



London Stock Exchange Group plc Preliminary results for the year ended 31 December 2023

Continued strong performance: accelerating growth, significant strategic progress, substantial returns to shareholders

David Schwimmer, CEO said:

“2023 was another strong year for LSEG. We continued our track record of broad-based growth, despite an uncertain environment, and delivered on all the targets we set at the time of the Refinitiv acquisition. We also significantly improved our products and services, further strengthened our leadership team and made great progress on creating a high-performance culture throughout the organisation.

“We continue to build the foundations for sustained, profitable growth across all of our businesses. In Data & Analytics, customers will shortly be using the first products from our partnership with Microsoft: together, we will transform how financial markets participants communicate, research, analyse data and trade. In Capital Markets, we are collaborating more extensively with Tradeweb, creating new avenues for growth. We are also seeing an encouraging IPO pipeline for the London Stock Exchange. Our Post Trade business is in the early phase of its next stage of growth, helping financial institutions manage risk and improve capital efficiency across the whole trading book.

“We look forward to further progress in 2024. Our model – global, multi-asset class, and operating across the entire trade lifecycle – is proven to thrive regardless of market conditions, and we will continue to invest to deliver the best possible services for our customers and returns for our shareholders.”

Reported	2023 £m	2022 £m	Variance %	Constant Currency variance %	Organic constant currency variance %
Total Income (excl. recoveries)	8,009	7,428	7.8%	8.3%	7.1%
Recoveries	370	315	17.5%	2.8%	2.8%
Total Income (incl. recoveries)	8,379	7,743	8.2%	8.1%	6.9%

Reported	2023 £m	2022 £m	Variance %
Operating Profit	1,371	1,417	(3.2%)
Profit Before Tax	1,195	1,241	(3.7%)
Basic Earnings per Share (p)	138.9	141.8	(2.0%)
Dividends per Share (p)	115.0	107.0	7.5%

Adjusted	2023 £m	2022 £m	Variance %	Constant Currency variance %	Organic constant currency variance %
EBITDA	3,777	3,550	6.4%	8.6%	8.8%
<i>EBITDA Margin</i>	47.2%	47.8%			
Operating Profit	2,862	2,728	4.9%	7.9%	8.4%
Earnings per Share (p)	323.9	317.8	1.9%		

Financial highlights

(all growth rates are expressed on a constant currency basis, unless otherwise stated)

- Total income (excl. recoveries) up 8.3%; up 7.7% excluding the Acadia acquisition, towards the upper end of 6%-8% guidance range
- Broad-based growth: Data & Analytics +7.3%, Capital Markets +6.1%, Post Trade +17.4%
- Good profitability: adjusted EBITDA up 8.6%. Excluding impact of FX-related items, EBITDA margin of 47.7%, consistent with guidance
- Adjusted operating profit: up 7.9% reflecting strong EBITDA growth slightly offset by faster recognition of depreciation
- Continued adjusted earnings growth: adjusted EPS +1.9% to 323.9 pence; basic EPS -2.0% (both at actual FX rates)
- Highly cash generative: £1.8 billion equity free cash flow, 100% cash conversion

Strategic progress and outlook

- Successful integration and accelerated performance of Refinitiv: 2021-2023 organic total income (excl. recoveries) CAGR of 6.5%¹ at the upper end of acquisition targets
- Medium-term guidance set out at the Capital Markets Day further raises growth aspiration: targeting mid-to-high single digit organic growth annually, accelerating after 2024
- Attractive acquisitions: Acadia reinforces our leading position in Post Trade Solutions; acquired full ownership of LCH SA; increased ownership of LCH Group
- Good progress on Microsoft partnership: first products expected in H1 2024, embedding AI technologies and revolutionising industry workflows
- Significant shareholder returns: final dividend +5.3%, taking full year payout to 115 pence; £1.2 billion returned via buybacks in 2023; plan to execute up to £1 billion of buybacks in 2024, with intention to acquire this directly from the Blackstone/Thomson Reuters consortium

