with IFRS 3 - Business Combinations. The results of this exercise are set out below, along with the fair value of the purchase consideration.

Purchase consideration
Under the terms of the purchase agreement, IG Group Holdings plc (directly and through certain wholly owned subsidiaries) acquired the entire voting share capital of tastytrade and in exchange, $296.9 million cash consideration was paid and IG Group Holdings plc issued 61,000,000 ordinary shares. The shares were issued on 28 June 2021 and upon issue the total value of the shares was £509.4 million, based upon the closing share price on 28 June 2021 of £8.35. The issuance of shares is determined to qualify for merger relief under section 612 Companies Act 2006, and the amount in excess of the nominal value of ordinary shares has been recognised in the merger reserve as part of 'Other reserves', along with issue costs of £0.3m which were directly attributable to the issue of the shares. The Group part-financed the transaction by drawing down on a £150.0 million term loan which was arranged during the year ended 31 May 2021.

The fair value of the purchase consideration is as follows:

	$m	£m
Cash consideration	296.9	213.8
Issued ordinary shares	707.2	509.4
Total consideration	1,004.1	723.2

18. Business acquisition (continued)

Identified assets and liabilities:

The Group has a 12 month measurement period from date of acquisition to estimate the fair value of acquired assets and liabilities. The fair value exercise is not completed as at the reporting date and so the fair values presented are provisional estimates. The provisional fair value of assets and liabilities recognised at acquisition is set out below:

	$m	£m
Cash and cash equivalents	31.2	22.6
Trade receivables	21.6	15.6
Prepayments and other receivables	4.6	3.3
Convertible loan notes	4.0	2.9
Total current assets	61.4	44.4
Investments in associates	12.5	9.0
Property, plant and equipment	4.0	3.0
Internally developed software	19.5	14.1
Trade name	78.7	56.9
Customer relationships	216.2	156.3
Non-compete agreements	41.0	29.6
Convertible loan notes	8.0	5.8
Deferred tax asset	20.9	15.1
Total non-current assets	400.8	289.8
Accruals and other payables	(7.7)	(5.6)
Total current liabilities	(7.7)	(5.6)
Deferred tax liability	(112.7)	(81.4)
Lease liabilities	(0.7)	(0.5)
Total non-current liabilities	(113.4)	(81.9)
Total identifiable net assets acquired	341.1	246.7

The gross contractual amount of trade receivables is £15.6 million ($21.6 million) and it is expected that the full contractual amounts, less the amounts already provided for, is recoverable.

The fair value of assets and liabilities acquired was determined based on the assumptions that reasonable market participants would use in the principal or most advantageous market. The assumptions used included a discount rate of 16.6% and unobservable inputs within the valuation methodologies, which are outlined in the section below alongside sensitivity analysis for certain key inputs.

Customer relationships: Income approach (excess earnings method)
This approach estimates the projected cashflows of the asset, adjusted for capital charges from other contributary assets. In addition to the assumptions applied in the cash flow forecasts, key inputs include the customer attrition rate, the discount rate and the long term growth rate.

- A 5 percentage point increase in the attrition rate would reduce the fair value of the asset by £32.5 million.
- A 2 percentage point increase in the discount rate would reduce the fair value of the asset by £11.4 million
- A 0.5 percentage point decrease in the long term growth rate would reduce the fair value of the asset by £3.9 million

Trade names: Income approach (relief from royalty method)
This approach estimates the future cost savings that arise as a result of not having to pay a royalty or licence fee on the future revenues earned through using the asset. In addition to the assumptions applied in the revenue forecasts, key inputs include the royalty rate and the discount rate.

- A 0.5 percentage point decrease in the royalty rate would reduce the fair value of the asset by £5.8 million.
- A 2 percentage point increase in the discount rate would reduce the fair value of the asset by £5.6 million
- A 5 year reduction in the useful life of the asset would reduce the fair value by £10.8 million.

18. Business acquisition (continued)

Non-compete agreement: Income approach (with or without method)
This approach estimates the fair value of the cash flows both with the non-compete agreement and without the non-compete agreement. The non-compete arrangements in place apply for a period of five years for the founders. The key inputs are the assumptions relating to likelihood and value of lost revenue over the five year period. There are no inputs where a reasonable change in the assumptions results in a significant change in the fair value.

Internally developed software: Cost approach
This approach applies the concept of replacement cost as an indicator of fair value, where an investor would pay no more for an asset than the amount the asset could be replaced for. In addition to the estimate of cost, the key inputs are the estimated mark-up generated by a developer and obsolescence factors. There are no inputs where a reasonable change in the assumptions results in a significant change in the fair value.

