

## H1 FY25 Results Transcript

### **Breon Corcoran (IG Group – CEO)**

#### **Slide 1**

Good morning and welcome to our results presentation for the first half of the 2025 financial year.

I'm Breon Corcoran, Chief Executive, thank you for taking the time to join us this morning.

I'm joined by Clifford Abrahams, our Chief Financial Officer. Clifford joined us last month, I'm delighted to welcome him to IG. We'll be running through the presentation together this morning.

#### **Slide 2**

Starting with today's agenda, I'll kick-off with some highlights on the first half and hand over to Clifford to take you through the details of our financial performance. I'll return to look at the progress we've made across the various priorities I presented in July before opening the line for questions.

#### **Slide 3**

Beginning with highlights on slide 4.

#### **Slide 4**

Looking back over the last six months, we've made progress – personally, I'd say it was a six out of ten.

Total revenue was up 11% reflecting stronger market conditions which resulted in higher revenue per customer, but active client numbers were flat.

Performance in the period shows that the business remains well placed to capture cyclical upside, but demonstrates that we have a lot of work to do to grow the active client base, which will be necessary to deliver sustainable stronger growth.

As I outlined in July, our focus is on three initial priorities – improving our product, enhancing our culture and increasing efficiency, and we've made some progress. Product velocity has some green shoots, supported by the implementation of our new organisational model; we're embedding a high-performance culture across the business; and we've initiated digital servicing workstreams to enhance efficiency.

Back in July I said that we'd take decisive action to close initiatives not delivering acceptable returns and we've done that with the exit from DailyFX, Spectrum and a legacy stock trading initiative. We're continuing to review sandbox projects and are prepared to fail fast and cheaply where I see a lack of acceptable progress.

In the first half, we demonstrated a commitment to deploy our strong capital generation to enhance shareholder returns and increase long-term growth potential.

Last week, we announced the proposed acquisition of Freetrade, the fast-growing UK self-directed investment platform, and I'm pleased to announce today that we're extending our existing share buyback programme.

Performance in the first half and current trading keeps us on track to meet consensus revenue and profit before tax expectations for the current financial year – you can find these on our investor relations website.

In summary, we've made progress, change is underway, and we have a lot of work ahead of us.

Turning now to financial highlights on slide 5.

#### **Slide 5**

Total revenue increased 11% year-on-year, driven by higher revenue per client reflecting stronger market conditions.

tastytrade delivered another consecutive half of record trading revenue, up 24% in US Dollars.

Costs were well controlled, down 1% on the prior year, supported by efficiency measures initiated in October 2023, before I joined IG. Adjusted profit before tax increased 30% and EPS was up 42% reflecting the undemanding comparator and lower share count resulting from buybacks.

We expect to complete the remainder of the £150m share buyback we announced in July by the end of this month. Today, we've extended our share buyback programme by an extra £50 million to £200 million and we expect to complete this in the second half of the current financial year.

Since the end of the 2022 financial year, we've returned over £1 billion to shareholders via dividends and share buybacks, including £281 million in the first half of the current financial year.

Turning now to the operational performance on slide 6.

#### **Slide 6**

As I said in July, we operate in large target addressable markets. We're the global over-the-counter market leader but our penetration of the revenue pool is small at under 10%, and we must add scale.

The B2C exchange-traded futures and options revenue opportunity in United States, Europe, Australia and Singapore alone is similar to the OTC opportunity. Our penetration of this revenue pool is less than 3% and there's a huge opportunity in emerging markets.

In stock trading and investments, and crypto, our existing proposition only scratches the surface of the opportunity, but Freetrade will give us a stronger platform on which to grow.

There are clear benefits from being in multiple categories compared to a single vertical industry, but we must move faster to capitalise on the opportunities in front of us.

In the first half of the year, active clients and first trades were flat on the prior year. Within this, tastytrade grew customers by 9% and first trades were up 32%. By contrast, OTC active clients were down 3% and first trades dropped 15%.

I'm confident that we can return the OTC business to growth, but we must invest in product and brand to realise our potential. We must bring high performing talent to IG to help us deliver and strategic hiring is one of my top priorities. We've made some progress in recent months.

With that, I'll hand over to Clifford to go through our first half financial performance in more detail.

## **Clifford Abrahams (IG Group – CFO)**

### **Slide 7**

Thanks Breon, and good morning everyone.

I joined IG after the current reporting period in mid-December, so I'm just over a month into the role. I've met some of you already and look forward to meeting others in coming months.

First, I'll give a brief, personal introduction and explain why I'm delighted to have joined IG and after that I'll run through financial performance in the period in detail.

