

Results presentation

Half year ended 30 November 2022



What we will discuss today

- 01** CEO reflections
June Felix
- 02** Financial performance
Charlie Rozes
- 03** Strategic progress
June Felix
- 04** Q&A

01

CEO reflections

June Felix

Chief Executive Officer

Delivering in all macro environments

49-day UK government

War in Ukraine

Rising inflation

Interest rates

Gilt rates

USD/GBP rate

Wide product offering

Broad geographical reach

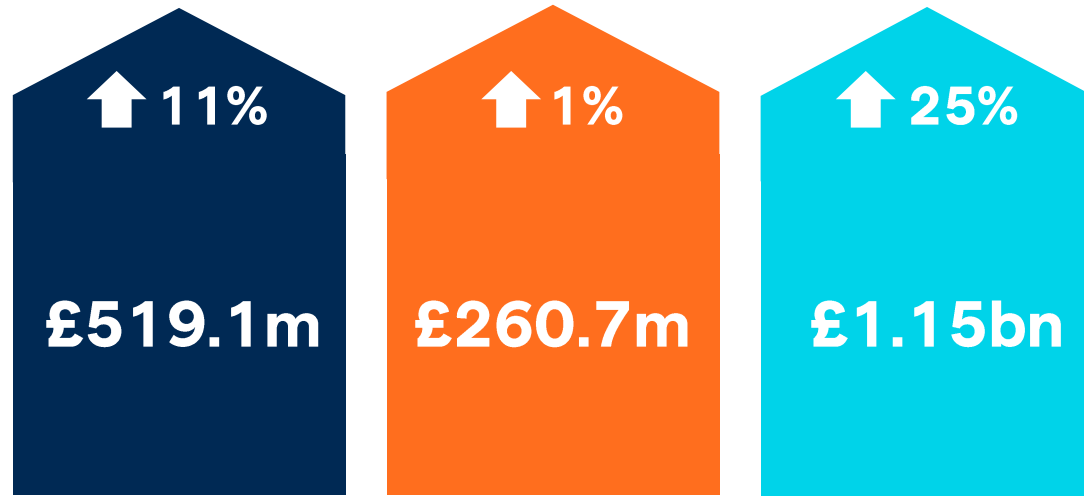
Engaging content

High-quality, active traders

Sustainable performance

Another record half for revenue

OPERATIONAL PERFORMANCE

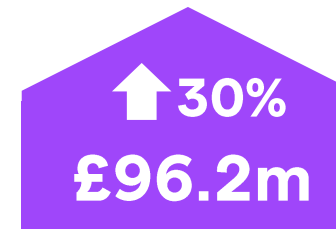


TOTAL
REVENUE

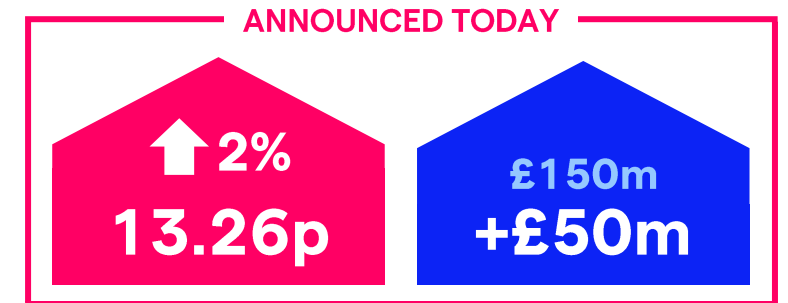
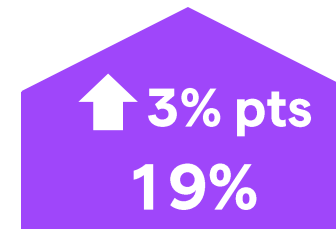
PROFIT
BEFORE TAX