Goodwill on arising from the acquisition has been recognised as follows:

	$m	£m
Purchase consideration	1,004.1	723.2
Less: Fair value of identified net assets	(341.1)	(246.7)
Goodwill	663.0	476.5

Goodwill is attributable to the workforce, future technology and future growth of tastytrade. Goodwill is not deductible for tax purposes.

From the date of acquisition, tastytrade contributed £52.8 million of net trading revenue in H1 FY22 and operating profit of £13.2 million. If the acquisition had occurred on 1 June 2021, the contribution to trading revenue is estimated to be £61.4 million and operating profit of £14.6 million. These amounts have been adjusted for the additional amortisation that would have been charged assuming that the fair value of intangible assets had been applied from 1 June 2021.

Purchase consideration outflow

	$m	£m
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	296.9	213.8
Less: cash balances acquired		
Cash	(31.2)	(22.6)
Net outflow of cash	265.7	191.2

The Group incurred acquisition costs not directly attributable to the issuance of shares of £20.3 million for legal, insurance, bank and broker services. Of this, £0.7 million was recognised in H1 FY22 and the remaining £19.6 million was recognised in FY21. These costs have been recognised as part of operating expenses and operating cashflows.

19. Proposed sale of Nadex and Small Exchange

On 1 December 2021, the Group announced the proposed sale of Nadex and its entire holdings of 39.31% in Small Exchange. Nadex has been classified as a discontinued operation and disposal group as at 30 November 2021, as the sale was determined to be highly probable. Small Exchange has been classified as an asset held for sale as at 30 November 2021, but it does not meet the criteria for a discontinued operation.

The proposed disposal proceeds are cash of $216.0 million and completion is subject to the satisfaction of customary conditions, including regulatory review. The results of Nadex are reported in H1 FY22 as a discontinued operation and financial information relating to the discontinued operation for the six months ended 30 November 2021 is set out below.

19. Proposed sale of Nadex and Small Exchange (continued)

Financial performance and cash flow information

	Unaudited six months ended 30 November 2021 £m	Unaudited six months ended 30 November 2020 £m
Net trading revenue	6.3	8.4
Other operating income	0.3	0.5
Operating income	6.6	8.9
Operating costs	(6.5)	(5.4)
Net credit losses	(0.1)	-
Operating profit	-	3.5
Profit before tax	-	3.5
Tax expense	-	(0.7)
Profit from discontinued operations	-	2.8

	Unaudited six months ended 30 November 2021 £m	Unaudited six months ended 30 November 2020 £m
Net cash inflow from ordinary activities	0.4	3.7
Net cash (outflow) from investing activities	(0.2)	(0.5)
Net cash (outflow) from financing activities	-	(3.1)
Impact of movement in foreign exchange rates	1.0	(1.2)
Net cash increase / (decrease) generated by the subsidiary	1.2	(1.1)

	Unaudited six months ended 30 November 2021	Unaudited six months ended 30 November 2020
Basic earnings per ordinary share from discontinued operations	0.0p	0.8p
Diluted earnings per ordinary share from discontinued operations	0.0p	0.7p

The following assets and liabilities were reclassified as held for sale as at 30 November 2021:

	Unaudited six months ended 30 November 2021 £m
Property, plant and equipment	2.2
Intangible assets (inc. Goodwill)	11.8
Investments in associates	10.3
Trade receivables	1.7
Other receivables and prepayments	0.3
Cash and cash equivalents	16.7
Total assets classified as held for sale	43.0

19. Proposed sale of Nadex and Small Exchange (continued)

	Unaudited six months ended 30 November 2021 £m
Other payables	1.0
Lease liabilities	1.4
Total liabilities directly associated with assets classified as held for sale	2.4

20. Subsequent events

On 22 December 2021, the Group disposed of part of its shareholding in Zero Hash for cash proceeds of $7.5 million. Following this disposal, Zero Hash continues to be recognised as an investment in associate.

There are no other subsequent events that have a material impact on the Consolidated Interim Condensed Financial Statements.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that these Consolidated Interim Condensed Financial Statements have been prepared in accordance with UK adopted International Accounting Standard IAS 34, "Interim Financial Reporting", and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 30 November 2021 and their impact on the Consolidated Interim Condensed Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the six months ended 30 November 2021 and any material changes in the related party transactions described in the last Annual Report.

