

IGG

IG Group Holdings plc

IG's Q3 revenue falls 14% as OTC retention slips and 2026 guidance is cut

Following the Q3 trading update · 2 October 2026

Q3 2026 TOTAL REVENUE	OTC CUSTOMER INCOME	ORGANIC FIRST TRADES	SHARE PRICE
c. £240m	+8%	+25%	989p
▼ down approximately 14% year-on-year (Q3 2025: £280.1 million)			▼ down 22.7% on 1,279p before the announcement, as at 16:30 on 5 October 2026

Share price, past 12 months

Daily close; latest price as at 16:30 on 5 October 2026 · Ticker Data API



IG Group's third-quarter trading update today showed revenue of about £240 million for the three months to 30 September, down about 14% on the £280.1 million of a year earlier. The cause was revenue retention, meaning the share of clients' trading activity that IG keeps as revenue. Retention on over-the-counter (OTC) derivatives was about 70%, against the roughly 80% averaged since IG began its market-making optimisation in the second half of 2025. The Board now expects 2026 Group revenue growth in a mid-single-digit per cent range. In March it had pointed to the top end of a mid-to-high single-digit range. Client activity held up well. OTC customer income rose about 8%, organic first trades rose over 25% and organic active customers rose around 17%. Underdog, the US business IG has agreed to buy, more than doubled its quarterly net revenue to about \$105 million. The shares fell about 21% this morning to around 1,009p. Peers CMC Markets and Plus500 fell 7% and 8.6% respectively.

The evidence points to a shortfall that is mainly IG's own: a failure to turn activity into revenue, not a collapse in client trading. Market conditions were the trigger, however, so its peers cannot be fully cleared. For the longer term, IG has generated cash strongly in the past and the shares trade at around 10 times reset earnings. Against that, management cut guidance within months of raising it, and the £125

million buyback has been cancelled to make way for the Underdog deal. The fuller Q3 detail and strategy update on 22 October should show which of these matters more.

“Growth in first trades and active customers remained strong in Q3 2026. Lower Q3 revenue reflected reduced OTC revenue retention in less supportive market conditions, and I remain confident in meeting our medium-term guidance.”

Breon Corcoran, CEO · Q3 trading update, 2 October 2026

Clients traded more, but IG kept less of it

IG Group is a FTSE 100 trading and investment platform. Its brands include IG, tastytrade, Freetrade, Independent Reserve and IG Prime, and together they serve over 1.4 million customers. Most of its revenue still comes from OTC leveraged products such as contracts for difference (CFDs) and spread bets. On these products IG acts as market maker: it takes the other side of clients' trades and chooses how much of that exposure to hedge.

Today's update says Q3 Group revenue will be about £240 million, against £280.1 million in Q3 2025. Net trading revenue was about £210 million, against £249.5 million a year earlier. OTC net trading revenue was about £155 million, around 18% lower year on year, even though OTC customer income rose about 8%. That gap is explained by retention. IG kept about 70% of OTC customer income as revenue, compared with the roughly 80% averaged since the market-making optimisation began in H2 2025. The Board says it remains confident that these measures will structurally raise retention over the medium to long term, but with greater short-term variability. Chief executive Breon Corcoran attributed the lower revenue to reduced retention "in less supportive market conditions".

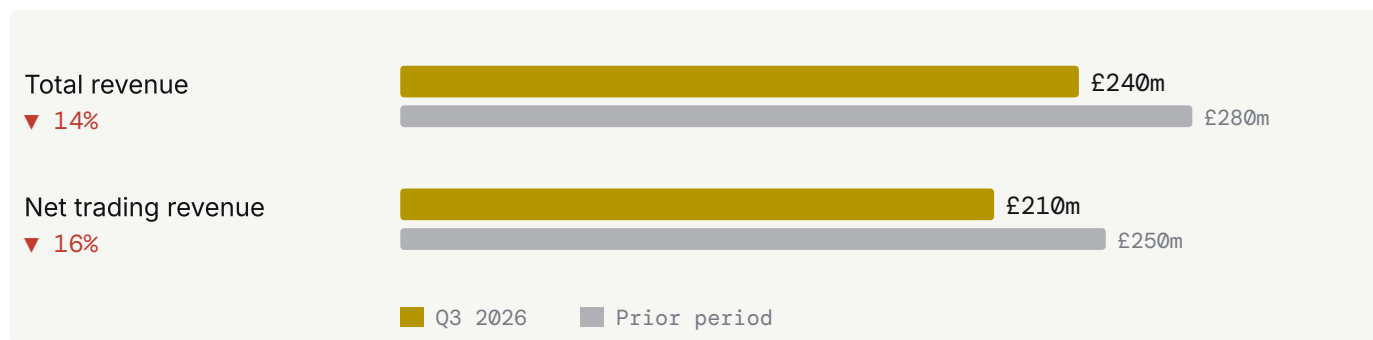
On the specific question of whether this is an IG problem or a sector problem, the evidence points mainly to IG. Client activity was not the issue: customer income and customer numbers both grew. What weakened was the conversion of that activity into revenue. IG chose to take on more of the outcome of its clients' trades through its optimisation measures, so conditions in which clients traded profitably would hurt IG more than they would a broker that hedges more of its book. Market conditions did act as the trigger, though, and that is why the read-across to peers is negative rather than neutral.

