



London Stock Exchange Group plc Preliminary results for the year ended 31 December 2022

Broad-based growth and strong execution

David Schwimmer, CEO said:

“LSEG has had a strong year, successfully integrating Refinitiv and significantly improving its performance, while also delivering strong results in our Capital Markets and Post Trade businesses. The resilience of our business model and the quality of our earnings, diversified by customer, geography, product and asset class, and over 70% subscription-based, are becoming increasingly clear.

“Our strategy is working. We are an increasingly important strategic partner to customers across the financial markets value chain, and that is translating into growth. We continue to invest in new products and services, and have completed four highly complementary acquisitions to further strengthen our offer. In addition to our existing share buyback, we are today announcing plans to seek shareholder approval for a buyback directed towards the Blackstone/Thomson Reuters consortium’s stake, which will benefit all shareholders.

“We are shifting from integration to transformation. Our strategic partnership with Microsoft, as well as the investments we are making in our market-leading infrastructure and venues, will create an even stronger platform for long-term sustainable growth.”

Reported	2022 £m	2021 £m	Variance %	Pro-Forma Constant Currency Variance (excluding deferred revenue adjustment) % ¹
Total Income (excl. recoveries)	7,428	6,211	19.6%	5.7%
Recoveries ²	315	324	(2.8%)	2.3%
Total Income (incl. recoveries)	7,743	6,535	18.5%	5.5%

Reported			
Operating Profit	1,417	1,065	33.1%
Profit Before Tax	1,241	894	38.8%
Basic Earnings per Share	141.8	85.8	65.3%
Dividends per Share	107.0	95.0	12.6%

Adjusted				6.0%
EBITDA	3,550	2,969	19.6%	
<i>EBITDA Margin</i>	47.8%	47.8%		
Operating Profit	2,728	2,282	19.5%	4.6%
Adjusted Earnings per Share	317.8	272.4	16.7%	

Financial highlights

(all growth rates are expressed on a pro-forma constant currency basis, excluding the impact of the deferred revenue adjustment¹, unless otherwise stated)

- Full-year Total Income (excl. recoveries) up 5.7%, and up 6.6% excluding the impact of the Russia/Ukraine war³; up 19.6% on a reported basis
- Broad-based growth: Data & Analytics +4.2% (+5.3% ex Russia/Ukraine), Capital Markets +9.8%, Post Trade +7.5%
- Accelerating subscription revenue: Annual Subscription Value (ASV) up 6.2% (ex Russia/Ukraine) at December 2022; further progress expected in 2023
- Good cost control: opex +3.4% excluding the impact of acquisitions during the year
- Improving profitability: Adjusted EBITDA growth 6.0%, margin flat year-on-year, or up 110 basis points like-for-like⁴
- Basic earnings per share growth +65.3% on a reported basis; AEPS +16.7% to 317.8 pence
- Continued strong cash generation: equity free cash flow (before dividends) £1.7 billion

Strategic progress and outlook

- Strong and consistent execution on Refinitiv integration: Trading & Banking returned to growth; target 2022 runrate synergies delivered for both revenue and costs; runrate revenue synergy target raised from £225 million to £350-400 million by 2025
- From integration to transformation: strategic partnership with Microsoft for next generation of Workspace, innovative new solutions in modelling and analytics, and data platform in the cloud
- Active capital allocation towards growth: disposal of low-growth BETA business; four acquisitions completed in higher-growth areas, highly complementary to existing customer offering
- Significant shareholder returns: £300 million of £750 million buyback executed in 2022, balance to be completed by July 2023; full-year dividend +12.6% to 107.0 pence
- Seeking shareholder approval at the 2023 AGM for directed buyback from the Blackstone/Thomson Reuters consortium; expected to be up to £750 million by April 2024
- New guidance for 2023: constant currency revenue growth +6-8%, Adjusted EBITDA margin c.48%, business-as-usual capex c. £750 million (including Microsoft)

This release contains revenues, costs, earnings and key performance indicators (KPIs) for the twelve months ended 31 December 2022. FY 2022 is compared against FY 2021 on a statutory basis. Revenues and costs associated with the BETA divestment have been classed as discontinued and are excluded from all periods. Revenues and costs associated with the Borsa Italiana group divestment, which completed in 2021, are also excluded. Pro-forma constant currency variance assumes that the acquisition of Refinitiv took place on 1 January 2021 and is calculated on the basis of consistent FX rates applied across the current and prior year period. Organic growth is calculated on a constant currency basis, adjusting the results to remove disposals from the entirety of the current and prior year periods, and by including acquisitions from the date of acquisition with a comparable adjustment to the prior year. Within the financial information and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes.

¹ The deferred revenue impact is a one-time, non-cash, negative revenue impact resulting from the accounting treatment of deferred revenue within Refinitiv's accounts which has been re-evaluated upon acquisition by LSEG under purchase price accounting rules. This reduced 2021 revenue by £23 million, mainly in Data & Analytics, with a smaller impact in the FX business within Capital Markets. There is no material impact in 2022.

² Recoveries mainly relate to fees for third-party content, such as exchange data, that is distributed directly to customers.

³ Growth rates excluding the Russia/Ukraine war impact have been calculated by excluding income in the region and from sanctioned customers and related business from both periods. This amounted to £80 million in 2021 and £18 million in Q1 2022, and nil beyond that.

⁴ The like-for-like margin calculation is on a constant currency pro-forma basis, and adjusts for the impact of the Russia/Ukraine war, acquisitions completed in 2022 and non-cash FX-related balance sheet adjustments. Adjusted EBITDA margin is adjusted EBITDA divided by Total Income (excl. recoveries).

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Preliminary results investor and analyst presentation, webcast and conference call:

The Group will host a presentation and conference call on its Preliminary Results for analysts and institutional shareholders today at 10:00am (UK time) at its offices at 10 Paternoster Square, London EC4M 7LS. There will be a Q&A session at the end of the presentation for attendees and those dialling in to the conference call.

To access the conference call or webcast please register in advance using the following link and instructions below:

Conference call:

<https://cossprereg.btci.com/prereg/key.process?key=P6U9PXVUM>

Webcast:

<https://www.lsegissuerservices.com/spark/LondonStockExchangeGroup/events/b77d62b7-a278-4f2f-9d4a-dc30e834594a>

Presentation slides can be viewed at <http://www.lseg.com/investor-relations>

The information in the preliminary announcement of the results for the year ended 31 December 2022, which was approved by the Board of Directors on 1 March 2023. This is unaudited and does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006. The financial statements for the year ended 31 December 2021 were filed with the Registrar of Companies, and the audit report was unqualified and contained no statements in respect of Sections 498 (2) and 498 (3) of the UK Companies Act 2006. The financial statements for the year ended 31 December 2022 will be approved and filed with the Registrar of Companies in due course.

In accordance with the Listing Rules of the UK Listing Authority, these preliminary results have been agreed with the Company's auditors, Ernst & Young LLP, and the Directors have not been made aware of any likely modification to the auditor's report to be included in the Group's Annual Report and Accounts for the year ended 31 December 2022.

The preliminary results have been prepared on a basis consistent with the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2022.

Overview and strategic progress

2022 performance in summary

LSEG performed strongly in 2022, growing consistently throughout the year despite macroeconomic and geopolitical volatility. We achieved our growth guidance and made good progress towards our medium-term guidance for our EBITDA margin. We have continued to execute very well on the integration of Refinitiv, not only on the achievement of synergies but also on developing a distinct culture for the combined business. The strategic partnership with Microsoft, announced in December 2022, represents another significant step forward in transforming our business and the experience for customers.

Total income excluding recoveries rose 5.7% to £7,428 million, with good growth across all our divisions. Adjusting for the negative impact of the Russia/Ukraine war, growth was 6.6%, at the upper end of our 5-7% medium-term growth guidance. On a reported basis, total income excluding recoveries was up 19.6%, with the good underlying performance boosted by the consolidation of a full year of the Refinitiv acquisition (compared to 11 months in 2021) and beneficial foreign exchange movements. Annual Subscription Value (ASV) growth within Data & Analytics was 6.2% (excl. impact of the Russia/Ukraine war) at December 2022, and demonstrated an accelerating trend through the year.

Adjusted EBITDA increased by 6.0%. EBITDA margin was flat year-on-year at 47.8%. The like-for-like EBITDA margin improvement, adjusting for the negative impacts of the Russia/Ukraine war, acquisitions completed in 2022 and non-cash FX-related balance sheet adjustments, was 110 basis points. Operating expenses before depreciation, amortisation and impairment grew by 4.1% on a constant currency basis, or by 3.4% excluding acquisitions completed in-year. Operating profit grew 33.1% on a reported basis to £1,417 million, helped by foreign exchange movements and the extra month from Refinitiv.

Financial performance is analysed in full in the Financial Review section starting on page 10 of this release.

Progress on our strategic priorities

LSEG is a leading global financial markets infrastructure and data provider. We are leaders in data and analytics; capital formation and trade execution; and clearing and risk management. We are also increasingly differentiated, both through our presence across the financial markets value chain and our scale and capabilities across multiple asset classes, including equities, fixed income, foreign exchange and related derivatives.

Our businesses enjoy strong growth drivers, including the increasing application of new technologies to data for decision-making, the electrification of financial markets, the growing digitisation of broader financial services, the growth of cross-border trading and customer need for greater capital efficiency.

Our strategy to maximise these opportunities is to be globally essential, multi-asset class and seamlessly connected. To deliver this strategy, we remain focused on three strategic priorities: 1) integrating our world-class businesses; 2) driving growth; and 3) building an efficient and scalable platform, particularly in Data & Analytics. Our progress against these priorities, as well as an update on Workspace, is described below.

Workspace progress

We continue to make steady progress with the roll-out of Workspace across different user groups. At the year-end, we were more than halfway through, and expect to be substantially complete by the end of 2024. All other variants are now in full production apart from Trading, which is in beta testing, and we have worked in close partnership with new groups of customers as we move towards launch.

At the same time, the pace of product development has been rapid, with over 200 new features delivered during 2022. For the core platform, these included infrastructure and reliability improvements, enhanced search capabilities, real-time analytics in Excel and streamlined access to training and support. There were significant additional enhancements within specific variants, too. For example, in Research and Portfolio Management we added a wide range of new functionality, including Sentimine data for transcripts, sustainable investing analytics, StarMine model upgrades and our Custom Index sandbox.

Customer feedback is positive. Customers rate Workspace well ahead of Eikon, the predecessor platform, for overall product satisfaction, and notably higher for key product enablers including resilience, workflow integration and ease of use. Trading & Banking customers are the most satisfied category.

For 2023 our priorities are to focus on migrating a lower number of high-usage, premium clients mainly in Trading and Research & Portfolio Management. Further Workspace upgrades will include the integration of some functionality from TORA, the multi-asset class order and execution management business acquired in 2022.

Integrating our world class businesses

2022 has been a year of strong progress with the integration of Refinitiv from both a revenue and cost perspective. We are achieving revenue synergies through a combination of cross-selling, the enhancement of existing services through the integration of data and analytics and the development of new products. At the end of 2022, we had delivered £68 million of recurring revenue synergies, above our previous expectations of £40-60 million. The main contributors to this have been the strong demand for data, particularly fixed income-related, from FTSE Russell customers, and the creation of new FTSE Russell indices drawing on the depth of Refinitiv's data.

We have now raised our revenue synergy guidance from a £225 million runrate by 2025 to £350-400 million. The main drivers of this additional opportunity are the two areas outlined above, the increasing integration of Refinitiv's FX platforms into ForexClear and other parts of the business, and growth from the automation of content distribution to serve smaller clients more efficiently. We now expect to incur total one-off costs of £550-600 million between 2021 and 2025 to achieve these revenue synergies, representing a very attractive return on investment.

On the cost side, the main areas of synergy are overlapping roles and organisational structure, real estate and vendor rationalisation. By the end of 2022, we had delivered recurring savings of £297 million, ahead of our £250 million target. We continue to expect total cost synergies of at least £400 million runrate by the end of 2025, which we raised last year from our original acquisition expectation of £350 million. We expect nearly all of the runrate cost synergies to have been achieved by the end of 2023, demonstrating the effectiveness of our integration programme. The cost to achieve these synergies is in line with our initial plans.

Just as importantly, we are integrating two groups of people and developing a new, unified culture, with a much stronger focus on performance and technology excellence, supported by data. We

have set much clearer expectations and more stretching goals throughout the business, and this is already helping to deliver improved results, particularly in Data & Analytics, as described below.

The next steps in our sales transformation programme include increasing the level of dedicated resource to our top 250 customers (which represent the majority of Group revenue); evolving our “solution selling” platform through learning and development, deeper technology partnership with customers and greater consulting capability; and leveraging technology and a standardised approach to service smaller customers effectively.

We are also taking a much more rigorous and data-driven approach to customer response times, network resilience and other factors contributing to overall performance. Within Technology, we have made significant progress in bringing engineering expertise in-house. In 2022 alone, we moved from 70% external population to 60%, and our aim is to have the clear majority of our technology resource insourced. This is not only creating an LSEG culture of engineering excellence but also increasing our pace of product delivery and efficiency.

Driving growth

Data & Analytics

Revenue growth in Data & Analytics has accelerated through the year, from 5.1% in Q1 (adjusting for the impact of the Russia/Ukraine war) to 6.0% in Q4. This improving trend has been achieved through a combination of significantly-improved customer retention as a result of better execution, strong demand for our products and growing integration benefits.

We have improved execution on a number of fronts. We have restructured our sales incentives and set more stretching targets. We have developed significantly improved customer insights on usage, profitability and pricing, and as a result we are managing our renewal pipeline more rigorously and increasing the focus on cross-selling. This is aided by our increased importance as a trusted supplier to major financial institutions, where we are now engaged in a more strategic dialogue and working in partnership to develop solutions that are more customer-centred.

Within Enterprise Data, we are seeing strong demand for cloud solutions such as Real-Time Optimised and Tick History, where we have invested significantly to develop a valuable product, and the migration to a cloud environment is significantly improving customer access and stimulating growth. In Investment Solutions, FTSE Russell product launches are up 33% year-on-year, in response to substantial customer demand.

Revenue synergy highlights within Data & Analytics include ongoing very strong cross-sell of Fixed Income data into FTSE Russell clients, and Fixed Income Analytics, which achieved a second successive year of double-digit growth after a decade of low single-digit growth.

We also completed three acquisitions during the year. TORA brings multi-asset class order and execution management capabilities and we are integrating some of this functionality into Workspace to meet growing client demand. MayStreet provides low-latency (high speed) real-time data feeds, consolidating our presence across the latency spectrum in a high-growth area. GDC is a global provider of identity verification data and builds strategic capability within Customer & Third Party Risk Solutions.

Capital Markets

In Capital Markets, our growth opportunities lie in the structural trends in our markets; our ability to link our platforms and integrate data to provide enhanced services; and expansion into new geographies and asset classes such as private markets.

Within Tradeweb, the continued electrification of fixed income markets has been an ongoing tailwind, but the business is also growing share in credit trading and expanding into new geographies. In addition, its focus on ETFs in the equities space has contributed strongly to performance in 2022 and represents a significant additional runway for long-term growth.