OWN FUNDS

STRATEGIC DELIVERY

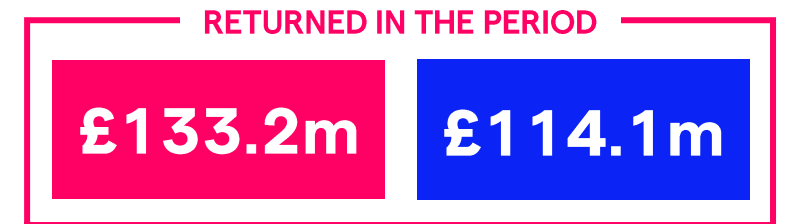


NON-OTC
TOTAL
REVENUE



DIVIDEND

SHARE
BUYBACK



£133.2m

£114.1m

Our sustainable and differentiated business



Growing business from **high-quality client base**



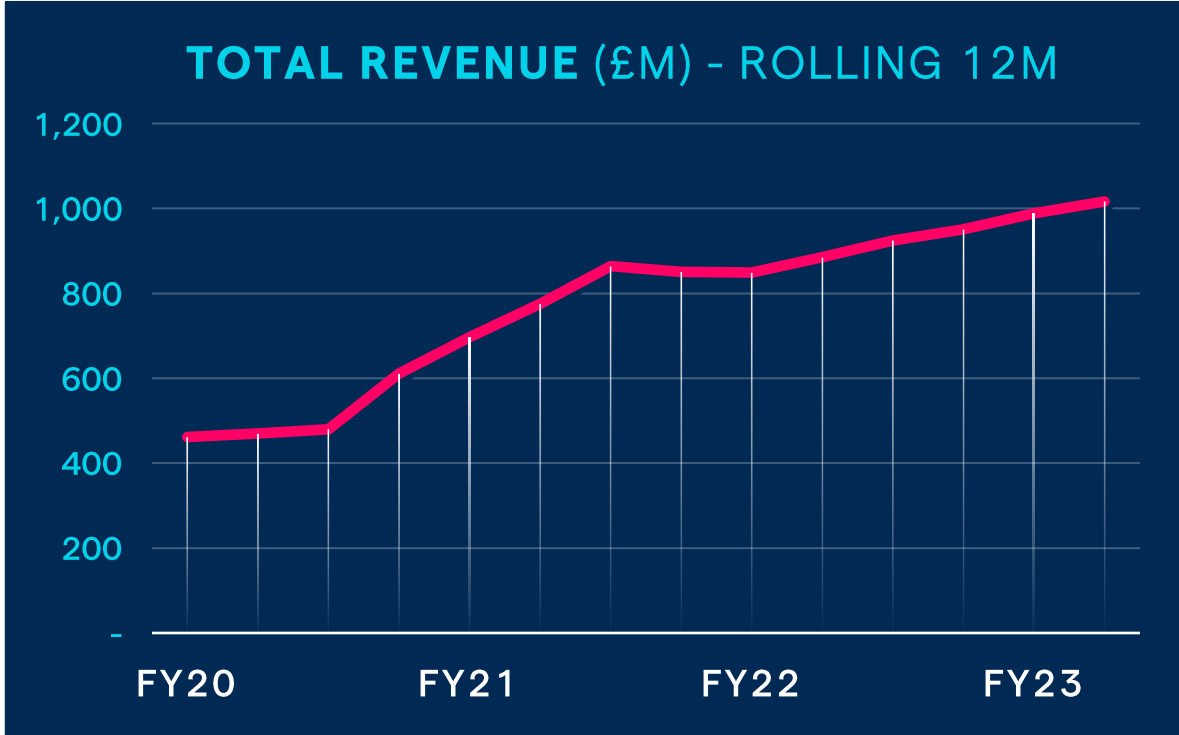
Increasingly diverse business



Underpinned by our **technology and innovation**

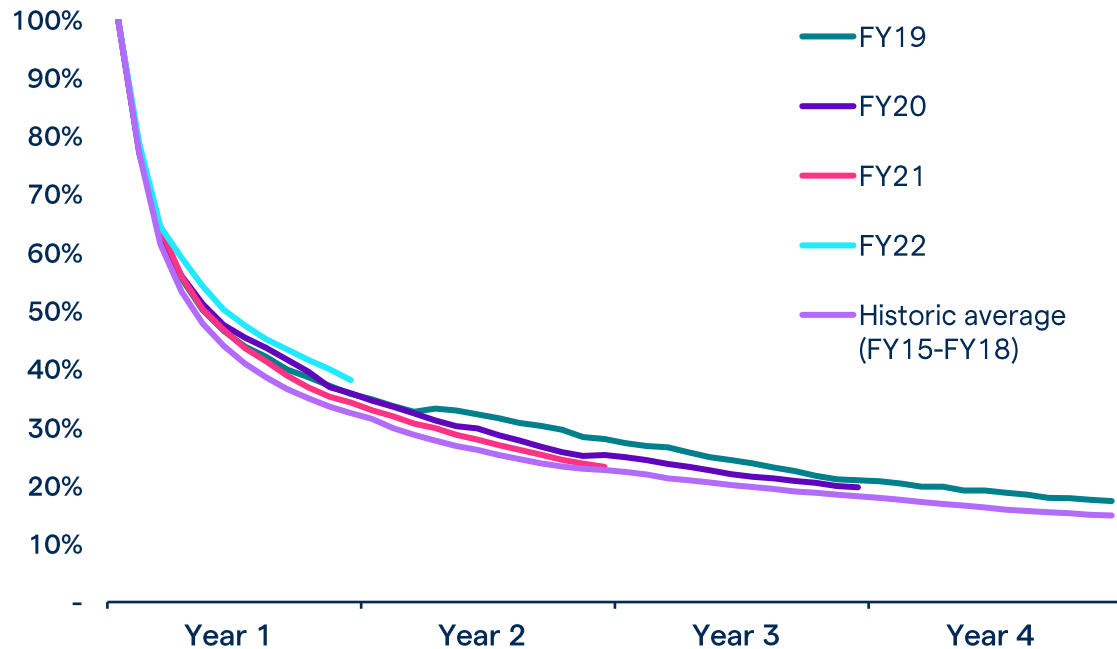


Market-leading **risk management**

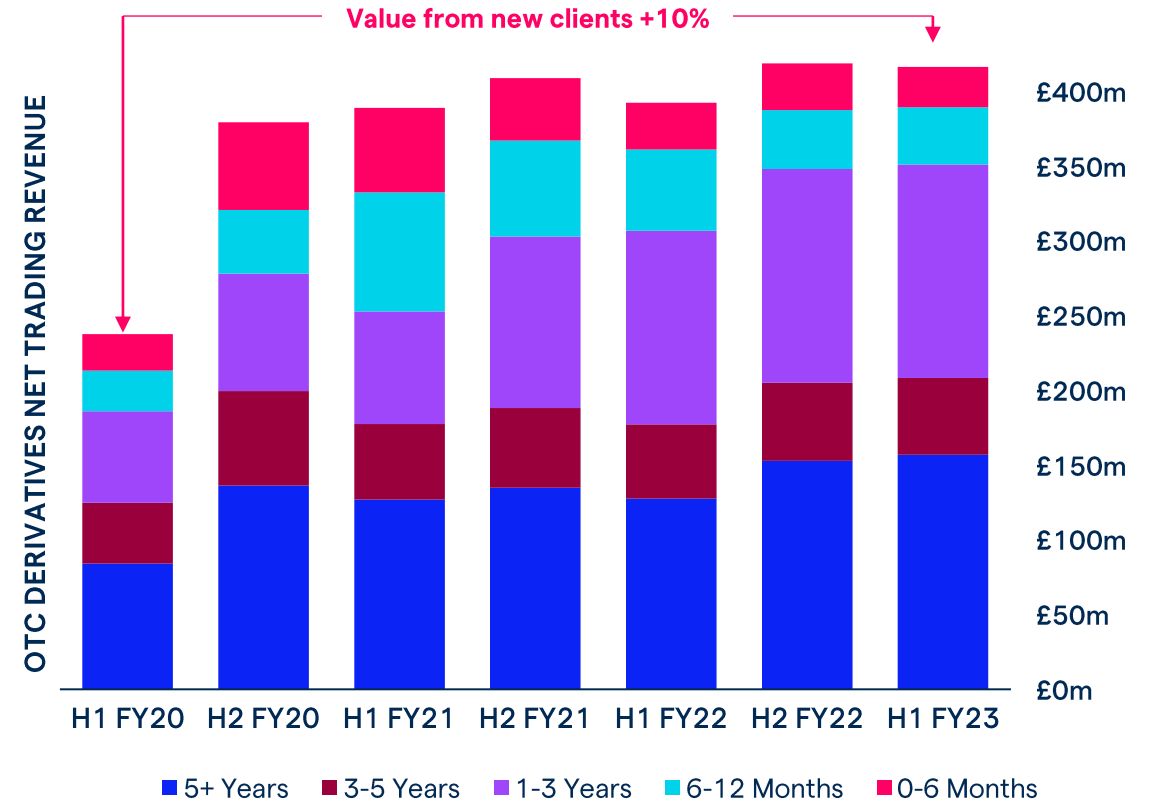


Our high-quality clients continue to trade

OTC DERIVATIVES CLIENT RETENTION IN LINE WITH HISTORICAL AVERAGE



LOYAL CLIENT BASE DRIVING OUR TRADING REVENUE



Portfolio growth on track

CORE MARKETS +

Total revenue
£424.3m **6%** 

- All regional offices grew in Q2 vs Q1, as our high-quality clients continue to trade
- Japan has grown to #5 by market share
- Australia returns to growth after leverage restrictions

Total revenue growth of 5 - 7% per annum
over the medium term

HIGH POTENTIAL MARKETS

Total revenue
£94.8m **28%** 

- Spectrum onboards Societe Generale
