IG Group Holdings plc
LEI No: 2138003A5Q1M7ANOUD76

Interim results for the six months ended 30 November 2022

26 January 2023

IG Group Holdings plc ("IG", "the Group", "the Company"), a purpose-led, global fintech, today announces its results for the six months ended 30 November 2022 ("H1 FY23").

'IG Group achieves a record half of revenues through diversified growth, and delivers a sustainable return of capital to shareholders through an expanded share buyback and interim dividend'

Highlights

- A strong performance in H1 FY23[1]:
  - Total revenue increased 10% to £519.1 million (H1 FY22: £471.5 million). Adjusted[2] total revenue increased 11% (H1 FY22: £465.7 million).
  - Net trading revenue increased 5% to £494.9 million (H1 FY22: £471.9 million. Adjusted net trading revenue up 6% (H1 FY22: £466.1 million).
  - Net interest income of £24.2 million (H1 FY22: £(0.4) million) rose significantly across all businesses, reflecting higher interest rates and continued high levels of client money.
  - Strong growth in revenue per client and consistency in client retention rates reflected the continued unique, high quality of our client base.
  - Active clients reduced slightly 312,000 (H1 FY22: 320,400), while new clients acquired of 37,500 (H1 FY22: 53,600), moderated from the very high levels in the comparative period, as anticipated.
  - Total operating costs increased 25% to £279.9 million (H1 FY22: £223.3 million). Adjusted total operating costs of £256.8 million (H1 FY22: £205.7 million), up 25%, reflecting an additional month of tastytrade, FX headwinds, and increases in headcount.
  - Profit before tax decreased slightly by 2% to £240.5 million (H1 FY22: £245.2 million), while adjusted profit before tax increased 1% to £260.7 million (H1 FY22: £258.0 million)
  - High profit before tax margins of 46.3% (H1 FY22: 52.0%) maintained. Adjusted profit before tax margin was 50.2% (H1 FY22: 55.4%).
  - Basic EPS was 45.8 pence (H1 FY22: 48.1 pence). Adjusted basic EPS was 49.7p (H1 FY22: 50.6 pence).
  - Approved over £4 million in donations in line with our 1% of adjusted profit after tax commitment to charitable causes.
- Additional return of capital to shareholders in line with new Capital Allocation Framework:
  - Bought back £114.1 million shares in the half under the £150 million share buyback scheme announced in July 2022. Shares repurchased as at 24 January 2023 total £126.6 million.
  - Extending the share buyback by £50 million, to a total of £200 million.
  - Increased the interim cash dividend to 13.26 pence per share (H1 FY22: 12.96 pence per share).
- Portfolios continued to grow in line with guidance:
  - Core Markets+ total revenue growth of 6% to £424.3 million (H1 FY22: £400.3 million) reflected increased revenue per client from our high-quality active client base.
  - High Potential Markets total revenue growth of 28% on a pro forma[3] basis to £94.8 million (H1 FY22: £74.1 million).
  - tastytrade pro forma total revenue growth of 26% to £77.9 million (H1 FY22: £61.8 million), which was a record half period. Performance was driven by significantly higher interest income as well as FX tailwinds. On a constant currency basis, pro forma total revenue growth was 8%. tastytrade maintained its market share throughout the period.

[1] Performance from continuing operations. Discontinued operations consist of operations relating to Nadex

[2] Excludes one-off costs and recurring non-cash costs related to the tastytrade transaction and the sale of Nadex

[3] Pro forma basis reflects revenue in the comparative period from the full six months, including the period prior to acquisition of tastytrade

Financial Summary[1]

	H1 FY23	H1 FY23 adjusted	H1 FY22	H1 FY22 adjusted	Change %	Adjusted change %
Total revenue (£m)	519.1	519.1	471.5	465.7[2]	10%	11%
Total operating costs (£m)	279.9	256.8	223.3	205.7[3]	25%	25%
Profit before tax (£m)	240.5	260.7	245.2	258.0[4]	(2%)	1%
Profit after tax (£m)	194.9	211.3	202.6	213.2	(4%)	(1%)
Basic earnings per share (p)	45.8	49.7	48.1	50.6	(5%)	(2%)
Interim dividend per share (p)	13.26	-	12.96	-	2%	-

[1] From continuing operations

[2] H1 FY22 adjusted excludes £5.8 million foreign exchange hedging gain associated with the financing of the tastytrade acquisition

[3] Adjusted operating costs excludes £20.2 million of costs and recurring non-cash costs associated with the tastytrade acquisition and integration (H1 FY22: £16.0 million) and £2.9 million relating to the sale of Nadex

[4] H1 FY22 adjusted excludes £1.0 million of one-time financing expense associated with the debt issuance

June Felix, Chief Executive, commented:

"I'm extremely proud of our achievements in the period, having delivered on two critical elements of our strategy: diversified business growth and the return of excess capital to shareholders. Non-OTC products now make a meaningful contribution of nearly 20% to our total revenue, and by the end of the half we had returned nearly £250 million to shareholders. We have also announced an extension to our share buyback today.

"Despite a softening in trading demand due to the global economic environment, our high-quality clients have continued to find opportunities to trade, demonstrating the resilience of the business model. This is the result of our unwavering focus on investing in and prioritising the delivery of best-in-class technology and platforms, innovation, client service and marketing. All achieved while delivering significant profit margins and consistently generating healthy levels of cash and capital.

"Underpinning this strong performance are our ambitious, passionate and talented people around the world, who are driven by our purpose to create the pre-eminent solution for active traders."

Further information

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Analyst presentation

There will be an analyst and investor presentation at 9:30am (UK Time) on Thursday 26 January 2023.

The presentation will also be accessible live via audio webcast at: Webcast. If you wish to listen via conference call, please use the following link: Conference Call. 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 2023.

Alternative performance measures

IG Group management believes that the alternative performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing business performance between financial periods and provide more detail concerning the elements of performance which the managers of these businesses are most directly

able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by IG Group management. However, any alternative performance measures in this document are not a substitute for statutory measures and readers should consider the statutory measures as well. Refer to the appendix for further information and calculations of alternative performance measures included throughout this document, and the most directly comparable statutory 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 FY22 Group Annual Report for the financial year ended 31 May 2022. 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 (LSEG:IGG) is an innovative, global fintech company that delivers dynamic online trading platforms and a robust educational ecosystem to power the pursuit of financial freedom for the ambitious. For nearly five decades, the Company has evolved its technology, risk management, financial products, content, and platforms to meet the needs of its retail and institutional clients. IG continues to innovate its offering for the new generation of tomorrow's investors through its IG.com, tastytrade, IG Prime, Spectrum, and DailyFX brands.

Established in 1974, IG Group is a London-headquartered FTSE 250 company offering its clients access to ~19,000 financial markets through its offices spread across Europe, North America, Africa, Asia-Pacific and the Middle East.

CEO Update

We delivered record revenues in H1 FY23, emphasizing the resilience of our business during periods of geopolitical and economic uncertainty, and as we enter H2, remain confident in the outlook for IG.

We generated consistent and sustained growth as our strategy to diversify by geography and product continues to deliver. All of our regional offices and High Potential Markets grew from Q1 to Q2, demonstrating the momentum being built across the business. Just two of many highlights are that IG is now fifth by market share in Japan, while our US businesses posted a record second quarter for total revenue, as interest income becomes a larger contributor to the Group overall.

In terms of product mix, 19% of IG's total revenue is now derived from non-OTC products, up from just 3% as at FY19 when we launched our strategy.

Our story is not just one of business opportunity and growth; it's also about delivering a steady return of capital to our shareholders. We're now executing the Capital Allocation Framework that we announced in the summer, and in the period we progressed with the current £150 million share buyback and have now extended that by a further £50 million, to a total of £200 million. We also raised our interim cash dividend to 13.26 pence per share. We will continue to carefully assess opportunities to allocate and deploy capital in line with our Framework, and our strong and steady operating performance affords us a range of options for capital.

Powering growth across our strategic initiatives

Spectrum, our pan-European trading venue for retail clients, celebrated its third anniversary with the onboarding of Societe Generale, which underscores the value of Spectrum's trading proposition, and will significantly increase both the trading product options and liquidity available to European investors.

In the US, both of our businesses in foreign exchange and options and futures continue to help us drive diversified growth. Our OTC foreign exchange derivatives business in the US had a record half for revenue, while our listed options and futures business through tastytrade continued with preparations for breakout growth over the medium term.

At tastytrade, we've continued to attract highly talented and experienced people into the leadership and technology teams – people who want to disrupt the market and work in an innovative and nimble company. One of our major milestones will be the upcoming rebranding of the business, which will be accompanied by our first significant national marketing campaign in H2 and FY24. We have also continued to build out our marketing analytics, comparable to what we've had at IG for some time, which will help drive growth in the US and activate a 'switcher' market from established firms. A focus on search engine optimisation, for example, has increased organic visibility scores on Google, lifting tastylive – the new name of our US content business – to the first page for searches on key terms such as 'options on futures'. tastylive's content viewership has consistently grown in comparison to a falling off amongst peers, supporting the attraction and retention of clients.

High quality clients a defining feature

The wide range and variety of financial markets that we offer to clients has long been a hallmark of IG, and this continued to prove attractive to our unique client base. Alongside superior trade execution, our active clients continued to trade consistently and steadily throughout the first half, despite the myriad of macro challenges in the period. This creates a strong foundation of recurring revenue for the business.

Client retention remained in line with previous client cohorts, despite the broader retail trading sector experiencing a slowdown. And importantly, OTC net trading revenue was up, reflecting a strong increase in revenue per client.

Our high-quality and dedicated client base is a defining feature for IG and central to our purpose of powering the pursuit of financial freedom for the ambitious. Despite cost-of-living and other challenges, our most recent survey shows that 92% of our clients expect their trading volumes to increase or remain the same in the next six months.