I'm an experienced CFO of scale, international financial institutions.

I've spent my career in regulated, digital consumer businesses and have considerable M&A experience.

Like Breon, I'm ambitious and here for the opportunity.

IG has solid positions in large and growing addressable markets, and we're competing against many new and highly capable players. As Breon said in July, there's been some complacency here at IG in recent years and we're changing this.

We detailed our initial priorities in July, and we're moving at pace to deliver. As we do this, I'm confident that we'll compete more effectively, increase our active customer numbers and build scale. That commercial growth will translate into growth in our earnings and ongoing capital returns for shareholders.

Now kicking off with the P&L on slide 8.

### **Slide 8**

You can see here, trading revenue of £452 million increased 12% on the prior year reflecting stronger market conditions and a soft comparative.

Interest income of £71 million was up fractionally as customer cash balances increased 7% to £3.8 billion which offset the impact of lower interest rates.

Adjusted operating costs of £277 million declined 1%, reflecting normalisation of bad debt charges and efficiency measures.

Net finance income in the period was £19.8 million, up 29%. Within this, finance income increased 29% to £33.6 million, partly offset by finance costs, up 29% to £13.8 million. These higher finance costs reflected increased interest payments to customers on their cash deposits.

All together, adjusted profit before tax increased 30% to £267 million and we delivered a PBT margin of 51%.

Group tax expense includes a non-recurring tax write-off of £2.5 million resulting from our exiting Spectrum. As a result of this, we now expect the group effective tax rate for the year to be around 25%.

Adjusted profit after tax was up 30% to £201 million and adjusted earnings per share increased 42% to 55.3p as the share count dropped 8% with our share buybacks.

As Breon mentioned, we're comfortable with consensus revenue for the full year and expect net trading revenue to be broadly stable H2 vs. H1 and alongside this some pressure on net interest income as rates come down.

We'll now look at top line performance in more detail on slide 9.

### **Slide 9**

First half volatility normalised closer to long-term averages against a weak prior year comparative and this increased revenue per client in all our product lines.

In our OTC business, trading revenue was up 10% to £360 million as higher volatility increased client trading volumes. Revenue per client was up 13%, partly offset by a 3% decline in active clients.

OTC client income retention for the half year was in line with typical levels in a mid-70% range but performance was at the top end in Q1 and the low end in Q2.

Despite a stronger market backdrop, total active clients were flat with growth at tastytrade offset by weakness in our OTC and stock trading businesses.

Turning now to performance by division on slide 10.

### **Slide 10**

In the first half, we implemented a decentralised organisational model enhancing client centricity and accountability across the business. It's still early days, but we're encouraged by the positive impact already.

We now have five divisions – arranged geographically. With Group revenue well diversified around the world, this gives us a solid platform for growth.

A reconciliation from our prior disclosure is in the appendix of this presentation.

Now looking at the figures, trading revenue increased against the prior year in all divisions. Higher revenue per client offset lower active client numbers in all divisions, except in the US where stronger performance was equally driven by revenue per client and growth in active clients.

Moving down the P&L, we'll now turn to costs on slide 11.

### **Slide 11**

Overall, costs were well controlled, declining 1% on the prior year to £277 million.

Within this, fixed remuneration was down 5% to £95 million reflecting our implementation of efficiency measures initiated in 2023 which reduced average headcount by 10%.

Marketing costs declined 4% to £42.2 million and revenue related costs dropped 25% to £23 million reflecting normalisation in our bad debt charge from an unusually high level in the prior year.

IT costs increased 20%, reflecting investment in digitalisation of business processes and relocation of our data centres.

Looking forward, we expect costs to be modestly higher in the second half reflecting the timing of the provision we take for the UK Compensation Scheme levy each year, higher marketing costs, further investment in digitalisation and some costs associated with the acquisition of Freetrade.

Turning now to our capital position on slide 12.

### **Slide 12**

Today we announced that we're extending our share buyback by £50 million to £200 million. It's pleasing to show how we can both invest in accretive growth and return capital at attractive rates of return through our buyback, all whilst safeguarding our robust balance sheet.

At the end of November 2024, we had £658 million of headroom over the minimum regulatory capital requirement of £286 million. And the group capital position remains strong following the acquisition of Freetrade and execution of the £50 million extension to our share buyback with indicative pro forma headroom of £424 million.

This is stated prudently, prior to capital generation from the end of November.

Turning now to our capital allocation on slide 13.

### **Slide 13**

You can see here, we have a well-embedded capital allocation framework which has served us well and I'll consider if it can be further refined and we will update you here in the coming months.

With that, back to Breon.