For Plus500 the read-across is potentially the more direct of the two. Its CFD revenue is widely described as coming from a heavily internalised market-making book, which makes it sensitive to client trading outcomes in the kind of conditions IG describes. There are offsets. Its client base is smaller-ticket, it has historically captured a high share of client activity as revenue, its geographic mix differs from IG's, and its exchange-traded futures business earns commissions that do not depend on whether clients win or lose.

For CMC Markets the read-across is negative but less direct. Its leveraged trading revenue depends on the same market backdrop. However, it hedges more of its exposure, and its institutional platform and stockbroking businesses earn revenue largely unrelated to client trading results.

For both peers, this morning's falls look more like precautionary repricing across the sector than evidence of matching misses. Their own disclosures will settle the point. A shift of retail activity from foreign exchange towards other CFDs would also mean that quiet currency markets do not add up to a uniform downturn across the sector.

Q3 2026 against the prior period



Q3 2026		VALUE	CHANGE
Q3 2026 total revenue	c. £240m		-14% year-on-year (Q3 2025: £280.1 million)
Q3 2026 net trading revenue	c. £210m		-16% Q3 2025: £249.5 million
OTC net trading revenue	c. £155m		-18% year-on-year
OTC customer income	up approximately 8%		+8%
OTC revenue retention	approximately 70%		below the approximately 80% averaged since H2 2025
Organic first trades	up over 25%		+25%
Organic active customers	up around 17%		+17%
Underdog net revenue	c. \$105m		+100% year-on-year

Sources: Q3 trading update RNS, 2 Oct 2026

Lower retention explains most of the £40m fall

The numbers in the update allow a simple bridge. OTC net trading revenue of about £155 million at 70% retention implies OTC customer income of roughly £221 million. Had IG retained its 80% average on that income, Q3 revenue would have been roughly £22 million higher. That accounts for over half of the £40.1 million year-on-year fall in Group revenue. Even at the average rate, though, OTC revenue would still have been below the prior-year quarter. This suggests Q3 2025 was itself an unusually strong period for retention. The fall therefore combines a tough comparison with a genuinely weak quarter of revenue capture.

There is a second question underneath the retention figure. OTC customer income grew about 8%, while organic active customers grew around 17%. The two measures cover different groups of customers and are not directly comparable. Even so, the gap leaves open whether newer customers generate less income each than established ones. Customer growth alone therefore cannot be assumed to restore revenue growth.

The first half had been strong. H1 2026 revenue was £643 million, against £545 million a year earlier. Adjusted EPS (earnings per share before one-off items) was 68.9p, against 56.9p, and an interim dividend

of 14.46p was declared. Statutory profit before tax was lower, at £228 million against £244 million. Net interest income, earned largely on client cash balances, was £54.0 million in H1, against £59.8 million a year earlier. Today's shortfall comes from trading revenue, not interest income: net trading revenue accounts for almost all of the Q3 decline.

Underdog's Q3 net revenue of about \$105 million is encouraging, and Q4 accounted for more than a third of its 2025 revenue. However, the acquisition has not yet closed, its revenue is in dollars, and the update gives no profit or cash-flow figure for it. It cannot be used to fill the gap in IG's existing business.