Our engaging content

Content plays an increasingly important role in our strategy, particularly in supporting client acquisition and retention. Our wide range and variety of content is designed to improve the knowledge of traders and investors, providing our clients with the tools to hone their skills and build the confidence needed to trade.

We know from direct feedback that this is meeting a clear need. Despite most coming to IG with considerable knowledge and experience already, our clients are voracious consumers of content, evidenced by more than 50 million unique views of IG video content across our brands during the half. Like our clients, we believe that you can always learn more about the markets to support responsible trading. When surveyed, 94% of our clients said the IG Academy helped build their confidence.

Our Brighter Future Framework

To help empower the communities in which we operate, we have committed to donate 1% of our post tax profit (the equivalent of £4.0 million in FY23) to charitable causes through our Brighter Future Fund. In line with our purpose of powering the pursuit of financial freedom, this focuses on empowering communities through education, emphasising financial literacy and science, technology, engineering, and mathematics subjects. I have personally been delighted by the impact this is having through our partnerships with select charities and organisations.

During 2022, around one in three of our employees engaged with community outreach initiatives – something we're aiming to increase significantly this year. We are enormously proud of the talent and expertise we have in the business, and thankful for our employees who continue to support each other, champion our clients, and give back to the communities in which we operate on a daily basis.

Outlook

Our fundamentals remain strong in the face of a continued uncertain economic and geopolitical outlook, further supported by the resilience of our more diversified business.

Therefore, we are reiterating our medium-term guidance for our business portfolios, targeting 5-7% growth in the Core Markets+ and 25-30% growth in the High Potential Markets per annum.

We are also maintaining our guidance for interest income in the US, which is a gearing ratio of approximately $4 million annually per 25 basis point increase in the federal funds rate. For FY23, due to the increase in interest rates which we have seen around the world, we are providing additional guidance. For interest income from client balances outside of the US, we expect to generate approximately £25 million in FY23. For net finance income, we expect to generate around £10 million of income in FY23, reflecting the increased returns on our corporate cash, more than offsetting our finance costs, which are fixed.

On costs, we are also reiterating our guidance, that we expect FY23 operating costs to drive off H2 FY22 run rate plus an inflationary impact of mid-single digits. Therefore, our adjusted profit before tax margin is expected to be in the mid-40s in FY23. We reiterate our effective tax rate to be around 19% in FY23.

Overall, we are optimistic about the outlook for FY23, and we anticipate full year performance to remain in line with our expectations.

Our focus remains on maximising the potential of our existing businesses and the continued execution of our strategy over the medium term.

June Felix

CEO

Business Performance Review

Summary Group Income Statement

£ million	H1 FY23	H1 FY23 adjusted	H1 FY22	H1 FY22 adjusted	Change %	Adjusted Change %
Net trading revenue[1]	494.9	494.9	471.9	466.1	5%	6%
Net interest income	24.2	24.2	(0.4)	(0.4)	Nm	Nm
Total revenue	**519.1**	**519.1**	**471.5**	**465.7**	**10%**	**11%**
Betting duty and other operating income[2]	-	(2.9)	2.8	2.8		
Net operating income	**519.1**	**516.2**	**474.3**	**468.5**	**9%**	**10%**
Total operating costs[3,4]	(279.9)	(256.8)	(223.3)	(205.7)	25%	25%
Operating profit	**239.2**	**259.4**	**251.0**	**262.8**	**(5%)**	**(1%)**
Loss from associates	(1.1)	(1.1)	(1.0)	(1.0)		
Net finance income / (cost)[5]	2.4	2.4	(4.8)	(3.8)		
Profit before tax from continuing operations	**240.5**	**260.7**	**245.2**	**258.0**	**(2%)**	**1%**

[1] H1 FY22 adjusted excludes £5.8 million foreign exchange hedging gain associated with the financing of the tastytrade acquisition

[2] H1 FY23 adjusted betting duty and other operating income excludes £2.9 million income for the reimbursement of costs relating to the sale of Nadex

[3] Operating costs include net credit losses on financial assets

[4] Adjusted operating costs excludes £20.2 million of costs and recurring non-cash costs associated with the tastytrade acquisition and integration (H1 FY22: £16.0 million) and £2.9 million relating to the sale of Nadex (H1 FY22: £1.6 million)

[5] H1 FY22 adjusted net finance cost excludes £1.0 million of one-time financing expense associated with the debt issuance

Statutory results

On a statutory basis, net trading revenue from continuing operations was £494.9 million, up 5% on H1 FY22. The Group's total revenue, which includes interest income, was £519.1 million, up 10%, reflecting the increasing interest rates during the period.

Statutory operating costs were £279.9 million, 25% higher than H1 FY22. The Group's statutory profit before tax for H1 FY23 was £240.5 million, down 2% on H1 FY22.

The results are presented on a continuing operations basis due to the disposal of the Nadex operations which completed in H2 FY22 and was classified as discontinued operations. In H1 FY23, the Group subsequently disposed of assets related to disposal of Nadex operations.

Adjusted results

The following analysis is of results from continuing operations on an adjusted basis. It excludes a £5.8 million foreign exchange gain in H1 FY22 related to the tastytrade acquisition. Also excluded are operating costs of £2.9 million (H1 FY22: £1.6 million) in relation to the sale of Nadex, and the offsetting reimbursement of these costs from the buyer within operating income. As these items relate to supporting the transition of Nadex, rather than the disposal, they are recognised within continuing operations.

The remainder of the £23.1m adjustment to operating costs are £18.5 million recurring non-cash costs associated with the tastytrade acquisition (H1 FY22: £14.8 million) and £1.7 million of tastytrade one off integration costs (H1 FY22: £1.2 million). Financing costs exclude £1.0 million in H1 FY22 related to the new debt issuance. These items are excluded in order to present a more accurate view of underlying performance. A reconciliation of non-GAAP measures used in this report is contained in appendix 1.

Adjusted net trading revenue was £494.9 million, 6% higher than H1 FY22 reflecting the continued strength of our high quality, active client base who continued to trade despite a challenging macroeconomic environment. Net trading revenue reflects a strong second quarter, up 11% on Q1.

Adjusted total revenue in H1 FY23 was £519.1 million, an increase of 11% on H1 FY22 reflecting the higher net trading revenue, and the increasing contribution of net interest income.

Adjusted H1 FY23 operating costs from continuing operations were £256.8 million, 25% higher than H1 FY22 reflecting increased headcount, higher salary costs, and less favourable foreign exchange rates on the translation of non-Sterling costs, compared with the comparative period.

Adjusted operating profit from continuing operations of £259.4 million was 1% lower than H1 FY22.
The Group's adjusted profit before tax from continuing operations was £260.7 million, 1% higher than H1 FY22.

Net trading revenue performance by product

	Adjusted net trading revenue from continuing operations (£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%)
Group	**494.9**	**466.1**	**6%**

	Active clients (000)			Net trading revenue per client (£)		
	H1 FY23	**H1 FY22**	**Change %**	**H1 FY23**	**H1 FY22**	**Change %**
OTC derivatives	159.1	158.8	-	2,618	2,472	6%
Exchange traded derivatives[1]	72.2	82.6	(13%)	922	685	35%
Stock trading and investments	92.2	92.5	-	122	172	(29%)
Group[2]	**312.0**	**320.4**	**(3%)**			

[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 FY23 there were 11,500 multi-product clients, compared with 13,500 in H1 FY22

OTC derivatives

Net trading revenue from OTC derivatives in H1 FY23 was £416.5 million and increased by 6% on H1 FY22. Within the half, Q2 revenue increased 11% on Q1. Active clients remained in line with H1 FY22, with 159,100 clients trading in the period, while average revenue per client increased by 6% to £2,618 reflecting the continued strength and quality of our client base. In the period an additional 24,300 new clients were onboarded and active, down 17% on H1 FY22.

UK and EU OTC derivatives revenue was £209.3 million, in line with H1 FY22 (H1 FY22: £208.3 million). Active clients reduced by 3%, offset by a 3% increase in the average revenue per client. Revenue in Q2 was 9% higher than Q1, due to a higher revenue per client in the second quarter.

Japan revenue increased by 25% to £55.8 million, with active clients increasing 28%, and average revenue per client down 2%. H1 FY23 represented a record half for revenue and active clients for Japan, with Q2 revenue being 6% higher than Q1. Client onboarding continues to be strong, however first trades in the period reduced 18% from the exceptionally high levels experienced in H1 FY22

Australia revenue of £49.3 million increased 9% on H1 FY22, with Q2 revenue increasing 15% on Q1, the highest revenue quarter since the Australian Securities & Investments Commission (ASIC) leverage restrictions were introduced in Q4 FY21. A 12% reduction in active clients in the half was more than offset by a 24% increase in revenue per client.

Exchange traded derivatives

Net trading revenue from exchange traded derivatives was £67.1 million and increased 16% on H1 FY22, and was 1% higher on a pro forma basis, which includes a full 6 months of tastytrade revenue in the comparative period.

tastytrade net trading revenue was £61.2 million, up 16% on H1 FY22, and in line with the comparative period on a pro forma basis. Pro forma active clients reduced by 18%, reflecting normalisation from the high levels of activity seen in the comparative period, offset by a 23% increase in revenue per client due to the benefit of more favourable foreign-exchange rates on the conversion of USD revenue as well as changes in the client mix.

Spectrum revenue of £5.4 million increased by 44% on H1 FY22, driven by a 9% increase in the active client base and a 32% increase in average revenue per client as we continue to see an evolution of the client base. The ongoing expansion of the Spectrum network has seen additional 3rd parties added to the exchange in the period, with Societe Generale and iBroker coming onboard.