This release contains revenues, costs and earnings on a continuing basis, and key performance indicators (KPIs) for the twelve months ended 31 December 2023. FY 2023 is compared against FY 2022 on a statutory basis. Constant currency variances are 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 Organic, constant currency income (excl. recoveries) growth, excluding deferred revenue accounting adjustment in 2021 and 2022, and the impact of Ukraine/ Russia war in 2022

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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: <http://www.registrations.events/direct/LON95410>

Webcast:

<https://www.lsegissuerservices.com/spark/LondonStockExchangeGroup/events/9ed3534d-ddb8-4bbe-bda5-c561dcbad4ec>

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 2023 was approved by the Board of Directors on 28 February 2024 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 2022 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 2023 will be 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, who issued an unqualified audit opinion on 28 February 2024 on the Group's Annual Report and Accounts for the year ended 31 December 2023.

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 2023.

Overview and strategic progress

2023 performance in summary

LSEG continued its strong momentum throughout 2023. Despite the backdrop of macroeconomic and geopolitical uncertainty, we have delivered our three-year growth targets outlined at the time of the Refinitiv acquisition. In addition, we are well ahead of our original plans for revenue and cost synergies, and making excellent progress on LSEG's transformation. We are building a faster-growing business with a clear strategy, a high-performance culture and customer focus. Our strategic partnership with Microsoft is running ahead of our original plans, and customers will benefit from the first new products in the coming months.

Total income excluding recoveries rose 8.3%, with all divisions making a significant contribution to our growth. On a reported basis, total income excluding recoveries of £8,009 million was up 7.8%, with a small headwind from currency translation effects.

Organic annual subscription value (ASV) growth within Data & Analytics was 6.7% at December 2023, reflecting the significant progress made in product and account management over the last three years. This gives us confidence in the year ahead.

Adjusted EBITDA increased by 8.6%, slightly ahead of the growth in total income. The adjusted EBITDA margin was adversely impacted by £42 million of items related to currency movements on non-financial assets and liabilities. Excluding these items, the EBITDA margin was 47.7%, with the year-on-year decline primarily reflecting the full-year impact of recent acquisitions as well as costs relating to development of products with Microsoft, as expected.

Adjusted operating expenses before depreciation, amortisation and impairment grew by 5.3% on an organic, constant currency basis. Adjusted operating profit rose 7.9%, with the growth in EBITDA partly offset by the increase in depreciation and amortisation reflecting the ongoing investment in the business.

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

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 benefit from strong structural growth drivers, including demand for data and its integration into workflows; the rise of new technologies including AI; the electronification and digitisation of trading; increasing focus on reputational and financial risk management; and the greater demands that regulation is placing on capital. Both LSEG and our customers are well positioned to benefit from the rapid developments in AI technologies which will enhance the value of our data, improve customer workflow and drive ongoing efficiencies in our own business.

Driving growth

Data & Analytics

Data & Analytics revenue growth (excl. recoveries) accelerated in 2023, with organic growth of 6.7% compared to 4.9% in 2022 (excl. the Ukraine/Russia war impact).

In **Trading & Banking**, the roll-out of Workspace continues to progress well, and we are on track to be largely complete by the end of 2024. The power and flexibility of the platform is accelerating the introduction of new functionality, with over 380 updates going live in the year. We are integrating TORA, acquired in 2022, to embed order and execution management capability, and will be moving to the OpenFin platform in 2024 which will make integration with customers' own platforms even easier. Following the success of this programme, we intend to cease support for Eikon, the predecessor to Workspace, in 2025.

In **Enterprise Data**, we are building new services and leveraging technology to make it easier for customers to consume and distribute data. As an example, Real-Time Optimised provides real time data through an efficient cloud hosted solution. Since its full launch in 2020, we now have over 550 customers using the service to power their enterprise. Another example is the combination of Tick History and Packet Capture data, which allows customers to efficiently back test trading strategies, deploy the data in machine learning and data science projects, and perform transaction cost analysis to meet regulatory best execution obligations.

