

Strategic Update: Diversify and grow

Our strategy

Our strategy is to diversify and grow our business by meeting the needs of more customers, launching new innovative products, and delivering inspiring experiences. The business is perfectly positioned to deliver on the strategy, with a global presence, a culture of innovation, and a strong financial position. Over the next few pages we will take a look at some of our businesses in more detail; what they have achieved this year, and how they will continue to deliver success.

Our investment case provides a clear picture of how our strategy has been successful in the past, and why we believe it will continue to be successful in the future.

Investment case

Growth levers	Diversification	Market-leading technology and content	Quality clients	Strong balance sheet and disciplined capital management
<ul style="list-style-type: none"> → Multiple growth levers across the business → Positioned in some of the world's largest markets → Well placed to benefit from the structural shift towards self-directed trading and investing 	<ul style="list-style-type: none"> → Increasingly diversified business through organic and inorganic growth → Wide geographic footprint across five continents → Continued progress in product diversification 	<ul style="list-style-type: none"> → Sophisticated risk-management technology → Engaging live content and educational resources → Ongoing investment in our platforms 	<ul style="list-style-type: none"> → Significant proportion of revenue generated from long-term clients → Strict onboarding criteria ensure we welcome only appropriate clients → Our clients typically have years of trading and investment experience 	<ul style="list-style-type: none"> → Highly cash-generative business model → Strong regulatory capital and liquidity positions → Clear Capital Allocation Framework



Strategic Update continued

Sustainability of our over-the-counter (OTC) business

Our over-the-counter derivatives business is the flagship business of the Group and has been operating for nearly 50 years. Over that time it has expanded geographically, and we now have offices in five continents.

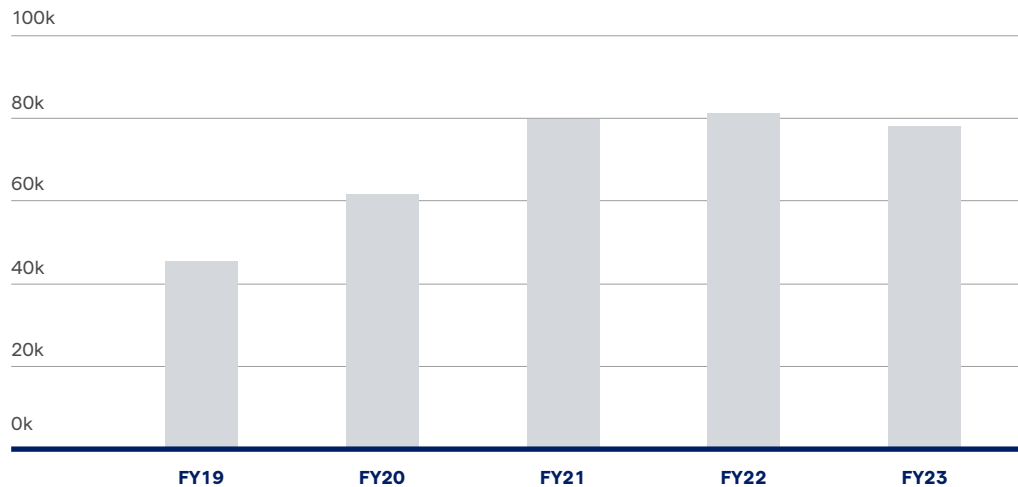
Over the past few years we have seen strong growth, particularly during the pandemic when volatile markets created frequent and more publicised trading opportunities. What really separates our OTC business from the rest of the market is the remarkable consistency we continue to deliver, which is down to two factors: the OTC business model and the high quality of our clients.

Our business model, which hedges market exposure, puts us on the same side as our clients – we want our clients to trade

profitably. Our hedging model means that our results do not fluctuate based on client outcomes, increasing predictability of our results.

The reason that the OTC business has retained significantly higher levels of revenue since the pandemic is the quality of our client base. Our marketing strategy, onboarding criteria, high level of client servicing and superior trade execution continue to attract a high calibre of traders and investors. They are wealthy, knowledgeable and ambitious, and recognise trading opportunities across our offering of 19,000 markets. They trade daily, in all market conditions, and this creates a consistent, organic revenue stream.