During the year we announced plans to link Tradeweb and FXall, our market-leading FX trading platform, to enable customers trading local currency Emerging Market bonds to place their bond and currency trades simultaneously, streamlining their workflow and reducing risk. The longer-term opportunity to simplify workflow across multiple transaction types is significant.

Post Trade

We are leveraging our expertise in interest rate derivative clearing, the strength of our customer relationships and the power of Refinitiv's multi-asset class venues to drive the next stage of growth in Post Trade. Two examples of this are in foreign exchange and in the development of Post Trade Solutions.

In foreign exchange, regulation is increasing the capital and administrative burden on bilateral derivative transactions, which is driving a shift to central clearing over time. Through building seamless, direct connectivity between our foreign exchange trading and clearing platforms, combined with our global footprint, we are well positioned to build momentum in FX forwards and options clearing.

In partnership with our members and clients we are developing Post Trade Solutions, to help financial market participants optimise their financial resources and reduce operational complexity and processing costs, particularly in uncleared positions. Post Trade Solutions will enable customers to route trades in the most efficient way, depending on their existing exposures, based on a single, centralised data source. In 2022 we completed one acquisition (Quantile) and announced another (Acadia) which significantly advance our solutions strategy. Quantile provides compression and optimisation services to reduce risk and capital requirements, and Acadia is a provider of automated uncleared margin processing and integrated risk and optimisation services.

Building an efficient and scalable platform

We are implementing a comprehensive investment programme in our technology and infrastructure to serve our customers better while also improving product profitability and overall margin over time. Our software defined network, which replaces a number of complex and costly legacy networks, will deliver better agility, higher capacity and increased resilience. Progress during 2022 has been ahead of plan, with over 2,400 server migrations, and we will complete the programme in 2024.

Our programmes to transform two of our leading franchises – FTSE Russell and FX Matching – are progressing well. The re-platforming of FTSE Russell will enable greater product flexibility. The migration of FX Matching to our own proven technology, and other enhancements, will improve latency (speed) by a factor of 10, and we expect the first new functionality to be launched by the end of 2023.

In December, LSEG and Microsoft announced a new long-term strategic partnership to architect our data infrastructure using the Microsoft Cloud, and to jointly develop new products and services in the data and analytics space. The deal significantly advances our strategy of building an efficient and scalable platform for Data & Analytics to deliver next generation services for customers through improved workflow and greater flexibility, and we expect it to increase our revenue growth meaningfully over time. Microsoft has also purchased a 4.2% stake in LSEG. The major workstreams are described below.

Data platform in the cloud

Working with Microsoft Azure, we will accelerate our cloud migration strategy, creating cloud-based data architecture that consolidates our datasets onto one, flexible infrastructure. Our customers will be able to access data faster when and wherever they need it — enabling resilience and adaptability as capital markets continue to evolve.

LSEG Workspace with Teams and Microsoft 365

Together LSEG and Microsoft will transform Workspace, creating an all-in-one data, analytics, workflow and collaboration solution. Through a single, simple-to-use interface, it will enable users to collaborate with other LSEG customers inside and outside of their organisations, using Teams, Excel and Powerpoint natively with LSEG data and analytics.

New cloud analytics and modelling services

Microsoft and LSEG will use Azure Machine Learning and our advanced analytics and modelling capabilities to co-develop a new suite of solutions. Businesses that rely on analytics and models will be able to scale quickly without the need for complicated processes and systems.

Cloud infrastructure built on Microsoft Azure

We have entered into a 10-year commercial agreement to migrate our data platform and other key technology infrastructure into the Microsoft Cloud. This will be the foundation for many product development programmes and enable us to build and run scalable applications to achieve faster speed to market and greater customer reach.

Capital allocation

Our goal is to invest for growth using the cash flows we generate, building a platform for long-term capital appreciation while rewarding investors today through a progressive dividend, growing broadly in line with AEPS. We will do that within a leverage range of 1-2x net debt to adjusted EBITDA, which offers a degree of flexibility while maintaining a sufficiently conservative structure even at the top of the range.

LSEG generated £3.3 billion in operating cash flow in 2022, and a further £1.1 billion from the disposal of non-core businesses and other property. Our leverage reduced from 1.9x at the start of the year to 1.8x by year-end. We deployed our capital as follows:

Business-as-usual capex – £750 million

Business-as-usual capex, on a constant currency accrued basis, was £750 million. We continued to focus on programmes to address growth, efficiency and resilience. Our investments in Tradeweb and Workspace product development are expected to drive continued revenue growth. The upgrades to our own infrastructure as we roll out our software-defined network, giving higher capacity and increased resilience, will benefit costs from 2023 onwards. Finally the development of our data platform, including cloud migration and the associated transformation of how we import new content, should underpin both future revenue growth and cost efficiency.

In addition to this capex, we also incurred £184 million of capex mainly related to delivering the synergies relating to the Refinitiv acquisition, which was in line with our plans. Total capex on a cash basis was £966 million.

M&A – £786 million

Our M&A strategy is twofold: businesses providing services which are complementary to our existing offer and can be scaled across our footprint and customer base; and technology-based businesses which, while often small in revenue terms, can enhance existing services at lower cost and higher speed than organic investment.

We completed four acquisitions in 2022. Of these, GDC, Quantile and TORA are established businesses which can benefit from our much greater scale and deeper customer relationships. MayStreet allows us to significantly enhance the breadth of our low latency data offering much more quickly and cost effectively than if we were to develop this in-house.

Dividend – £567 million

The proposed final dividend for 2022 is 75.3 pence – giving a total for the year of 107.0 pence, up 12.6% on 2021. This is consistent with our dividend policy and reflects a payout ratio of 34% of AEPS. Our dividend per share has grown at a compound annual rate of 17% over the last 20 years.

Share buyback – £300 million

We remain very focused on capital discipline and will, from time to time, return excess capital to shareholders to the extent that we stay within our leverage range. On the back of the disposal of BETA, a non-core business in the Wealth segment, we announced a £750 million share buyback, which was 40% complete by the end of the year. Looking ahead, we are seeking shareholder approval at the 2023 AGM for a directed share buyback, which will enable us to buy shares directly from entities owned by certain investment funds affiliated with Blackstone, an affiliate of Canada Pension Plan Investment Board, an affiliate of GIC Special Investments Pte. Ltd, and by Thomson Reuters, the former Refinitiv shareholders. We expect to deploy up to £750 million in directed buybacks by April 2024.

Outlook and guidance for 2023

The year has started well. The broader macroeconomic and geopolitical outlook remains uncertain, but while some of our customers' businesses are under pressure, other areas are showing strong growth. More importantly, the broader, structural growth drivers that we are aligned to are well established and our customer relationships are increasing in strategic value.

We expect total income growth on a constant currency basis of 6-8%. This includes a contribution from acquisitions completed in 2022 of approximately 1%. We expect further progress in ASV growth in Data & Analytics in 2023, reflecting a greater annual price increase than last year and continued improvements in sales and retention.

We expect to achieve an Adjusted EBITDA margin of around 48% after Microsoft-related costs. We remain on track to achieve our 2023 exit EBITDA margin target of at least 50%, as adjusted for acquisitions, disposals, Microsoft investments and the foreign exchange movements of the last two years.

Business-as-usual capex for 2023 is planned to be around £750 million, which is consistent with previous guidance of £650-700 million after adjusting for foreign exchange movements, acquisitions and Microsoft-related investments.

The 2023 EBITDA margin and capex guidance is based on exchange rates of GBP 1: USD 1.21 and GBP 1: EUR 1.14, and excludes announced acquisitions that are pending completion.

We anticipate completing the current £750 million share buyback by July 2023, and we will seek shareholder approval for buybacks directed at the Blackstone/Thomson Reuters consortium at the AGM in April 2023. This is expected to amount to up to £750 million in the twelve months between the 2023 and 2024 AGMs, starting in H2 2023.

Financial Review

Note: Unless otherwise stated, variances refer to growth rates on a pro-forma⁶ constant currency basis, excluding the impact of a deferred revenue accounting adjustment³

Reported	2022 ¹ £m	2021 ¹ £m	Variance %	Pro-Forma Constant Currency Variance (excluding deferred revenue adjustment) %
Data & Analytics	4,944	4,103	20.5%	4.2%
Capital Markets	1,459	1,171	24.6%	9.8%
Post Trade	991	906	9.4%	7.5%
Other	34	31	9.7%	(7.2%)
Total Income (excl. recoveries)	7,428	6,211	19.6%	5.7%
Recoveries ²	315	324	(2.8%)	2.3%
Total Income (incl. recoveries)	7,743	6,535	18.5%	5.5%

Reported			
Operating Profit	1,417	1,065	33.1%
Profit Before Tax	1,241	894	38.8%
Basic Earnings per Share ⁴	141.8	85.8	65.3%
Dividends per Share ⁴	107.0	95.0	12.6%

Adjusted ³				
EBITDA	3,550	2,969	19.6%	6.0%
EBITDA Margin	47.8%	47.8%		
Operating Profit	2,728	2,282	19.5%	4.6%
Adjusted Earnings per Share ⁴	317.8	272.4	16.7%	

¹ The comparator FY 2021 figures are statutory results, incorporating Refinitiv from acquisition at the end of January 2021. Revenues and costs associated with the BETA divestment have been classified as discontinued and are excluded from all periods. Revenues and costs associated with the Borsa Italiana group divestment, which completed in 2021, are also excluded.

² Recoveries mainly relate to fees for third-party content, such as exchange data, that is distributed directly to customers.

³ The Group reports adjusted operating expenses before depreciation, amortisation and impairment, adjusted earnings before interest, tax, depreciation, amortisation and impairment (EBITDA), adjusted depreciation, amortisation and impairment, adjusted operating profit and adjusted basic earnings per share (EPS). These measures are not measures of performance under IFRS and should be considered in addition to, and not as a substitute for, IFRS measures of financial performance and liquidity. Adjusted performance measures provide supplemental data relevant to an understanding of the Group's financial performance and exclude non-underlying items of income and expense that are material by their size and/or nature. Non-underlying items include: amortisation and impairment of goodwill and other purchased intangible assets, incremental amortisation and impairment of the fair value adjustments of intangible assets recognised as a result of acquisitions, tax on non-underlying items and other income or expenses not considered to drive the operating results of the Group (including transaction, integration and separation costs related to acquisitions and disposals of businesses), as well as restructuring costs.

⁴ Weighted average number of shares used to calculate basic earnings per share and adjusted basic earnings per share from continuing operations is 557 million (2021: 538 million).

⁵ Growth rates excluding the Russia/Ukraine war impact have been calculated by excluding income in the region and from sanctioned customers and related business from both periods. This amounted to £80 million in 2021 and £18 million in Q1 2022, and nil beyond that.

⁶ Pro-forma growth assumes that the acquisition of Refinitiv took place on 1 January 2021 for the prior year comparator.

Total Income excluding recoveries grew by 5.7% to £7,428 million including a 0.3% contribution to growth from acquisitions during the year, or by 19.6% on a reported basis, helped by an extra month's contribution from Refinitiv (11 months included in 2021) as well as favourable foreign exchange movements. Excluding the impact of the Russia/Ukraine war, growth was 6.6%⁵. Total Income including recoveries grew by 5.5% to £7,743 million, or by 18.5% on a reported basis. This was driven by good growth across all three divisions.

Adjusted operating expenses before depreciation, amortisation and impairment grew by 4.1% to £3,140 million. Excluding acquisitions and disposals, cost growth was 3.4%, reflecting continued strong delivery of Refinitiv-related synergies. Our main costs relate to our people, with staff costs of £1,896 million (2021: £1,666 million). IT costs amounted to £567 million (2021: £447 million) with professional fees of £420 million (2021: £327 million).

Adjusted EBITDA increased by 6.0% to £3,550 million. EBITDA margin was flat year-on-year at 47.8%. The like-for-like EBITDA margin improvement, adjusting for the negative impacts of the Russia/Ukraine war, acquisitions completed in 2022 and non-cash FX-related balance sheet adjustments, was 110 basis points. Within EBITDA, income from Equity Investments was £12 million in 2022, down from £22 million in 2021.

Reported depreciation, amortisation and impairment of £1,900 million (2021: £1,570 million) includes £1,078 million (2021: £883 million) related to the amortisation of purchased intangible assets (mainly Refinitiv) as well as other non-underlying charges. Excluding these, adjusted depreciation, amortisation and impairment grew by 19.7% to £822 million on a reported basis and by 10.7% on a pro-forma constant currency basis, driven by our continued investment in technology and new services and the capex associated with achieving the Refinitiv synergies.

Reported Operating Profit rose 33.1%, from £1,065 million to £1,417 million, helped by an extra month's contribution from Refinitiv as well as favourable foreign exchange movements. Adjusted Operating Profit grew by 19.5% to £2,728 million. On a pro-forma constant currency basis, it grew 4.6%, with the strong income growth and good cost control highlighted above partially offset by higher depreciation and amortisation.

Reconciliation of Adjusted Operating Profit to Reported Operating Profit

	2022 £m	2021 £m
Adjusted Operating Profit	2,728	2,282
Transaction costs	(85)	(109)
Integration, separation & restructuring costs	(304)	(225)
Profit on disposal & remeasurement gains	156	-
Amortisation and impairment of purchased intangible assets	(1,044)	(851)
Depreciation & impairment of other assets	(34)	(32)
Operating Profit	1,417	1,065

Transaction costs of £85 million mainly relate to fees and other charges incurred from acquisition activity during the year, as well as awards and incentive plans linked to the Refinitiv acquisition. Integration, separation and restructuring costs have mostly been incurred in relation to the integration of Refinitiv and are in line with previous guidance. Profit on disposal and remeasurement gains of £156 million include the gain arising on the disposal of a freehold property in the UK. Amortisation and impairment of purchased intangible assets of £1,044 million mainly arise from the Refinitiv acquisition.

Net Finance Expense / Tax / Non-Controlling Interest

Adjusted Net Finance Expenses were £160 million (2021: £166 million), and were £176 million (2021: £171 million) on a reported basis.

Reported Profit Before Tax increased by 38.8%, from £894 million to £1,241 million. Adjusted Profit Before Tax increased by 21.4% in the year to £2,568 million (2021: £2,116 million). The Group incurred a tax charge in the year of £262 million (2021: £302 million). The effective tax rate was

21.1% (2021: 33.8%). The decrease in rate is mainly due to the absence of the prior year UK deferred tax remeasurement charge. The underlying effective tax rate was 21.0% (2021: 20.4%). The higher rate reflects the tax impact of the geographical mix of pre-tax earnings.

Adjusted profits attributable to non-controlling interests, mainly in Tradeweb and LCH, totalled £258 million for the year ended 2022, an increase of 17.8% from 2021.

Earnings per share

Basic earnings per share from continuing operations was 141.8 pence (2021: 85.8 pence). Adjusted earnings per share (AEPS) from continuing operations was 317.8 pence (2021: 272.4 pence). The 16.7% increase in AEPS year-on-year was driven by the growth in profitability and favourable foreign exchange movements.

Dividend

The Board is proposing a final dividend of 75.3 pence per share, which together with the interim dividend of 31.7 pence per share paid to shareholders in September 2022, results in a 12.6% increase in the total dividend to 107.0 pence per share. The final dividend of 75.3 pence per share will be paid on 24 May 2023 to all shareholders on the share register at the record date of 21 April 2023.