H1 2026 against the prior period

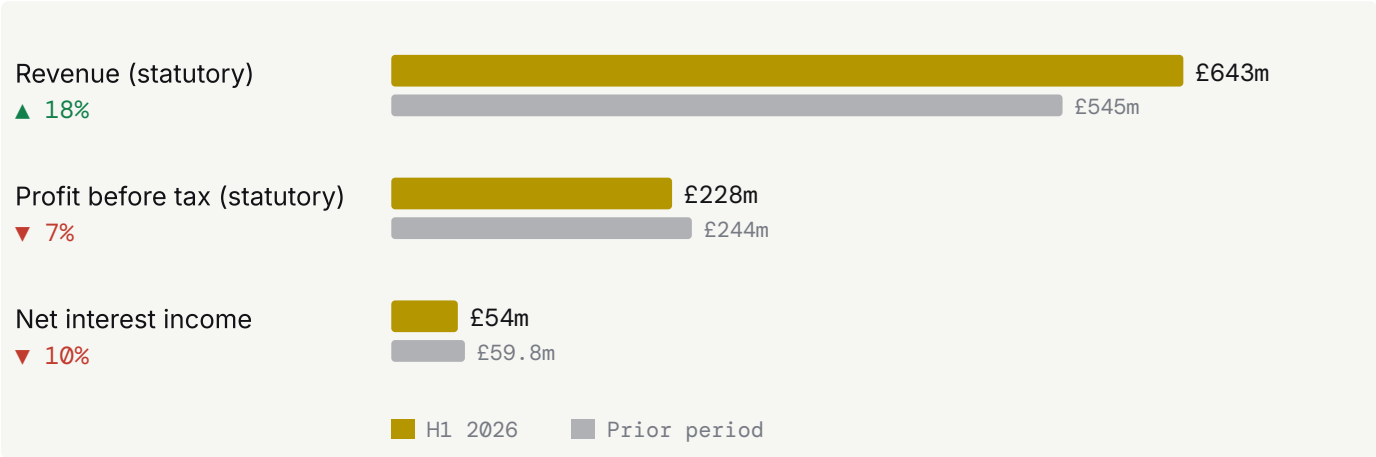


FIGURE	VALUE	CHANGE
H1 2026 revenue (statutory) H1 2026	£643m	+18% prior £545m
H1 2026 adjusted EPS H1 2026	68.9p	+21% prior 56.9 pence
H1 2026 profit before tax (statutory) H1 2026	£228m	-6.6% prior £244m
H1 2026 net interest income H1 2026	£54m	-9.7% prior £59.8m
Interim dividend per share H1 2026	14.46p	
Total revenue CY2025	£1.12bn	+6.7% prior £1.05bn

Sources: Half-Year Results, 30 Jul 2026; FY Results to Dec 25 & Trading Update, 19 Mar 2026

A strong cash record, now tested by Underdog

Operating cash flow, Year to 31 May 2025 £492m	Profit after tax, Year to 31 May 2025 £380m	Cash, 31 May 2025 £1.10bn
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IG has historically turned its profits into cash well. In the year to May 2025, operating cash flow was £492 million, against profit after tax of £380 million. In the year to May 2024, operating cash flow of £397 million comfortably covered capital expenditure of £15.2 million and dividends of £178 million. That record

is not unbroken. In the year to May 2023, operating cash flow of £180 million fell short of the £188 million paid in dividends.

Borrowings were modest, at £48.9 million at December 2025, which gives no sign of refinancing pressure. The last cash figure on record, £1.10 billion, dates from May 2025. A broker's headline cash also includes amounts it must hold against regulatory capital requirements, so it overstates what is freely available.

The main change in capital allocation is the cancellation of the £125 million buyback announced in March. It was cancelled after the Underdog acquisition was announced on 30 July, by which time IG had bought back 1,994,774 shares for £32,904,274.91 since 1 April. The update does not give the acquisition price, how it will be funded, pro forma debt (debt once the deal is included) or regulatory capital headroom after closing. Until those are disclosed, the strong cash record supports a view that IG is solvent and can afford to consider the deal. It does not yet show that the deal can be funded while shareholder returns are maintained at past levels.

One-off costs from the redomicile to Jersey and the restructuring announced on 8 July 2026 are expected to be about £30 million for 2026. Of that, £16.4 million was reported in H1. The redomicile scheme has been approved by shareholders and is subject to High Court sanction, expected in Q4 2026.

FIGURE	VALUE	CHANGE
Borrowings 31 Dec 2025	£48.9m	
Dividends paid Year to 31 May 2024	£178m	
Operating cash flow Year to 31 May 2023	£180m	
Buyback programme cancelled Announced 19 Mar 2026	£125m	
Non-recurring redomicile and restructuring costs 2026	c. £30m	£16.4 million reported in H1 2026

Sources: Annual report, debt and maturities, 2025-12-31; Cash flow (tagged accounts), 2024-05-31; Cash flow (tagged accounts), 2023-05-31; Transaction in Own Shares RNS, 3 Aug 2026; Q3 trading update RNS, 2 Oct 2026; Primary statements (read from the report), 2025-05-31

Guidance cut within months of being raised

BEFORE

~~towards the top end of a mid-to-high single-digit range~~

→

NOW · 2026 GROUP TOTAL REVENUE GROWTH GUIDANCE

mid-single-digit per cent range

The Board now expects 2026 Group total revenue growth in a mid-single-digit per cent range. Excluding the one-off costs and the Underdog acquisition expenses, which depend on the deal closing, it expects a 2026 Group EBITDA margin in the low-40s per cent range. EBITDA is earnings before interest, tax, depreciation and amortisation.