A list of current directors is maintained on the IG Group Holdings plc website: www.iggroup.com

On behalf of the Board

Charles Rozes
Chief Financial Officer

Independent review report to IG Group Holdings plc
Report on the Consolidated Interim Condensed Financial Statements

Our conclusion

We have reviewed IG Group Holdings plc's Consolidated Interim Condensed Financial Statements (the "interim financial statements") in the Interim results of IG Group Holdings plc for the 6 month period ended 30 November 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated Interim Statement of Financial Position as at 30 November 2021;
- the Consolidated Interim Income Statement and Consolidated Interim Statement of Comprehensive Income for the period then ended;
- the Consolidated Interim Cash Flow Statement for the period then ended;
- the Consolidated Interim Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results of IG Group Holdings plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
27 January 2022

Appendix 1: Reconciliation of non-IFRS performance measures

Adjusted net trading revenue

£m	H1 FY22	H1 FY21	Change %
Net trading revenue (Note 3)	471.9	408.5	16%
Foreign exchange gain associated with the tastytrade acquisition	(5.8)	-	
Adjusted net trading revenue	**466.1**	**408.5**	**14%**
Core Markets+	401.0	399.3	-
High Potential Markets	65.1	9.2	609%

Adjusted operating costs

£m	H1 FY22	H1 FY21
Operating costs (Note 4)	221.8	180.4
- Net credit losses on financial assets	1.5	2.4
Adjusted operating costs inc. net credit losses	**223.3**	**182.8**
- Operating costs relating to the tastytrade acquisition and integration	(1.2)	-
- Amortisation on tastytrade acquisition intangibles and recurring non-cash costs	(14.8)	-
- Operating costs relating to the proposed Nadex sale	(1.6)	-
Adjusted operating costs	**205.7**	**182.8**

Adjusted profit before tax and earnings per share

£m (unless stated)	H1 FY22	H1 FY21
Earnings per share (p)(Interim Consolidated Income Statement)	48.1p	50.7p
Weighted average number of shares for the calculation of EPS (millions)	421.7	369.0
Profit after tax (Interim Consolidated Income Statement)	202.6	187.1
Profit for the period from discontinued operations (Interim Consolidated Income Statement)	-	(2.8)
Tax expense (Interim Consolidated Income Statement)	42.6	43.5
Profit before tax (Interim Consolidated Income Statement)**)**	**245.2**	**227.8**
- Hedging gain on tastytrade acquisition	(5.8)	-
- Operating costs relating to the tastytrade acquisition and integration	1.2	-
- Amortisation on tastytrade acquisition intangibles and recurring non-cash costs	14.8	-
- Financing costs relating to the debt issuance	1.0	-
- Operating costs relating to the proposed Nadex sale	1.6	-
Adjusted profit before tax (A)	**258.0**	**227.8**
Adjusted tax expense	(44.8)	(43.5)
Profit for the period from discontinued operations	-	2.8
Adjusted profit after tax	**213.2**	**187.1**
Adjusted earnings per share (pence per share)	**50.6p**	**50.7p**
Adjusted revenue (B)	**466.1**	**408.5**
Adjusted PBT margin (A/B) %	**55%**	**56%**

Appendix 1: Reconciliation of non-IFRS performance measures

Liquid assets

£m	30 Nov 2021	31 May 2021
Financial investments – liquid assets buffer (Note 9)	82.2	86.1
Collateral held at brokers (Note 9)	304.2	256.0
Trade receivables - amounts due from broker (Note 10)	582.9	424.3
Trade payables – amounts due to broker (Note 13)	(66.1)	-
Other assets (Note 11)	27.3	30.3
Trade receivables – own funds in client money (Note 10)	123.8	63.3
Trade payables – amounts due to clients[1]	(19.2)	(2.4)
Cash and cash equivalents	664.0	655.2
Liquid assets	**1,699.1**	**1,512.8**

[1] Amounts considered part of own funds

Net own funds generated from operations

£m	H1 FY22	H1 FY21
Cash generated from operations	258.1	129.6
- (Decrease) / Increase in other assets	(0.9)	0.2
- Increase in trade payables	(200.4)	(2.7)
- Increase in trade receivables	195.0	109.1
- Repayment of lease liabilities	(3.9)	(2.5)
- Interest paid on lease liabilities	(0.3)	(0.3)
Own funds generated from operations (A)	**247.6**	**233.4**
Taxes paid (Interim Consolidated Cash Flow Statement)	(33.9)	(30.3)
Net own funds generated from operations	**213.7**	**203.1**
Profit before tax (B)	245.2	227.8
Conversion rate from profit to cash (A/B) %	**101%**	**102%**

Appendix 2: Pro forma measures

£m	H1 FY22	H1 FY21	Change %
High Potential Markets	65.1	9.2	nm
tastytrade revenue 28 June 2020 – 30 November 2020	-	40.9	nm
Pro forma High Potential Markets	**65.1**	**50.1**	**30%**