Data & Analytics

Continuing operations	2022 £m	2021 £m	Variance %	Pro-Forma Constant Currency Variance (excluding deferred revenue adjustment) %
Trading & Banking Solutions	1,612	1,369	17.8%	0.2%
<i>Trading</i>	1,275	1,086	17.4%	(0.1%)
<i>Banking</i>	337	283	19.1%	1.4%
Enterprise Data Solutions	1,307	1,058	23.5%	6.1%
<i>Real-Time Data</i>	838	676	24.0%	6.0%
<i>PRS</i>	469	382	22.8%	6.5%
Investment Solutions	1,325	1,119	18.4%	6.2%
<i>Benchmark Rates, Indices & Analytics</i>	607	512	18.6%	9.4%
<i>Index – Asset-Based</i>	280	253	10.7%	0.7%
<i>Data & Workflow</i>	438	354	23.7%	5.5%
Wealth Solutions	275	227	21.1%	3.0%
Customer & Third-Party Risk Solutions	425	330	28.8%	9.5%
Total Revenue (excl. recoveries)	4,944	4,103	20.5%	4.2%
Recoveries	315	324	(2.8%)	2.3%
Total Revenue (incl. recoveries)	5,259	4,427	18.8%	4.1%
Cost of sales	(879)	(709)	24.0%	5.4%
Gross Profit	4,380	3,718	17.8%	3.8%
Adjusted operating expenses before depreciation, amortisation and impairment	(2,142)	(1,857)	15.3%	3.2%
Adjusted EBITDA	2,238	1,861	20.3%	4.6%
Depreciation, amortisation and impairment	(607)	(481)	26.2%	15.9%
Adjusted operating profit	1,631	1,380	18.2%	0.7%
<i>Adjusted EBITDA Margin</i>	45.3%	45.4%		

Data & Analytics provides high value data, analytics, indices, workflow solutions and data management capabilities. The division is split into five areas to address the different needs of our customers.

Total revenue excluding recoveries grew by 4.2% to £4,944 million, primarily driven by strong performances in Enterprise Data and Investment Solutions and including a 0.4% contribution from acquisitions during the year. Excluding the impact of the Russia / Ukraine conflict, revenue growth was 5.3%. Organic Annual Subscription Value growth (“ASV”) at December 2022 was 6.2% excluding Russia / Ukraine, reflecting continuous improvement throughout the year as we work more closely with our customers to improve retention and develop relevant new services.

Trading & Banking Solutions revenue increased by 0.2% to £1,612 million, returning to growth in the second half despite the negative impact of the lost Russia / Ukraine revenue. Excluding this, full-year revenue growth was 2.3%. This performance was primarily driven by a significant improvement in product retention, particularly within the Trading business. During the year we acquired TORA, enhancing our ability to meet customer need for multi-asset class order and execution management capabilities, which added 0.8% to growth.

Enterprise Data Solutions revenue grew by 6.1% to £1,307 million reflecting the continued investment and expansion of our content and capabilities, and strong customer demand for data, underpinned by the continuing trend towards data-driven analytics to support and monitor investment decisions. The acquisition of MayStreet, which deepens our ability to help customers with their low-latency (higher speed) real-time data needs, further added to growth.

Investment Solutions revenue increased by 6.2% to £1,325 million, driven by strong subscription revenue growth, with Benchmark Rates, Indices & Analytics up 9.4%. Our multi-asset class capabilities are becoming an important differentiator with customers. We are also accelerating delivery of new FTSE Russell products with 33% more product launches in 2022 compared to the prior year, reflecting strong demand for custom indices. Our share of ETF asset inflow was strong, although offset by the underlying decline in many markets during the year.

Wealth Solutions contributed £275 million of revenue in 2022, with the Digital Solutions business the main driver of the 3.0% YoY growth. These numbers exclude the non-core BETA business, which we sold during the year.

Customer & Third-Party Risk Solutions revenue grew by 9.5% to £425 million. YoY growth of 18% in the World-Check screening business was partially offset by lower due diligence revenue. During the year we acquired GDC, which provides identity verification data, expanding our capabilities in high growth digital identity and fraud solutions.

Cost of sales of £879 million reflects the cost of purchased content and royalties, including news, specialist data and exchange data, which are required for the Data & Analytics products. Growth at 5.4% was slightly ahead of revenue growth.

Adjusted operating expenses before depreciation, amortisation and impairment increased to £2,142 million as careful management of staff costs and ongoing delivery of synergies related to the Refinitiv acquisition kept YoY cost growth to 3.2%.

Adjusted EBITDA was up 4.6% to £2,238 million, and the Adjusted EBITDA margin decreased 10 basis points to 45.3%.

Non-Financial KPIs

	2022	2021	Variance %
Annual Subscription Value Growth (%) ¹	4.8%	4.6%	
Annual Subscription Value Growth excl U/R impact (%) ^{1,2}	6.2%		
Subscription revenue growth (%) ^{1,3}	4.6%		
Subscription revenue growth excl U/R impact (%) ^{1,2,3}	5.7%		
Index – ETF AUM (\$bn)	1,009	1,138	(11.3%)
Index – ESG Passive AUM (\$bn) ⁴	296	167	77.3%

¹ Organic, constant currency variance

² Growth rates excluding the Russia/Ukraine war impact exclude income in the region and from sanctioned customers and related business from both periods

³ 12-month rolling constant currency variance excluding the impact of the deferred revenue accounting adjustment. Due to a change in methodology, prior year comparator is unavailable

⁴ ESG Passive AUM is at 30 June 2022 and prior period comparator is at 30 June 2021. The metric is updated bi-annually

Capital Markets

Continuing operations	2022 £m	2021 £m	Variance %	Pro-Forma Constant Currency Variance (excluding deferred revenue adjustment) %
Equities	248	241	2.9%	3.2%
FX	258	204	26.5%	4.2%
Fixed Income, Derivatives & Other	953	726	31.3%	13.4%
Total Revenue	1,459	1,171	24.6%	9.8%
Cost of sales	(34)	(27)	25.9%	9.1%
Gross Profit	1,425	1,144	24.6%	9.8%
Adjusted operating expenses before depreciation, amortisation and impairment	(665)	(536)	24.1%	9.4%
Adjusted EBITDA	760	608	25.0%	10.2%
Depreciation, amortisation and impairment	(103)	(110)	(6.4%)	(15.3%)
Adjusted operating profit	657	498	31.9%	15.8%
<i>Adjusted EBITDA Margin</i>	<i>52.1%</i>	<i>51.9%</i>		

Capital Markets provides businesses with access to capital through issuance, and offers secondary market trading for equities, fixed income, interest rate derivatives, foreign exchange (FX) and other asset classes.

Total revenue grew by 9.8% to £1,459 million with the increase primarily driven by Fixed Income, Derivatives & Other.

Equities revenue, which encompasses both our Primary & Secondary Equity Markets, increased by 3.2% to £248 million. Primary Markets growth was driven by annual listing fees alongside the revenue deferral benefit from 2021's record admission performance. Secondary Markets was broadly in line with the prior year as competitive pricing pressures adversely affected revenue yield, whilst overall volumes remained relatively flat.

FX revenue grew by 4.2% to £258 million driven by strong performance in Fxall, our dealer-to-client platform, alongside consistent outperformance in FX Spot Matching volumes as a result of implementation of commercial incentives. FX Matching performance returned to growth in H2 after a long period of decline.

Fixed Income, Derivatives & Other revenue increased by 13.4% to £953 million. Tradeweb, a global operator of electronic marketplaces for rates, credit, equities and money markets, achieved another year of strong growth, driven by the ongoing electrification of markets, continued share gains in most product lines and further progress in international markets. Market volatility contributed to higher average daily trading volumes and record activity across a number of core products.

Cost of sales increased by 9.1% to £34 million reflecting the cost of sales within the Tradeweb business which relate to data feeds.

Adjusted operating expenses before depreciation, amortisation and impairment increased by 9.4% to £665 million, again driven by the strong revenue growth at Tradeweb.

Adjusted EBITDA rose 10.2% to £760 million as a result of the strong topline growth at Tradeweb. The Adjusted EBITDA margin increased slightly to 52.1%.

Non-Financial KPIs

	2022	2021	Variance %
Equities			
<i>Primary Markets</i>			
New issues	74	174	(57.5%)
Total money raised (£bn)	10.7	34.8	(69.3%)
<i>Secondary Markets – Equities</i>			
UK Value Traded (£bn) – Average Daily Value	4.6	4.5	2.2%
SETS Yield (bps)	0.66	0.73	(9.6%)
FX			
Average daily total volume (\$bn)	452	443	2.0%
Fixed income, Derivatives and Other			
<i>Tradeweb Average Daily (\$m)</i>			
Rates – Cash	342,798	345,008	(0.6%)
Rates – Derivatives	342,074	293,655	16.5%
Credit – Cash	10,090	9,297	8.5%
Credit – Derivatives	17,590	12,235	43.8%

Post Trade

Continuing operations	2022 £m	2021 £m	Variance %	Pro-Forma Constant Currency Variance %
OTC Derivatives	402	358	12.3%	10.0%
Securities & Reporting	234	246	(4.9%)	(3.8%)
Non-Cash Collateral	100	95	5.3%	3.6%
Total Revenue	736	699	5.3%	4.2%
Net Treasury Income	255	207	23.2%	18.8%
Total Income	991	906	9.4%	7.5%
Cost of sales	(150)	(123)	22.0%	22.9%
Gross Profit	841	783	7.4%	5.1%
Adjusted operating expenses before depreciation, amortisation and impairment	(324)	(329)	(1.5%)	(0.6%)
Adjusted EBITDA	517	454	13.9%	9.0%
Depreciation, amortisation and impairment	(112)	(96)	16.7%	14.5%
Adjusted operating profit	405	358	13.1%	7.5%
<i>Adjusted EBITDA Margin</i>	52.2%	50.1%		

Post Trade provides clearing, risk management, capital optimisation and regulatory reporting solutions. Total revenue grew by 4.2% to £736 million and total income, including Net Treasury Income, was £991 million, up 7.5% year-on-year.

Post Trade's clearing franchise, LCH, achieved record volumes in 2022 as Central Bank rate changes, political events and increasing inflation led to heightened market volatility. OTC Derivatives revenue increased by 10.0% to £402 million, driven by a strong performance in SwapClear client clearing.

Securities & Reporting revenue decreased by 3.8% to £234 million reflecting commercial policy adjustments in equities in response to increasing pricing pressures, partially offset by growth in RepoClear.

Non-Cash Collateral revenue increased by 3.6% to £100 million as high volumes continued and includes the full year impact of 2021 pricing changes.

Net Treasury Income (NTI) increased by 18.8% to £255 million as sustained market volatility drove record collateral balances.

Cost of sales increased by 22.9% to £150 million. This was driven mainly by accounting for revenue share arrangements relating to SwapClear and NTI, which both grew strongly during the year.

Adjusted operating expenses excluding depreciation, amortisation and impairment decreased by 0.6% to £324 million demonstrating good cost control. As a result, Adjusted EBITDA was up 9.0% to £517 million and the Adjusted EBITDA margin improved by 210 basis points to 52.2%.

Non-Financial KPIs

	2022	2021	Variance %
OTC			
SwapClear			
IRS notional cleared (\$trn)	1,091	921	18.5%
SwapClear members	124	123	0.8%
Client trades ('000)	2,684	2,180	23.1%
Client average 10-year notional equivalent (\$trn)	3.7	4.2	(11.9%)
ForexClear			
Notional value cleared (\$bn)	24,659	21,670	13.8%
ForexClear members	36	35	2.9%
CDSClear			
Notional cleared (€bn)	3,358	2,283	47.1%
CDSClear members	25	25	-
Securities & Reporting			
EquityClear trades (m)	2,163	1,996	8.4%
Listed derivatives contracts (m)	262.6	285.8	(8.1%)
RepoClear – nominal value (€trn)	288.4	237.6	21.4%
Non-Cash Collateral			
Average non-cash collateral (€bn)	168.5	165.5	1.8%
Cash Collateral			
Average cash collateral (€bn)	140.8	107.2	31.3%

Cash Flow

Cash Flow	2022 £m	2021 £m
Operating Cash Flow	3,282	3,090
Net interest & royalties paid	(231)	(208)
Other dividends, net	(70)	(73)
Net taxes paid	(351)	(390)
Capex & other investments	(966)	(632)
Equity Free Cash Flow	1,664	1,787
Lease payments	(150)	(118)
Disposal proceeds	1,056	3,592
Acquisitions	(768)	762
Investments	(227)	(28)
Dividends to LSEG shareholders	(567)	(426)
Borrowings	0	6,944
Repayments	(209)	(11,614)
Share buybacks	(383)	(55)
Other	(56)	96
Net Cash Flow	360	940

The Group's business continued to be strongly cash generative during the year, with operating cash flow of £3,282 million (2021: £3,090 million). Cash outflows for purchases of property, plant and equipment and intangibles amounted to £966 million (2021: £632 million), which includes our business-as-usual investment programmes as well as investments related to the Refinitiv integration.

Equity free cash flow was £1,664 million (2021: £1,787 million). During the year the Group received disposal proceeds of £1,056 million, principally in relation to the sale of the BETA business, and deployed £768 million on acquisitions, net of £18 million cash acquired. Dividends paid during the year were £567 million, reflecting the continued strong growth in dividends per share. £383 million was spent on share buybacks, of which £300 million related to the LSEG share buyback programme announced in August 2022, with the balance relating to Tradeweb's buyback programme and fees.

Cash generation, after organic and inorganic investments and other normal course payment obligations, was positive, contributing to cash and cash equivalents growing from £2,665 million as at 31 December 2021 to £3,209 million as at 31 December 2022.

Balance Sheet / Leverage / Ratings

Net Debt Year ended 31 December	2022 £m	2021 £m
Gross borrowings	8,151	7,654
Cash and cash equivalents	(3,209)	(2,665)
Net derivative financial liabilities	48	25
Lease liabilities	672	715
Net debt	5,662	5,729
Less lease liabilities	(672)	(715)
Regulatory and operational amounts	1,236	1,294
Operating net debt	6,226	6,308

At 31 December 2022, the Group had operating net debt of £6,226 million after setting aside £1,236 million for regulatory and operational amounts. Leverage¹ fell to 1.8x at 31 December 2022 (2021: 1.9x). The Group is within its targeted leverage range of 1.0-2.0 times adjusted EBITDA before foreign exchange gains or losses.

Effective January 2021, the Group increased its committed revolving credit facilities to £2.5 billion. In 2022, the Group had access to a £1,425 million facility maturing in December 2024 and a £1,075 million facility maturing in December 2026. The second one-year extension option was exercised on the £1,075 million facility in December 2022, extending its maturity to December 2027.

With respect to the Group's long-term debt finance, no bonds were issued or repaid in 2022. The €150 million Euro term loan was repaid in full, and a partial repayment was made to the US Dollar term loan, reducing the outstanding balance to \$1,560 million (2021: \$1,660 million).