This is a quick reversal. On 19 March IG expected 2026 organic revenue growth towards the top end of its mid-to-high single-digit target range, and EBITDA broadly in line with consensus of £538.1 million. The two revenue measures are not identical: the March figure was organic and excluded Freetrade and Independent Reserve, while today's covers the whole Group. The direction is nonetheless clear.

The arithmetic of the new guidance leaves little room. H1 revenue of £643 million plus Q3's roughly £240 million gives about £883 million for the nine months. Mid-single-digit growth on 2025 revenue of about

£1.12 billion implies Q4 revenue of roughly £295 million to £305 million, depending on where in the range the outcome falls. That is a step up of more than a fifth on Q3, and it depends on better retention. It is also only around the level of the prior-year Q4. Even on management's revised view, the core business is not growing in the final quarter.

The Board says it remains confident of meeting its medium-term guidance beyond 2026, citing customer growth and higher retention. That guidance includes EBITDA margins sustained in a mid-40s per cent range.

Two dates matter: the Underdog seminar for institutional investors on 8 October, and the fuller Q3 detail and strategy update on 22 October. The tests are: - whether IG can show that 70% retention reflected conditions in that quarter rather than a repeatable downside of its new approach; - whether it can credibly bridge to the Q4 revenue its guidance needs; - whether it discloses Underdog's funding terms, profits and cash contribution.

The UK backdrop is ambiguous. Bank Rate was held at 3.75% and gilt yields have risen. Higher-for-longer rates could support interest earned on client balances, but they also squeeze household finances. Neither effect repairs retention.

FIGURE	VALUE	CHANGE
2026 Group EBITDA margin guidance (excluding one-off and acquisition costs) 2026	low-40s per cent range	
Prior EBITDA consensus endorsed 2026	£538.1m	
Net interest income guidance 2026	c. £110m	
Bank Rate 30 Sep 2026	3.75%	+0.00 points over three months
2-year gilt yield 29 Sep 2026	4.94%	+0.67 points over three months

Sources: Q3 trading update RNS, 2 Oct 2026; FY Results to Dec 25 & Trading Update, 19 Mar 2026; UK economy and markets data

Around 10 times earnings after the reset

At about 1,009p on the morning of 2 October, and using the 332,335,715 voting shares last disclosed, IG's equity is valued at roughly £3.35 billion. That is about 8.4 times the 119.5p adjusted EPS consensus that management said it was comfortable with in March. However, that forecast predates today's cut. Press coverage today reports Peel Hunt flagging a high-teens cut to profit forecasts. On a reset of that size, the multiple is nearer 10 times. That multiple has to be weighed against IG's cash record on one side, and the undisclosed cash position and Underdog funding on the other.

A ten-point gap in retention is worth roughly £22 million a quarter on Q3's level of customer income. If it persisted for four comparable quarters, that would be about £88 million of annual revenue. The effect on profit depends on hedging and costs, which the update does not set out.

Broker targets published before today give a sense of how far expectations have already fallen. UBS cut its target from 2,200p to 1,700p in August. Jefferies sits at 1,250p, RBC at 1,850p and Deutsche Bank at 2,000p. Disclosed short positions totalled 3.10% of shares at the latest date on record. Directors bought shares at between about £13.32 and £13.72 in August and September. That signals conviction, but those purchases were made before the Q3 retention figure was known.

FIGURE	VALUE	CHANGE
Voting shares in issue 28 Aug 2026	332,335,715	
Adjusted EPS consensus endorsed FY26	119.5p	
Disclosed short positions latest 28 Sep 2026	3.10% of shares	
Non-executive director share purchase 10 Aug 2026	£499,507.38	36,416 shares at £13.716701
CFO share purchase 7 Aug 2026	£66,575	5,000 shares at £13.315
Sources: Total Voting Rights RNS, 1 Sep 2026; FY Results to Dec 25 & Trading Update, 19 Mar 2026; Disclosed short positions; Director/PDMR Shareholding RNS, 11 Aug 2026; Director/PDMR Shareholding RNS, 10 Aug 2026		

The chart was weak before the fall

The chart was already weak before today. At yesterday's 1,279p close the shares stood below all their main moving averages, from the 20-day to the 200-day. The 50-day average had crossed below the 200-day in mid-September. Technical traders call that a 'death cross' and read it as a sign of a longer-term downtrend. The shares were about a third below the 52-week high of 1,955p. Momentum indicators such as the stochastic oscillator and Williams %R already showed the shares as oversold. Bollinger bandwidth, a measure of how widely the price has been swinging, had narrowed sharply. Such a narrowing often comes before a large move.