Stock trading and investments

Revenue from stock trading and investments was £11.3 million, a 30% reduction on H1 FY22. The client base remains in line with the comparative period, with 92,200 active clients, however the average revenue per client has reduced by 29%, due to a reduction in client trading and a change in equity mix, with clients trading fewer US equities.

Assets under administration at the end of the period were £3.2 billion, compared with £3.6 billion at the end of H1 FY22.

Net interest income

Net interest income on client balances was £24.2 million, increasing from a £0.4 million cost in H1 FY22 reflecting the strong client money balances across the period and the rising interest rate environment. At the end of the period the total client money balance was £4.5 billion, down 8% on H1 FY22. This includes £0.5 billion of client funds on balance sheet for which the interest is recognised within the net finance income line. Interest income made up 5% of the Group's total revenue and adds a further valuable revenue stream to the Group.

In our US businesses our clients had £1.6 billion on account, though held at third parties, which resulted in interest income in the period of £16.7 million (H1 FY22: £0.4 million). In this market we benefit directly when rates rise. In our non-US businesses in total, our clients had £2.4 billion on account, excluding client funds on balance sheet, and interest income was £7.5 million in the half, compared with a £0.8 million cost in the comparative period. In these markets the relationship between interest income and client money is less direct than in the US, depending on the bank where we hold the deposits and the corresponding interest terms.

Total revenue

Total revenue includes both net trading revenue and net interest income. OTC derivatives total revenue was £422.9 million, up 8% on H1 FY22. Exchange traded derivatives total revenue was £83.8 million, up 45% on H1 FY22. Within this tastytrade total revenue was £77.9 million, up 47% on H1 FY22, and up 26% on a pro forma basis. tastytrade total revenue benefitted from the rising US fed funds rate and more favourable FX rates on the translation of USD revenue. Stock trading and investments total revenue was £12.4 million, down 23% on H1 FY22.

Non-OTC total revenue represented 19% of the Group's revenue, up 3% points on H1 FY22, demonstrating the increasingly diversified revenue mix.

Operating costs

Total adjusted operating costs for H1 FY23 were £256.8 million, 25% higher than H1 FY22 and in line with H2 FY22. The year on year increase reflects an additional month of tastytrade costs, an estimated £10 million of translational FX headwinds across the cost base, the full £4.0 million accrual for charitable donations and increases in technology related costs, both in the fixed remuneration line, and in the other structural cost lines.

Adjusted operating costs from continuing operations

£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 at period end	**2,602**	**2,424**	**7%**

H1 FY23 fixed remuneration was £93.1 million, an increase of 35% on H1 FY22, reflecting the increase in headcount during FY22 and H1 FY23, less favourable FX translation on non-GBP salaries, and salary increases, which due to high inflation, were more material than in recent years. Headcount growth was largely technology related, reflecting the continued investment in new development projects, and the running of our platforms and infrastructure. Around 80% of the new headcount was added in our lower cost global service centres in Poland, India and South Africa.

Advertising and marketing spend increased by 15% in H1 FY23 to £43.7 million, reflecting increased marketing spend in our US region, UK and Europe.

Revenue related costs include variable market data charges, client payment and funding charges, provisions for client and counterparty credit losses and brokerage trading fees. Revenue related costs in total increased by 40% to £26.6 million as tastytrade brokerage trading fees were higher due to an increase in the proportion of index options traded. Additionally in the comparative period stock trading transaction fees were reported as an offset to revenue rather than an operating cost.

IT maintenance, structural market data charges and communications costs were £20.9 million in H1 FY23, an increase of 33% on H1 FY22 reflecting the increased investment in technology to support a number of operational projects, to support the larger active client base and ensure adequate capacity for the continued growth of the Group.

Depreciation and amortisation costs increased 6% to £14.8 million. Other costs, which includes staff related costs (such as travel, and staff entertainment), legal and professional fees, regulatory fees and irrecoverable VAT, increased by 32%. Included within other costs is the £4.0 million charitable donation, representing 1% of FY22 adjusted profit after tax, which was approved by the board in September 2022. Additionally other costs increased due to higher professional fees linked to strategic and operational projects, and higher staff entertainment and travel as staff return to the office and travel restrictions have been lifted.

Within variable remuneration is the general bonus accrual, share schemes and sales bonuses. The charge for the general bonus pool was £12.3 million, down 12% on H1 FY22, reflecting a smaller outperformance to internal targets compared to the comparative period. Share schemes costs relate to the long-term incentive plans for senior management, and were £9.4 million (H1 FY22: £7.4 million), reflecting higher NI costs and some one-off adjustments. Sales bonuses decreased by 28% to £2.5 million reflecting lower commission payments to sales staff for the onboarding and management of their own-sourced high-value clients.

Net finance income

Net finance income in the period was £2.4 million, up from a £3.8 million cost in the comparative period. Within this finance income was £10.5 million (H1 FY22: £1.0 million), offset by finance costs of £8.1 million (H1 FY22: £4.8 million). Our financing costs are fixed, however the finance income, which reflects the interest earned on our corporate balances including client funds on balance sheet, has benefitted from the rising interest rates in the period.

Earnings Per Share

£m (unless stated)	H1 FY23	H1 FY23 adjusted	H1 FY22	H1 FY22 adjusted	Change %	Adjusted change %
Profit before taxation from continuing operations	240.5	260.7	245.2	258.0	(2%)	1%
Taxation	(45.6)	(49.4)	(42.6)	(44.8)	7%	10%
Profit after taxation from continuing operations	194.9	211.3	202.6	213.2	(4%)	(1%)
Loss after taxation from discontinued operations	(0.2)	(0.2)	-	-	Nm	Nm
Profit after tax for the period	194.7	211.1	202.6	213.2	(4%)	(1%)
Weighted average number of shares for the calculation of EPS (millions)	425.0	425.0	421.7	421.7	1%	1%
Basic earnings per share (pence per share)	**45.8**	**49.7**	**48.1**	**50.6**	**(5%)**	**(2%)**

Profit before tax was £240.5 million in H1 FY23, and £260.7 million on an adjusted basis, 1% higher than H1 FY22.

The effective tax rate (ETR) applied to the Group's H1 FY23 profit was 18.9% (H1 FY22: 17.4%). The ETR for the Group has increased due to the planned increase in UK corporation tax rate from 19% to 25%. The ETR is dependent on a mix of factors including taxable profit by geography, tax rates levied in those geographies and the availability and use of taxable losses. The future ETR may also be impacted by changes in our business activities, client composition and regulatory status, which could affect our exemption from the UK Bank Corporation Tax surcharge.

Profit after tax was 4% lower than H1 FY22 and 1% lower on an adjusted basis. Basic EPS was 5% lower than H1 FY22 and 2% lower on an adjusted basis due to lower profits.

Dividend

The proposed interim dividend for FY23 of 13.26 pence per share totalling £55.1 million was approved by the Board on 25 January 2023 and has not been included as a liability at 30 November 2022. This dividend will be paid on 3 March 2023 to those members on the register at the close of business on 3 February 2023.

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 provide a broader and more stable position of the Group's balance sheet than cash. These alternative performance measures are reconciled to the corresponding IFRS balances in the appendix.

£m	30 Nov 2022	31 May 2022	% change
Goodwill	627.2	604.7	4%
Intangible assets	288.0	292.1	(1%)
Property, plant and equipment[1]	17.6	16.7	5%
Operating lease net asset	(1.9)	(2.0)	(5%)
Other Investments	1.2	-	100%
Investments in associates	14.4	14.8	(3%)
Fixed assets	**946.5**	**926.3**	**2%**
Own cash	786.4	1,245.9	(37%)
Issued debt	(299.3)	(299.2)	-
Client funds held on balance sheet	(454.0)	(520.9)	(13%)
Net amounts due from brokers	749.3	657.1	14%
Own funds in client money	37.3	64.2	(42%)
Financial investments	258.1	-	nm
Liquid asset threshold requirement	72.5	106.7	(32%)
Own funds	**1,150.3**	**1,253.8**	**(8%)**
Working capital	(59.6)	(82.5)	(28%)
Net current assets held for sale	-	0.4	(100%)
Tax payable	(3.1)	(20.5)	(85%)
Net deferred tax liability	(46.7)	(49.7)	(6%)
Net assets	**1,987.4**	**2,027.8**	**(2%)**

[1] Excludes right-of-use assets

The majority of the Group's fixed assets are held in US dollars following the acquisition of tastytrade in H1 FY22. This includes goodwill of £525.4 million attributed to the tastytrade business. As a result, the Group has recognised a £20.2 million increase in fixed assets during the period which predominately relates to foreign exchange movements.

Liquidity

The Group maintains 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, which include broker margin requirements, the regulatory and working capital needs of its subsidiaries, and the funding of adequate buffers in client money accounts.

The Group's available liquidity comprises assets that are available at short notice to meet additional liquidity requirements, which are typically increases in broker margin.

£m	30 Nov 2022	31 May 2022	% change
Own cash	786.4	1,245.9	(37%)
Net amounts due from brokers	749.3	657.1	14%
Own funds in client money	37.3	64.2	(42%)
Financial investments	258.1	-	100%
Liquid asset threshold requirement	72.5	106.7	(32%)
Liquid assets	**1,903.6**	**2,073.9**	**(8%)**
Broker margin requirement	(639.3)	(629.5)	2%
Cash balances in non-UK subsidiaries	(343.2)	(342.9)	-
Own funds in client money	(37.3)	(64.2)	(42%)
Available liquidity	**883.8**	**1,037.3**	**(15%)**
of which:			
Held to meet regulatory liquidity requirements	72.5	106.7	(32%)
Dividend due	55.1	134.8	(59%)

The composition of the Group's liquid assets has changed during the period, with more liquid assets being held as financial investments (UK government securities) rather than cash. This is a result of recent changes in regulations that require the Group to post securities into segregated accounts instead of cash to meet initial margin requirements at certain brokers. The impact on the Group's liquid assets is that the UK government securities held by the Group increased by £223.9 million, with a corresponding reduction in the cash balance at 30 November 2022. The Group's cash balance also reduced as a result of the FY22 final dividend payment of £133.2 million and the £113.9 million paid to buy back shares, offset by cash generated by operations of £115.5 million.