LSEG is rated A with a positive outlook by Standard & Poor's and A3 with a stable outlook by Moody's. The Standard & Poor's outlook was upgraded from stable to positive in November 2022. Standard & Poor's maintained its long-term rating of LCH Limited and LCH SA at AA- with a stable outlook through the period.

Foreign Exchange

As a result of the acquisition of Refinitiv, the majority of LSEG revenues and expenses are in US dollars followed by Sterling, Euro and other currencies. The longer-term targets associated with the acquisition of Refinitiv have been given on a constant currency basis.

¹ Leverage is calculated as operating net debt (i.e. net debt before lease liabilities and after excluding amounts set aside for regulatory and operational purposes) to pro-forma adjusted EBITDA before foreign exchange gains or losses.

	USD	GBP	EUR	Other
2022 Total Income ¹	57%	18%	17%	8%
2022 Underlying Expenses ²	50%	26%	11%	13%

2022 Total Income by division	USD	GBP	EUR	Other
Data & Analytics	65%	12%	12%	11%
Capital Markets	59%	21%	19%	1%
Post Trade	20%	44%	34%	2%
Other	44%	23%	27%	6%

1 Total income includes recoveries.

2 Underlying expenses includes cost of sales, underlying operating expenses and underlying depreciation and amortisation.

Spot / Average Rates

	Average rate 12 months ended 31-Dec-22	Closing rate at 31-Dec-22	Average rate 12 months ended 31-Dec-21	Closing rate at 31-Dec-21
GBP : USD	1.237	1.203	1.376	1.350
GBP : EUR	1.173	1.127	1.163	1.192

Appendix:

Pro-forma¹ P&L

Continuing operations	2022 £m	2021 ¹ £m	Reported Variance %
Data & Analytics	4,944	4,398	12.4%
Capital Markets	1,459	1,249	16.8%
Post Trade	991	906	9.4%
Other	34	34	
Total Income (excl. recoveries)	7,428	6,587	12.8%
Recoveries	315	354	(11.0%)
Total Income (incl. recoveries)	7,743	6,941	11.6%
Cost of sales	(1,064)	(920)	15.7%
Gross profit	6,679	6,021	10.9%
Adjusted operating expenses before depreciation, amortisation and impairment	(3,140)	(2,905)	8.1%
Income from equity investments	12	22	(45.5%)
Share of loss after tax of associates	(1)	(4)	(75.0%)
Adjusted EBITDA	3,550	3,134	13.3%
<i>Adjusted EBITDA Margin</i>	<i>47.8%</i>	<i>47.6%</i>	
Adjusted depreciation, amortisation and impairment	(822)	(737)	11.5%
Adjusted operating profit	2,728	2,397	13.8%
Adjusted net finance expense	(160)	(206)	(22.3%)
Adjusted profit before tax	2,568	2,191	17.2%
Adjusted tax	(540)	(451)	19.7%
Adjusted profit for the year	2,028	1,740	16.6%
Adjusted profit attributable to:			
Equity holders	1,770	1,512	17.1%
Non-controlling interest	258	228	13.2%
Continuing adjusted basic earnings per share (p)	317.8	271.5	17.1%

¹ Pro-forma 2021 assumes that the acquisition of Refinitiv took place on 1 January 2021.

Consolidated income statement

Year ended 31 December		2022			2021 (Re-presented) ¹		
		Notes	Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m
Continuing operations							
Revenue	2, 3	7,454	-	7,454	6,297	-	6,297
Net treasury income from CCP clearing business	2, 3	255	-	255	207	-	207
Other income	2, 3	34	-	34	31	-	31
Total income		7,743	-	7,743	6,535	-	6,535
Cost of sales	2	(1,064)	-	(1,064)	(859)	-	(859)
Gross profit		6,679	-	6,679	5,676	-	5,676
Operating expenses before depreciation, amortisation and impairment	4, 6	(3,140)	(389)	(3,529)	(2,725)	(334)	(3,059)
Profit on disposal of property, plant and equipment	6	-	133	133	-	-	-
Remeasurement gain	6, 11.1	-	23	23	-	-	-
Income from equity investments		12	-	12	22	-	22
Share of loss after tax of associates		(1)	-	(1)	(4)	-	(4)
Earnings before interest, tax, depreciation, amortisation and impairment		3,550	(233)	3,317	2,969	(334)	2,635
Depreciation, amortisation and impairment	6	(822)	(1,078)	(1,900)	(687)	(883)	(1,570)
Operating profit/(loss)		2,728	(1,311)	1,417	2,282	(1,217)	1,065
Finance income	7.1	111	-	111	46	-	46
Finance costs	6, 7.2	(271)	(16)	(287)	(212)	(5)	(217)
Net finance costs		(160)	(16)	(176)	(166)	(5)	(171)
Profit/(loss) before tax		2,568	(1,327)	1,241	2,116	(1,222)	894
Taxation	6, 8.1	(540)	278	(262)	(432)	130	(302)
Profit/(loss) from continuing operations		2,028	(1,049)	979	1,684	(1,092)	592
Discontinued operations							
Profit after tax from discontinued operations	12.1	59	453	512	160	2,511	2,671
Profit/(loss) for the year		2,087	(596)	1,491	1,844	1,419	3,263
Profit/(loss) from continuing operations attributable to:							
Equity holders		1,770	(980)	790	1,465	(1,004)	461
Non-controlling interests		258	(69)	189	219	(88)	131
Profit/(loss) from continuing operations		2,028	(1,049)	979	1,684	(1,092)	592
Profit from discontinued operations attributable to:							
Equity holders		59	453	512	156	2,512	2,668
Non-controlling interests		-	-	-	4	(1)	3
Profit after tax from discontinued operations		59	453	512	160	2,511	2,671
Profit/(loss) for the year		2,087	(596)	1,491	1,844	1,419	3,263

Year ended 31 December	2022			2021 (Re-presented) ¹			
	Notes	Underlying	Non-underlying	Total	Underlying	Non-underlying	Total
Earnings per share attributable to equity holders							
Continuing operations							
Basic earnings per share	9			141.8p			85.8p
Diluted earnings per share	9			141.1p			85.2p
Adjusted basic earnings per share	9	317.8p			272.4p		
Adjusted diluted earnings per share	9	316.1p			270.7p		
Total operations							
Basic earnings per share	9			233.8p			581.7p
Diluted earnings per share	9			232.5p			578.1p
Adjusted basic earnings per share	9	328.4p			301.4p		
Adjusted diluted earnings per share	9	326.6p			299.5p		
Dividend per share in respect of the financial year							
Dividend per share paid during the year	10			31.7p			25.0p
Dividend per share declared for the year	10			75.3p			70.0p

¹ The 2021 results have been re-presented to exclude the results of the discontinued operations (see note 12)

Consolidated statement of comprehensive income

Year ended 31 December		2022	2021
	Notes	£m	(Re-presented) ¹
		£m	£m
Continuing operations			
Profit from continuing operations		979	592
Other comprehensive income			
Items that will not be subsequently reclassified to the income statement			
Actuarial (losses)/gains on defined benefit schemes		(329)	101
Gain on equity instruments designated as fair value through other comprehensive income		21	59
Income tax relating to these items	8.1	83	(25)
		(225)	135
Items that may be subsequently reclassified to the income statement			
Gains on cash flow hedges		-	22
Gains on cash flow hedges recycled to the income statement		(3)	(2)
Net (losses)/gains on net investment hedges		(113)	87
Debt instruments at fair value through other comprehensive income:			
- Net (losses)/gains from changes in fair value		(15)	2
- Losses/(gains) recycled to the income statement		1	(4)
Net exchange gains on translation of foreign operations		2,653	13
Income tax relating to these items	8.1	2	1
		2,525	119
Other comprehensive income net of tax from continuing operations		2,300	254
Total comprehensive income from continuing operations		3,279	846
Discontinued operations			
Total comprehensive income from discontinued operations	12.1	512	2,566
Total comprehensive income		3,791	3,412
Total comprehensive income from continuing operations attributable to:			
Equity holders		2,889	707
Non-controlling interests		390	139
Total comprehensive income from continuing operations		3,279	846
Total comprehensive income from discontinued operations attributable to:			
Equity holders		512	2,564
Non-controlling interests		-	2
Total comprehensive income from discontinued operations		512	2,566
Total comprehensive income		3,791	3,412

¹ The 2021 results have been re-presented to exclude the results of the discontinued operations (see note 12)

Balance sheet

At 31 December		Group	
		2022	2021
	Notes	£m	£m
Assets			
Non-current assets			
Intangible assets	13	35,066	31,724
Property, plant and equipment		797	832
Investments in associates		34	25
Investments in financial assets	15.1	394	351
Derivative financial instruments	15.1	12	2
Other receivables		209	202
Retirement benefit assets		231	568
Deferred tax assets		622	508
		37,365	34,212
Current assets			
Trade and other receivables		1,364	967
Clearing member financial assets		687,727	665,031
Clearing member cash and cash equivalents		104,707	83,795
Clearing member assets	15.1	792,434	748,826
Investments in financial assets	15.1	226	-
Derivative financial instruments	15.1	36	25
Current tax receivable		522	398
Cash and cash equivalents		3,209	2,665
Assets held for sale		-	16
		797,791	752,897
Total assets		835,156	787,109
Liabilities			
Current liabilities			
Trade and other payables		2,143	1,782
Contract liabilities		257	245
Borrowings	14.1, 15.2	1,295	-
Clearing member financial liabilities	15.2	792,594	748,644
Derivative financial instruments	15.2	9	7
Current tax payable		142	73
Provisions		29	16
		796,469	750,767
Non-current liabilities			
Borrowings	14.1, 15.2	6,856	7,654
Other payables		1,182	1,059
Contract liabilities		89	101
Derivative financial instruments	15.2	87	45
Retirement benefit obligations		64	85
Deferred tax liabilities		2,200	1,835
Provisions		58	44
		10,536	10,823
Total liabilities		807,005	761,590
Net assets		28,151	25,519

	Notes	Group	
		2022	2021
		£m	£m
Equity			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	16	39	39
Share premium	16	978	978
Retained earnings		3,840	3,816
Other reserves	16	21,139	18,807
Total shareholders' funds		25,996	23,640
Non-controlling interests		2,155	1,879
Total equity		28,151	25,519

Cash flow statements

Year ended 31 December	Notes	Group	
		2022 £m	2021 (Re-presented) ¹ £m
Operating activities			
Profit from continuing operations		979	592
Adjustments to reconcile profit to net cash flow:			
- Taxation	8.1	262	302
- Net finance costs	7	176	171
- Amortisation and impairment of intangible assets		1,603	1,289
- Depreciation and impairment of property, plant and equipment		290	281
- Profit on disposal of property, plant and equipment	6	(133)	-
- Share based payments		158	141
- Foreign exchange losses/(gains)		38	112
- Dividend income		(12)	(22)
- Other movements		121	84
Working capital changes and movements in other assets and liabilities:			
- (Increase)/decrease in receivables, contract and other assets		(407)	747
- Decrease in payables, contract and other liabilities		(119)	(347)
- Decrease/(increase) in clearing member financial assets		709	(72,668)
- (Decrease)/increase in clearing member financial liabilities		(383)	72,408
Cash generated from/(used in) operations		3,282	3,090
Interest received		29	14
Interest paid		(171)	(152)
Net taxes paid		(351)	(390)
Royalties paid		(89)	(70)
Net cash flows from continuing operations ²		2,700	2,492
Net cash flows from discontinued operations	12.3	37	110
Net cash flows from operating activities		2,737	2,602
Investing activities			
Purchase of intangible assets	13	(773)	(542)
Purchase of property, plant and equipment		(193)	(90)
Proceeds from disposal of property, plant and equipment		153	-
Acquisition of subsidiaries, net of cash acquired	11.2	(768)	762
Proceeds from sale of disposal group, net of cash disposed	12.2	903	3,592
Investments in financial assets		(227)	(28)
Dividends received		12	22
Net cash flows from continuing operations		(893)	3,716
Net cash flows from discontinued operations	12.3	(16)	(32)
Net cash flows from investing activities		(909)	3,684
Financing activities			
Payment of principal portion of lease liabilities		(150)	(118)
Proceeds from borrowings		-	6,944
Repayment of borrowings		(209)	(11,614)
Dividends paid to equity holders of the parent	10	(567)	(426)
Dividends paid to non-controlling interests		(82)	(95)
Repurchase of shares by Parent Company	16	(303)	-
Repurchase of shares by subsidiary (Tradeweb)		(80)	(55)
Other financing activities		(77)	24
Net cash flows from continuing operations		(1,468)	(5,340)
Net cash flows from discontinued operations	12.3	-	(6)
Net cash flows from financing activities		(1,468)	(5,346)
Increase in cash and cash equivalents		360	940
Foreign exchange translation		184	(60)
Cash and cash equivalents at 1 January		2,665	1,785
Cash and cash equivalents at 31 December		3,209	2,665

¹ The 2021 results have been re-presented to exclude the results of the discontinued operations (see note 12).

² The Group's net cash inflow from continuing operating activities of £2,700 million (2021: £2,492 million) includes £226 million (2021: £202 million) of expenses related to non-underlying items.

Statements of changes in equity

Group

Year ended 31 December

	Attributable to equity holders							Total equity £m
	Notes	Ordinary share capital	Share premium	Retained earnings	Other reserves ¹	Total attributable to equity holders	Non-controlling interests (Re-presented) ²	
		£m	£m	£m	£m	£m	£m	
1 January 2021		24	971	911	1,805	3,711	414	4,125
Total comprehensive income for the year		-	-	3,250	21	3,271	141	3,412
Issue of shares	16	-	7	-	-	7	-	7
Issue of shares for acquisition of subsidiaries (with non-controlling interest)		15	-	(25)	16,981	16,971	1,442	18,413
Dividends	10	-	-	(426)	-	(426)	(97)	(523)
Share-based payments		-	-	76	-	76	67	143
Tax benefit on share-based payments in excess of expense recognised	8.1	-	-	30	-	30	-	30
Disposal of business	12.2	-	-	-	-	-	(65)	(65)
Tradeweb share buyback ³		-	-	-	-	-	(55)	(55)
Shares withheld from employee options exercised (Tradeweb) ⁴		-	-	-	-	-	(52)	(52)
Tax benefit on investment in partnerships	8.1	-	-	-	-	-	25	25
Adjustments to non-controlling interest		-	-	-	-	-	59	59
31 December 2021		39	978	3,816	18,807	23,640	1,879	25,519
Total comprehensive income for the year		-	-	1,069	2,332	3,401	390	3,791
Share buyback by Parent Company	16	-	-	(503)	-	(503)	-	(503)
Dividends	10	-	-	(567)	-	(567)	(80)	(647)
Share-based payments		-	-	99	-	99	63	162
Tax expense on share-based payments less than expense recognised	8.1	-	-	(78)	-	(78)	-	(78)
Purchase of non-controlling interests		-	-	4	-	4	(19)	(15)
Tradeweb share buyback ³		-	-	-	-	-	(80)	(80)
Shares withheld from employee options exercised (Tradeweb) ⁴		-	-	-	-	-	(82)	(82)
Tax benefit on investment in partnerships	8.1	-	-	-	-	-	100	100
Adjustments to non-controlling interest		-	-	-	-	-	(16)	(16)
31 December 2022		39	978	3,840	21,139	25,996	2,155	28,151

¹ Movements in other reserves are detailed in note 16

² The disaggregated movements in non-controlling interests for the year ended 31 December 2021 have been re-presented to be consistent with 2022

³ On 4 February 2021, Tradeweb Markets Inc., a subsidiary of the Group, announced a share repurchase programme, primarily to offset annual dilution from stock-based compensation plans. Its share repurchase programme authorises the purchase of up to US\$150 million common stock until 31 December 2023.