Within **Investment Solutions**, FTSE Russell's growth accelerated in 2023 as we improved our time to market with new products. We are investing in technology to improve distribution to our customers so they can receive our data in a way that best suits their needs, be it via APIs or the cloud. The business has also been a significant source of revenue synergies from the Refinitiv transaction. As we complete our transformation programme, customers will benefit from even faster production of new indices, as well as self-indexation and customisation tools.

Our migration of World-Check to the cloud has driven increased usage from customers, supporting strong growth in **Customer & Third-Party Risk** over the last two years. We have also broadened our services through M&A, moving into the digital identity and fraud market.

The sustained improvement in our products and the service we provide is translating into clear improvements in customer satisfaction. For our workflows customers, overall product satisfaction increased three percentage points year-on-year. Workspace achieved much higher scores than Eikon across a range of metrics, including the power of its analytics, its reliability and its accuracy.

In financial terms, our successful execution across Data & Analytics has delivered a significant improvement in ASV – through improved retention, price increases and new product sales. At the end of 2023, ASV growth stood at 6.7%, compared to 6.2%¹ at December 2022 and 3.0% around the time of the Refinitiv acquisition (Q1 2021).

Capital Markets

Tradeweb continues to drive the electrification of fixed income markets, and through constant innovation has successfully moved into new execution functionality, asset classes and geographies. It continued its outstanding track record of organic growth in 2023, and in particular gained share in credit markets. It also grew through acquisition, moving into the Australian market through Yieldbroker and adding algorithmic-based execution through the acquisition of R8fin, which completed in January 2024.

In addition, collaboration between Tradeweb and the rest of LSEG accelerated during 2023. Examples included the unique integration with our FX venues allowing the straight-through management of FX exposure for emerging market bond transactions, and an agreement on fixed income pricing for FTSE Russell indices.

Revenue in our **FX** business declined reflecting lower industry volumes in our market segments. Our investment in replatforming continued, and this will not only make our venues ten times faster but will also allow for greater product innovation. The first new product to come out of this

¹ Excluding the impact of the Ukraine/Russia war

programme was our non-deliverable forward Matching platform in Singapore, which went live in November 2023.

In our **Equities** business, we continued to work with the industry, regulators and government on market reform. 2023 was a poor year globally for IPOs, but the pipeline in 2024 is encouraging.

Post Trade

2023 was an outstanding year for Post Trade, with strong growth and significant strategic progress. The core OTC Derivatives business helped customers manage risk in a period of rapid interest rate rises and during the volatility that arose around the collapse of Silicon Valley Bank. We drove additional growth through the migration of around 600,000 contracts in US dollars from LIBOR to SOFR to reflect the new benchmark interest rate.

Regulation is putting an increasing capital burden on financial institutions, and the market for uncleared OTC derivatives still lacks consistent standards. Our aim is to solve both of these challenges, working in partnership with our members, by building a suite of services we call Post Trade Solutions. Over the last 12 months we have made considerable progress with our strategy, integrating the 2022 acquisition of Quantile and completing the acquisition of Acadia. Combined with our existing SwapAgent business and ongoing organic investment, we are now positioned to help our customers optimise capital, standardise processes and reduce risk across the whole OTC trading book – cleared and uncleared – significantly expanding our addressable market.