The amounts due from brokers increased by £92.2 million during the period. The balance comprises open derivative positions, physical cryptocurrency assets, cash and UK government securities held on account by the Group's hedging and execution counterparties. The broker margin requirement at 30 November 2022 was consistent with the requirement at 31 May 2022. The maximum margin requirement during the period was £757.5 million in August 2022, lower than the Group's highest broker margin requirement of £774.7 million which occurred in H1 FY22.

The Group's available liquidity reduced by £153.5 million during the period, which is less than the overall fall in liquid assets of £170.3 million. This is a result of the Group holding less of its own cash as buffers in client money accounts, with own funds in client money £26.9 million lower than at 31 May 2022 as a result of trading conditions on the last day of the month. These funds are 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.

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 £343.2 million as at 30 November 2022 (31 May 2022: £342.9 million), £0.3 million higher than as at 31 May 2022.

The Group's available liquidity is subject to meeting other requirements which include the FY23 interim dividend and regulatory liquidity requirement within the Investment Firm Prudential Regime (IFPR) rules. The IFPR requirements includes basic liquid assets requirement and a liquid assets threshold requirement, which can be met with both cash and certain financial investments. At 30 November 2022, this requirement was £72.5 million, 32% lower than 31 May 2022 due to removal of the transitional IFPR arrangement.

In addition to the cash recognised on the balance sheet, as at 30 November 2022, the Group held £2,449.9 million (31 May 2022: £2,577.9 million) of client money in segregated bank accounts, which is not recognised on the Group's balance sheet. These client funds are held separately from the Group's own cash balances and are excluded from the Group's liquid assets.

Own Funds

The Group measures the strength of its liquidity position using an 'own funds' measure, instead of just cash, as it is a broader and more stable measure than cash. Own funds include liquid assets, less debt and client funds on its balance sheet. As at 30 November 2022, the Group had an own cash balance of £786.4 million (31 May 2022: £1,245.9 million) compared with an own funds balance of £1,150.3 million (31 May 2022: £1,253.8 million).

£m	30 Nov 2022	31 May 2022	% change
Liquid assets	1,903.6	2,073.9	(8%)
Client funds on balance sheet	(454.0)	(520.9)	(13%)
Issued debt	(299.3)	(299.2)	-
Own funds	**1,150.3**	**1,253.8**	**(8%)**

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 H1 FY22 the Group issued £300.0 million 3.125% senior unsecured bonds which mature in 2028. The Group also has access to a £350.0 million revolving credit facility (31 May 2022: £300.0 million), which has increased as a result of two accordions to the existing revolving credit facility being signed in H1 FY23. The £350.0 million committed revolving credit facility was undrawn at 30 November 2022 (31 May 2022: undrawn).

Own Funds Flow

£m	H1 FY23	H1 FY22
Own funds generated from operations	**232.2**	**247.6**
as % of operating profit	97%	99%
Taxes paid	(65.6)	(33.9)
Net own funds generated from operations	**166.6**	**213.7**
Net interest and fees paid	(3.6)	(5.6)
Capitalised development costs	(2.1)	(2.6)
Capital expenditure	(8.4)	(7.3)
Cash consideration of tastytrade	-	(216.1)
Own funds recognised from acquisition	-	38.2
Investments in associates	-	(1.9)
Purchase of own shares held in employee benefit trusts	(14.6)	(6.7)
Cash proceeds from settlement of acquisition of subsidiary	3.2	-
Cash proceeds from settlement of disposal of subsidiary	1.0	-
Pre-dividend increase in own funds	**142.1**	**11.7**
Cash paid for share buyback	(113.9)	-
Dividends paid	(133.2)	(130.3)
Decrease in own funds	**(105.0)**	**(118.6)**
Own funds at the start of the period	**1,253.8**	**1,058.5**
Decrease in own funds	(105.0)	(118.6)
Impact of movement in exchange rates	1.5	-
Own funds at the end of the period	**1,150.3**	**939.9**
Own funds at the end of the period from discontinued operations	-	(18.4)
Own funds at the end of the period from continuing operations	**1,150.3**	**921.5**

The Group's own funds generated from operations of £232.2 million was £15.4 million lower than own funds generated from operations in H1 FY22 primarily due to lower operating profit and movement in the fair value in the UK Government securities. These funds were further reduced by £65.6 million of taxes paid in H1 FY23 of which £22.3 million relate to FY22 profits and £43.0 million of advance tax payments for FY23.

The pre-dividend own funds have increased as the tastytrade transaction completed in H1 FY22 which resulted in a net own funds outflow of £177.9 million.

The Group recognised an overall decrease in own funds as a result of the share buyback of £113.9 million and the final FY22 dividend.

Regulatory Capital

The Group is supervised on a consolidated basis by the FCA, 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.

The Group's regulatory capital resources, which totalled £1,000.7 million at 30 November 2022 (31 May 2022: £1,025.6 million) are an adjusted measure of shareholders' funds. Shareholders' funds comprise share capital, share premium, retained earnings and other reserves.

The Group's regulatory capital requirement as at 30 November 2022 was £497.4 million (31 May 2022: £497.4 million). The Group's capital headroom, once interim profits have been approved for use by the FCA, was £503.3 million (31 May 2022: £528.2 million), demonstrating the Group's solid capital base.

£m	30 Nov 2022	31 May 2022
Shareholders' funds	**1,987.4**	**2,027.8**
Less foreseeable / declared dividends	(97.3)	(134.8)
Less goodwill and intangible assets	(853.1)	(833.7)
Less Deferred tax assets and significant investments in financial sector entities	(35.4)	(32.3)
Less value adjustment for prudent valuation	(0.9)	(1.4)
Regulatory capital resources	**1,000.7**	**1,025.6**
Total requirement	**497.4**	**497.4**
Capital headroom	**503.3**	**528.2**

Principal risks and uncertainties

IG's Risk Taxonomy categorises the principal risks faced by the Group into four areas: the risks inherent in the regulatory environment, commercial risk, business model risk, and conduct and operational 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 48 to 53 of the FY22 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 FY23 and up to the date of this announcement.

Consolidated Interim Income Statement
for the six months ended 30 November 2022 (unaudited)

	Note	Unaudited six months ended 30 November 2022 £m	Unaudited six months ended 30 November 2021 £m
Continuing Operations			
Trading revenue		498.9	476.8
Introducing partner commissions		(4.0)	(4.9)
Net trading revenue	3	**494.9**	**471.9**
Betting duty and financial transaction taxes		(6.7)	(0.1)
Interest income on client funds		24.9	1.0
Interest expense on client funds		(0.7)	(1.4)
Other operating income		6.7	2.9
Net operating income		**519.1**	**474.3**
Operating costs	4	(278.8)	(221.8)
Net credit losses on financial assets		(1.1)	(1.5)
Operating profit		**239.2**	**251.0**
Share of loss after tax from associates		(1.1)	(1.0)
Finance income		10.5	1.0
Finance costs		(8.1)	(5.8)
Profit before tax		**240.5**	**245.2**
Tax expense	5	(45.6)	(42.6)
Profit for the period from continuing operations		**194.9**	**202.6**
Loss for the period from discontinued operations		(0.2)	-
Profit for the period		**194.7**	**202.6**
Attributable to:			
Owners of the parent		194.7	202.6
Earnings per ordinary share			
Basic	6	45.8p	48.1p
Diluted	6	45.5p	47.7p

Consolidated Interim Statement of Comprehensive Income

for the six months ended 30 November 2022 (unaudited)

	Unaudited six months ended 30 November 2022		Unaudited six months ended 30 November 2021	
	£m	£m	£m	£m
Profit for the period		194.7		202.6
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to the income statement:				
Changes in the fair value of financial assets held at fair value through other comprehensive income, net of tax	(5.5)		(1.2)	
Foreign currency translation gain	30.1		30.2	
Other comprehensive income for the period, net of tax		24.6		29.0
Total comprehensive income attributable to owners of the parent		**219.3**		**231.6**
Total comprehensive income/(loss) attributable to owners of the parent arising from:				
Continuing operations		219.5		231.6
Discontinued operations		(0.2)		-
		219.3		**231.6**

Consolidated Interim Statement of Financial Position
at 30 November 2022 (unaudited)

	Note	Unaudited 30 November 2022 £m	31 May 2022 £m	Unaudited 30 November 2021 £m
Assets				
Non-current assets				
Goodwill	8	627.2	604.7	595.1
Intangible assets	9	288.0	292.1	287.5
Property, plant and equipment		34.0	36.6	38.8
Financial investments	10	474.6	134.8	131.7
Financial assets pledged as collateral	10	-	25.3	45.9
Investment in associates		14.4	14.8	9.0
Other investments		1.2	-	-
Prepayments		0.7	-	-
Deferred income tax assets		19.7	17.5	10.4
		1,459.8	**1,125.8**	**1,118.4**
Current assets				
Cash and cash equivalents		858.9	1,246.4	664.0
Trade receivables	11	448.5	469.5	709.8
Financial investments	10	145.4	200.9	137.6
Financial assets pledged as collateral	10	-	35.1	71.2
Other assets	12	11.3	14.2	27.3
Prepayments		19.8	23.2	16.6
Other receivables		8.3	9.8	9.9
		1,492.2	**1,999.1**	**1,636.4**
Assets classified as held for sale		-	1.2	43.0
TOTAL ASSETS		**2,952.0**	**3,126.1**	**2,797.8**
Liabilities				
Non-current liabilities				
Debt securities in issue	13	297.4	297.2	297.1
Lease liabilities		10.9	13.0	15.7
Deferred income tax liabilities		66.4	67.2	76.0
Other payables		1.2	-	-
		375.9	**377.4**	**388.8**
Current liabilities				
Trade payables	14	487.2	571.2	564.9
Other payables		91.0	119.5	85.7
Lease liabilities		7.4	8.9	7.3
Income tax payable		3.1	20.5	6.2
		588.7	**720.1**	**664.1**
Liabilities directly associated with assets classified as held for sale		-	0.8	2.4
TOTAL LIABILITIES		**964.6**	**1,098.3**	**1,055.3**
Equity				
Share capital and share premium	15	125.8	125.8	125.8
Translation reserve		147.7	117.6	83.4
Merger reserve		590.0	590.0	590.0
Other reserves		(16.4)	8.4	3.1
Retained earnings		1,140.3	1,186.0	940.2
TOTAL EQUITY		**1,987.4**	**2,027.8**	**1,742.5**
TOTAL EQUITY AND LIABILITIES		**2,952.0**	**3,126.1**	**2,797.8**