⁴ Tradeweb Markets Inc. is required to net-settle options exercised by employees by reducing the shares to be issued by the number of shares with a fair market value on the date of exercise equal to taxes payable by employees in respect of the number of options exercised.

Notes to the financial statements

Reporting entity

These financial statements have been prepared for London Stock Exchange Group plc (the Company) and its subsidiaries (the Group). The Group is a diversified global financial markets infrastructure and data business. The Company is a public company, incorporated and domiciled in England and Wales. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

During 2022, the Group acquired the businesses listed below. The results of these businesses have been consolidated since the date of acquisition (see note 11).

Acquired business	Acquisition date	Segment
Global Data Consortium, Inc. (GDC)	31 May 2022	Data & Analytics
MayStreet Inc. (MayStreet)	31 May 2022	Data & Analytics
Tora Holdings, Inc. (TORA)	9 August 2022	Data & Analytics
Quantile Group Limited (Quantile)	30 November 2022	Post Trade

On 1 July 2022, the Group disposed of the BETA, Maxit and Digital Investor businesses (collectively BETA) (see note 12). On 21 March 2022, the disposal of BETA was assessed to be highly probable and the business was treated as a disposal group from that date. BETA is also deemed to be a discontinued operation as it represented a separate major line of business of the Group. Its profits, losses and cash flows have therefore been separated from the Group's continuing operations and are shown as discontinued operations. The comparative period has been re-presented accordingly.

1. Accounting policies

This section describes the Group's significant policies and critical accounting judgements and estimates that relate to the financial statements and notes as a whole. We have also detailed below the new accounting pronouncements that we will adopt in future years and how we have assessed the impact of climate change on our financial statements.

1.1 Compliance with International Financial Reporting Standards (IFRS)

The Group's consolidated and the Company's financial statements are prepared in accordance with UK-adopted international accounting standards and endorsed by the UK Endorsement Board.

1.2 Basis of preparation

The financial statements are prepared on a historical cost basis except for derivative financial instruments, debt and equity financial assets and contingent consideration which are measured at fair value.

Going concern

The financial statements have been prepared on a going concern basis. The Directors, consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for 12 months from the date when these financial statements are authorised for issue. Accordingly, the going concern basis has been adopted in the preparation of these financial statements.

Presentation of income statement

The Group uses a columnar format for the presentation of its consolidated income statement to separately identify results before non-underlying items ("adjusted"). This is consistent with the way that financial performance is measured by management and reported to the Executive Committee and Board (see note 2).

The "adjusted" measures reported by the Group include:

- Adjusted operating expenses before depreciation, amortisation and impairment
- Adjusted EBITDA
- Adjusted depreciation, amortisation and impairment
- Adjusted operating profit
- Adjusted earnings per share (EPS)

These measures are not measures of performance under IFRS and should be considered in addition to, and not as a substitute for, IFRS measures of financial performance and liquidity. Adjusted performance measures provide supplemental data relevant to an understanding of the Group's financial performance and exclude non-underlying items of income and expense that are material by their size and/or nature.

The "profit before non-underlying items" measure is used to calculate adjusted EPS. Profit before non-underlying items is reconciled to profit before taxation on the face of the income statement. Non-underlying items are disclosed in note 6.

Non-underlying items include:

- Amortisation and impairment of goodwill and other purchased intangible assets
- Incremental amortisation and impairment of the fair value adjustments of intangible assets recognised as a result of acquisitions
- Other income or expenses not considered to drive the operating results of the Group (including transaction, integration and separation costs related to acquisitions and disposals of businesses), as well as restructuring costs
- Tax on non-underlying items

1.3 Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in sterling, which is also the functional currency of London Stock Exchange Group plc, the Parent Company. The Group determines the functional currency for each of its subsidiary entities and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances in foreign currencies

Transactions in foreign currencies are initially recorded and translated into the functional currency of the relevant Group entity at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the entity at the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such foreign currency transactions or from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within operating expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. The foreign exchange gain or loss on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. This means foreign exchange gains and losses on non-monetary assets and liabilities held at fair value through profit or loss are recognised in the income statement (within operating expenses), and foreign exchange gains and losses on non-monetary assets classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Translation of non-sterling entities on consolidation

The results and financial position of all Group entities that have a non-sterling functional currency are translated into sterling on consolidation into the Group's results as follows:

- assets and liabilities (including goodwill, purchased intangible assets and fair value adjustments¹) are translated at the reporting date exchange rates
- income and expenses and other comprehensive income are translated at the average exchange rate for the year. Where this average is not a reasonable approximation of the rate prevailing on the date of a material transaction, these items are translated at the rate on the date of the transaction
- all resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of net investments in foreign operations, borrowings and other currency instruments designated as hedging instruments are recognised in other comprehensive income. On disposal of a foreign currency operation, the cumulative exchange differences previously recognised in other comprehensive income relating to that operation are reclassified to the income statement as part of the profit or loss on disposal.

¹ Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate

1.4 New and amended standards and interpretations

Standards, interpretations and amendments to published standards effective for the year ended 31 December 2022

During the year, the following amendments to standards became effective. These have not had a material impact on the Group's financial statements:

- Amendments to IFRS 3 *Business Combinations*: reference to the Conceptual Framework
- Amendments to IAS 16 *Property, Plant and Equipment*: proceeds before intended use
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*: onerous contracts – cost of fulfilling a contract
- Annual Improvements to IFRS 2018-2020

Standards, interpretations and amendments to published standards which are not yet effective

New and amended standards that have been issued, but are not yet effective, up to the date of the Group's financial statements are disclosed below. We intend to adopt these, if applicable, when they become effective. We are currently assessing their impact, but this is not expected to be material to the Group's financial statements:

International accounting standards and interpretations	Effective date
IFRS 17 <i>Insurance Contracts</i> , including amendments to IFRS 17 (and initial application of IFRS 17 and IFRS 9 <i>Financial Instruments</i> – comparative information)	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: disclosure of accounting policies	1 January 2023
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : definition of accounting estimate	1 January 2023
Amendments to IAS 12 <i>Income Taxes</i> : deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IFRS 16: lease liability in a sale and leaseback	1 January 2024 ¹
Amendments to IAS 1 <i>Presentation of Financial Statements</i> : non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024 ¹
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> : sale or contribution of assets between an investor and its associate or joint venture	Deferred ¹

¹ Not yet endorsed by UK Endorsement Board

1.5 Significant accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are regularly reviewed based on historical experience, current circumstances and expectations of future events.

Significant accounting estimates and assumptions are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant judgements are those made by management in applying the Group's significant accounting policies that have a material impact on the amounts presented in the financial statements. Significant judgement may be exercised in management's accounting estimates and assumptions.

Estimates, assumptions and judgements are described in the relevant notes to the financial statements.

Note		Significant estimates and assumptions	Significant judgement
6	Non-underlying items		✓
8.2	Uncertain tax positions	✓	✓
11	Business combinations	✓	
13	Intangible assets	✓	

Management has discussed significant accounting estimates, assumptions and judgements with the Audit Committee.

1.6 Climate change

We have reviewed the potential impact of climate change on the Group's financial results and position. The areas that are deemed to be most relevant to climate change are set out below. Based on an assessment in each area, we have concluded that climate change is not expected to have a material impact on the Group's financial position, estimates or judgements. The directors monitor this on an ongoing basis.

- **Going concern and viability** – The Group has committed to a long-term ambition to achieve net zero by 2040 and set targets to reduce selected carbon emissions by 50% by 2030. There is no other direct impact on the viability period of the Group. There is no climate-related scenario that is deemed to have a probable likelihood of occurring which could also impact the Group's going concern assessment.
- **Impairment of goodwill and intangible assets** – Forecasted cash flows are not expected to be impacted by climate change over the period for which forecasts have been prepared, due to the nature of the Group's revenue streams. The impact on costs mainly relates to reducing our carbon footprint by encouraging responsible employee travel.
- **Useful lives of assets** – The Group's assets consist mainly of property and IT equipment. Given the type of IT equipment owned by the Group, there is no expected impact of climate change on the future useful lives of these assets. The useful lives of our property could be impacted by climate change in the form of physical obsolescence of assets or because of a natural disaster (such as flooding), however any such impact on the carrying value of related assets is not deemed material.
- **Deferred tax assets** – Deferred tax asset recoverability can be affected by climate if there is an expectation that it will impact on the future taxable profits that are expected to be generated. The revenue of the Group is of such a nature that it is not expected to be impacted by climate change over the period for which forecasts are prepared. There is a potential reduction in costs as we reduce our carbon footprint and encourage responsible employee travel.
- **Pension scheme asset valuation and defined benefit liability** – Changes in interest rates, as a result of climate change, could impact the future valuation of defined benefit liabilities and pension asset valuations. While these are considered in the valuation, there was no discernible impact from climate change on the current year's valuation.
- **Trade and other receivables** – The Group has a diverse client base that operates in various industries. The Group's expected credit loss provision considers the credit risk of its client base, which could be impacted by the assessment of climate change in a particular market or industry. Given that receivables are mainly due within one year, the impact of climate change on the short term is unlikely to be material.

2. Segment information

The Group reports three main operating segments:

- Data & Analytics includes the core Refinitiv business and the FTSE Russell businesses
- Capital Markets includes the London Stock Exchange, Tradeweb, FXall and Turquoise
- Post Trade includes the Group's CCPs (LCH) and other post trade services

During the year, some revenue items were reallocated between business lines to better reflect our operating model. The comparative results have been re-presented to reflect this. At a divisional level, the impact on the 2021 results previously reported is:

- £6 million of revenue from Capital Markets to Data & Analytics
- £7 million of revenue from Post Trade to Data & Analytics

Results by operating segment for the year ended 31 December 2022 are as follows:

	Notes	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Continuing operations						
Revenue from external customers ¹	3	5,259	1,459	736	-	7,454
Net treasury income from CCP clearing business	3	-	-	255	-	255
Other income	3	-	-	-	34	34
Total income		5,259	1,459	991	34	7,743
Cost of sales		(879)	(34)	(150)	(1)	(1,064)
Gross profit		4,380	1,425	841	33	6,679
Adjusted operating expenses before depreciation, amortisation and impairment	4	(2,142)	(665)	(324)	(9)	(3,140)
Income from equity investments		-	-	-	12	12
Share of loss after tax of associates		-	-	-	(1)	(1)
Adjusted EBITDA		2,238	760	517	35	3,550
Underlying depreciation, amortisation and impairment		(607)	(103)	(112)	-	(822)
Adjusted operating profit (before non-underlying items)		1,631	657	405	35	2,728
Non-underlying depreciation, amortisation and impairment	6					(1,078)
Other non-underlying items excluding net finance expense	6					(233)
Operating profit						1,417
Net finance costs (including non-underlying items)	7					(176)
Profit before tax from continuing operations						1,241
Profit before tax from discontinued operations	12					692
Profit before tax						1,933

¹ Data & Analytics revenue includes recoveries of £315 million. Post Trade revenue includes net settlement and similar expenses recovered through the CCP clearing businesses of £12 million which comprises gross settlement income of £47 million less gross settlement expenses of £35 million.

Re-presented results by operating segment for the year ended 31 December 2021 are as follows:

	Notes	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Continuing operations						
Revenue from external customers ¹	3	4,427	1,171	699	-	6,297
Net treasury income from CCP clearing business	3	-	-	207	-	207
Other income	3	-	-	-	31	31
Total income		4,427	1,171	906	31	6,535
Cost of sales		(709)	(27)	(123)	-	(859)
Gross profit		3,718	1,144	783	31	5,676
Adjusted operating expenses before depreciation, amortisation and impairment	4	(1,857)	(536)	(329)	(3)	(2,725)
Income from equity investments		-	-	-	22	22
Share of loss after tax of associates		-	-	-	(4)	(4)
Adjusted EBITDA		1,861	608	454	46	2,969
Underlying depreciation, amortisation and impairment		(481)	(110)	(96)	-	(687)
Adjusted operating profit (before non-underlying items)		1,380	498	358	46	2,282
Non-underlying depreciation, amortisation and impairment	6					(883)
Other non-underlying items excluding net finance expense	6					(334)
Operating profit						1,065
Net finance costs (including non-underlying items)	7					(171)
Profit before tax from continuing operations						894
Profit before tax from discontinued operations	12					2,702
Profit before tax						3,596

¹ Data & Analytics revenue includes recoveries of £324 million. Post Trade revenue includes net settlement and similar expenses recovered through the CCP clearing businesses of £12 million which comprises gross settlement income of £46 million less gross settlement expense of £34 million.