### **Breon Corcoran (IG Group – CEO)**

### **Slide 15**

Let me start by recapping what we said at our full year results presentation in July.

Back then, we detailed three initial priorities – deliver better product, embed a high-performance culture across the business and increase efficiency.

All of this is necessary to drive faster growth and our priorities are unchanged.

Moving on to our current product assessment and geographical coverage on slide 16.

### **Slide 16**

We have a broad OTC product range, and global reach, but must add scale in this category and our B2B2C offering requires investment.

tastytrade provides us with a footprint in one of the world's largest retail futures and options markets, the United States. Our market share there has flat lined and we must address this by simplifying our offering and differentiating our brand, and performance marketing.

We've made progress to enhance our UK stock trading and investments offering with the launch of IG Invest and the acquisition of Freetrade will take our proposition to the next level.

Our crypto offering around the world remains very limited.

Turning now to our progress on slide 17.

### **Slide 17**

I remain convinced that I've joined a business with huge potential. We have a strong sense of purpose and I will invest in colleagues that are driven to better serve our customer's needs to accelerate growth.

Our focus on improving our product has some early momentum and we've delivered content and features which our customers have asked us for.

In our OTC business, we rolled out IG TopTrader which provides our customers with information on the positioning of our most successful traders and we've deepened integration with TipRanks, a popular trading and investment research platform.

We recently completed integration of our OTC and exchange-traded derivatives business with TradingView, a leading charting platform and social network.

At the end of the first half, we rolled out measures that will enhance revenue retention in our OTC business by capturing more spread income and lowering our hedging costs, without taking more market risk, whilst enhancing client experience.

In our exchange-traded derivatives business, we launched tastytrade in the UK. Revenue generated in the first half was minimal, but active clients and first trades are growing from month-on-month and I'm encouraged about the long-term potential of this offering.

In stock trading and investments, we rolled out IG Invest, which we intend to operate as a separately branded proposition alongside Freetrade. This will give us flexibility to deliver relevant product to different customer segments and experiment with UX and different fee and commission structures. We're configuring new stock trading and investments propositions in other countries tailored to local market demand.

In summary, we're making progress and have more to do to enhance our offering and broaden customer appeal to drive sustainable growth.

Now turning to the acquisition of Freetrade on slide 18.

### **Slide 18**

This is a great transaction for IG and Freetrade – Viktor has built a disruptive, high growth business, in a large and fast-growing market and I'm delighted to welcome him and his colleagues at Freetrade to IG.

The UK self-directed investment platform market is compounding at 10% per annum and forecast to grow strongly reflecting structural drivers. These include the democratisation of financial markets, greater individual responsibility for retirement planning, increased pension freedoms, growing financial literacy, digitalisation of services and demand for better value propositions.

Freetrade brings us capability I've talked a lot about, including great brand and UX, product velocity, performance marketing capability, highly scalable technology and a proven ability to acquire and serve customers at low cost.

This deal broadens our addressable market – most of Freetrade’s customers are in their 20s and 30s and this gives us optionality around new product and market entry.

Our initial focus will be on scaling Freetrade in the UK and completing the product roadmap to ensure that it offers everything a self-directed investor wants.

Turning now to Freetrade’s growth profile on slide 19.

### **Slide 19**

Since it launched in 2018, Freetrade has become one of the most successful challengers in the UK market with 720,000 customers and assets under administration more than doubling over the past couple of years to £2.5 billion.

Freetrade has well diversified revenue, split broadly equally across subscriptions, foreign exchange transaction fees, and interest income. In 2024, revenue increased 32% year-on-year to £27.5 million including a record Q4 of £8.3 million.

Top line growth has been delivered on a lower cost base which has driven strong operating leverage.

Freetrade achieved positive EBITDA for the first time last year as it scales through an important growth phase. I’m confident that we’re buying the business at the right time, at the right price, and that we can help take it to next level.

Turning now to culture on slide 20.

### **Slide 20**

One of my initial priorities has been to implement an organisational structure which enhances client centricity and increases P&L ownership and accountability throughout the business.

Each of our divisions has been, and will continue to be provided with, dedicated marketing, technology and product engineering resources to deliver product aligned with local market needs.

I’ve put in place new leadership for two divisions in the period – United Kingdom and Ireland, and Institutional and Emerging Markets.

Micheal Healy joins as head of UK and Ireland from Ryanair where he was Commercial Director.

Laura-Jane O’Shea joins as Chief Business Officer. She was most recently Chief Trading & Marketing Officer at Flutter in the UK and Ireland.

