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IG GROUP HOLDINGS PLC
Acquisition of Freetrade

IG Group Holdings plc ("IG", "the Group") is pleased to announce the acquisition of Freetrade, the fast-growing, commission-free, self-directed investment platform, for £160 million. The transaction will strengthen IG's UK trading and investments offering and provide access to new customer segments and capabilities.

Breon Corcoran, CEO of IG commented: "This is a rare opportunity to strengthen IG's UK trading and investments offering and broaden our target addressable market. Freetrade is one of the most successful emerging players in the UK direct-to-customer investment market, with a strong brand, highly scalable technology and delivering rapid growth. I am delighted that Viktor and his team will join IG and continue to lead Freetrade."

Viktor Nebehaj, CEO and co-founder of Freetrade said: "This is an exciting opportunity to accelerate our growth and delivery of new products and features on our award-winning platform. IG's vision for Freetrade is closely aligned with our own and its backing will be of huge benefit as we continue to scale the business."

Strategic rationale for the acquisition

Acquisition enhances IG's UK trading and investments proposition

- Freetrade provides a wide range of products, including over 6,200 global stocks and ETFs, fractional shares, UK Treasury bills, ISAs, SIPPs, securities lending, and proxy voting. Its simple, user-friendly platform and transparent pricing have driven strong client acquisition, retention¹ and AUA² growth.
- The UK direct investing market has grown at 10 per cent³ compounded annually and is forecast to grow strongly reflecting structural drivers. These include the growing popularity of self-directed investing, greater individual responsibility for retirement planning, increased pension freedoms, growing financial literacy, digitalisation of services and demand for better value propositions.
- Freetrade broadens IG's addressable market, adds a strong brand in the direct-to-customer trading and investments market, brings proprietary highly scalable technology, provides optionality on new product and market entry and has demonstrated an ability to acquire customers at low cost.

Freetrade is one of the UK's fastest-growing subscription-based investment platforms

- Since its launch in 2018, Freetrade has become one of the most successful emerging players in the UK market with 720k customers and AUA of £2.5 billion as of the end of 2024.
- Freetrade has strong growth momentum, with net flows in 2024 equivalent to 22% of starting AUA. With efficient investment in marketing, AUA has risen from £1.2 billion at the end of 2022. Customers with AUA of £10k or more are a fast-growing segment, increasing from 27k to 41k as at 31 December 2024.
- Freetrade has well diversified revenue, split across subscriptions, foreign exchange transaction fees, and interest income. In 2024, revenue increased 32% year-on-year to £27.5 million, including a record performance in Q4⁴, with operating leverage resulting in positive EBITDA⁵ for the first time as it scales through an important growth phase.

IG will accelerate delivery of Freetrade's product roadmap and invest in growth

- IG will operate Freetrade as a commercially standalone business with its own brand, existing management team and operational platform to support the successful execution of the strategy. Viktor Nebehaj, CEO and co-founder, and the leadership team, will remain with Freetrade and continue to scale the business.

- Freetrade is at a key stage in its development and IG will invest in expanding its product range, hiring talent, adding new features and increasing marketing activity to accelerate growth. IG plans to reinvest the majority of Freetrade's forecast profit in growing the business over the next two years.

Key transaction terms and outlook

- IG will acquire 100% of Freetrade for an enterprise value of £160 million which will be funded in cash from existing capital resources. Completion is subject to customary conditions including regulatory approvals and currently expected in mid-2025.
- The acquisition is expected to achieve a return on invested capital in excess of the Group's weighted average cost of capital in years three to five.
- As at 31 May 2024, IG reported surplus regulatory capital of £638 million and headroom is expected to remain strong following completion of the acquisition. In line with IG's capital allocation framework, surplus capital not required for other priorities will be returned to shareholders. The Group expects to extend the existing share buyback programme⁶ of £150 million announced on 25 July 2024 in the second half of the current financial year, subject to regulatory approval.

As previously announced, IG will report H1 FY25 results on 23 January 2025.

1. 2024 customer retention rate of 93%
2. Assets under administration
3. Oliver Wyman, direct-to-customer AUA. Refers to the period from 2018 to 2023
4. Unaudited Q4 2024 revenue of £8.3 million
5. Unaudited adjusted EBITDA of £2.1 million in 2024 (2023: £(8.6) million). Adjusted EBITDA excludes share based payments and includes rental expenses
6. At the close of the market on 15 January 2025, £141 million of the £150 million share buyback programme announced on 25 July 2024 had been completed

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Disclaimer - forward-looking statements

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Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which are beyond IG's control and are based on the Group'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 FY24 Group Annual Report for the financial year ended 31 May 2024. The Annual Report can be found on IG'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, IG undertakes no obligation to update these forward-looking statements.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period and should not be construed as such.

About IG

[IG Group \(LSEG:IGG\)](https://www.iggroup.com) provides online trading platforms and educational resources to empower ambitious clients around the globe. Headquartered in the UK, IG Group is a FTSE 250 company that offers clients access to c.19,000 financial markets worldwide.

ADDITIONAL UNAUDITED FINANCIAL INFORMATION ON FREETRADE

<i>12 months ending 31 December</i>	2022	2023	2024
Revenue (£ million)	14.2	20.8	27.5
Adjusted EBITDA (£ million)*	(28.8)	(8.6)	2.1
AUA (at period end, £ billion)	1.2	1.6	2.5
Customers ('000)	696	693	720
Customers with AUA >£10k ('000)	27	33	41
Average AUA of customers with AUA >£10k (£000)	32	40	53

*Adjusted EBITDA excludes share based payments and includes rental expenses
Table based on Freetrade accounting policies

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