3. Total income

The Group's revenue from contracts with customers disaggregated by segment, major product and service line, and timing of revenue recognition for the year ended 31 December 2022 is shown below:

	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Continuing operations					
Revenue from external customers					
Major product and service lines					
Trading & banking solutions	1,612	-	-	-	1,612
Enterprise data solutions	1,307	-	-	-	1,307
Investment solutions	1,325	-	-	-	1,325
Wealth solutions	275	-	-	-	275
Customer & third-party risk solutions	425	-	-	-	425
Recoveries	315	-	-	-	315
Equities	-	248	-	-	248
FX	-	258	-	-	258
Fixed income, derivatives and other	-	953	-	-	953
OTC derivatives	-	-	402	-	402
Securities & reporting	-	-	234	-	234
Non-cash collateral	-	-	100	-	100
Total revenue	5,259	1,459	736	-	7,454
Net treasury income	-	-	255	-	255
Other income	-	-	-	34	34
Total income	5,259	1,459	991	34	7,743
Timing of revenue recognition					
Services satisfied at a point in time	173	1,015	721	-	1,909
Services satisfied over time	5,086	444	15	-	5,545
Total revenue	5,259	1,459	736	-	7,454

The Group's re-presented revenue from contracts with customers disaggregated by segment, major product and service line, and timing of revenue recognition for the year ended 31 December 2021 is shown below:

	Data & Analytics £m	Capital Markets £m	Post Trade £m	Other £m	Group £m
Continuing operations					
Revenue from external customers					
Major product and service lines					
Trading & banking solutions	1,369	-	-	-	1,369
Enterprise data solutions	1,058	-	-	-	1,058
Investment solutions	1,119	-	-	-	1,119
Wealth solutions	227	-	-	-	227
Customer & third-party risk solutions	330	-	-	-	330
Recoveries	324	-	-	-	324
Equities	-	241	-	-	241
FX	-	204	-	-	204
Fixed income, derivatives and other	-	726	-	-	726
OTC derivatives	-	-	358	-	358
Securities & reporting	-	-	246	-	246
Non-cash collateral	-	-	95	-	95
Total revenue	4,427	1,171	699	-	6,297
Net treasury income	-	-	207	-	207
Other income	-	-	-	31	31
Total income	4,427	1,171	906	31	6,535
Timing of revenue recognition					
Services satisfied at a point in time	154	790	670	-	1,614
Services satisfied over time	4,273	381	29	-	4,683
Total revenue	4,427	1,171	699	-	6,297

4. Operating expenses before depreciation, amortisation and impairment

	Notes	2022 £m	2021 (Re-presented) £m
Continuing operations			
Staff costs	5	1,896	1,666
IT costs		567	447
Professional fees		420	327
Short-term lease costs		13	43
Other costs		243	252
Foreign exchange losses/(gains)		1	(10)
Underlying operating expenses before depreciation, amortisation and impairment		3,140	2,725
Non-underlying operating expenses before depreciation, amortisation and impairment	6	389	334
Total operating expenses before depreciation, amortisation and impairment		3,529	3,059

5. Staff costs

	2022	2021 (Re-presented)
	£m	£m
Continuing operations		
Salaries and other benefits	1,905	1,626
Social security costs	191	164
Pension costs	81	81
Share-based payment expense	158	141
Total payments made to employees	2,335	2,012
Amounts capitalised as development costs	(281)	(190)
Total staff costs from continuing operations	2,054	1,822
Underlying staff costs	1,896	1,666
Non-underlying staff costs	158	156
Total staff costs from continuing operations	2,054	1,822

6. Non-underlying items

Significant accounting judgements

The Group uses its judgement to classify items as non-underlying. They include:

- Amortisation and impairment of goodwill and purchased intangible assets. Purchased intangible assets include customer relationships, trade names, and databases and content, all of which are as a result of acquisitions
- Incremental amortisation and impairment of any fair value adjustments of intangible assets recognised as a result of acquisitions
- Other income or expenses not considered to drive the operating results of the Group (including transaction, integration and separation costs related to acquisitions and disposals of businesses), as well as restructuring costs
- Tax on non-underlying items

		2022	2021 (Re-presented)
	Notes	£m	£m
Continuing operations			
Non-underlying operating expenses before interest, tax, depreciation, amortisation and impairment			
Transaction costs		85	109
Integration and separation costs		278	225
Restructuring and other costs		26	-
		389	334
Profit on disposal of property, plant and equipment		(133)	-
Remeasurement gain	11.1	(23)	-
		(156)	-
Non-underlying operating expenses before interest, tax, depreciation, amortisation and impairment		233	334
Non-underlying depreciation, amortisation and impairment			
Amortisation and impairment of purchased intangible assets	13	1,044	851
Depreciation of property, plant and equipment		15	10
Impairment of property, plant and equipment		12	22
Impairment of other non-current assets		7	-
		1,078	883
Non-underlying items before interest and tax		1,311	1,217
Non-underlying finance costs	7.2	16	5
Non-underlying items before tax		1,327	1,222
Non-underlying tax		(278)	(130)
Non-underlying items after tax		1,049	1,092

The main non-underlying items are as follows:

Transaction costs

Transaction costs mainly relate to the following acquisitions:

- Refinitiv – mainly fair value adjustment to the outstanding Tradeweb equity-settled awards (as if the acquisition date were the grant date) of £26 million (2021: £36 million) and post-acquisition Management Incentive Plan (MIP) share-based payment expense of £16 million (2021: £10 million)
- GDC, MayStreet, TORA and Quantile (see note 11.4)

Integration and separation costs

Integration and separation costs relate to activities to:

- Integrate acquired businesses with the Group and mainly consist of Refinitiv integration costs of £242 million (2021: £201 million)
- Separate disposed businesses and mainly consists of BETA separation costs of £12 million (2021: £24 million to separate the Thomson Reuters Financial & Risk Business from Thomson Reuters and then restructure it)

Profit on disposal of property, plant and equipment

On 5 January 2022, the Group completed the sale of one of its freehold properties in the UK for a cash sum of £153 million realising a gain on disposal of £133 million.

Remeasurement gain

Prior to the acquisition of GDC on 31 May 2022, LSEG held an 11% equity interest in GDC. The acquisition date fair value of the previously held interest resulted in a remeasurement gain of £23 million.

Depreciation, amortisation and impairment

Amortisation of intangibles of £1,044 million (2021: £851 million) mainly relates to the amortisation of intangible assets recognised as a result of the acquisition of Refinitiv.

We have continued to review our property needs following the acquisition of Refinitiv. The decision to exit and sub-lease some of our property has resulted in £27 million of accelerated depreciation and impairment (2021: £32 million) to right-of-use property assets and some fixtures and fittings.

Taxation

We have recognised a £278 million (2021: £130 million) non-underlying tax benefit which mainly reflects the tax impact of the Group's non-underlying items computed based on the tax rates applicable to the respective territories.

7. Net finance costs

7.1 Finance income

	2022	2021
	£m	£m
Continuing operations		
Bank deposit and other interest income	29	3
Lease interest income	1	2
Interest income on retirement benefit assets	81	41
Underlying finance income	111	46

7.2 Finance costs

	Note	2022	2021
		£m	£m
Continuing operations			
Interest payable on bank and other borrowings ¹		(156)	(151)
Amortisation of arrangement fees		(10)	(12)
Lease interest expense		(15)	(12)
Other finance expenses		(20)	(2)
Interest cost on retirement benefit obligations		(70)	(35)
Underlying finance costs		(271)	(212)
Non-underlying finance costs	6	(16)	(5)
Total finance costs		(287)	(217)

¹ Interest payable on bank and other borrowings includes amounts where the Group suffers negative interest on its cash deposits. It is net of amortisation of the realised gain on interest rate derivatives held in the hedging reserve.

8. Taxation

8.1 Income tax

Tax recognised in the income statement

	2022	2021 (Re-presented)
	£m	£m
Continuing operations		
Current tax		
UK corporation tax for the year at 19% (2021: 19%)	67	49
Overseas tax for the year	125	79
Adjustments in respect of previous years	81	2
Total current tax	273	130
Deferred tax		
Deferred tax (benefit)/expense for the year	(29)	214
Adjustments in respect of previous years	(4)	(9)
Deferred tax expense/(benefit) on amortisation and impairment of intangible assets	22	(33)
Total deferred tax	(11)	172
Total tax	262	302

Factors affecting the tax charge for the year

The tax charge for the year differs from that derived from the standard rate of corporation tax in the UK of 19% (2021: 19%) as explained below:

	2022	2021 (Re-presented)
	£m	£m
Continuing operations		
Profit before tax from continuing operations	1,241	894
Profit multiplied by standard rate of corporation tax in the UK	236	170
Overseas earnings taxed at higher rate	4	8
Adjustment arising from changes in tax rates	(3)	171
Income not taxable	(53)	(36)
Adjustments in respect of previous years	77	(7)
Deferred tax not recognized	1	(4)
Total tax	262	302

Tax on items recognised in other comprehensive income

	2022	2021
	£m	£m
Continuing operations		
Deferred tax benefit/(expense) on:		
- Actuarial losses/gains on retirement benefit obligations	98	(25)
- Gains/losses of financial assets (at fair value through other comprehensive income)	(13)	1
Total tax recognised in other comprehensive income	85	(24)

Tax on items recognised in equity

	2022	2021
	£m	£m
Current tax benefit on:		
- Share-based payments in excess of expense recognised	14	12
Total current tax recognised in equity	14	12
Deferred tax benefit/(expense) on:		
- Share-based payments less than/in excess of expense recognised	(92)	18
- Investment in partnerships (recognised in non-controlling interests)	100	25
Total deferred tax recognised in equity	8	43
Total tax recognised in equity	22	55

On 24 May 2021, the UK Finance Act 2021 was substantively enacted, increasing the corporate tax rate to 25% with effect from 1 April 2023.

Global Minimum Tax

To address concerns about uneven profit distribution and the tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 countries to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance in March 2022. This is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. Enactment is currently expected to occur with effect from 1 January 2024. Once changes to the tax law in any jurisdiction are enacted or substantively enacted, the Group may be subject to the 15% minimum tax rate. We are closely monitoring these developments.

8.2 Uncertain tax positions¹



Significant accounting judgements and estimates

Uncertain tax positions

The Group is subject to taxation in the many countries in which it operates. The tax legislation of these countries differs, is often complex and is subject to interpretation by management and government authorities. These matters of judgement sometimes give rise to the need to create provisions for tax payments that may arise in future years with respect to transactions already undertaken.

Provisions are made against individual exposures and take into account the specific circumstances of each case, including the strength of technical arguments, recent case law decisions or rulings on similar issues and relevant external advice. In accordance with IFRIC 23 *Uncertainty over Income Tax Treatments*, provisions are estimated based on one of two methods: the expected value method (the sum of the probability weighted amounts in a range of possible outcomes) or the single most likely amount method. The method chosen depends on which is expected to better predict the resolution of the uncertainty. Due to the uncertainty associated with tax audits it is possible that, at some future date, liabilities resulting from such audits or related litigation could vary significantly from our provisions. This would require the Group to make an adjustment in a subsequent period which could have a material impact on the Group's results.

EU State Aid

The Group continues to monitor developments in relation to EU State Aid investigations. On 25 April 2019, the EU Commission's final decision regarding its investigation into the UK's Controlled Foreign Company (CFC) regime was published. It concluded that the Finance Company Partial Exemption (FCPE) rules in the UK tax legislation partially represent illegal State Aid. The Group had financing arrangements that utilised the FCPE during this period.

In December 2019 and the beginning of 2021, HMRC issued determinations to the Group totalling £10.5 million which the Group paid.

The Group, several other UK PLCs and the UK Government submitted appeals to the EU General Court to annul the EU Commission's findings. On 8 June 2022, the EU General Court rejected the appeals. The Group has appealed this decision to the Court of Justice of the European Union (CJEU). It will be some time before the issues are conclusively determined by the CJEU. Until then, the UK Government is required to continue recovering amounts determined to be State Aid.

The Group's view is that no provision is required. Additionally, and in accordance with IFRIC 23 *Uncertainty over Income Tax Treatments*, the Group continues to recognise a receivable against the HMRC determinations paid to date of £10.5 million. The maximum potential exposure remains between nil and £65 million.

IRS Audit

The Group has been under audit in the USA by the Internal Revenue Service (IRS) in relation to the interest rate applied on certain cross border intercompany loans from the UK to the USA for the 2014-2021 period. During the year, the Group reached a settlement with the IRS on this matter for the 2014-2015 period. This resulted in additional tax of £1 million (\$1 million) for this period and a £4 million (\$5 million) increase in the uncertain tax liability resulting from the remeasurement of the open period.

HMRC audit of intellectual property valuation

HMRC is auditing the value of certain intellectual property purchased from Thomson Reuters as part of the formation of Refinitiv. Intellectual property valuation is complex and significantly affected by multiple inputs of assumptions. As the outcome is uncertain, especially given the inherent subjectivity of the topic, the Group has recorded an uncertain tax liability in accordance with the requirements of IFRS. Management believes that resolution of this matter will not have a material impact on the Group's financial position. Management and HMRC continue to actively discuss this topic.

Diverted Profits Tax to Thomson Reuters

HMRC continues to issue notices of assessment under the Diverted Profits Tax (DPT) regime to Thomson Reuters largely related to its Financial & Risk Business for years prior to the sale of the business to Refinitiv. As required by the notices and as directed by Thomson Reuters, the Group makes payments to HMRC which are immediately reimbursed by Thomson Reuters in accordance with an indemnity agreement. Thomson Reuters does not agree with the assessments and will continue to defend their position by contesting the assessments through all available administrative and judicial remedies.

Russian tax audit

The Group is under audit by the Russian Tax Authorities for the 2018-2020 period, which could result in additional taxes being paid locally. We do not agree with the Tax Authorities' view and will continue to defend our position through all available administrative and judicial remedies. We have recorded an uncertain tax liability in accordance with the requirements of IFRS. Management believes that resolution of this matter will not have a material impact on the Group's financial position.

¹ Amounts presented exclude interest and penalties

9. Earnings per share

	2022			2021		
	Continuing	Discontinued	Total	Re-presented		
				Continuing	Discontinued	Total
Basic earnings per share	141.8p	91.9p	233.8p	85.8p	495.9p	581.7p
Diluted earnings per share	141.1p	91.4p	232.5p	85.2p	492.9p	578.1p
Adjusted basic earnings per share	317.8p	10.6p	328.4p	272.4p	29.0p	301.4p
Adjusted diluted earnings per share	316.1p	10.5p	326.6p	270.7p	28.8p	299.5p

Profit and adjusted profit for the year attributable to the Company's equity holders

	Note	2022			2021		
		Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Profit for the financial year attributable to the Company's equity holders		790	512	1,302	461	2,668	3,129
Adjustments:							
- Total non-underlying items net of tax	6	1,049	(453)	596	1,092	(2,511)	(1,419)
- Non-underlying items attributable to non-controlling interests		(69)	-	(69)	(88)	(1)	(89)
Adjusted profit for the year attributable to the Company's equity holders		1,770	59	1,829	1,465	156	1,621

Weighted average number of shares

	2022	2021
	millions	millions
Weighted average number of shares¹	557	538
Effect of dilutive share options and awards	3	3
Diluted weighted average number of shares	560	541

¹ The weighted average number of shares excludes those held in the Employee Benefit Trust.

10. Dividends

	2022 £m	2021 £m
Final dividend for 31 December 2020 paid 26 May 2021: 51.7p per ordinary share	-	287
Interim dividend for 31 December 2021 paid 21 September 2021: 25.0p per ordinary share	-	139
Final dividend for 31 December 2021 paid 25 May 2022: 70.0p per ordinary share	390	-
Interim dividend for 31 December 2022 paid 20 September 2022: 31.7p per ordinary share	177	-
	567	426

Dividends are only paid out of available distributable reserves of the Company.

The Board has proposed a final dividend in respect of the year ended 31 December 2022 of 75.3p per share, which amounts to an expected payment of £417 million on 24 May 2023. This is not reflected in the financial statements.

11. Business combinations

During the year, the Group acquired the businesses listed below. The results of the businesses have been consolidated since the date of acquisition.

- Global Data Consortium, Inc. (GDC)
- MayStreet Inc. (MayStreet)
- Tora Holdings, Inc. (TORA)
- Quantile Group Limited (Quantile)

Significant accounting estimates and assumptions

Intangible assets acquired as part of a business combination

The fair value of acquired intangible assets (and therefore the resulting goodwill recognised on acquisition) is significantly affected by a number of factors. These include management's best estimates of future performance (i.e. forecast revenue, expected revenue attrition, forecast operating margin), any contributory assets changes and estimates of the return required to determine an appropriate discount rate (in order to calculate the net present value of the assets).