The Consolidated Interim Condensed Financial Statements were approved by the Board of Directors on 25 January 2023 and signed on its behalf by:

Charles Rozes, Chief Financial Officer

Consolidated Interim Statement of Changes in Equity

for the six months ended 30 November 2022 (unaudited)

	Share capital	Share premium	Translation reserve	Merger reserve	Other reserves	Retained earnings	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 June 2021	-	125.8	53.2	81.0	12.8	860.5	1,133.3
Profit for the period and attributable to owners of the parent	-	-	-	-	-	202.6	202.6
Other comprehensive income/(loss) for the period	-	-	30.2	-	(1.2)	-	29.0
Total comprehensive income/(loss) 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	590.0	3.1	940.2	1,742.5
At 1 June 2022	-	125.8	117.6	590.0	8.4	1,186.0	2,027.8
Profit for the period and attributable to owners of the parent	-	-	-	-	-	194.7	194.7
Other comprehensive income/(loss) for the period	-	-	30.1	-	(5.5)	-	24.6
Total comprehensive income/(loss) for the period	-	-	30.1	-	(5.5)	194.7	219.3
Equity-settled employee share-based payments	-	-	-	-	6.7	-	6.7
Transfer of vested awards from the share-based payment reserve	-	-	-	-	(7.4)	7.4	-
Employee Benefit Trust purchase of own shares	-	-	-	-	(14.6)	-	(14.6)
Equity dividends paid	-	-	-	-	-	(133.2)	(133.2)
Share buyback	-	-	-	-	(1.6)	(114.6)	(116.2)
Share-based payments converted to cash settled liabilities	-	-	-	-	(2.4)	-	(2.4)
At 30 November 2022 (unaudited)	-	125.8	147.7	590.0	(16.4)	1,140.3	1,987.4

Consolidated Interim Statement of Cash Flows

for the six months ended 30 November 2022 (unaudited)

	Note	Unaudited six months ended 30 November 2022 £m	Unaudited six months ended 30 November 2021 £m
Operating activities			
Operating profit / (loss):		239.0	251.0
From continuing operations		*239.2*	*251.0*
From discontinued operations		*(0.2)*	-
Depreciation and amortisation		30.2	27.1
Loss on disposal of assets held for sale		0.2	-
Equity settled share-based payments charge		6.7	5.6
Decrease/(increase) in trade receivables, other receivables and other assets		29.6	(199.3)
(Decrease)/increase in trade and other payables		(124.6)	173.7
Cash generated from operations		181.1	258.1
Income taxes paid		(65.6)	(33.9)
Net cash flows generated from operating activities		**115.5**	**224.2**
Investing activities			
Interest received		4.7	0.7
Net cash flow to investment in associates		-	(1.9)
Purchase of property, plant, and equipment		(6.3)	(3.9)
Payments to acquire and develop intangible assets		(4.2)	(6.0)
Net cash flow from financial investments		(230.3)	(45.2)
Net cash flow on acquisition of subsidiaries		3.2	(193.5)
Proceeds from disposal of subsidiaries		1.0	-
Net cash flows used in investing activities		**(231.9)**	**(249.8)**
Financing activities			
Interest paid		(6.3)	(4.3)
Financing fees paid		(2.0)	(2.0)
Interest paid on lease liabilities		(0.3)	(0.3)
Repayment of principal element of lease liabilities		(3.8)	(3.9)
Drawdown of term loan		-	150.0
Repayment of term loan		-	(250.0)
Net proceeds from issue of debt securities		-	299.2
Payments made for share buyback		(113.9)	-
Equity dividends paid to owners of the parent	7	(133.2)	(130.3)
Employee Benefit Trust purchase of own shares		(14.6)	(6.7)
Net cash flows (used in)/generated from financing activities		**(274.1)**	**51.7**
Net (decrease)/increase in cash and cash equivalents		(390.5)	26.1
Cash and cash equivalents at the beginning of the period		1,246.4	655.2
Impact of movement in foreign exchange rates		3.0	(0.6)
Cash and cash equivalents at the end of the period		**858.9**	**680.7**
Attributable to discontinued operations and recognised within assets held for sale		***-***	***16.7***
Attributable to continuing operations and recognised as cash and cash equivalents		***858.9***	***664.0***

Notes to the Consolidated Interim Condensed Financial Statements

for the six months ended 30 November 2022 (unaudited)

1. General Information and basis of preparation

General Information

The Consolidated Interim Condensed Financial Statements of the IG Group Holdings plc and its subsidiaries (together 'the Group') for the six months ended 30 November 2022 were authorised for issue by the Board of Directors on 25 January 2023. IG Group Holdings plc is a public company limited by shares, which is listed on the London Stock Exchange and incorporated 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 for the six months ended 30 November 2022, together with the comparative information contained in this report, 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 Group's auditors, PricewaterhouseCoopers LLP, and their report is included at the end of these Consolidated Interim Condensed Financial Statements. The Financial Statements for the year ended 31 May 2022 (FY22 Financial Statements) have been audited and reported on by the Group's auditors and delivered to the Registrar of Companies. The auditor's report on the FY22 Financial Statements was unqualified, did not include a reference to any matters to which they drew attention by way of emphasis without qualifying its report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Basis of preparation

The Consolidated Interim Condensed Financial Statements for the six months ended 30 November 2022 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and in accordance with UK-adopted International Accounting Standard 34 - Interim Financial Reporting. The Consolidated Interim Condensed Financial Statements are presented in Sterling.

The Consolidated Interim Condensed Financial Statements do not include all the information and disclosures required in the FY22 Financial Statements and should be read in conjunction with the Group's Annual Report for the year ended 31 May 2022 (FY22 Annual Report) which has been prepared in accordance with the UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006.

Throughout this report, FY23, FY22 and FY21 refer to the financial years ended 31 May 2023, 31 May 2022, and 31 May 2021 respectively. H1 FY23, H1 FY22 and H1 FY21 refer to the six months ended 30 November 2022, 30 November 2021, and 30 November 2020 respectively.

Reclassification of comparatives

To ensure consistency with the current period, comparative figures have been reclassified where the presentation of Financial Statements has been changed. The adjustments are:

(i) Goodwill of £627.2 million (30 November 2021: £595.1 million) has been separated out from intangible assets and presented as a separate line item in the Consolidated Interim Statement of Financial Position.

(ii) Merger reserve of £590.0 million (30 November 2021: £590.0 million) has been separated out from other reserves and presented as a separate line item in the Consolidated Interim Statement of Financial Position.

Discontinued operations

North American Derivates Exchange, Inc. (Nadex) was classified as both a discontinued operation and a disposal group as at 30 November 2021, as the operation was a major line of business and the sale was determined to be highly probable. The sale subsequently completed on 1 March 2022.

During H1 FY23, cash generated from discontinued operations amounted to £nil (H1 FY22: net cash inflow of £1.2 million) and the Group received residual cash proceeds arising from the sale of £1.0 million.

The Group disposed of a property related right-of-use asset in H1 FY23 which was related to the sale of Nadex but determined to be separate to the Nadex sale which completed in H2 FY22. The loss on disposal of the right-of-use asset recognised in H1 FY23 was £0.2 million. In the H1 FY22 and FY22 Financial Statements, the right-of-use asset was disclosed on the Statement of Finance Position as an asset classified as held for sale. The associated lease liability was disclosed within liabilities directly associated with assets classified as held for sale.

2. 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 FY22 Financial Statements, except for the new accounting policy outlined below.

Equity arising from transactions with shareholders

Upon entering into a contract with a bank or broker which includes an obligation for that bank or broker to acquire the Group's own shares, a financial liability is recognised at the present value of the redemption amount, with a corresponding debit to the share buyback reserve, which is included within other reserves. Following initial recognition, the financial liability is measured in accordance with the Group's existing accounting policies for financial liabilities. The amount recognised in the share buyback reserve is reduced by the consideration paid for the purchase of own shares and transferred to retained earnings. The amount of the Group's issued share capital is reduced by the nominal value of the shares repurchased and transferred to the capital redemption reserve, which forms part of other reserves.

Where the contract to repurchase shares expires prior to completing the repurchase, and incomplete delivery of the shares has taken place, the remaining balance recognised in the share buyback reserve is reversed along with the remaining financial liability. Any consideration paid to acquire own shares which exceeds the amount initially recognised is a transaction related cost and recognised directly in equity.

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, other than those outlined in the paragraph below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2. Significant accounting policies (continued)

The IASB has published a number of minor amendments to IFRSs that are effective for periods beginning on or after 1 January 2023. These include amendments published to IAS 12 – Income Taxes and Contingent Assets and IAS 1 – Presentation of Financial Statements. The Group is in process of assessing the impact of these amendments, however, the Group expects they will have an insignificant effect, when adopted, on the Consolidated Interim Condensed Financial Statements of the Group.