- Record quarter from tastytrade and IG US
- Funding per new tastytrade client doubled over the last six months due to new marketing initiatives

Total revenue growth of 25 - 30% per annum
over the medium term

Delivering consistent and sustainable growth

RECORD PERFORMANCE

Delivered record performance despite challenging markets

MEETING TARGETS

Meeting our ambitious medium-term targets for our portfolios

DIVERSIFICATION

Continue to diversify by product and geography

HIGH-QUALITY CLIENTS

Continue to create, attract and retain high-quality clients

MULTIPLE GROWTH LEVERS

Multiple areas for business growth over the near and long term

02

Financial performance

Charlie Rozes
Chief Financial Officer

Sustaining momentum across the Group

H1 FY23 HIGHLIGHTS

Total revenue

£519.1m ↑ 11%

Adjusted profit before tax

£260.7m ↑ 1%

Client money balance

£4.5bn ↓ (8%)

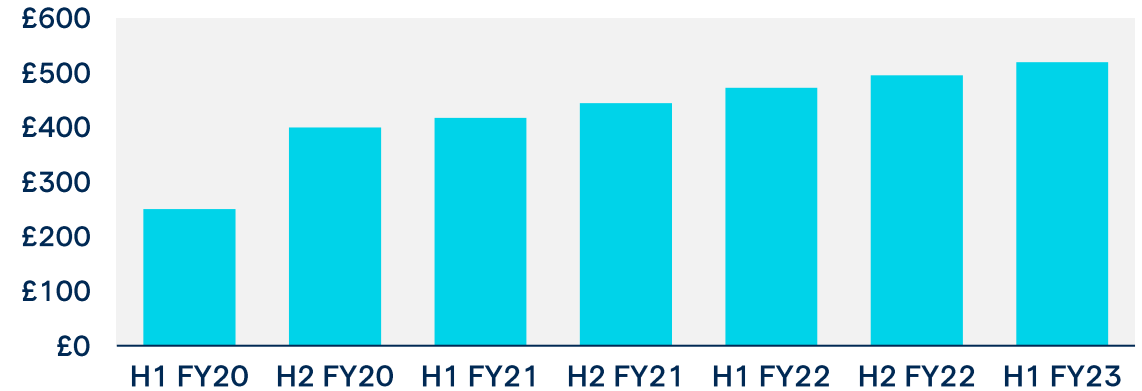
Adjusted basic EPS

49.7p ↓ (2%)

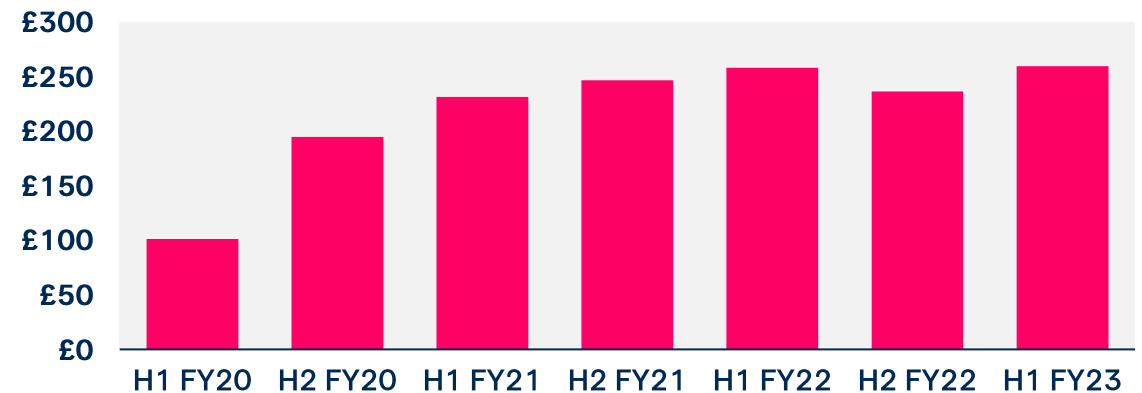
Dividend per share

13.26p ↑ 2%

TOTAL REVENUE (£m)



ADJUSTED PROFIT BEFORE TAX (£m)