The purchase price allocations (PPAs) (shown in 11.2 below) have been prepared on a provisional basis in accordance with IFRS 3 *Business Combinations*. If new information obtained within one year of the acquisition date, about facts and circumstances that existed at the acquisition date, identifies adjustments to the amounts below or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

11.1 Details of businesses acquired

Acquired business	Description of business	Reason for acquisition	Acquisition date	Voting equity interest acquired
Global Data Consortium, Inc. (GDC)	A global provider of high-quality identity verification data to support clients with Know Your Customer (KYC) requirements.	GDC's services are used within LSEG's Customer & Third-Party Risk Solutions business within the Data & Analytics division, to provide global digital identity verification to customers. Adding GDC to the Group's suite of digital identity solutions will enable the Group to continue to expand capabilities in this segment.	31 May 2022	89% ¹
MayStreet Inc. (MayStreet)	A market data solutions provider. MayStreet provides global low latency technology and market data to over 65 industry participants, including banks, asset managers and hedge funds.	The acquisition enhances the Group's Enterprise Data Solutions business, within the Data & Analytics division, expanding our capabilities across the latency spectrum through a global low latency network of over 300 cross asset, exchange and trading venue feeds. This broadens and complements our real-time feeds and historical market data value proposition.	31 May 2022	100%
Tora Holdings, Inc. (TORA)	A cloud-based technology provider that supports customers trading multiple asset classes across global markets. TORA's solutions include an order and execution management system (OEMS) and portfolio management system (PMS) for customers trading equities, fixed income, FX, derivatives and digital assets.	The transaction will further enhance the global footprint of the Group's Trading & Banking Solutions business, within the Data & Analytics division, with TORA's established presence in Asia and North America and operations in Europe. Our customers will benefit from a differentiated trading solution that combines the multi-asset class capabilities of TORA's software with the Group's rich data and analytics services.	9 August 2022	100%
Quantile Group Limited (Quantile)	A leading provider of portfolio, margin and capital optimisation and compression services for the global financial services market. Quantile is led by a team of industry experts with significant experience in risk management, quantitative analysis and trading technology.	Quantile's powerful optimisation engine provides advanced trade compression and risk rebalancing services to banks, hedge funds and other financial institutions trading OTC derivatives. Quantile will therefore complement our global OTC Derivatives clearing services, which provide risk management and capital efficiencies to customers. It will also allow the Group to expand its range of Post Trade risk management solutions through trade compression as well as capital and margin optimisation services.	30 November 2022	100%

¹ Prior to the acquisition LSEG held an 11% interest in GDC and on 31 May 2022 recognised a £23 million non-underlying remeasurement gain on this investment in associate (see note 6).

11.2 Consideration transferred, assets acquired and liabilities assumed, and resulting goodwill

Goodwill arising from the acquisitions has been recognised as follows:

	Note	GDC £m	MayStreet £m	TORA £m	Quantile £m	Total £m
Purchase consideration						
– Cash (including settlement of share options)		213	153	258	162	786
– Fair value of previous interest held		28	-	-	-	28
– Deferred consideration		-	-	-	5	5
– Contingent consideration payable ¹		-	-	-	38	38
Total purchase consideration		241	153	258	205	857
Less: Fair value of identifiable net assets						
– Intangible assets: Customer and supplier relationships ²	13	(67)	(28)	(49)	(44)	(188)
– Intangible assets: Software ²	13	(28)	(39)	(47)	(35)	(149)
– Intangible assets: Licences ²	13	-	-	(3)	-	(3)
– Other non-current assets		-	(1)	(3)	-	(4)
– Cash and cash equivalents		(5)	(2)	(6)	(5)	(18)
– Other current assets		(4)	(3)	(7)	(9)	(23)
– Total liabilities, excluding deferred tax liabilities		4	19	6	5	34
– Deferred tax liabilities ³		12	9	24	18	63
Fair value of identifiable net assets acquired		(88)	(45)	(85)	(70)	(288)
Goodwill	13	153	108	173	135	569
Allocated to cash-generating unit		Data & Analytics	Data & Analytics	Data & Analytics	Post Trade	

¹ The contingent consideration payable is linked to performance targets of Quantile. The contingent consideration is calculated with reference to qualifying revenue and relevant valuation multiples which determines the payment, discounted to a present value. A 1% change in the discount rate applied would not have a material effect on the valuation of the payable.

² The fair values of the net assets acquired were determined based on assumptions that reasonable market participants would use in the principal (or most advantageous) market and primarily included significant unobservable inputs (Level 3 of the fair value hierarchy). The following valuation methodologies were used to determine fair value:

- Customer relationships: multi-period excess earnings method (MEEM) (income approach)
- Supplier relationships: replacement cost approach
- Software: relief from royalty method (income approach)
- Licences: replacement cost approach

³ The deferred tax liability mainly comprises the tax effect of the intangible assets.

The goodwill is attributable to:

- growth in the underlying business;
- future data and technology not yet developed; and
- expected synergies which will drive growth in the combined business.

None of the goodwill recognised is expected to be deductible for income tax purposes.

11.3 Revenue and profit contribution

From the respective acquisition dates, the acquired businesses contributed revenue and profit before tax as follows:

	2022			
	GDC	MayStreet	TORA	Quantile
	Seven months	Seven months	Five months	One month
	£m	£m	£m	£m
Revenue	12	8	12	1
Adjusted EBITDA	4	2	-	-
Profit/(loss) before tax	-	(3)	(8)	-

If the acquisitions had all occurred on 1 January 2022, the acquired businesses would have contributed additional revenue and adjusted EBITDA as follows:

	2022						Pro-forma Group £m
	LSEG	GDC	MayStreet	TORA	Quantile		
	Year ended 31 Dec	Five months ended 31 May	Five months ended 31 May	Seven months ended 31 Jul	11 months ended 30 Nov		
	£m	£m	£m	£m	£m		
Continuing							
Revenue	7,454	8	6	20	11		7,499
Adjusted EBITDA	3,550	2	(11)	(3)	-		3,538

11.4 Acquisition-related costs, including employment-linked management incentive and earn-out arrangements

Acquisition-related costs are recognised as non-underlying transaction costs in the income statement (see note 6). The Group incurred acquisition-related costs (on advisor and professional fees and management incentive and retention costs) as follows:

	GDC	MayStreet	TORA	Quantile
	£m	£m	£m	£m
Advisor and professional fees	3	5	3	8
Employment-linked management incentive and earn-out arrangements ¹	-	22	3	-
Acquisition-related costs	3	27	6	8

¹ As part of the MayStreet and TORA purchase agreements, employment-linked management retention incentives and earn-out arrangements have been agreed with the former founders and senior management. These arrangements are contingent on continuing employment, and will be:

- recognised as post-combination compensation over the arrangement period within salaries and other benefits in the income statement
- classified as non-underlying transaction costs

12. Disposal of businesses and discontinued operations

Disposal of BETA during the year ended 31 December 2022

On 21 March 2022, the disposal of BETA, Maxit and Digital Investor (collectively BETA) was assessed to be highly probable and it has been treated as a disposal group from that date. BETA provides back-office processing to the wealth management industry, including securities processing and tax reporting. BETA has also been treated as a discontinued operation as it represented a separate major line of business. Its results have been excluded from the continuing results of the Group for the year ended 31 December 2022. The results for the prior year have been re-presented to exclude the BETA results from the continuing operations of the Group.

On 1 July 2022, BETA was sold for total cash consideration of US\$1.1 billion (£0.9 billion) to affiliates of Clearlake Capital Group, L.P. (Clearlake) and Motive Partners (Motive), realising a profit on disposal, after tax, of £0.5 billion. We announced that we have entered into a new long-term strategic partnership for data, content and tools with BETA and portfolio companies owned by Clearlake and Motive.

Disposal of the Borsa Italiana group during the year ended 31 December 2021

On 29 April 2021, the Group disposed of Borsa Italiana. It was presented as a discontinued operation and its results are excluded from the continuing operations of the Group for the year ended 31 December 2021. As part of the disposal agreement the Group continues to provide services to the Borsa Italiana group on an arm's length basis.

12.1 Profit and total comprehensive income from discontinued operations

Until the respective disposal dates, the profit and total comprehensive income from discontinued operations are as follows:

	2022	2021 (Re-presented)
	£m	£m
Profit from discontinued operations		
BETA	512	68
Borsa Italiana group	-	2,603
Profit from discontinued operations	512	2,671
Other comprehensive loss of discontinued operations		
Borsa Italiana group	-	(105)
Other comprehensive loss from discontinued operations	-	(105)
Total comprehensive income from discontinued operations	512	2,566

Profit and total comprehensive income from BETA

	Note	2022 £m	2021 £m
Total income		132	205
Underlying cost of sales and operating expenses		(57)	(103)
Adjusted profit before tax		75	102
Non-underlying expenses		(1)	(9)
Profit before tax		74	93
Underlying tax		(16)	(27)
Non-underlying tax		-	2
Profit after tax of discontinued operation		58	68
Profit on disposal of discontinued operation, after tax (non-underlying)	12.2	454	-
Profit (and total comprehensive income) from discontinued operation		512	68

Profit and total comprehensive income from Borsa Italiana group		
	Note	2021 £m
Total income		146
Underlying cost of sales and operating expenses		(52)
Adjusted profit before tax		94
Non-underlying expenses		(4)
Profit before tax		90
Underlying tax		(9)
Non-underlying tax		3
Profit after tax of discontinued operation		84
Profit on disposal of discontinued operation (non-underlying)	12.2	2,519
Profit from discontinued operation		2,603
Other comprehensive income		
Recycled from hedging reserve on disposal		17
Net losses from debt instruments held at FVOCI		(10)
Foreign exchange losses on translation in the period		(53)
Cumulative foreign exchange adjustments recycled on disposal		(62)
Tax on items in other comprehensive income		3
Other comprehensive loss from discontinued operations		(105)
Total comprehensive income from discontinued operations		2,498

12.2 Profit on disposal of discontinued operations, after tax

	2022 BETA £m	2021 Borsa Italiana group £m
Proceeds from disposal	903	3,876
Carrying value of cash disposed	-	(284)
Proceeds from disposal, net of cash disposed	903	3,592
Carrying value of net assets disposed, excluding cash	(241)	(1,129)
Non-controlling interests disposed	-	65
Transaction costs	(44)	(46)
Other expenses	-	(8)
Profit on disposal of discontinued operations, before tax and recycling of reserves	618	2,474
Recycling of cumulative foreign exchange translation reserve	-	62
Recycling of amounts held in hedging reserve	-	(17)
Income tax on gain	(164)	-
Profit on disposal of discontinued operations, after tax	454	2,519

12.3 Cash flows from discontinued operations

	2022 £m	2021 £m
Operating activities		
BETA	37	87
Borsa Italiana group	-	23
Net cash flows from operating activities	37	110
Investing activities		
BETA	(16)	(30)
Borsa Italiana group	-	(2)
Net cash flows from investing activities	(16)	(32)
Financing activities		
Borsa Italiana group	-	(6)
Net cash flows from financing activities	-	(6)
Foreign exchange translation (of cash and cash equivalents)	-	(10)
Net increase in cash from discontinued operations	21	62

13. Intangible assets

Significant accounting estimates and assumptions

Intangible assets and goodwill form a significant part of the balance sheet and are key assets for the Group's businesses. See note 11 for the significant accounting estimates of intangible assets obtained through the purchase of subsidiaries.

Recoverable amounts of CGUs and intangible assets

The recoverable amounts of CGUs and intangible assets are based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plans prepared by management for the three-year period ending 31 December 2025. These use management's best estimate of future performance together with estimates of the return required by investors, which is used to determine an appropriate discount rate to derive the present value.

Estimated useful economic lives

Intangible assets are amortised over their estimated useful economic lives, being management's best estimate of the period over which value from the intangible assets is realised. In determining useful economic life, management considers a number of factors including: customer attrition rates; product upgrade cycles for software and technology assets; market participant perspectives of brands; and pace of change of regulation.

	Notes	Purchased intangible assets					Software and other £m	Total £m
		Goodwill ¹ £m	Customer and supplier relationships £m	Brands £m	Databases and content £m	Software, licences and intellectual property £m		
Cost								
1 January 2021		2,402	1,847	953	-	569	1,260	7,031
Intangible assets acquired on acquisition of subsidiaries		16,520	7,455	983	2,398	199	1,608	29,163
Additions		-	-	-	-	-	642	642
Disposal of business (re-presented) ¹		(1,371)	(692)	(1)	-	(66)	(181)	(2,311)
Disposals and write-off		-	-	-	-	(1)	(59)	(60)
Foreign exchange translation		(42)	111	21	36	1	(38)	89
31 December 2021 (re-presented) ¹		17,509	8,721	1,956	2,434	702	3,232	34,554
Intangible assets acquired on acquisition of subsidiaries	11.2	569	188	-	3	149	-	909
Additions ²		-	-	-	-	-	868	868
Disposal of business	12	-	-	(51)	-	-	(174)	(225)
Disposals and write-off		-	-	-	-	-	(70)	(70)
Foreign exchange translation		1,781	1,016	208	297	52	273	3,627
31 December 2022		19,859	9,925	2,113	2,734	903	4,129	39,663
Accumulated amortisation and impairment								
1 January 2021		546	868	265	-	345	683	2,707
Amortisation charge for the year		-	491	130	220	33	425	1,299
Impairment		-	-	-	-	-	13	13
Disposal of business (re-presented) ¹		(498)	(409)	-	-	(58)	(139)	(1,104)
Disposals and write-off		-	-	-	-	(1)	(43)	(44)
Foreign exchange translation		(25)	6	3	4	(4)	(25)	(41)
31 December 2021 (re-presented) ¹		23	956	398	224	315	914	2,830
Amortisation charge for the year ³		-	590	150	232	41	587	1,600
Impairment ⁴		-	-	-	-	-	11	11
Disposal of business	12	-	-	(4)	-	-	(31)	(35)
Disposals and write-off ⁵		-	-	-	-	-	(70)	(70)
Foreign exchange translation		7	104	40	34	11	65	261
31 December 2022		30	1,650	584	490	367	1,476	4,597
Net book values⁶								
31 December 2022		19,829	8,275	1,529	2,244	536	2,653	35,066
31 December 2021		17,486	7,765	1,558	2,210	387	2,318	31,724

¹ The prior year comparatives for cost and accumulated impairment of goodwill have both been re-presented by a reduction of £444 million to reflect the correct gross disposal of goodwill cost and accumulated impairment related to Borsa Italiana group. There is no impact on the net book value.

² During the year, consideration for additions comprised £787 million (2021: £611 million) in cash, nil (2021: £2 million) of leased assets and £81 million (2021: £29 million) in accruals. During the year, the Group:

- recognised additions of nil (2021: £2 million) as right-of-use assets, with a right-of-use assets amortisation charge of nil (2021: £6 million)
- capitalised sales commissions paid to employees (contract costs) of £40 million (2021: £46 million)

³ Includes non-underlying amortisation of intangible assets of £1,044 million (2021: £851 million). Includes amortisation of £8 million related to discontinued operations (2021: £25 million).

4 Following a review of software assets in the year the Group recognised an £11 million impairment charge (2021: £13 million) in relation to assets with a recoverable amount less than the carrying value.

5 During the year the Group recognised disposals and write-offs of assets which are no longer in use of £70 million with nil net book value (2021: £60 million with £16 million net book value).

6 The £2,653 million (2021: £2,318 million) net book value of software and other intangibles, includes £647 million (2021: £447 million) of assets not yet brought into use. No amortisation has been charged on these assets and instead they are tested for impairment annually. At 31 December 2022, software and other net book value includes contract costs of £75 million (2021: £71 million).