Since November we’ve hired over 100 new joiners from organisations with best-in-class digital offerings including TikTok, N26, Deliveroo, Just Eat, Alphabet and Flutter and we’re continuing to seek high performing talent to drive growth. Hiring great people is one of my top priorities.

In the first half, we communicated new performance expectations with all colleagues, enhanced performance evaluation and changed incentive schemes effective in FY25, with further enhancements planned for next year.

In summary, change is underway. Our engagement survey shows that colleagues have an appetite to move faster to drive growth and we’re prepared to pay for high-performance.

Turning now to efficiency on slide 21.

### **Slide 21**

We've taken decisive action to close initiatives not delivering acceptable returns over the past 12 months, including DailyFX, Spectrum and a legacy, multi-year stock trading initiative.

Spectrum was established in 2019 to diversify our product offering in Europe, the group has invested significant resources over the past five years attempting to scale it.

It's clear to me that the original momentum which had been hoped for hasn't materialised. Spectrum was broadly breakeven in the first half of the year – generating some £8 million of revenue and modestly lower costs. I'm allocating the capital and resources it consumed to more promising initiatives.

Headcount declined in the period, and we expect to have fewer, but higher performing people in the business in the future. To achieve this objective, we've initiated digital servicing workstreams which will enhance automation and scalability – initially focussed on client onboarding and servicing processes.

Reducing cost-to-serve will create capacity for investment in product and marketing to drive growth.

### **Slide 22**

To conclude on slide 23.

### **Slide 23**

I'm confident that we've got a solid platform for growth. Our first half performance demonstrated that the business is well placed to capture cyclical upside but also showed that we have work to do to grow the active client base and drive sustainable growth.

I'm delighted to have announced the acquisition of Freetrade and extend our share buyback programme, supported by strong capital generation.

We're allocating capital in a disciplined manner balancing distributions, and high equivalent rates of return from buying back our own stock with investments in growth that will create long-term value for all stakeholders.

We will continue to monitor M&A opportunities that will close product and capability gaps, and we're on track to meet consensus revenue and profit before tax expectations for the current financial year.

Our focus is on executing against the three priorities I outlined in July - product velocity, improved culture and efficiency.

We've made progress in the first half of the year – perhaps, as I said earlier, a six out of ten.

Evidencing stronger growth will take time, but I remain very excited about our prospects.

I'll leave it there and move on to Q&A.

## **Q&A**

### **Ian White (Autonomous Research)**

Hi there. Thanks for taking my questions. Maybe I just start with three, please. Firstly, in terms of the hiring and organisational change, is there a summary measure you can provide that tells us how much you think has already been achieved and how much is still to do, are you broadly halfway through? Have you made the most difficult steps already? That's question one.

Question two on hedging and risk management, is the Group's approach to hedging and revenue capture settled now with the changes that you've introduced towards the period end, or is that still an area where there is a decision to be made about how that looks over the medium term? That's question two.

And maybe just the third one in terms of the decision to run IG Invest alongside Freetrade. Can you help me understand why that's the optimal proposition? So are you not running two businesses in direct competition with one another in that regard. Just interested to understand a bit more the thinking behind that, please. Thank you.

### **Breon Corcoran (IG Group – CEO)**

Ian, good morning, it's Breon. I'll let Clifford take the second question, if he's happy to. He's here he tells me all of about six days.

I'm happy enough with the progress we're making. I'm very happy with the people who joined. I think the reality of long notice periods in the UK in particular, and in some cases draconian non-competes, has slowed us down. That's not helpful. I was asked a question six months ago about where the employer brand was and whether that was an inhibitor to getting some people on board. It's proven to be, some people look at this and they go, it's a turnaround in a public company, there's cultural change and you're competing against the likes of Revolut and some other big American firms. So this is not for everyone. But the ones that I've joined so far, I'm very happy to have them here and I'm excited about the impact they're making. I don't have a heuristic for how far along the journey we are. I think I'm pretty sure that someone asked me six months ago, what the kind of typical level of change is at a time like this and I would have said a third of people go and then a third of people decide it's not for them. I think the work from home thing and the soft job market in London has probably slowed voluntary attrition versus what it might have done at different stages in the cycle.

So in summary, the energy that the new people are bringing is palpable. Their enthusiasm about the opportunity and the journey ahead of us is really exciting and helping enormously. But we're at the end of the beginning rather than whatever the other side of that cliché is. Clifford.

### **Clifford Abrahams (IG Group – CFO)**

Ian, thanks for the question. I'm happy with our overall approach to internalising market risk and it's pleasing to see the recent initiatives making incremental progress here in terms of revenue retention. I'd expect us to continually be looking for such optimisation initiatives, particularly as markets change and we have new ideas, but I'm not expecting any fundamental changes in our approach.