Partnering to transform our industry with Microsoft

We have made excellent progress in our strategic partnership with Microsoft since its launch in December 2022, and we are well into the product-build phase across all workstreams. The major developments over the last 12 months include:

- **The commercialisation of generative AI:** the combination of Microsoft's strong expertise in generative AI with LSEG's unparalleled breadth and depth of trusted data and analytics will enable us to develop even more powerful tools to streamline workflow and generate new insights.
- **The launch of Microsoft Fabric,** which will be the cornerstone of LSEG's Data Platform. Our development teams are working together to enable customers to use AI and other capabilities with LSEG's trusted financial markets intelligence natively integrated into Microsoft Fabric.
- **The Design Partner Programme,** which is engaging a number of global financial institutions operating across the trade lifecycle to help inform product development, trial prototypes and give feedback as part of an agile and iterative process.
- **An acceleration of our time to market,** with a number of applications entering external pilot status and general availability from H1 2024. These include the first elements of Workspace interoperability and initial launches in our Analytics as a Service suite. We have also started to migrate our applications and datasets into the new Microsoft Azure cloud environment as we enter 2024.

Building an efficient and scalable platform through the Refinitiv integration

Three years after the completion of the Refinitiv acquisition, we continue to make very good progress on the integration plan, and our focus is now on the transformation of LSEG.

Last year we raised our **revenue synergy** target from £225 million to £350-400 million annual run rate by 2025. For 2023, we aimed to double 2022's run rate of £68 million, but have significantly exceeded that figure, exiting the year at a run rate of £158 million. Key drivers have been the cross-sell of fixed income reference data to FTSE Russell index customers and the enhancement of index products with Refinitiv data.

We expect the final major leg of revenue synergies to come from our eCommerce project, which is the digitisation of sales and account management for our smaller customers. This is an important step in building an efficient sales and marketing organisation, giving customers the ability to self-serve effectively and allowing us to rebalance high-touch resource to our bigger accounts. This platform went live with a pilot towards the end of 2023, and will launch fully during 2024.

On **cost synergies**, we raised our original goal and committed to achieve the vast majority of our revised target of over £400 million by the end of 2023. We exited the year at a run rate of £442 million. Highlights for the year included the completion of our property rationalisation programme, with all 36 targeted offices now exited, and the growth of our regional hubs, which now host 57% of our employees (up from 48%). Our infrastructure programmes are well advanced. For example, we completed our three year data centre rationalisation programme in 2023, with 8 centres now closed and our server count reduced by over 6,500. Total integration costs up to the end of 2023 are £1.0 billion, split approximately 53% opex and 47% capex. We expect the final total integration costs by the end of 2025 to be around £1.4 billion.

Capital allocation

Our goal is to invest for growth using the cash we generate, building a platform for long-term capital appreciation while rewarding investors today through a progressive dividend, growing broadly in line with adjusted earnings per share (AEPS).

We allocate capital within appropriate leverage bounds for our earnings profile, and during the course of 2023 the Group moved to target a leverage range of 1.5-2.5x operating net debt to adjusted EBITDA (previously 1.0-2.0x). Our intention is to maintain business-as-usual leverage around the middle of this range. Leverage at the end of December 2023 remained at 1.8x (December 2022: 1.8x).

LSEG generated £3.2 billion in operating cash flow in 2023, which we deployed as follows:

Capex – £1.0 billion

Business-as-usual capex, on an accrued constant currency basis, was £745 million. We continued to focus on programmes to support growth, efficiency and resilience. Our growth investments touch every part of our business given the breadth of opportunity in front of us. Key growth programmes ongoing during 2023 included Workspace product development, continued investment in Tradeweb, the replatforming of the FTSE Russell index business and the development of Post Trade Solutions. In addition, we began our joint product investments with Microsoft and continued to upgrade our own infrastructure to provide increased capacity, greater agility and better resilience.

In addition to these investments, and in line with our guidance, we incurred a further £230 million of integration capex on an accrued basis, the vast majority of which was related to delivering synergies from the Refinitiv acquisition. Total capex on a cash basis was £1,031 million.

M&A – £618 million

In March we completed the acquisition of Acadia, which significantly enhances our risk management, margining and collateral optimisation capabilities across asset classes, particularly in the uncleared derivatives space. Together with the 2022 acquisition of Quantile, and our existing SwapAgent business, it will form the backbone of our Post Trade Solutions platform described above. Its services are of growing strategic importance to our customers and we are well

positioned to develop and scale them in a way that is highly complementary to our existing Post Trade offering. Tradeweb also extended its geographical footprint through the acquisition of Yieldbroker in Australia.