Continuing to invest and grow

Adjusted basis (£m)	H1 FY23	H1 FY22	Change
Net trading revenue	494.9	466.1	6%
Net interest income / (expense)	24.2	(0.4)	
Total revenue	519.1	465.7	11%
Betting duty and other operating income	(2.9)	2.8	
Net operating income	516.2	468.5	10%
Total operating costs	(256.8)	(205.7)	25%
Operating profit	259.4	262.8	(1%)
Share of loss from associates	(1.1)	(1.0)	
Net finance income / (cost)	2.4	(3.8)	
Profit before tax	260.7	258.0	1%
Tax expense	(49.4)	(44.8)	
Profit from continuing operations	211.3	213.2	(1%)
<i>PBT margin</i>	<i>50.2%</i>	<i>55.4%</i>	
<i>Effective tax rate</i>	<i>18.9%</i>	<i>17.4%</i>	
<i>Basic earnings per share</i>	<i>49.7p</i>	<i>50.6p</i>	

- Net trading revenue up 6% from our high-quality active traders
- Total revenue up 11% aided by growing interest income
- Total operating costs in line with H2 FY22
- Year on year cost increase reflects:
 - Additional month of tastytrade costs
 - FX headwinds
 - Investments made in H2 FY22
- Tax rate in line with guidance of around 19% for FY23

Trading revenues remain robust

Adjusted trading revenue (£m)	H1 FY23	H1 FY22	Change
OTC derivatives	416.5	392.6	6%
Exchange traded derivatives	67.1	57.6	16%
Stock trading and investments	11.3	15.9	(30%)
Total Group	494.9	466.1	6%

Active clients (000)	H1 FY23	H1 FY22	Change
OTC derivatives	159.1	158.8	-
Exchange traded derivatives	72.2	82.6	(13%)
Stock trading and investments	92.2	92.5	-
Total Group	312.0	320.4	(3%)

Net trading revenue per client (£)	H1 FY23	H1 FY22	Change
OTC derivatives	2,618	2,472	6%
Exchange traded derivatives	922	685	35%
Stock trading and investments	122	172	(29%)




- OTC derivatives revenue up 6% on H1 FY22 showing sustained growth of the core business
- Exchange traded derivatives revenue up 16% reflecting a strong increase in revenue per client
- Growth in revenue per client in our OTC and exchange traded derivatives businesses highlights the high-quality of our active traders

All metrics are for continuing operations, on an adjusted basis. See appendix for a reconciliation of alternative performance measures

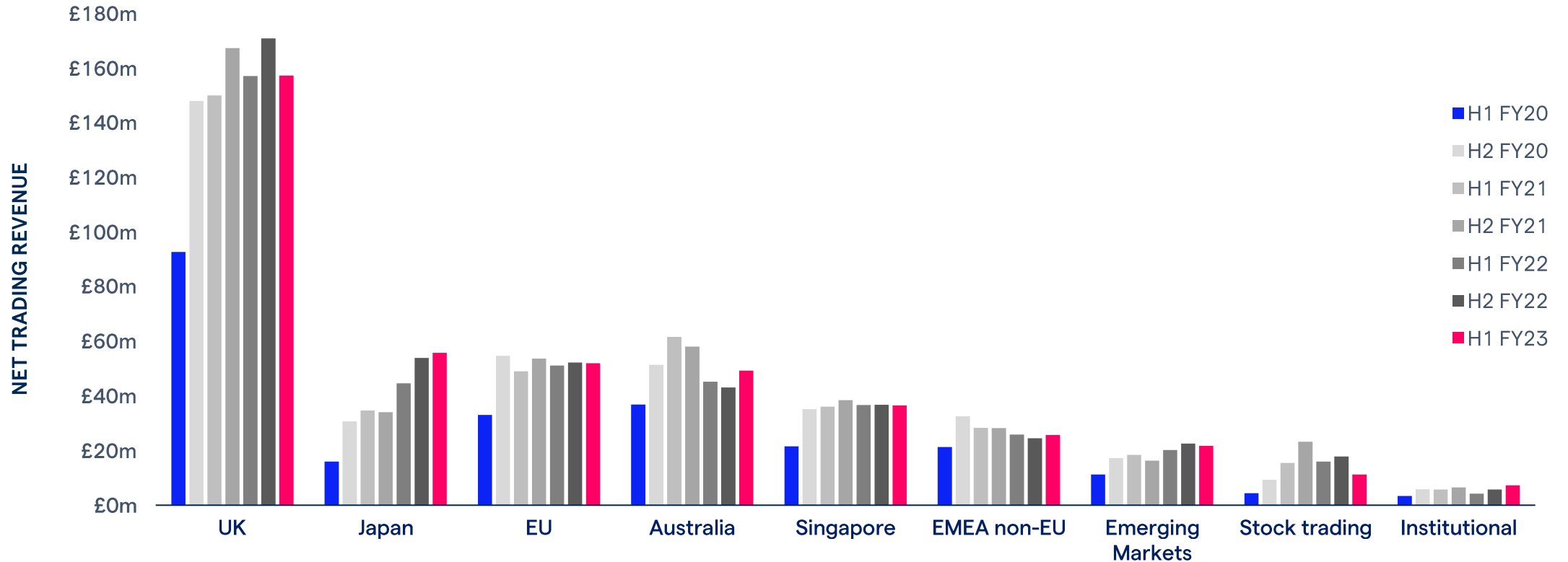
Total Group active clients have been adjusted to remove the clients who are active in more than one product category (multi-product clients) to give a unique client count

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

Significant cash balances deliver new revenue stream

	Type of funds	Cash balance 30 Nov 22	Net interest H1 FY23
	Client money	£1.6bn	£16.7m
	Client money	£2.4bn	£7.5m
	Corporate funds	£1.9bn	£2.4m