### **Breon Corcoran (IG Group – CEO)**

The question about IG Invest and Freetrade, it feels like we're late to the game and I mean generally across multiple product lines, across multiple geographies. We met Freetrade first in March last year, maybe April last year, and the deal only got closed last week. When we can avoid taking binary bets that may not pay off, I'd rather have multiple in the fire, so we're progressing onboarding for IG products generally across the markets. IG Invest was quicker and easier to launch a new UX because that's really what it is for a slightly different customer base and that has some effect. Freetrade was never certain and indeed we still have a long way to go in terms of change of control from the FCA. So, I feel that given the urgency to be competitive and have our brands have better products in front of customers, we have to have several bets at the same time. That's partly the reason why we're not being more aggressive on guidance in terms of efficiency. We are running slightly inefficiently in the pursuit of growth to build a business that's more relevant to more customers sooner rather than later. I'm sure we'll come back to Freetrade later.

### **Richard Taylor (Barclays)**

Morning. A few questions for me, please. Keen to hear an update on incentives and how you're embedding the performance culture amid all the new hires.

Secondly, it sounds like they're being run separately, is there anything you can benefit from Freetrade to the benefit of the wider IG business, UX marketing and so on? And finally, active client numbers are flat overall, but a big variance say with tastytrade up and Asia-Pacific especially lower. Can you signal when you would aspire to turn first trades and actives in the OTC business into positive territory? Thank you.

### **Breon Corcoran (IG Group – CEO)**

Good morning, Richard. The company had some performance management stuff in place, but it's been implemented a little more rigorously now. We are paying kind of non-linearly for really great performance and talking much more about the benefits of meritocracy and how that's not for everyone, and how the best people that have the most to contribute should find great fulfilment here. So I think we're on that journey, the culture is changing. I think there's always a risk that people measure the change from where they were, rather than think about the gap between where they need to be. So we're somewhere on that journey, but we've further to go.

Freetrade, so the way it works, I'm sure you know this, but for others on the call, we've announced the deal, it's subject to change of control by the approval by the regulator. I'm sure that will come in time. The team there is very, I like the team a lot. Viktor, the CEO who I've spent a fair amount of time with, is smart and hardworking and focused, but also humble and low ego. Paul, the CFO there, briefly was at Revolut after he had previously worked at IG for seven or eight years. The tech team there were known to us peripherally as well. So there is overlap between what they do and what we do, and I would expect that we will start sharing. I've received some kind of nice warm emails from some of their people this morning after the results. So there's an enthusiasm there to work with us. There's a humility on our side that we can learn from them. But I also have to respect the process, the regulatory process, and that's not yet done. But I would hope that we will start working closer with them in coming months, and we would hope to have the full deal completed late summer. But I can't give explicit guidance on that outside of our control.

The last question, that's the worry. That's the number I look at too. I can't give you a forecast. I know we're trying more things, we're being more honest about how hard it is and how we have to try more things more quickly. We've ramped up some of the thinking in terms of creative, this is all about IG in the UK, we've learnt that we have work to do there. We're investing hard, and I don't just mean financially, we're investing hard in terms of talent as well. The tasty guys have had a good run for the last number of months. They're also working hard. The difference in growth there in terms of the first trades and actives is clear to us, so it's very much under focus. I can't give you guidance as to when. Do you want to jump in?

#### **Clifford Abrahams (IG Group – CFO)**

Yeah, I think in terms of sort of sequencing. I think clearly we're sort of flattish sequentially now, flat to down. I think the thing that I'm looking to see the business deliver is that sustained uptick in first trades and there's some seasonality with the ISA season and the start of the year in certain markets combined with improved retention, clearly driving actives. Then look to see a sustained quarterly rise in all those metrics quarter on quarter, rather than blips through quarter. So that's what sort of early success would look like.

#### **Richard Taylor (Barclays)**

Very good. Thanks for your answers.

#### **Ben Bathurst (RBC Capital)**

Morning. I have questions in three areas, if I may. Starting on costs, I see marketing and advertising expense was 4% lower year-on-year in the first half, and in what you characterise as supportive market conditions, I think your steer in the summer was that you may have been underspending on marketing historically, so I wondered if there's any update on thinking there.

And then secondly, on Freetrade, a bit of a detailed question, you showed revenue growth on Slide 19 of 32% in 2024. I wondered if you could split out that growth and give an indication to how much of that comes from higher interest income.