Dividend – £611 million

The proposed final dividend for 2023 is 79.3 pence – giving a total for the year of 115.0 pence, up 7.5% on 2022. This is consistent with our dividend policy and reflects a payout ratio of 36% of AEPS. The total cash outflow for the year was £611 million, comprising the 2022 final dividend and the 2023 interim dividend.

From 2024, our policy is to pay a progressive dividend with a pay-out ratio of 33-40% of full-year AEPS, with the interim dividend set at around one-third of the expected full-year dividend.

Share buyback – £1.2 billion

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 target leverage range. The £1.2 billion returned during 2023 reflected £450 million of on-market buybacks to complete the original £750 million programme announced in August 2022, and a £750 million buyback directed at the holding of the former Refinitiv shareholders, which we executed in September 2023.

Looking ahead, we plan to execute up to £1 billion of share buybacks during 2024, which we intend to acquire 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 believe this structure is in the best interests of all shareholders. As part of this, given our current authority from shareholders will expire at the AGM in April 2024, we are seeking to renew our authority at the AGM.

2024 outlook and medium-term guidance

Our medium-term guidance framework, which we announced at our Capital Markets Day in November 2023, is as follows:

- **Accelerating growth:** a step-up in growth expectations to mid to high single digit organic revenue growth annually, accelerating after 2024 as customers start to benefit from our investment in major platforms and the Microsoft partnership.
- **Improving profitability:** underlying EBITDA margin to increase over time, as the benefit from top-line growth more than offsets underlying inflation and our reinvestments in growth. For guidance purposes, we will measure EBITDA margin excluding the impact of foreign exchange-related items.
- **Sustained investment:** total capex (including Refinitiv integration) to remain around current levels of 11-12% of total income (excl. recoveries) in 2024, then declining over time to high single digit % of total income (excl. recoveries).
- **Strong cash conversion:** cumulative free cash flow to exceed underlying profit after tax attributable to equity holders. LSEG's cash flow dynamics are very strong, giving us the capacity to invest consistently for growth and resilience, to target M&A where it adds value and to return excess capital to shareholders.

For 2024, we are confident of continued growth and improving profitability in line with our medium-term guidance. We expect the adjusted tax rate to be 24-25%.

New divisional reporting

As previously disclosed, with effect from 2024 we are changing our reporting structure, simplifying our Data & Analytics reporting under product lines and aligning divisional disclosure with new management reporting lines. We will provide a full divisional analysis of the 2023 results, including quarterly income, by the end of March 2024.

Financial Review

(all growth rates are expressed on a constant currency basis, unless otherwise stated)

Reported	2023 £m	2022 £m	Variance %	Constant currency variance %	Organic constant currency variance %
Data & Analytics	5,267	4,944	6.5%	7.3%	6.7%
Capital Markets	1,546	1,459	6.0%	6.1%	5.8%
Post Trade	1,167	991	17.8%	17.4%	11.5%
Other	29	34	(14.7%)	(13.7%)	(13.7%)
Total Income (excl. recoveries)	8,009	7,428	7.8%	8.3%	7.1%
Recoveries ¹	370	315	17.5%	2.8%	2.8%
Total Income (incl. recoveries)	8,379	7,743	8.2%	8.1%	6.9%

Reported			
Operating Profit	1,371	1,417	(3.2%)
Profit Before Tax	1,195	1,241	(3.7%)
Basic Earnings per Share ² (p)	138.9	141.8	(2.0%)
Dividends per Share (p)	115.0	107.0	7.5%