Critical accounting estimates and judgements
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 judgements and 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 remain consistent with those disclosed in the FY22 Financial Statements, except for the judgement described below.

Assessment of impairment indicators of the US (tastytrade,Inc.(tastytrade)) Cash Generating Unit (CGU) – A review has been performed to consider whether indicators of impairment are present as at 30 November 2022 for the US (tastytrade) CGU, taking into account both internal and external factors which are outlined in note 8. The Group previously disclosed a critical accounting estimate relating to the recoverable amount of the US (tastytrade) CGU and concluded that the recoverable amount is sensitive to reasonably possible change to assumptions. The judgement that there were no impairment indicators present means that no formal impairment test has been performed.

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 that considers the principal risks faced by the business. 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 FY22 Annual Report.

The Directors' assessment has considered 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.

Other matters
New lease agreement
In H1 FY23, the Group entered into a new eight-year lease agreement for its US operations, which commenced in December 2022. The undiscounted future cash flows for this lease amount to £9.4 million. As the commencement date for this lease is in December 2022, the Group has not recognised the right-of-use-asset and associated lease liability asset as at 30 November 2022.

Segregated client funds
Segregated client funds are held in segregated client money accounts which restrict the Group's ability to control the monies and accordingly are held off-balance sheet. The amount of segregated client funds held at 30 November 2022 was £2,449.9 million (31 May 2022: £2,577.9 million; 30 November 2021: £2,701.7 million). The return received on managing segregated client funds is included within net operating income.

3. Net trading revenue by reportable segments

The Executive Directors are the Group's Chief Operating Decision Maker (CODM). Management has determined the reportable segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group manages market risk and a number of other activities on a Group-wide portfolio basis and accordingly a large proportion of costs are incurred centrally. These central costs are not allocated to individual segments for decision-making purposes for the CODM, and, accordingly, these costs have not been allocated to segments. Additionally, the Group's assets and liabilities are not allocated to individual segments and are not reported as such for decision making purposes to the CODM. Therefore, the segmental analysis shown below does not include a measure of profitability, nor a complete segmented balance sheet, as this would not reflect the information which is received by the CODM on a regular basis.

Net trading revenue represents trading revenue that the Group generates from client trading activity after deducting introducing partner commissions. The CODM uses net trading revenue as the primary measure of performance of the various segments of the Group.

The CODM considers business performance from a product perspective, split into OTC derivatives, exchange traded derivatives, and stock trading and investments. The segmental analysis shown below by product aggregates the different geographical locations given the products in those locations are similar in nature. Revenue from OTC derivatives is derived from the UK, EU, EMEA – non EU, Australia,

3. Net trading revenue by reportable segments (continued)

Singapore, Japan, Emerging markets and the US. Exchange traded derivatives revenue derives from tastytrade and the Spectrum business located in the US and the EU respectively. Stock trading and investments revenue derives from the UK and Australia.

The CODM also considers business performance from a geographical location. This geographical split reflects the location of the office that manages the underlying client relationship.

The segmental breakdown of net trading revenue is as follows:

Net trading revenue by product:

	Unaudited six months ended 30 November 2022	Unaudited six months ended 30 November 2021
	£m	£m
OTC derivatives	416.5	398.4
Exchange traded derivatives	67.1	57.6
Stock trading and investments	11.3	15.9
Net trading revenue from continuing operations	494.9	471.9
Net trading revenue from discontinued operations	-	6.3

Net trading revenue by geography from continuing operations:

	Unaudited six months ended 30 November 2022	Unaudited six months ended 30 November 2021
	£m	£m
UK	169.3	177.5
Japan	55.8	44.6
Australia	51.9	48.8
Singapore	37.0	37.0
EMEA – non EU	28.9	27.1
Emerging markets	21.9	20.4
UK, APAC & Emerging markets	**364.8**	**355.4**
US	**72.6**	**61.4**
EU	**57.5**	**55.1**
	494.9	**471.9**

The OTC derivatives segment, and the UK operations, include a £5.8 million foreign exchange gain in the six months ended 30 November 2021. This arose from hedging the US dollar exposure arising from the cash consideration which was payable upon completion of the acquisition of tastytrade on 28 June 2021.

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 2022	Unaudited six months ended 30 November 2021
	£m	£m
UK	133.8	133.8
Japan	2.9	4.4
Australia	0.6	1.0
Singapore	0.6	1.0
EMEA – non EU	6.5	7.8
Emerging markets	0.1	-
US	815.5	776.4
EU	5.5	6.0
	965.5	930.4

Notes to the Consolidated Interim Condensed Financial Statements

for the six months ended 30 November 2022 (unaudited)

4. Operating costs

	Unaudited six months ended 30 November 2022 £m	Unaudited six months ended 30 November 2021 £m
Fixed remuneration	96.3	69.1
Variable remuneration	27.3	27.3
Employee related expenses	123.6	96.4
Advertising and marketing	43.6	38.0
Depreciation and amortisation	30.2	26.6
IT, market data and communications	26.2	20.6
Trading related costs	20.3	12.6
Legal and professional costs	11.6	11.2
Premises related costs	5.2	3.8
Regulatory fees	0.4	2.3
Other costs	17.7	10.3
Total operating costs from continuing operations	278.8	221.8
Total operating costs from discontinued operations	0.2	6.5

5. Tax expense

The tax expense of £45.6 million (H1 FY22: £42.6 million) is recognised based on management's estimate of the effective tax rate for the full year of 18.9% (H1 FY22: 17.4%), applied to profits generated from continuing operations. The actual effective tax rate for FY22 was 17.9%. The factors affecting the tax charge in future periods are detailed on page 154 of the FY22 Annual Report.

The tax expense relating to discontinued operations was £nil for the period ended 30 November 2022 (period ended 30 November 2021: £nil).

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 2022	Unaudited 30 November 2021
Basic	425,002,160	421,718,081
Dilutive effect of share-based payments	3,109,996	2,982,002
Diluted	428,112,156	424,700,083

	Unaudited six months ended 30 November 2022	Unaudited six months ended 30 November 2021
Basic earnings per ordinary share		
Attributable to continuing operations	45.8p	48.1p
Attributable to discontinued operations	0.0p	0.0p

	Unaudited six months ended 30 November 2022	Unaudited six months ended 30 November 2021
Diluted earnings per ordinary share		
Attributable to continuing operations	45.5p	47.7p
Attributable to discontinued operations	0.0p	0.0p

7. Dividends paid and proposed

	Unaudited six months ended 30 November 2022	Unaudited six months ended 30 November 2021
	£m	£m
Final dividend for FY22 of 31.24 pence per share (FY21: 30.24 pence per share)	133.2	130.3

The proposed interim dividend for FY23 of 13.26 pence per share, totalling approximately £55.1 million, was approved by the Board on 25 January 2023 and has not been included as a liability as at 30 November 2022. This dividend will be paid on 3 March 2023 to those members on the register at the close of business on 3 February 2023.

8. Goodwill

Goodwill has been allocated to CGUs as follows:

	Unaudited 30 November 2022	31 May 2022
	£m	£m
US (tastytrade)	525.4	502.8
UK	100.9	100.9
South Africa	0.8	0.9
Australia	0.1	0.1
	627.2	604.7

The movement in the goodwill balance is attributable to foreign exchange movements. For the allocated goodwill above, there are no accumulated impairment losses recognised as at 30 November 2022.

Goodwill arose as follows:

- US (tastytrade) - from the acquisition of tastytrade on 28 June 2021.
- UK – from the reorganisation of the UK business on 5 September 2003.
- South Africa – from the acquisition of Ideal CFDs on 1 September 2010.
- Australia – from the acquisition of the non-controlling interest in IG Australia Pty Limited in the year ended 31 May 2006.

The Group performs a full goodwill impairment assessment for its annual financial statements and when circumstances indicate that the carrying values may be impaired. The Group's full impairment assessment carried out for the FY22 Financial Statements was based on value-in-use calculations. The key assumptions used to determine the value-in-use for the different cash generating units are disclosed in the FY22 Financial Statements.

An assessment of both qualitative and quantitative factors has been performed to identify whether any indicators of impairment are present as at 30 November 2022. Having performed this assessment, management concluded that there was no indication that goodwill may be impaired,for any of the Group's CGUs, as the factors considered do not currently indicate a long-term deterioration of the businesses and profitability. Management will perform an annual impairment test, incorporating cash flow projections based on the annual budgets approved by the Board, for the FY23 Financial Statements.

US (tastytrade) CGU:
The Group's largest goodwill balance is associated with the US (tastytrade) CGU. Given the judgement involved (refer to note 2) in determining whether there are any indicators of impairment, further details on the assessment of qualitative and quantitative factors are provided below.

Future cash flow projections, regional long term growth rates, and discount rates were the key assumptions identified in the Group's annual impairment test carried out in FY22. The recoverable amount of the CGU was sensitive to reasonably possible changes in these assumptions in FY22 impairment test. The qualitative and quantitative factors that could adversely impact these assumptions are slower than expected progress of strategic initiatives, lower trading volumes, market share, client attrition rates, changes in interest rates and regulatory changes.

The judgmental nature of this assessment is due to changes in macroeconomic factors, such as interest rate movements. This impacts both the discount rate and interest income cash flows. Therefore, the impairment indicators described above have been supplemented by further quantitative analysis for the US (tastytrade) CGU, updated as at 30 November 2022 to understand the impact on headroom. This supplementary quantitative analysis further supports management's conclusion that there is no indication that the US (tastytrade) CGU is impaired.