And then thirdly, really on the longer-term target, the senior leadership team, somewhat refreshed with a new CFO on board, did you have any plans to do a broader strategic update to the market in the next 12 months or so, or is that still likely further down the line. Thank you.

#### **Breon Corcoran (IG Group – CEO)**

Clifford might take the Freetrade question. There's a new team here, we see merit in transparent, open, inclusive, conversations with shareholders and that may get us to a strategy, but I don't think today's the day to commit to that. On the marketing thing, I'd love to spend more money on marketing, absolutely would love to spend more money on marketing, but I'm forcing people to operate in a resource constrained way. Periodically, I task the CMO's to justify incremental budget and to date, in the first half of the year, we haven't had enough conviction that we can spend money efficiently. So we're trying to focus our efforts, we're measuring the return on those efforts more carefully and I've got appetite to spend more money. I think we're underspending, but I don't have such clear conviction that the full proposition for marketing creative all the way through to onboarding journeys, all the way through to monetisation, is sufficiently slick that we can we can

step change marketing up. As people are focused on improving things, that gets them to trimming some of the fat first, to take some pressure off themselves as much as anything else. So marketing is very much a work in progress. That goes back to Richard's question, Clifford's answer is right, but this is going to take us some time. Do you want to talk about the revenue mix of Freetrade?

**Clifford Abrahams (IG Group – CFO)**

Yeah, I think I think Freetrade has a broad revenue mix. I think you can see from the proposition that that it offers good value across the sort of various revenue drivers. So I don't want to comment particularly on net interest income, but their revenue streams around subscriptions, around FX and so we're content that that franchise has legs which will drive the accretion that we expect to see over time.

**Vivek Raja (Shore Capital)**

Morning, thanks for taking my questions. Three areas to question on, please, if I may. The first one is on your initial comments about six out of ten progress so far. I wonder if you could say a little bit more about that, particularly what is going well in your first year? And what would you like to have gone better?

Next, questions on the risk management change. If you could quantify for us the output of that, IG used to communicate that in terms of client income retention. So I just wondered if you could tell us what you achieved in the first half in terms of client income retention and what you expect risk management changes could deliver in future.

And then the last thing, I appreciate you have talked at a high-level in terms of efficiency improvement, but I wonder if you could communicate that in terms of pre-tax margin. It's not a shabby pre-tax margin that you've generated and where would you like that to get to over time? Thanks.

**Breon Corcoran (IG Group – CEO)**

We've committed to running the business more efficiently. I think we're evidencing that. But, I think it's way too premature to be giving long term guidance, there's too many moving parts and too many unknowns.

To the six out of ten, that would be my score on what we've achieved rather than the effort put in. A lot of people have raised their game and put a lot of energy and thought into how we can make this company more relevant to more customers. So I think the six out of ten is an output measure rather than a reflection on how much effort went in. But if we look back, I wish we had brought in more new people earlier. I can't tell you how excited the team is to have Clifford here, he's helping enormously. It's good for the finance team, but it's good more generally as well. And sparing his blushes, although he's not blushing for the record, the other people who come in bring an energy and bring new ideas from other, often great, companies. That's refreshing and helps people that were formerly here, or previously here, to raise their game as well. So I wish I'd accelerated the rate of change, but it does take some time to diagnose what the right blend is. But if I had the time again, I would have brought in more new people earlier. You will recall there were some departures, I think there were four departures in March of last year and you're trying to steer a company through change and have shareholders and the Board and regulators, keep them comfortable as well. But the

one regret is not bringing in more people more quickly. I'm happy with the progress we're making in technology. I'm happy with the divisional structure. I'm happy with some of the cultural moves. I'm very excited about Freetrade. So maybe it's a six and a half out of ten, but still, as a reflection, there's a lot of work to do. On the pricing thing, do you want to take that?

**Clifford Abrahams (IG Group – CFO)**

Yeah, I think clearly we've got some large, strong, high margin businesses that we're proud of and we're looking to grow, and are growing, in some lower margin areas, bluntly some lower margin areas. We're not going to guide or yet target against PBT margins, what I can say is we're committed to accelerating growth in sustainable revenue. We do think there is strong operating leverage in the business and that will safeguard margins. Ultimately we want to drive consistent profit after tax growth, EPS growth and, ultimately, distributions to investors. That's how we're thinking about the growth of the business.

**Breon Corcoran (IG Group – CEO)**

Vivek, on your second question, I'm not sure if that was an operating margin question or a gross margin, like an RTV question. So on that, because I guess it'll be interesting to other people as well, we continue to invest there, we have real capability in terms of risk management. It goes back to, I think Clifford answered the question earlier, there is some volatility there. I think there's more, we have made an investment in something called price and size, which is recognising the fact that some of our customers trade in very small size and some trade very large and pricing that business accordingly makes sense for us and indeed the customer. So there's an opportunity to make ongoing investments to improve the quality of the business, and indeed improve the customer experience. But I think it's too early to give guidance on what that looks like from a financial point of view.