Adjusted ³					
EBITDA	3,777	3,550	6.4%	8.6%	8.8%
EBITDA Margin	47.2%	47.8%			
Depreciation, amortisation and impairment	(915)	(822)	11.3%	10.7%	10.0%
Operating profit	2,862	2,728	4.9%	7.9%	8.4%
Net finance costs	(170)	(160)	6.3%		
Profit before tax	2,692	2,568	4.8%		
Taxation	(625)	(540)	15.7%		
Profit from continuing operations	2,067	2,028	1.9%		
Equity holders	1,775	1,770	0.3%		
Non-controlling interests	292	258	13.2%		
Earnings per Share² (p)	323.9	317.8	1.9%		

The financial review contains revenues, costs and earnings on a continuing basis, and key performance indicators (KPIs) for the twelve months ended 31 December 2023. FY 2023 is compared against FY 2022 on a statutory basis. Constant currency variances are 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 Recoveries relate to fees for third-party content, such as exchange data, that is distributed directly to customers.

² Weighted average number of shares used to calculate basic earnings per share and adjusted basic earnings per share from continuing operations is 548 million (2022: 557 million).

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.

Total Income excluding recoveries of £8,009 million grew 8.3% on a constant currency basis, and included a 120bp benefit from acquisitions during the year. Growth on a reported basis was 7.8%. Total Income including recoveries of £8,379 million was up 8.1% in constant currency, and 8.2% higher on a reported basis. This growth was driven by good performance across all three divisions.

Adjusted operating expenses before depreciation, amortisation and impairment of £3,474 million, included £42 million of FX-related items (2022: £68 million credit). Constant currency cost growth of 7.7% includes the in-year impact of acquisitions. Organic cost growth of 5.3% reflected ongoing cost discipline, strong delivery of Refinitiv-related synergies and other efficiency gains. Our main costs relate to our people, with staff costs of £2,085 million (2022: £1,896 million) incorporating an average salary increase of 6% for the year. IT costs amounted to £607 million (2022: £567 million) with professional fees of £404 million (2022: £420 million).

Adjusted EBITDA of £3,777 million increased 8.6% in constant currency. EBITDA margin was 60bps lower year-on-year at 47.2% reflecting investment in the Microsoft partnership, the in-year impact of acquisitions and the FX-related opex items noted above. Improvements in efficiency and scalability drove a 110bp improvement in underlying EBITDA margin. Within EBITDA, income from equity investments was £15 million in 2023, up 25% from the prior year following a meaningful increase in dividend payments from Euroclear.

Reported depreciation, amortisation and impairment of £2,143 million (2022: £1,900 million) includes £1,228 million (2022: £1,078 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 of £915 million grew by 10.7%. Our continued investment in technology and new services and the capex associated with achieving the Refinitiv synergies were the main drivers of this increase. In addition, we saw an impact from our move to an agile working methodology, with depreciation of multi-release investment programmes now recognised earlier, and a greater proportion of capex was assigned a three-year useful economic life.

Reconciliation of Adjusted Operating Profit to Reported Operating Profit

	2023 £m	2022 £m
Adjusted Operating Profit	2,862	2,728
Transaction costs	(85)	(85)
Integration, separation & restructuring costs	(247)	(304)
Profit on disposal & remeasurement gains	69	156
Depreciation, amortisation and impairment of intangibles and other assets	(1,228)	(1,078)
Operating Profit	1,371	1,417

Reported Operating Profit of £1,371 million was 3.2% lower, mostly due to higher amortisation, including purchased intangible assets. Adjusted Operating Profit of £2,862 million grew 7.9% with the strong income growth and cost discipline highlighted above partially offset by higher depreciation and amortisation.

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 previous acquisitions. Integration, separation and restructuring costs have mostly been incurred in relation to the integration of Refinitiv and are in line with previous guidance. Depreciation, amortisation and impairment of intangibles and other assets of £1,228 million mainly arise from the Refinitiv acquisition, with some additional amortisation associated with recent acquisitions.