Net trading revenue



Spotlight on IG US

IG US has grown 17% over the last 12 months. Since launch in 2019, we have steadily grown to become the third largest Retail Foreign Exchange Dealer in the US, with over 10% market share.

We have achieved this growth by targeting high-value experienced traders and have implemented content initiatives to engage our clients. We continue to develop our strategy to attract high-quality clients and drive the expansion of the IG US business to become one of the top players in the market.

Spotlight on our OTC clients

We often refer to the quality of our clients being a differentiator for our business, but what does that mean, and are our clients really of a higher quality than our competitors?

- Our average client balance and revenue per client are typically higher than our peers.
- Our top segment of clients are very active, trading 15+ times per day
- Our clients are loyal; around 50% of revenue is generated by clients who have been with us for over three years
- We maintain strict onboarding criteria for access to our platforms



Pete Mulmat, IG US CEO

Strategic Update continued

Our exchange-traded derivatives (ETD) business

Our exchange-traded businesses have become a vital part of our Group. The exchange-traded market presented an attractive opportunity where we believed our core competencies – risk management, trading products and technology – would provide a strategic advantage. We have used these key strengths to grow our exchange-traded product range into a meaningful revenue stream.

Cultural preferences have played a significant role in our approach to different markets. For example, in Europe, Turbos are more commonly traded than CFDs, so building the Spectrum exchange gave us access to a larger market than with our traditional products.

Diversification of regulatory risk is another benefit we see. Although our OTC business is geographically diverse, this product line has accounted for almost 100% of our revenue for many years, so by adding new product lines we have a more diverse risk profile and have opened up different markets for growth.

Another key benefit of the exchange-traded business is the relatively lower regulatory capital requirements in comparison to our core OTC business. This gives the potential for a rapidly scalable business, which can generate significant return on investment.

ETD total revenue

£186.5m

(↑ 51%)



Spotlight on Spectrum

Spectrum had a fantastic year, with revenue growth of 67% to £15.7 million. The vast majority of this was generated through IG as the broker, and Brightpool as the market maker. The unique features of the exchange being pan-European and 24/5 have attracted customers quickly.

A significant opportunity for the business is the ability to plug in third-party brokers and product issuers, which can quickly multiply the products available, the number of clients, and therefore the liquidity on the platform. The announcement of UniCredit and Société Générale as product issuers on Spectrum brings additional opportunity and credibility.

European ETD revenue per client

£2,300

(↑ 67%)



Our SPX exchange provides unparalleled access to innovative products and longer trading hours, with a sole focus on the retail investor.”

Matt Brief
Regional CEO, Europe





Strategic Update continued

Spotlight on tastytrade

As we reach the two-year anniversary of our acquisition of tastytrade, our US exchange-traded options and futures business, it is a great time to reflect on what we have achieved since we added it to the Group.

We are happy with the strong performance over this period, and excited about the potential that it still has to deliver.

The tastytrade brokerage and the content arm of the business, now branded tastylive, continue to work together seamlessly. tastylive remains a key differentiator for the business, providing engaging content and actionable trading strategies six days a week to both existing and potential clients, free of charge. A prime example of our client-focused approach.

Since the acquisition in June 2021, revenue has grown rapidly aided by rising interest rates. A common phrase around the tastytrade office in Chicago is that tastytrade is 'the best brokerage platform that no one has heard of'. Therefore, marketing has been a key focus over the past 12 months.

With the re-establishment of a significant interest income revenue stream, tastytrade has modified its strategy accordingly to take advantage of higher interest rates, by attracting clients with higher cash balances to join the platform. We expect this to be an enduring revenue stream for many years to come, as well as being a growth driver in the short term.

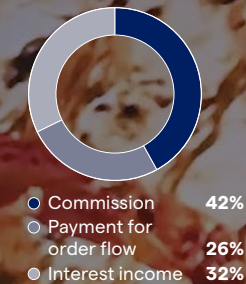
A significant event this year was the launch of the first-ever national brand campaign. Still in its early stages, we're already seeing many exciting green shoots of progress. In the first few months, we have increased our brand awareness and brand consideration, as well as the volume of Google searches and website traffic flow. All of these things increase the

number of potential clients for tastytrade. We are continually analysing the impact of the campaign, including our conversion funnel, and amending client journeys to provide the best possible client experience. This gets us the most value out of the investment in our brand.