**Vivek Raja (Shore Capital)**

Not really a guidance question, it was actually, it was about gross margin. It's about revenue retention, gross client income and then net trading revenue that you recoup from that, after hedging costs and client P&L. I just wondered what you achieved in the first half, and I'm not necessarily asking you to say what you think is achievable over time, but can you say what you did in the first half.

**Breon Corcoran (IG Group – CEO)**

The primary change was a product change that in most of our OTC businesses, not all, but most of our OTC businesses has differential pricing based on order size. So you can imagine that absent that, which is what we were, somebody trading in one lot versus 100 lots was getting the same price. Sometimes that led to one of those trades being mispriced. So we fixed that. There's a roadmap of other things to do, there's some very talented people in the risk and trading team here, very talented, and they have literally years of work in terms of what they'd like to do to improve the proposition for customers and for the business, but this is very important, I can't just focus on monetising the existing customer base better, I have to grow the customer base as well. And that's the tension that we're living with.

**Vivek Raja (Shore Capital)**

Thank you very much.

**Ian White (Autonomous Research)**

Hi there, thanks again. Just a few follow ups from my side, please. Firstly, on cryptocurrency, am I right to think you've captured sort of more or less no upside from the heightened interest in crypto assets that really began in late October.

And secondly, can you just set out your latest thinking regarding the introduction of crypto asset trading at IG? I'm sorry if I missed that in the prepared remarks, but is that something that's currently being developed internally or maybe more likely to be addressed through M&A? Some help with that would be appreciated, please.

And secondly, on the on the decision to exit Spectrum, we can see that the financial performance hasn't been there in the last few years. But what made you conclude that that business couldn't be improved, or indeed sold, as opposed to the wind down option that you've chosen ultimately?

And lastly, on tastytrade, what's the latest regarding the international expansion plans there, either execution on the existing plans that you discussed last year and also any new markets that might be being considered? Thanks.

**Breon Corcoran (IG Group – CEO)**

Yeah, at a very high level, our crypto offer is very subpar and at a very high level you can presume that we missed the uplift in the market over the last six months, or three months. That's not to underestimate the effort that we've made internally to improve some products and offer more coins, but effectively, our product is not right. That's one of the big misses actually for the first half, I'd like to have made more progress there. We have some organic work, we're doing some work internally. We've looked at things like acqui-hires, we've looked at some M&A, but it's a hard one to crack otherwise we would have progressed it faster. So that remains a work in progress. But recent events in the United States, we can't pretend that companies like ours have a future where we're crypto agnostic, we have to we have to embrace this, that's what our customers want to do.

On Spectrum, I can't remember, Spectrum I think is five years old, something like that. It was very well resourced. Nicky, the CEO, did a solid job and the team worked hard. But in the context of the group, it wasn't relevant and it wasn't growing fast enough. We made some efforts to see if we could sell it, if there was another way out of this, but focus is a very valuable thing right now and we have an awful lot of work to do. So we wound it down, we appreciated the efforts of the team, we wanted a safe transition for our partners and our customers, and we couldn't find a way to sell the business that would get us sufficient value in terms of solving for all of those things. So the decision was made October, November, and that's progressed reasonably well since that.

tastytrade, the experience in the UK has been educational, educational for people and for all of us, really, including for the guys in Chicago. They have an enormously strong appeal to a somewhat niche audience, that's evidenced by the events they run as they did recently in the UK and Ireland. Tom and his colleagues, JJ is the CEO there, but Tom Sosnoff was the founder. Tom has extraordinary charisma and appeal with some customers, but in terms of materiality for the group and relevance to the broader customer base in the UK, there's still some work to do. So I don't think we should be

drawn now on where we go next. It's also subject to regulatory approval, which is outside of our control, so we're thoughtful about it, but nothing to announce this morning.

**Richard Taylor (Barclays)**

Hi, a couple of quick follow ups please. On your answer on crypto, and it cuts out so actually I didn't actually hear all of it but can you just give us an update in terms of if there's anything you're waiting for from a regulatory perspective to accelerate your product there. I realise you're saying you do that yourselves, but what do the regs look like in a major markets.

And secondly, tastytrade market share, I know it's growing, but how has its share gone in the last six months or so. Thanks.