Goodwill

Carrying value of goodwill allocated to each of the Group's CGUs and annual impairment test

Goodwill is allocated to and monitored by management at the level of the Group's four CGUs as set out below:

	Net book value of goodwill	
	2022	2021
	£m	£m
Data & Analytics ¹	14,414	12,771
Capital Markets, excluding Tradeweb	2	2
Tradeweb ¹	5,152	4,594
Post Trade ¹	261	119
	19,829	17,486

¹ Goodwill allocated to the Data & Analytics, Tradeweb and Post Trade CGUs include foreign exchange translation during the year of £1,209 million, £558 million and £7 million, respectively. The increase also reflects the acquisitions (see note 11).

Goodwill as at 31 December 2022 was tested for impairment. For each CGU, the estimated recoverable amount is higher than its carrying value (being the net book value as at 31 December 2022) and therefore no impairment was identified or recognised.

14. Borrowings and net debt

14.1 Borrowings

	Group	
	2022	2021
	£m	£m
Non-current		
Bank borrowings - committed bank facilities and term loans ¹	(5)	1,347
Bonds	6,860	6,306
Trade finance loans	1	1
Total non-current borrowings	6,856	7,654
Current		
Bank borrowings - term loan	1,295	-
Total current borrowings	1,295	-
Total borrowings	8,151	7,654

¹ Balances are shown net of capitalised arrangement fees. Where there are no amounts borrowed on a particular facility, this gives rise to a negative balance.

The Group has the following committed bank facilities, loans and unsecured bonds:

	Maturity date	Facility/ bond £m	Carrying value		Interest rate %
			2022 £m	2021 £m	
Committed bank facilities					
Multi-currency revolving credit facility	Dec 2024	1,425	(2)	(3)	see note ²
Multi-currency revolving credit facility	Dec 2027	1,075	(3)	(3)	see note ²
Total committed bank facilities¹		2,500	(5)	(6)	
Committed term loans					
€500 million term loan	Dec 2023		-	126	EURIBOR + 0.725
\$2,000 million term loan	Dec 2023		1,295	1,227	see note ²
Total committed term loans			1,295	1,353	
Bonds					
\$500 million bond, issued April 2021	Apr 2024	416	415	369	0.650
€500 million bond, issued September 2017	Sep 2024	444	443	419	0.875
€500 million bond, issued April 2021	Apr 2025	444	443	419	-
\$1,000 million bond, issued April 2021	Apr 2026	831	828	738	1.375
€500 million bond, issued December 2018	Dec 2027	444	441	417	1.750
€500 million bond, issued April 2021	Apr 2028	444	441	417	0.250
\$1,000 million bond, issued April 2021	Apr 2028	831	828	737	2.000
€500 million bond, issued September 2017	Sep 2029	444	441	417	1.750
€500 million bond, issued April 2021	Apr 2030	500	494	493	1.625
\$1,250 million bond, issued April 2021	Apr 2031	1,039	1,033	919	2.500
€500 million bond, issued April 2021	Apr 2033	444	438	413	0.750
\$750 million bond, issued April 2021	Apr 2041	623	615	548	3.200
Total bonds		6,904	6,860	6,306	
Trade finance loans	Nov 2025		1	1	7.274
Total committed facilities, loans and unsecured bonds			8,151	7,654	

¹ Negative balances represent the value of unamortised arrangement fees.

² As part of the IBOR Reform, a Credit Adjustment Spread (CAS) has been applied where US dollar and sterling LIBOR rates were replaced with SOFR and SONIA rates respectively in the bank facilities. The CAS is variable and depends on the tenor and currency of the borrowings.

Committed bank facilities: Multi-currency revolving credit facilities

In December 2020, the Group arranged a £1,075 million syndicated committed facility maturing in December 2025, which replaced a former £600 million facility. In December 2022, the second of two 1-year extension options was taken up (first option exercised in December 2021), extending the maturity to December 2027. The Group continues to have access to a £1,425 million Revolving Credit Facility, which became effective in January 2021 and matures in December 2024. The revolving credit facilities were drawn down during the year and fully repaid as at 31 December 2022.

Committed term loans

The term loans were fully drawn in January 2021. During the year the Euro term loan was fully repaid and the US Dollar term loan was partly repaid by US\$100 million (2021: repayments of €350 million and US\$340 million, respectively). The increase in the carrying value of the US Dollar term loan compared with last year reflects the impact of foreign exchange movements.

Commercial paper

During the year the Group maintained its Euro Commercial Paper Programme limit of £1 billion and entered into a US Commercial Paper Programme with a limit of \$1 billion. There were no outstanding issuances at 31 December 2022 and 31 December 2021.

Other Group facilities

In accordance with the Committee on Payments and Market Infrastructures, the International Organisation of Securities Commissions and Principles for Financial Market Infrastructures, many central banks allow CCPs to apply for access to certain central bank facilities. LCH SA has a French banking licence and is able to access financing at the French Central Bank and at the European Central Bank to support its liquidity position. LCH Ltd is deemed to have sufficient fungible liquid assets to maintain an appropriate liquidity position and has direct access to central bank facilities to support its liquidity risk management in accordance with the requirements under European Market Infrastructure Regulation.

In addition, a number of Group entities have access to uncommitted operational, money market and overdraft facilities which support post trade activities and day-to-day liquidity requirements. These facilities were drawn down during the year and fully repaid as at 31 December 2022.

14.2 Net debt

Net debt comprises cash and cash equivalents less lease liabilities and interest-bearing loans and borrowings, adjusted for derivative financial instruments.

	Note	Group	
		2022 £m	2021 £m
Current			
Cash and cash equivalents		3,209	2,665
Bank borrowings	14.1	(1,295)	-
Lease liabilities		(139)	(168)
Derivative financial assets		36	25
Derivative financial liabilities		(9)	(7)
Total due within one year		1,802	2,515
Non-current			
Bank borrowings	14.1	5	(1,347)
Bonds	14.1	(6,860)	(6,306)
Trade finance loans	14.1	(1)	(1)
Lease liabilities		(533)	(547)
Derivative financial assets		12	2
Derivative financial liabilities		(87)	(45)
Total due after one year		(7,464)	(8,244)
Net debt		(5,662)	(5,729)

15. Financial assets and financial liabilities

15.1 Financial assets

31 December 2022	Group			
	Amortised cost £m	FVOCI £m	FVPL £m	Total £m
Clearing business financial assets¹				
- Clearing member trading assets	1,997	-	661,370	663,367
- Other receivables from clearing members	5,945	-	-	5,945
- Other financial assets ²	-	18,415	-	18,415
- Clearing member cash and cash equivalents ²	104,707	-	-	104,707
Total clearing member assets	112,649	18,415	661,370	792,434
Trade and other receivables	1,344	-	12	1,356
Cash and cash equivalents	3,209	-	-	3,209
Investments in financial assets - debt instruments	-	226	-	226
Investments in financial assets - equity instruments	-	394	-	394
Derivative financial instruments	-	-	48	48
Total financial assets	117,202	19,035	661,430	797,667

¹ At 31 December 2022, there are no provisions for expected credit losses in relation to any of the CCP businesses' financial assets held at amortised cost or FVOCI (2021: nil). The Group closely monitors its CCP investment portfolio and invests only in government debt and other collateralised instruments where the risk of loss is minimal. There was no increase in credit risk in the year and none of the assets are past due (2021: nil).

² Clearing member cash and cash equivalents represents amounts received from the clearing members to cover initial and variation margins, and default fund contributions that are not invested in bonds. These amounts are deposited with banks, including central banks, or invested securely in short-term reverse repurchase contracts (reverse repos). Other financial assets represent the CCP investment in government bonds.

31 December 2021	Group			
	Amortised cost £m	FVOCI £m	FVPL £m	Total £m
Clearing business financial assets				
- Clearing member trading assets	1,476	-	645,587	647,063
- Other receivables from clearing members	4,184	-	-	4,184
- Other financial assets	-	13,784	-	13,784
- Clearing member cash and cash equivalents	83,795	-	-	83,795
Total clearing member assets	89,455	13,784	645,587	748,826
Trade and other receivables	1,020	-	6	1,026
Cash and cash equivalents	2,665	-	-	2,665
Investments in financial assets - equity instruments	-	351	-	351
Derivative financial instruments	-	-	27	27
Total financial assets	93,140	14,135	645,620	752,895

15.2 Financial liabilities

	Group		
	Amortised cost	FVPL	Total
	£m	£m	£m
31 December 2022			
Clearing business financial liabilities			
- Clearing member trading liabilities	1,997	661,370	663,367
- Other payables to clearing members	129,227	-	129,227
Total clearing member financial liabilities	131,224	661,370	792,594
Trade and other payables	3,211	38	3,249
Borrowings	8,151	-	8,151
Derivative financial instruments	-	96	96
Total financial liabilities	142,586	661,504	804,090

	Group		
	Amortised cost	FVPL	Total
	£m	£m	£m
31 December 2021			
Clearing business financial liabilities			
- Clearing member trading liabilities	1,476	645,587	647,063
- Other payables to clearing members	101,581	-	101,581
Total clearing member financial liabilities	103,057	645,587	748,644
Trade and other payables	2,727	-	2,727
Borrowings	7,654	-	7,654
Derivative financial instruments	-	52	52
Total financial liabilities	113,438	645,639	759,077

16. Share capital, share premium and other reserves

Ordinary share capital issued and fully paid

	Number of shares millions	Ordinary share capital ¹ £m	Share premium ² £m	Total £m
1 January 2021	351	24	971	995
Acquisition of subsidiaries	204	15	-	15
Issue of shares to the Employee Benefit Trust ³	2	-	7	7
31 December 2021	557	39	978	1,017
Issue of shares to the Employee Benefit Trust ³	1	-	-	-
Share buyback ⁴	(4)	-	-	-
31 December 2022	554	39	978	1,017

¹ Ordinary share capital consists of ordinary shares of 6 79/86 pence.

² Share premium is the amount subscribed for share capital in excess of par value.

³ The Board approved the allotment and issue of 883,174 ordinary shares at par to the EBT (2021: 1,368,896 ordinary shares at par and 177,894 at a weighted average price of £35.74) to settle employee share plans. A share premium of £nil (2021: £7 million) has been recognised in the year in respect of these.

⁴ At 31 December 2022, the Group held 3,797,344 (2021: nil) treasury shares which were acquired as part of its share buyback programme.

Share buyback programme

In August 2022, the Company launched a £750 million share buyback programme which will be phased over multiple tranches over a 12 month period. During the year, the Company repurchased 3.8 million of its own shares from the market for £300 million, which are being held as treasury shares. Total costs directly attributable to the share buyback programme was £3 million. The consideration paid and costs incurred have been deducted from retained earnings.

The Company entered into an irrevocable commitment with its corporate brokers to repurchase shares as part of tranche two of the programme, which in part covers the close period from 1 January 2023 up to the announcement of the Group's full year results. At 31 December 2022, the remaining obligation in relation to the share purchase was £200 million and is presented within trade and other payables. See note 18 for shares repurchased after the reporting date.

Other reserves

	Merger relief reserve ¹ £m	Capital redemption reserve ² £m	Reverse acquisition reserve ³ £m	Hedging reserve ⁴ £m	Foreign exchange translation reserve ⁵ £m	Total £m
1 January 2021	1,305	514	(512)	(110)	608	1,805
Acquisition of subsidiaries	16,981	-	-	-	-	16,981
Amounts recycled on disposal	-	-	-	17	(62)	(45)
Foreign exchange differences on translation of foreign operations	-	-	-	-	(41)	(41)
Amount recycled to income statement	-	-	-	(2)	-	(2)
Changes in fair value recognised	-	-	-	109	-	109
31 December 2021	18,286	514	(512)	14	505	18,807
Foreign exchange differences on translation of foreign operations	-	-	-	-	2,448	2,448
Amount recycled to income statement	-	-	-	(3)	-	(3)
Changes in fair value recognised	-	-	-	(113)	-	(113)
31 December 2022	18,286	514	(512)	(102)	2,953	21,139

¹ The merger relief reserve is a potentially distributable reserve arising as a result of shares issued to acquire subsidiaries. The Group applied merger relief, as required by section 612 of the Companies Act 2006, to the issue of shares by the Company to acquire Refinitiv. The Group acquired a 100% equity holding in Refinitiv and recognised the excess of the fair value above the nominal share capital issued in the merger relief reserve and retained earnings.

² The capital redemption reserve was set up as a result of a court approved capital reduction scheme and is non-distributable.

³ The reverse acquisition reserve arose as a result of the acquisition of London Stock Exchange Plc in 2007. It is recognised on consolidation as a result of a capital reduction scheme and is non-distributable.

⁴ The hedging reserve represents the cumulative fair value adjustments recognised in respect of net investment and cash flow hedges entered into in accordance with hedge accounting principles. It is distributable under certain circumstances. Net gains and losses are recognised in other comprehensive income and balances remain in equity until both the hedging instrument and the underlying instrument are derecognised. Gains realised on cash flow hedges during the year are amortised through the income statement over the life of the underlying instrument. During the year £3 million (2021: £2 million) was recycled back through the income statement.

⁵ The foreign exchange translation reserve records the cumulative impact of foreign exchange rate movements on the translation of non-sterling subsidiary companies into sterling. It is distributable under certain circumstances. Net gains and losses on translation are recognised in other comprehensive income and amounts remain in equity until the subsidiary is derecognised.

17. Commitments and contingencies

The Group has the following contracts in place for future expenditure which are not provided for in the consolidated financial statements:

Contract	Description	Minimum commitment
Agreement with Reuters News , entered into in 2018, for a 30-year term	To receive news and editorial content	Minimum CPI adjusted payment, which was US\$360 million for 2022
10-year strategic partnership with Microsoft	To architect LSEG's data infrastructure using the Microsoft Cloud, and to jointly develop new products and services for data and analytics	Minimum cloud-related spend of US\$2.8 billion over the term of the partnership

In the normal course of business, the Group can receive legal claims including, for example, in relation to commercial matters, service and product quality or liability, employee matters and tax audits. The Group is also involved in legal proceedings and actions, engagement with regulatory authorities and in dispute resolution processes. These are reviewed on a regular basis and, where possible, an estimate is made of the potential financial impact on the Group.

In some cases a provision is recognised based on advice, best estimates and management judgement. Where it is too early to determine the likely outcome of these matters, no provision is made. Whilst the Group cannot predict the outcome of any such current or future matters with any certainty, it currently believes the likelihood of any material liabilities to be low, and that these will not have a material adverse effect on its consolidated income, financial position or cash flows.

18. Events after the reporting period

Acadia acquisition

On 19 December 2022, LSEG announced it has agreed to acquire Acadia Soft, Inc. (Acadia) a leading provider of automated uncleared margin processing and integrated risk and optimisation services for the global derivatives community. Acadia provides risk management, margining and collateral services to global financial institutions for the uncleared derivatives markets. Acadia's risk and margining products span all OTC derivative asset classes and provide direct connectivity to over 2,000 market participants.

LSEG has held a minority stake in Acadia since 2018. Following completion, Acadia will be part of LSEG's Post Trade division.

The purchase price consideration is \$700 million (subject to customary adjustments) and the acquisition is expected to close in H1 2023, subject to regulatory approvals.

Share buyback programme

Since the reporting date, the Company repurchased 2.2 million of its own shares from the market for £159 million which are being held as treasury shares.