Future cash flow projections:
The future cash flow projections include estimates of revenue, costs, and capital expenditure. Projected revenue is based on assumptions relating to client acquisition and trading activity, and assumptions on interest earned on client funds. The projected costs are based on assumptions relating to revenue-related costs, including trading and client transaction fees, and structural costs. The projected profitability considers historical performance and the Group's knowledge of the current market, together with the Group's views on the future achievable growth. During the period, the US (tastytrade) CGU performed in line with its overall FY23 budget, although the composition of revenue, which consists of trading revenue and interest on client funds, was more heavily weighted to interest income than originally forecasted

8. Goodwill (continued)

following the increases in the US Federal Funds Rate, and the impact on trading revenue from lower active clients. The projected cash flows used were based on updated forecasts, which reflect changes in the macroeconomic environment, and year to date performance on revenue and costs.

Regional long term-growth:
The long-term growth rate remained unadjusted in this quantitative analysis as no qualitative or quantitative factors were identified that would impact the regional long term growth rate assumption used in the value-in-use calculation as at 31 May 2022. The regional long-term growth is used to extrapolate the CGU cash flows to perpetuity. A terminal growth rate of 2.0% was applied to the cash flows projections to derive a terminal value beyond management's forecast period.

Discount rates:
The discount rate used to calculate the recoverable amount of the US (tastytrade) CGU is a post-tax weighted average cost of capital (WACC) which is specific to the US geographical region. The discount rate depends on the current market assessment of the time value of money, determined by external market information, and inputs relating to the specific risks associated with the US (tastytrade) CGU which are subject to management's judgement. The post-tax WACC was grossed up to approximate a pre-tax discount rate of 19.7%, which was applied to the forecast future cash flows. This rate was based on expert advice and reflects changes in the macroeconomic environment, for which forecasts remain uncertain.

9. Intangible assets

	Customer Relationships	Trade names	Non-compete arrangements	Internally developed software	Domain Names	Software and Licences	Total
	£m	£m	£m	£m	£m	£m	£m
Net book values							
30 November 2021 - (unaudited)	155.0	57.6	28.3	25.5	15.5	5.6	287.5
31 May 2022	161.9	58.7	25.8	26.7	14.7	4.3	292.1
30 November 2022- (unaudited)	161.0	59.2	23.7	27.6	13.2	3.3	288.0

The Group has performed a review of intangible assets as at 30 November 2022 and concluded that there are no indicators of impairment. The movements in carrying value of customer relationships, trade names and non-compete arrangements in the current period are attributable to accumulated amortisation and foreign exchange movements. The movements in carrying value of the remaining assets in the current period are attributable to additions, disposals, accumulated amortisation and foreign exchange movements.

10. Financial investments and financial assets pledged as collateral

	Unaudited 30 November 2022	31 May 2022	Unaudited 30 November 2021
	£m	£m	£m
UK Government securities	620.0	351.1	386.4
Term deposits	-	45.0	-
	620.0	396.1	386.4
Split as:			
Non-current portion	474.6	160.1	177.6
Current portion	145.4	236.0	208.8
	620.0	396.1	386.4

The Group held £361.9 million UK Government securities as at 30 November 2022 (31 May 2022: £289.9 million and 30 November 2021: £304.2 million) to satisfy margin requirements. As at 30 November 2021 the Group held £82.2 million UK Government securities to meet liquid asset buffer requirements under the previous BIPRU12 regime. From 1 January 2022, this was replaced by a new regime within the Investment Firm Prudential Regime rules. The Group is now able to meet its basic liquid asset requirement and a liquid asset threshold requirement with a broader range of assets.

Following the introduction of the Uncleared Margin Rules ("UMR") which came into effect on 1 September 2022, the Group is required to pledge collateral, which is held in segregated custody accounts, to meet the initial margin requirements of certain brokers. Previously initial margin requirements were met with a combination of cash and UK Government securities held in unsegregated accounts. As a result of this change, the UK Government securities held by the Group has increased. The business model for holding UK Government Securities is unchanged and so the Group continues to recognise and measure the assets as fair value through other comprehensive income. Additionally, as at 30 November 2022, the Group holds £32.7 million of financial assets which is not recognised on balance sheet as collateral from certain brokers to satisfy the requirements of UMR.

11. Trade receivables

	Unaudited 30 November 2022	31 May 2022	Unaudited 30 November 2021
	£m	£m	£m
Amounts due from brokers	390.4	381.0	582.9
Own funds in client money	55.1	85.5	123.8
Amounts due from clients	3.0	3.0	3.1
	448.5	469.5	709.8

Amounts due from brokers represent balances with brokers and execution partners where the combination of cash held on account and the valuation of financial derivative open positions, or unsettled trade receivables, results in an amount due to the Group.

Own funds in client money represent 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 £5.6 million (31 May 2022: £7.6 million and 30 November 2021: £36.9 million) to be transferred to the Group on the following business day.

Amounts due from clients arise when a client's total funds held with the Group are insufficient to cover any trading losses incurred by the client or when a client utilises a trading credit limit. Amounts due from clients are stated net of an allowance for impairment

12. Other assets

Other assets are cryptocurrency assets and rights to cryptocurrency assets, which are owned and controlled by the Group for the purpose of hedging the Group's exposure to clients' cryptocurrency trading positions. The Group holds rights to cryptocurrency assets on exchange and in vaults as follows:

	Unaudited 30 November 2022	31 May 2022	Unaudited 30 November 2021
	£m	£m	£m
Exchange	0.8	1.8	11.0
Vaults	10.5	12.4	16.3
	11.3	14.2	27.3

Other assets are measured at fair value less costs to sell. Other assets are level 2 assets in accordance with the fair value hierarchy set out in note 27 of the FY22 Annual report.

13. Debt securities in issue

In H1 FY22 the Group issued £300.0 million 3.125% senior unsecured bonds due in 2028. The issued debt has been recognised at fair value less transaction fees. As at 30 November 2022, £1.8 million unamortised arrangement fees are recognised on the Statement of Financial Position (30 November 2021: £2.1 million).

The Group also has access to a £350.0 million revolving credit facility, which has increased as a result of two accordions to the existing revolving credit facility being signed in H1 FY23. The Group has the option to request an increase in the revolving credit facility size to £400.0 million. The Group also had the option to request a maturity extension of one year, which was used in H1 FY23. The revolving credit facility will now mature in 2025. In addition, the Group has the option to extend the maturity for a further year, subject to borrower request and lender consent.

Under the terms of the 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.

14. Trade payables

	Unaudited 30 November 2022	31 May 2022	Unaudited 30 November 2021
	£m	£m	£m
Client funds:			
UK and Ireland	305.5	359.0	322.2
EMEA Non-EU	53.1	48.8	62.1
EU	50.3	71.6	60.4
US	36.9	34.1	27.0
Japan	5.6	4.4	3.9
Singapore	0.8	1.5	1.5
Total client funds	452.2	519.4	477.1
Issued turbo warrants	1.8	1.5	1.3
Amounts due to brokers	14.3	28.0	66.1
Amounts due to clients	18.9	22.3	20.4
	487.2	571.2	564.9

Client funds reflects the Group's liability for client monies which are recognised on balance sheet in cash and cash equivalents.

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

Amounts due to clients represent balances that will be transferred from cash and cash equivalents 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.

15. 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 2021	370,299,455	-	125.8
Issued during the period	61,275,000	-	-
At 30 November 2021 (unaudited)	431,574,455	-	125.8
At 31 May 2022	431,574,455	-	125.8
Issued during the period	-	-	-
Shares bought back and immediately cancelled	(14,455,050)	-	-
At 30 November 2022 (unaudited)	417,119,405	-	125.8

On 21 July 2022, the Group announced a share buyback programme with a maximum aggregate market value equivalent to £150 million, to be completed in two tranches of £75 million each. It was also announced that all shares repurchased as part of the programme would be cancelled. The first tranche commenced on 21 July 2022 and completed on 12 October 2022, with the purchase and cancellation of 9,613,152 shares. The second tranche commenced on 25 October 2022 and as at 30 November 2022 has resulted in the purchase and cancellation of 4,841,898 shares. As at 30 November 2022 the Group has repurchased and cancelled 14,455,050 shares, with an aggregate nominal value of £723, for total consideration of £114.6 million (including related costs of £1.0 million).

No shares were issued to satisfy the exercise of share awards in H1 FY23. During H1 FY22, 275,000 ordinary shares with an aggregate nominal value of £13.75 were issued to the Employee Benefit trust to satisfy the exercise of Sustained Performance Plan and Long-Term Incentive Plan awards for consideration of £13.75.

During H1 FY23, there have been no changes to the Group's deferred redeemable shares and redeemable preference shares (H1 FY22: none).

16. Related party transactions

The basis of remuneration of key management personnel remains consistent with that disclosed in the FY22 Annual Report. The Group incurred short term office rental costs in relation to office space leased from key management personnel totalling £0.2 million in H1 FY23 (H1 FY22: £0.1 million).

The Group has a 9.86% shareholding and 25% voting rights in Zero Hash Holdings Limited which is accounted for as investment in associate on Group's balance sheet. Zero Hash facilitates cryptocurrency trading for clients of tastyworks, Inc. (tastyworks). tastyworks recognised £0.1 million revenue from Zero Hash during the period (H1 FY22: £0.3 million).

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

17. 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 ongoing legal proceedings and engagements with regulatory authorities. Where possible, an estimate of the potential financial impact of these legal proceedings is made using management's best estimate, but where the most likely outcome cannot be determined no provision is recognised.

The largest group of related claims that the Group is subject to could have a financial impact of approximately £21.1 million as at 30 November 2022. There have been no significant developments during the period and it is still not possible to determine whether any amounts will be payable to the clients. As a result, no provision has been recognised.