**Breon Corcoran (IG Group – CEO)**

The tasty is growing, but I don't think it's growing share in any demonstrable way. So, I think we should be very honest with ourselves about that, and indeed the guys are. That's the reason why focusing on our core markets is a prerequisite for us to build a platform for future international success as well, so there's work to do at tasty as well.

I don't mean to hide behind the regulators, but the regulators thing is complicated and different geographies have different appetite for crypto. In some cases, crypto might be an incremental variation of license application, in other places it's a completely new standalone thing and that could be a year away. So I can't go all in on crypto at the cost of focus on the core business, but we're pursuing organic licensing, we're pursuing, as I said earlier, a bunch of other strategies to try and accelerate this. I believe we must have a crypto offer, it's the miss of last year that we didn't progress it further.

**Richard Taylor (Barclays)**

Okay, so you could offer it in the UK and US today given the regulations?

**Breon Corcoran (IG Group – CEO)**

I can't offer it in the UK to retail today, I can offer CFDs to professional customers. So that's a gap. In the US, I could offer more in the US, I'm going to get the numbers wrong, but order of magnitude, there was a stage when we offered 30 or 40 altcoins, we cut that back to six. I think we're back to ten now. There's obviously been a change in the SEC the day before the inauguration. The former leadership of the SEC was very crypto sceptical, but now appears to have changed dramatically. We're a small business in the US and perhaps we've been a little conservative there, so I understand the question, I understand the importance of the question, I don't really have anything very satisfactory to tell you, Richard. I would expect we will talk more about crypto in six months' time.

**Martin Price (IG Group - Head of Investor Relations)**

We have a couple of questions that have come in over the web.

The first is from Haley Tam at UBS and it's on the Group surplus capital position. Haley notes that pro forma regulatory capital headroom of £424 million provides significant surplus versus our requirements. Do we see scope to run with a smaller buffer?

**Clifford Abrahams (IG Group – CFO)**

Haley, thanks for the question. We clearly do have a strong capital position, notwithstanding the recent acquisition announcement, so that's pleasing. Alongside this, we're generating capital quarter on quarter, that's really pleasing. Having said that, as I mentioned in my prepared remarks, I do like our capital allocation framework, which sets out a clear cascade and set of priorities. I said I'd review it over this next little period and happy to take feedback, I think I'm getting feedback through this question. We do want to remain well-capitalized because that gives us flexibility to grow, but we're not going to hold on to surplus capital we if we don't need it. And I'm keenly attuned, coming from other sectors, where there's more clarity around specific buffers.

**Martin Price (IG Group - Head of Investor Relations)**

Thanks, Clifford. Two follow up questions from Haley, the first on our B2B2C offering. She notes that our institutional offering that we've talked about requiring investment, could we provide some more detail on how we're thinking about that opportunity?

**Breon Corcoran (IG Group – CEO)**

Thank you, Haley. There's a small team of people focused on that, they're very capable, but they're largely a sales team. We need to put some product behind that, product and tech resource, that's starting but it hasn't started yet.

**Martin Price (IG Group - Head of Investor Relations)**

Thanks, Breon. Haley's second question has actually been answered, so we'll move on to the final question that's come in via the web from Justin Bates at Canaccord. He's asked if we could elaborate on the rationale for the Freetrade transaction, what gives us confidence in growth potential and how important are synergies in helping us scale the business?

**Breon Corcoran (IG Group – CEO)**

So we haven't talked in the Freetrade announcement about synergies for a whole host of reasons. It's not really the driver of the deal, but to the earlier question, I think there's stuff they can teach us and hopefully some stuff we can teach them. The UK cash equities market is a tough market, but we need a better product to address our customer needs at IG in the cash equities demand and Freetrade are focused, and have been for many years, on providing a very clear, user friendly proposition. Their growth has been impressive. They have been capital constrained for many years and I'm excited to work with the team, as I said earlier, these are these are the kind of people that we want to work with. So we don't underestimate how much work it is to build further scale here. But, any day that I can get a clean technology stack with a focused customer proposition and a management team that's targeting growth. You know, that's a good day and we're very happy with the deal.

**Martin Price (IG Group - Head of Investor Relations)**

Thanks, Breon. I don't think there are any further questions on the web. So back to you, Breon, for any closing remarks.

**Breon Corcoran (IG Group – CEO)**

Thanks, Martin. So thank you all for joining us today online. I'm very excited about the opportunity ahead. There continues to be work to do, there's investment required, but the macro backdrop is encouraging. We're happy to follow up, we've got investor meetings over the next few days, so please come through to the IR team, to Martin, or to me and Clifford. We look forward to chatting with some of you one-on-one over the next week or so. Thank you for your support to date.