Core Markets+ businesses powering forward



H1 FY23 v H1 FY20	+70%	+250%	+57%	+34%	+70%	+20%	+94%	+158%	+115%
H1 FY23 v H1 FY22	0%	+25%	+1%	+9%	0%	-1%	+7%	-30%	+74%

High Potential portfolio delivering strong growth

PRO FORMA HIGH POTENTIAL MARKETS

Total revenue (£m)	H1 FY23	H1 FY22	Change
US options and futures	77.9	61.8	26%
US FX	11.0	7.5	46%
US market making	0.5	1.0	(54%)
Total US	89.4	70.3	27%
European exchange traded derivatives	5.4	3.8	44%
Total High Potential Markets	94.8	74.1	28%

↑ **£16.3m**

£16.7m of interest income generated in the first 6 months, up from £0.4m

↑ **+2**

New issuer and new broker onboarded to Spectrum

↑ **29%**

Growth in High Potential Market revenue per client vs H1 FY22



Managing costs while investing for growth

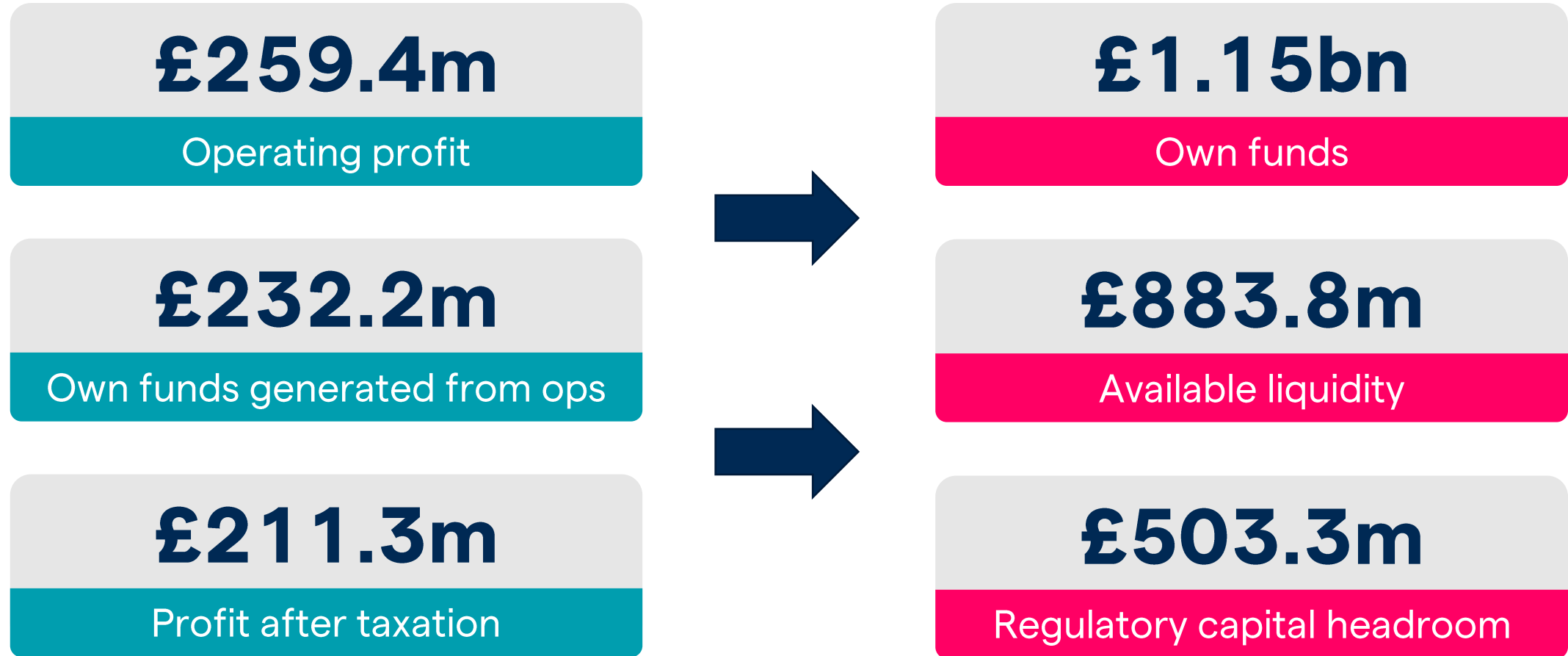
Adjusted operating costs (£m)	H1 FY23	H1 FY22	Change
Fixed remuneration	93.1	69.0	35%
Advertising and marketing	43.7	38.0	15%
Revenue related costs	26.6	19.0	40%
IT, structural market data and comms	20.9	15.7	33%
Depreciation and amortisation	14.8	13.9	6%
Other costs	33.4	25.4	32%
Variable remuneration	24.3	24.7	(2%)
Total operating costs	256.8	205.7	25%
Headcount	2,602	2,424	7%

- Total operating costs increased 25% on H1 FY22 and were down 1% on H2 FY22
 - Variability in costs by half due to phasing
- Increase on H1 FY22 includes;
 - Additional month of tastytrade costs
 - £4m donation, new in period
 - Impact of weaker Sterling ~£10m in H1
- Investment continues to be focused on headcount and IT
 - Headcount increased by 178 from Nov-21 to Nov-22
 - Majority of headcount added in low cost global service centres
- Full year costs expected to be in line with guidance

Allocating capital in line with our framework

01 REGULATORY CAPITAL REQUIREMENTS	Buffer above regulatory capital requirements of £503m
02 ORGANIC INVESTMENTS	Continued organic investment in the business
03 COMMITMENT TO CITIZENSHIP	Over £4m pledged to charitable causes from FY22 profits
04 REGULAR DISTRIBUTIONS	Ordinary interim dividend raised to 13.26p
05 INORGANIC INVESTMENT	Ongoing disciplined assessment of potential acquisitions
06 ADDITIONAL DISTRIBUTIONS	Extended our share buyback programme by £50m: total £200m

Strong results drive balance sheet strength



Guidance and outlook

PORTFOLIOS

- Maintain medium-term guidance of total revenue growth of 5-7% for Core Markets+ and 25-30% for High Potential Markets per annum