Today's fall, from 1,279p to a low near 931p before a partial recovery to about 1,009p, cut through earlier support around 1,118.5p and 1,034p. At the low it went below the 1,016p bottom of the 52-week range. Volume was heavy: about 2 million shares had traded by around 09:15, close to double a typical full day. A heavy-volume fall suggests motivated selling rather than a thin market overreacting.

The bounce from the low is consistent with the oversold readings, so it says little on its own. These levels rest on delayed intraday prices and need confirming on closing prices. A daily close back above about 1,118.5p, and ideally above about 1,217p, would suggest the market sees the fall as overdone. A close holding at or below 1,016p on continued heavy volume would suggest a lasting repricing, with no clearly defined support beneath. The cancelled buyback also removes a natural buyer on weak days.

FIGURE	VALUE	CHANGE
52-week range	1016.00p - 1955.00p	

Sources: Price & valuation data

The case for and against

FOR

The case for rests on three points. First, the problem is in converting activity into revenue, not in demand. Customer income and customer numbers are growing strongly, so any recovery in retention would feed through to revenue quickly. Second, management did warn of greater short-term variability when it introduced the optimisation, and 80% was presented as an average rather than a floor. One quarter at 70% does not show that the approach has failed. Third, the valuation is undemanding at around 10 times reset earnings for a business that has historically generated cash well and carries little debt. Underdog's growth also offers longer-term potential if the deal closes on clean terms.

AGAINST

Against that, management's forecasting record has just been damaged by a sharp reversal on guidance. Its renewed medium-term confidence is an assertion to be tested rather than a working assumption. The revised guidance needs a strong Q4 and better retention. The workload is heavy: an unclosed US acquisition, a redomicile, a restructuring costing about £30 million, and the loss of the buyback, all while the core business needs attention. Underdog's US products may face regulatory risk, though the material does not set out specific actions. The deal's funding, price and cash contribution are undisclosed. It is also unproven whether new customers generate as much income as existing ones.

WHAT TO WATCH

Retention is the question. The 22 October update should show whether 70% was a weak quarter or the new level, whether the business is on course for the strong Q4 the revised guidance needs, and how the Underdog deal will be funded.

Risks

- ❗ OTC retention could stay near 70% in Q4. That would mean a second guidance miss and suggest that the market-making changes have permanently lowered or destabilised revenue capture.
 - ❗ The Underdog acquisition could be delayed, repriced or hit by US regulatory action against its products. That would leave IG having given up its buyback for a deal that underdelivers.
 - ❗ When the funding position is disclosed, freely available cash or regulatory capital headroom could prove tighter than the historical cash record suggests, which would put pressure on dividend cover.
 - ❗ Running the restructuring, the Jersey redomicile and the acquisition integration at the same time could stretch management while the core business needs attention.
 - ❗ If CMC Markets or Plus500 report similar weakness in revenue capture or client trading results, the problem would look sector-wide, weakening the argument that IG can recover through its own actions.
 - ❗ The shares have broken below earlier support on heavy volume and no longer have a buyback behind them. A close below 1,016p would leave no clearly defined support level beneath.
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THE OTHER VIEW

The strongest alternative view is that today's fall is an overreaction to a single quarter. Client activity is plainly healthy: first trades are up over 25%, active customers around 17% and OTC customer income about 8%. Management had warned that the optimisation would make revenue more variable in the short term. On that reading, a return towards 80% retention applied to a much larger customer base would produce sharp operating leverage, meaning profits rising faster than revenue. Underdog's more-than-doubled revenue adds growth that peers lack, and at around 10 times reset earnings much of the bad news may already be priced in.

Underdog has not closed, is not in Group guidance, and has no disclosed profit, cash contribution or price. Customer income is growing more slowly than customer numbers, so it is unproven that new clients generate enough revenue. And a recovery in retention is an assumption that the 22 October update will test, not a fact.

The opposite argument, that the model is broken and the shares are a value trap, also goes beyond the evidence. Eighty per cent was an average rather than a guaranteed floor, and nothing disclosed points to cash burn or threatened dividend cover.

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