Another major achievement during the year, is the launch of our open API. This launch provides significant opportunity for marketing partners to be able to plug into tastytrade, and quickly increase our reach to a larger audience.

And we are excited by the opportunity to accelerate growth outside the US. There is significant interest in our product internationally, where tasty already has a large and growing client base.

tastytrade total revenue



tastytrade is now perfectly positioned to disrupt the US market."

JJ Kinahan
Regional CEO, IG North America

tastytrade total revenue

\$205m

(↑ 26% on a pro forma basis)



QR CODE: WATCH THE VIDEO
TWO-YEAR ANNIVERSARY VIDEO

Strategic Update continued

Stock trading and investments

Our stock trading and investments business complements our OTC business and aligns well with our diversification strategy.

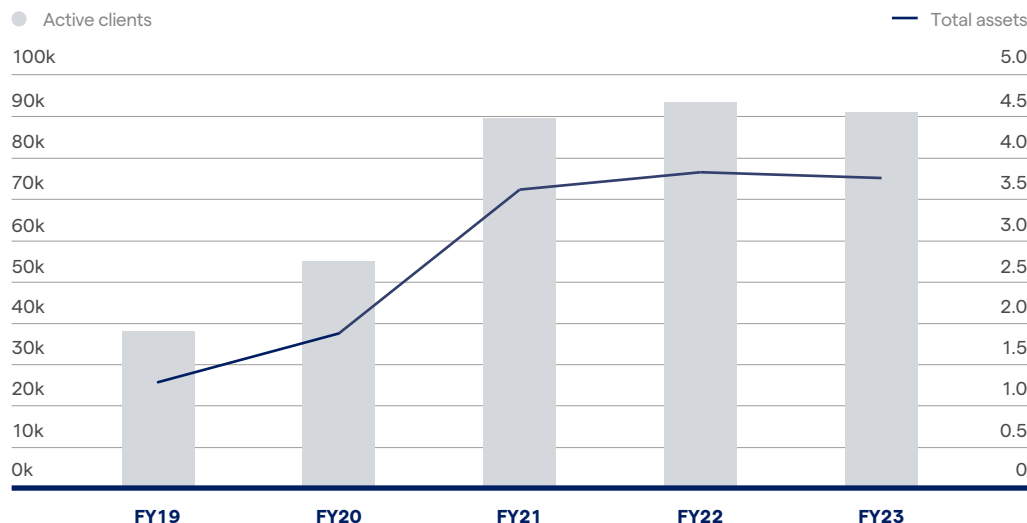
Through it, we can reach a wider group of ambitious clients. Our share-dealing clients tend to be less active than our OTC clients, but they are self-directed, value our leading technology and client service, and have potential to cross over to other products.

We have many clients who use our platforms for both leveraged and non-leveraged trading. This enables us to access a large part of a client’s wallet, by providing products with

different levels of risk. Clients who use both products tend to be more valuable and more active and tend to stay with us for longer.

The performance of the stock trading and investments business over the past few years has been very strong, gaining a significant number of clients during the pandemic. Trading volumes peaked during this period and have now returned to pre-pandemic levels, though the number of clients on the platform has rebounded at a higher level. The business has more than doubled since FY19.

Stock trading performance



Content and education

Content and education have always been part of our foundations. We have a client-first approach to everything we do, so producing content and educational materials as a part of our offering goes without saying. We want all our clients to fully understand our products, to better manage their risk, and to develop trading strategies so they can harness market opportunities. Across the Group, we have many content-focused brands: IG Academy, DailyFX and tastylive, each one distinct and with its unique value proposition, but all of which enhance our client’s experience and allow them to trade with more confidence, and more understanding.

Our content offering not only benefits our clients, but also our business. It can be a powerful acquisition tool, reaching hundreds of millions of people who may go on to use our platforms. We know that clients who consume our content tend to be more active and are less likely to stop trading altogether. They value the total service package we offer them and have a longer average tenure than those who don’t engage with content. Whilst these factors are not the primary reason we provide content, they do support our performance, and remain an integral part of our business ethos of putting our clients at the centre of everything we do.