INTEREST

- For interest income in the US, expect around \$4m annually per 25 bps increase in the Fed Funds rate
- For interest income outside the US, expect to generate around £25 million in FY23
- For net finance income, expect to generate around £10 million of income in FY23

OPERATING COSTS

- As previously guided, expect FY23 operating costs to drive off H2 FY22 run rate plus inflation impact of mid-single digits

PBT MARGIN AND TAX

- As previously guided, expect the adjusted PBT margin to be in the mid-40s in FY23
- As previously guided, expect the effective tax rate to be around 19% in FY23

We continue to anticipate full year performance to remain in line with our expectations

03

Strategic progress

June Felix

Our content reaches millions of traders globally

OUR GLOBAL REACH IN H1

- **50 million** social media video views from IG Group content across our brands
- **7.6 million** views of tastylive videos
- **3.7 million** total views of IG market news, analysis and insights
- **63 million** page views of DailyFX content



IMPACT OF OUR CONTENT

- 33%** **increase in trades** following IG content interaction
- 2x** **number of trades** are placed by viewers of tastylive in comparison to non-viewers
- 3x** **revenue generation** from IG's OTC clients who interact with multiple forms of content versus one form

luckbox

DAILYFX

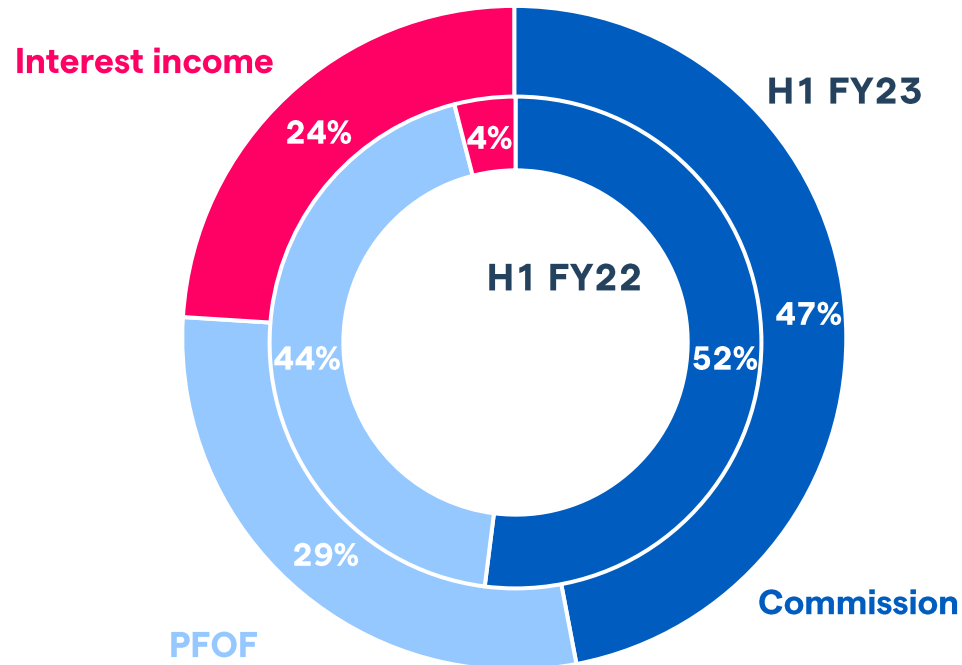
 **tastylive**



Driving tastytrade's progress



BALANCED REVENUE STREAMS



IGNITING OUR GROWTH LEVERS

- Increasing our Total Addressable Market by **13 million active equity traders**
- New marketing initiatives deliver **2x average new client funding** during the half
- **Outperforming the market** in brand recognition
- Expanding our futures business to **gain greater share of wallet**

tastytrade brand campaign

...coming in H2...

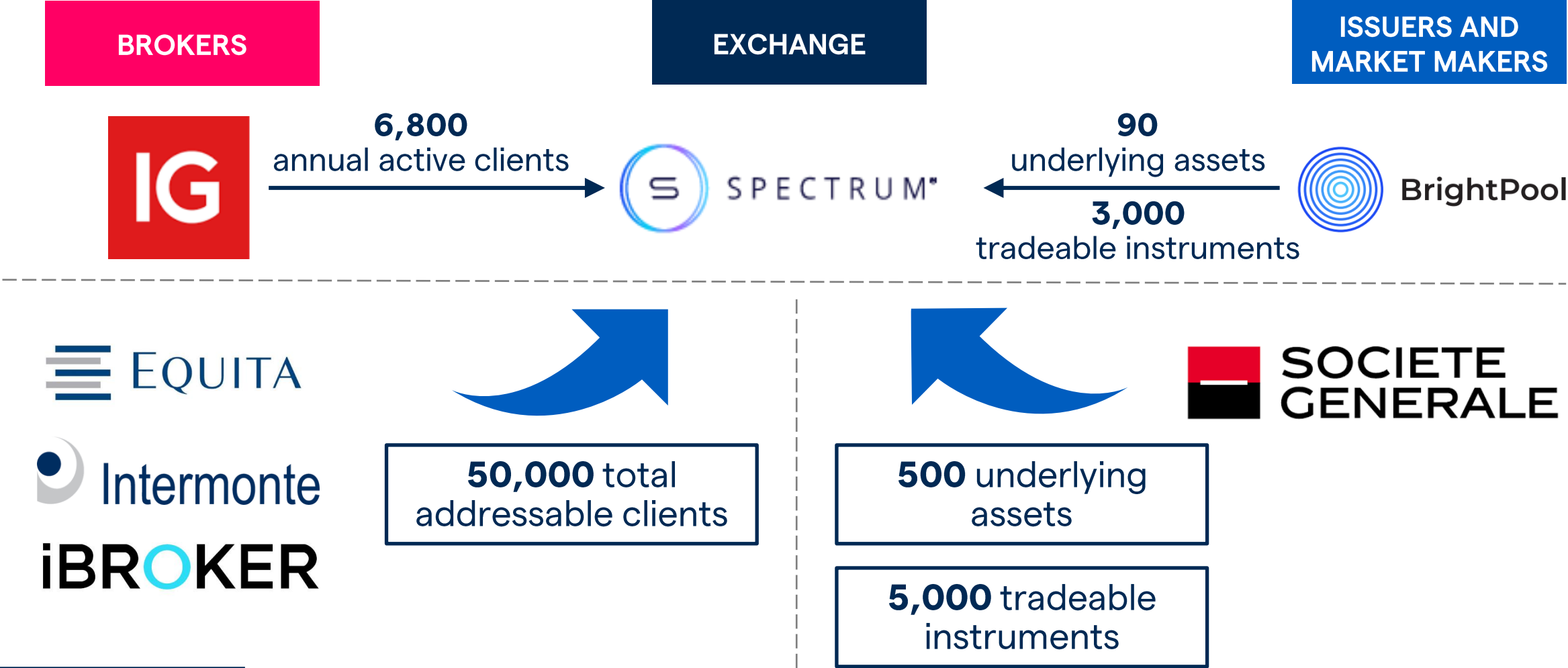
JOIN THE CLUB, GENIUS.