Under the terms of the agreement with the Group's clearing broker for its operations in the US, Apex Clearing Corporation, the Group guarantees the performance of its customers in meeting contracted obligations. In conjunction with the clearing broker, the Group seeks to control the risks associated with its customer activities by requiring customers to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines is monitored daily and, pursuant to such guidelines, the customers may be required to deposit additional collateral, or reduce positions where necessary.

Other than the matters outlined above there are no contingent liabilities that are expected to have material adverse impact on the Group Consolidated Interim Condensed Financial Statements. The Group had no material provisions as at 30 November 2022 (30 November 2021: £nil).

18. 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 28 of the FY22 Annual Report. There has not been a significant change in the Group's financial risk management policies during the period.

19. Financial instruments

Fair value hierarchy
Details of the financial instruments valuation hierarchy is provided in note 27 and the Significant Accounting Policies section in the FY22 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 27 of the FY22 Annual Report.

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.

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

At 30 November 2022 (unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
Trade receivables – amounts due from brokers	(20.5)	(101.4)	-	(121.9)
Financial assets pledged as collateral	-	-	-	-
Financial investments	620.0	-	-	620.0
Other investments	-	-	1.2	1.2
Financial liabilities:				
Trade payables – amounts due to brokers	0.5	1.1	-	1.6
Trade payables – client funds	26.2	99.2	-	125.4
Trade payables – issued turbo warrants	-	(1.8)	-	(1.8)

19. Financial instrument (continued)

At 31 May 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
Trade receivables – amounts due from brokers	9.2	(168.5)	-	(159.3)
Financial assets pledged as collateral	60.4	-	-	60.4
Financial investments	290.7	-	-	290.7
Financial liabilities:				
Trade payables – amounts due to brokers	-	(1.0)	-	(1.0)
Trade payables – client funds	14.1	103.3	-	117.4
Trade payables – issued turbo warrants	-	(1.5)	-	(1.5)

At 30 November 2021 (unaudited)	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
Amounts due from brokers	14.6	(12.5)	-	2.1
Financial assets pledged as collateral	117.1	-	-	117.1
Financial investments	269.3	-	-	269.3
Financial liabilities:				
Trade payables – amounts due brokers	(10.9)	(46.1)	-	(57.0)
Trade payables – client funds	17.6	67.4	-	85.0
Trade payables – issued turbo warrants	-	(1.3)	-	(1.3)

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

- Cash and cash equivalents
- 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)
- Lease liabilities

The carrying value of the Group's debt securities in issue as at 30 November 2022 was £297.4 million and the fair value of the debt securities was £230.3 million (31 May 2022: £269.6 million; 30 November 2021: £299.9 million).

20. Subsequent events

During the period from 1 December 2022 to 24 January 2023, the Group repurchased and cancelled 1,563,082 Ordinary Shares with a nominal value if 0.005p for an aggregate purchase amount of £12.5 million (including related costs of £0.1 million), bringing the total number of shares repurchased and cancelled under the £150.0 million share buyback programme announced in July 2022 to 16,018,132.

On 25 January, the Board approved an additional share buyback programme of up to £50.0 million. The commencement of this buyback programme will take place after the completion of the current buyback programme. The share buyback programme is expected to be substantially completed during the H2 FY23 period.

There have been 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 2022 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 2022 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 2022 (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.
The interim financial statements comprise:

- the Consolidated Interim Statement of Financial Position as at 30 November 2022;
- the Consolidated Interim Income Statement and Consolidated Interim Statement of Comprehensive Income for the period then ended;
- the Consolidated Interim Statement of Cash Flows for the period then ended;
- the Consolidated Interim Statement of Changes in Equity for the period then ended 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.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). 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.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

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. In preparing the Interim results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. 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.

PricewaterhouseCoopers LLP

Chartered Accountants

London

25 January 2023

Appendices

Appendix 1

Operating lease net assets

£m	30 Nov 2022	31 May 2022
Right-of-use assets[1]	16.4	19.9
Lease liabilities (current)	(7.4)	(8.9)
Lease liabilities (non-current)	(10.9)	(13.0)
Operating lease net assets	**(1.9)**	**(2.0)**

[1]Amounts identified as right-of-use assets from “property, plant and equipment”

Own cash

£m	30 Nov 2022	31 May 2022
Cash and cash equivalents	858.9	1,246.4
Financial investments – termed cash	-	45.0
Less: Cash held to meet regulatory liquidity requirements	(72.5)	(45.5)
Own cash	**786.4**	**1,245.9**

Issued debt

£m	30 Nov 2022	31 May 2022
Debt securities in issue	(297.4)	(297.2)
Unamortised fees capitalised[1]	(1.9)	(2.0)
Issued debt	**(299.3)**	**(299.2)**

[1] Unamortised arrangement fees recognised in "debt securities in issue"

Net amounts due from brokers

£m	30 Nov 2022	31 May 2022
Financial investments – UK Government securities held at brokers (note 10)	361.9	289.9
Trade receivables - amounts due from broker (note 11)	390.4	381.0
Trade payables - amounts due to broker (note 14)	(14.3)	(28.0)
Other assets (note 12)	11.3	14.2
Net amounts due from brokers	**749.3**	**657.1**

Financial investments

£m	30 Nov 2022	31 May 2022
Financial investments and financial assets pledged as collateral (note 10)	620.0	396.1
Less: Financial investments held at brokers (note 10)	(361.9)	(289.9)
Less: Financial investments – regulatory liquidity requirements	-	(61.2)
Less: Financial investments – termed cash	-	(45.0)
Financial investments	**258.1**	**-**

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Liquid asset threshold requirement

£m	30 Nov 2022	31 May 2022
Financial investments – regulatory liquidity requirements	-	61.2
Cash held to meet regulatory liquidity requirements	72.5	45.5
Net amounts due from brokers	**72.5**	**106.7**

Own funds in client money

£m	30 Nov 2022	31 May 2022
Trade receivables - own funds in client money (note 11)	55.1	85.5
Less: Trade payables - amounts due to clients[1]	(17.8)	(21.3)
Own funds in client money	**37.3**	**64.2**

[1]Amounts considered as part of "own funds"

Working capital

£m	30 Nov 2022	31 May 2022
Prepayments (non-current)	0.7	-
Prepayments (current)	19.8	23.2
Amounts due from clients (note 11)	3.0	3.0
Unamortised fees capitalised[1]	1.9	2.0
Other receivables	8.3	9.8
Other payables (non-current)	(1.2)	-
Other payables (current)	(91.0)	(119.5)
Trade payables - amounts due to clients[2]	(1.1)	(1.0)
Working capital	**(59.6)**	**(82.5)**

[1]Unamortised arrangement fees recognised in "debt securities in issue"

[2]Amounts considered part of "working capital"

Net own funds generated from operations

£m	H1 FY23	H1 FY22
Cash generated from operations	181.1	258.1
- Increase in trade payables	90.6	(200.4)
- Increase in trade receivables	(25.9)	195.0
- Repayment of lease liabilities	(3.8)	(3.9)
- Interest paid on lease liabilities	(0.3)	(0.3)
- Fair value movement in Gilts	(9.5)	(0.9)
Own funds generated from operations (A)	**232.2**	**247.6**
Taxes paid (Consolidated statement of cash flows)	(65.6)	(33.9)
Net own funds generated from operations	**166.6**	**213.7**
Profit before taxation (B)	240.5	245.2
Conversion rate from profit to cash (A/B) %	**97%**	**101%**

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Appendix 2

Adjusted net trading revenue

£m	H1 FY23	H1 FY22	Change %
Net trading revenue (Note 3)	494.9	471.9	5%
Foreign exchange gain associated with the tastytrade acquisition	-	(5.8)	Nm
Adjusted net trading revenue	**494.9**	**466.1**	**6%**

Adjusted operating costs

£m	H1 FY23	H1 FY22
Operating costs (Note 4)	278.8	221.8
- Net credit losses on financial assets	1.1	1.5
Adjusted operating costs inc. net credit losses	**279.9**	**223.3**
- Operating costs relating to the tastytrade acquisition and integration	(1.7)	(1.2)
- Amortisation on tastytrade acquisition intangibles and recurring non-cash costs	(18.5)	(14.8)
- Operating costs relating to the Nadex sale	(2.9)	(1.6)
Adjusted operating costs	**256.8**	**205.7**

Adjusted profit before tax and earnings per share

£m (unless stated)	H1 FY23	H1 FY22
Earnings per share (p)(Consolidated Income Statement)	45.8	48.1
Weighted average number of shares for the calculation of EPS (millions) (note 6)	425.0	421.7
Profit after tax (Consolidated Income Statement)	**194.7**	**202.6**
Loss for the period from discontinued operations (Consolidated Income Statement)	0.2	-
Tax expense (Consolidated Income Statement)	45.6	42.6
Profit before tax (Consolidated Income Statement)	**240.5**	**245.2**
- Foreign exchange gain associated with the tastytrade acquisition	-	(5.8)
- Operating income relating to the Nadex sale	(2.9)	-
- Operating costs relating to the Nadex sale	2.9	1.6
- Amortisation on tastytrade acquisition intangibles and recurring non-cash costs	18.5	14.8
- Operating costs relating to the tastytrade acquisition and integration	1.7	1.2
- Financing costs relating to the debt issuance	-	1.0
Adjusted profit before tax (A)	**260.7**	**258.0**
Adjusted tax expense	(49.4)	(44.8)
Adjusted profit after tax	**211.3**	**213.2**
Adjusted earnings per share (pence per share)	**49.7**	**50.6**
Adjusted total revenue (B)	**519.1**	**465.7**
Adjusted PBT margin (A/B) %	**50.2%**	**55.4%**

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Total revenue - High Potential Markets and tastytrade

£m	H1 FY23	H1 FY22	Pro forma H1 FY22	Change %	Pro forma change %
High Potential Markets	94.8	65.4	74.1	45%	28%
tastytrade	77.9	53.2	61.8	47%	26%