Net Finance Expense / Tax / Non-Controlling Interest

Adjusted Net Finance Expense was £170 million (2022: £160 million), and £176 million (2022: £176 million) on a reported basis. Following a change in presentation, Net Finance Expense now includes foreign exchange gains or losses on corporate treasury activities previously included as an operating expense. These movements represented a £30 million charge in 2023 and mostly reflected interest rate differentials on FX hedges². Of this, £16 million was previously included in operating expenses in H1 2023.

An increase in interest rates drove greater interest income on cash and cash equivalents during the period, which was more than offset by additional interest expenses on floating rate borrowing and the £30 million additional FX charge.

Reported Profit Before Tax decreased 3.7%, to £1,195 million from £1,241 million in 2022 as higher income was more than offset by an increase in operating expenses and a higher depreciation and amortisation expense. Adjusted Profit Before Tax increased by 4.8% in the year to £2,692 million (2022: £2,568 million) as EBITDA growth more than offset the increase in depreciation and amortisation on an adjusted basis.

The Group incurred a tax charge in the year of £247 million (2022: £262 million). The effective tax rate was 20.7% (2022: 21.1%), while the adjusted effective tax rate was 23.2% (2022: 21.0%), with the increase from last year principally reflecting the impact of a higher UK corporate tax rate from 1 April 2023. We currently anticipate an adjusted tax rate of 24%-25% in 2024.

Adjusted profits attributable to non-controlling interests, mainly in Tradeweb and LCH, totalled £292 million for the year ended 2023, an increase of 13.2% from 2022 reflecting the strong performance of these businesses.

Earnings per share

Basic earnings per share from continuing operations was 138.9 pence (2022: 141.8 pence) with the decrease from last year mainly reflecting the lower profit before tax.

Adjusted basic earnings per share (AEPS) from continuing operations was 323.9 pence (2022: 317.8 pence). The 1.9% increase in AEPS year-on-year was driven by growth in underlying profitability partly offset by the higher depreciation and net finance expenses and an increased tax rate.

Dividend

The Board is proposing a final dividend of 79.3 pence per share, which together with the interim dividend of 35.7 pence per share paid to shareholders in September 2023, results in a 7.5% increase in the total dividend to 115 pence per share. The final dividend of 79.3 pence per share will be paid on 22 May 2024 to all shareholders on the share register at the record date of 19 April 2024, subject to shareholder approval.

² The interest differential is the difference in interest rates between the two currencies embedded in an FX derivative for the tenor of the derivative.

Data & Analytics

Continuing operations	2023 £m	2022 £m	Variance %	Constant currency variance %	Organic constant currency variance %
Trading & Banking	1,656	1,612	2.7%	3.3%	2.5%
<i>Trading</i>	1,306	1,275	2.4%	3.0%	2.0%
<i>Banking</i>	350	337	3.9%	4.3%	4.3%
Enterprise Data	1,411	1,306	8.0%	9.3%	8.9%
<i>Real-Time Data</i>	895	837	6.9%	8.6%	7.9%
<i>PRS</i>	516	469	10.0%	10.6%	10.6%
Investment Solutions	1,423	1,326	7.3%	7.9%	7.9%
<i>Benchmark Rates, Indices & Analytics</i>	689	620	11.1%	11.5%	11.5%
<i>Index – Asset-Based</i>	281	280	0.4%	1.8%	1.8%
<i>Data & Workflow</i>	453	426	6.3%	6.7%	6.7%
Wealth	285	275	3.6%	4.4%	4.4%
Customer & Third-Party Risk	492	425	15.8%	16.4%	14.1%
Total Revenue (excl. recoveries)	5,267	4,944	6.5%	7.3%	6.7%
Recoveries	370	315	17.5%	2.8%	2.8%
Total Revenue (incl. recoveries)	5,637	5,259	7.2%	7.0%	6.5%
Cost of sales	(913)	(879)	3.9%	4.7%	3.8%
Gross Profit	4,724	4,380	7.9%	7.5%	7.0%
Adjusted operating expenses before depreciation, amortisation and impairment	(2,348)	(2,142)	9.6%	5.7%	
Adjusted EBITDA	2,376	2,238	6.2%	9.2%	
Adjusted depreciation, amortisation and impairment	(664)	(607)	9.4%	8.9%	
Adjusted operating profit	1,712	1,631	5.0%	9.3%	

<i>Adjusted EBITDA Margin</i>	45.1%	45.3%
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To better align with internal reporting, some small revenue items have been reallocated between business lines across 2022 from Real-Time Data and Data & Workflow into Benchmark Rates, Indices & Analytics.