 **tastytrade**

tastytrade, Inc. (previously tastyworks, Inc.)
is a registered broker-dealer and member of
FINRA, NFA, and SIPC.



Spectrum's expanding network



Embedding ESG at the core of the business

 Partnerships	£4 million Brighter Future Fund focused on inclusive education and financial literacy
 Best Practice	Engaging with ESG 1 in 3 employees engaging with ESG initiatives
 People	Diversity and inclusion Further development of our D&I framework
 Products	Client vulnerability proactively detecting clients who may need support

100,000+

young lives positively impacted by Brighter Future Fund initiatives



Understanding our clients



92%
of clients expect their **trading volumes to increase** or remain the same in the next 6 months

83%
of clients see **trading opportunities** during an economic downturn



80%
of clients value the opportunity trading provides to work towards their goal of **financial freedom**

94%
of clients who used IG Academy found it helpful for **building confidence** as an investor



Powering towards a stronger future



Multiple growth levers in the significant target markets



Diversified business by geography and product



Market-leading content, technology and platforms



High quality client base driving sustained and enduring value



Strong balance sheet supporting disciplined capital management

04

Q&A

05

Appendices

Reconciliation of alternative performance measures

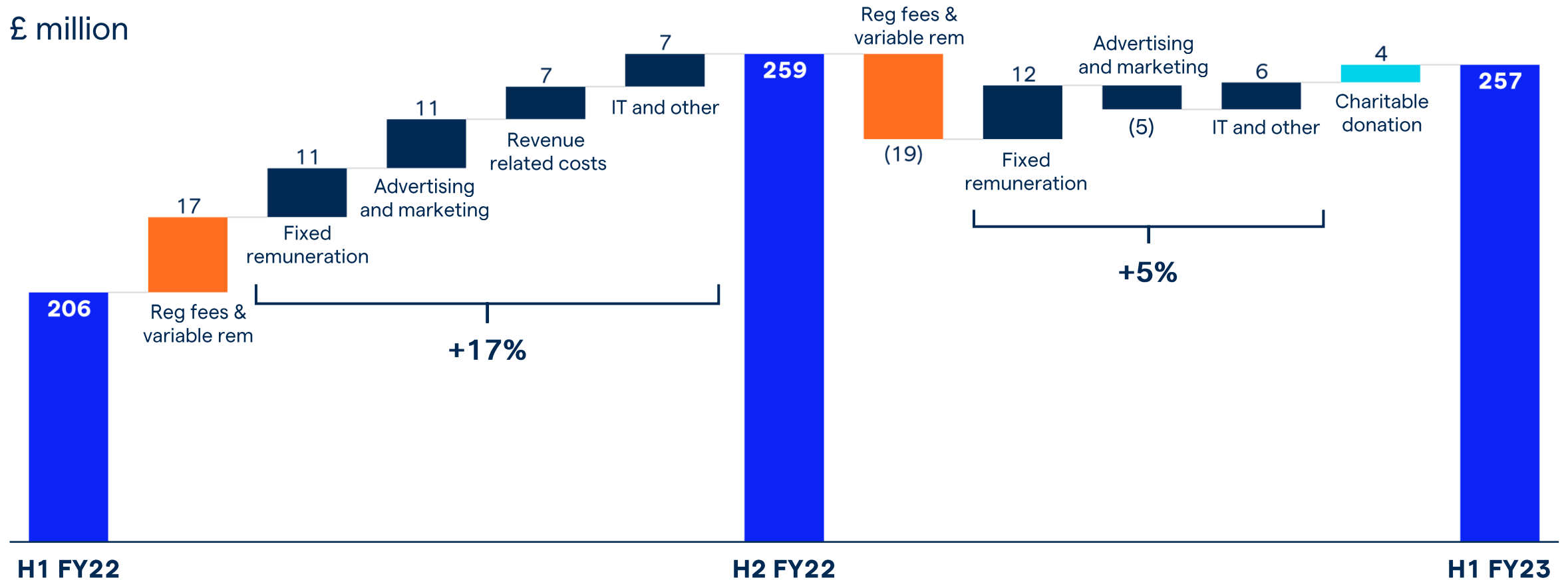
Adjusted net trading revenue (£m)	H1 FY23	H1 FY22
Net trading revenue	494.9	471.9
Foreign exchange gain associated with tastytrade acquisition	-	(5.8)
Adjusted net trading revenue	494.9	466.1

Adjusted operating costs (£m)	H1 FY23	H1 FY22
Operating costs	278.8	221.8
Net credit losses on financial assets	1.1	1.5
Operating costs inc. net credit losses	279.9	223.3
Operating costs relating to tastytrade acquisition and integration	(1.7)	(1.2)
Amortisation of tastytrade acquisition intangibles and recurring non-cash costs	(18.5)	(14.8)
Operating costs related to Nadex sale	(2.9)	(1.6)
Adjusted operating costs	256.8	205.7

Adjusted profit before taxation and EPS £m (unless stated)	H1 FY23	H1 FY22
Earnings per share	45.8p	48.1p
Weighted average number of shares for the calculation of EPS (millions)	425.0	421.7
Profit after tax	194.7	202.6
Loss for the period from discontinued operations	0.2	-
Tax expense	45.6	42.6
Profit before tax	240.5	245.2
Foreign exchange gain associated with tastytrade acquisition	-	(5.8)
Operating income relating to Nadex sale	(2.9)	-
Operating costs relating to Nadex sale	2.9	1.6
Operating costs relating to tastytrade acquisition and integration	1.7	1.2
Amortisation of tastytrade acquisition intangibles and recurring non-cash costs	18.5	14.8
Financing costs relating to debt issuance	-	1.0
Adjusted profit before tax	260.7	258.0
Adjusted tax expense	(49.4)	(44.8)
Adjusted profit after tax	211.3	213.2
Adjusted earnings per share	49.7p	50.6p
Adjusted total revenue	519.1	465.7
Adjusted PBT margin	50.2%	55.4%

Half year cost walk

£ million



Net trading revenue and drivers - Core Markets+

Revenue (£m)	H1 FY23	H2 FY22	H1 FY22	H2 FY21	H1 FY21	H2 FY20	H1 FY20
UK	157.3	170.9	157.2	167.4	150.0	148.0	92.7
EU	51.9	52.2	51.2	53.6	49.0	54.7	33.1
EMEA non-EU	25.6	24.5	25.9	28.2	28.4	32.5	21.3
Australia	49.3	43.1	45.2	58.1	61.6	51.4	36.9
Singapore	36.6	36.8	36.7	38.4	36.1	35.2	21.5
Japan	55.8	54.0	44.6	34.1	34.6	30.6	15.9
Emerging Markets	21.7	22.6	20.2	16.3	18.4	17.2	11.2
Institutional	7.3	5.7	4.2	6.5	5.8	5.8	3.4
Total OTC derivatives	405.6	409.8	385.1	402.6	383.9	375.4	236.0
Stock trading and investments	11.3	17.8	15.9	23.2	15.4	9.3	4.4
Total Core Markets+	416.8	427.6	401.0	425.8	399.3	384.7	240.4

Clients (000)	H1 FY23	H2 FY22	H1 FY22	H2 FY21	H1 FY21	H2 FY20	H1 FY20
UK	49.6	52.1	51.8	61.2	57.5	57.4	38.9
EU	31.3	32.7	31.3	35.4	33.8	32.5	23.6
EMEA non-EU	6.0	6.3	6.4	7.3	7.4	7.3	5.6
Australia	14.6	16.0	16.6	21.5	22.4	21.8	15.9
Singapore	9.6	10.8	10.0	10.7	10.4	10.2	8.1
Japan	33.6	31.3	26.3	19.8	16.5	14.3	10.4
Emerging Markets	6.5	6.7	6.8	7.5	6.6	5.9	4.5
Institutional	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Total OTC derivatives	151.5	156.2	149.5	163.7	154.8	149.6	107.3
Stock trading and investments	92.2	93.2	92.5	89.5	71.2	54.9	37.9
Total Core Markets+¹	234.0	238.6	230.9	239.4	214.7	195.3	139.9

Revenue per client (£)	H1 FY23	H2 FY22	H1 FY22	H2 FY21	H1 FY21	H2 FY20	H1 FY20
UK	3,170	3,278	3,031	2,733	2,611	2,577	2,381
EU	1,659	1,598	1,634	1,517	1,452	1,684	1,403
EMEA non-EU	4,287	3,881	4,060	3,847	3,807	4,433	3,804
Australia	3,368	2,698	2,713	2,701	2,752	2,355	2,313
Singapore	3,824	3,393	3,687	3,597	3,473	3,453	2,665
Japan	1,662	1,726	1,695	1,724	2,095	2,140	1,528
Emerging Markets	3,337	3,364	2,961	2,179	2,795	2,946	2,477
Institutional	27,752	22,279	16,362	24,229	23,303	26,297	19,443
Total OTC derivatives	2,678	2,624	2,575	2,460	2,480	2,509	2,200
Stock trading and investments	122	191	172	260	217	169	115

¹ Total Core Markets+ 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

Net trading revenue and drivers – High Potential Markets

Revenue (£m)	H1 FY23	H2 FY22	H1 FY22	H2 FY21	H1 FY21	H2 FY20	H1 FY20
US options and futures	61.2	57.3	52.8	-	-	-	-
US FX	11.0	9.1	7.5	6.4	5.2	4.2	1.6
US market making	0.5	0.8	1.0	1.6	1.9	1.8	1.3
Total US	72.7	67.2	61.3	8.0	7.1	6.0	2.9
European ETDs	5.4	5.5	3.8	2.8	2.1	0.7	-
Total High Potential Markets	78.1	72.7	65.1	10.8	9.2	6.7	2.9

Clients (000)	H1 FY23	H2 FY22	H1 FY22	H2 FY21	H1 FY21	H2 FY20	H1 FY20
US options and futures	67.4	79.2	78.1	-	-	-	-
US FX	7.6	7.8	9.3	10.6	9.2	6.4	2.8
Total US	75.0	87.0	87.4	10.6	9.2	6.4	2.8
European ETDs	4.9	5.1	4.5	4.3	3.0	2.4	0.7
Total High Potential Markets	79.9	92.1	91.9	14.9	12.2	8.8	3.5

Revenue per client (£)	H1 FY23	H2 FY22	H1 FY22	H2 FY21	H1 FY21	H2 FY20	H1 FY20
US options and futures	908	723	676	-	-	-	-
US FX	1,437	1,168	808	600	572	651	578
Total US	962	763	690	600	572	651	578
European ETDs	1,117	1,082	845	652	709	285	-
Total High Potential Markets	972	780	698	614	606	552	457