Data & Analytics provides high value data, analytics, indices, workflow solutions and data management capabilities. Total revenue excluding recoveries of £5,267 million grew by 7.3%, driven by broad-based strength across business lines and a 0.6% in-year contribution from acquisitions.

Trading & Banking revenue of £1,656 million increased by 3.3%. Adjusting for the NEST disposal in 2023 and the benefit of last year's TORA acquisition, organic growth was 2.5%. This performance was primarily driven by better price realisation following improvements to our product offering (e.g. Workspace) and customer service.

Enterprise Data revenue of £1,411 million grew by 9.3%, reflecting the continued enhancement and expansion of our content, particularly in the fixed income space with the addition of Yieldbook, Tradeweb and debt corporate actions, and investment in capabilities such as MayStreet's low latency data feeds and our cloud-based Real-Time Optimised solution. Building on the natural linkages with FTSE Russell and other parts of the Group is driving strong revenue synergy realisation.

Investment Solutions revenue of £1,423 million was up 7.9%. Subscription revenue growth continued the acceleration seen over recent years, with Benchmark Rates, Indices & Analytics

growing 11.5%. Improvements to our sales process are achieving greater focus on customers and discipline in how we meet strong demand for our core benchmark products. Asset-based revenues accelerated over the course of the year, reflecting strong product inflows and a recovery in market levels. ETF AUM ended the year at an all-time high of \$1.25 trillion, 23.4% higher than 31 December 2022.

Wealth contributed £285 million of revenue in 2023, with Digital Solutions the main driver of the 4.4% growth on the prior year.

Customer & Third-Party Risk revenues of £492 million grew 16.4%. The World-Check screening business continued to deliver double-digit growth as regulatory and risk-driven customer demand for Anti Money-Laundering (AML) and Know Your Customer (KYC) solutions was complemented by further expansion of World-Check's offering. Customer & Third-Party Risk Solutions also saw a small benefit from a full year contribution of last year's acquisition of the GDC identity verification data business.

Organic Annual Subscription Value growth ("ASV") at December 2023 was 6.7%, reflecting continued strong demand for our services, the 2023 price increase, ongoing improvements in retention and some loss of Credit Suisse business, as anticipated.

Cost of sales of £913 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 4.7% was below that of revenues.

Adjusted operating expenses before depreciation, amortisation and impairment increased to £2,348 million. Careful management of staff costs and ongoing delivery of synergies related to the Refinitiv acquisition meant cost growth of 5.7% was below that of revenues despite investment in the Microsoft partnership and other growth initiatives and the annualisation of expenses from businesses acquired in 2022.

Adjusted EBITDA of £2,376 million was up 9.2% on a constant currency basis, outpacing revenue growth. On an actual rates basis, adjusted EBITDA margin decreased 20 basis points to 45.1%. Adjusted operating profit was up 9.3%.

Non-Financial KPIs

	2023	2022	Variance %
Annual Subscription Value (ASV) Growth (%) ¹	6.7%	4.8%	
Subscription revenue growth (%) ^{1,2}	7.1%	4.6%	
Index – ETF AUM (\$bn)			
- Period end	1,245	1,009	23.4%
- Average	1,108	1,024	8.2%
Index – ESG Passive AUM (\$bn) ³	262	256	2.4%

¹ Organic, constant currency variance.

² 12-month rolling.

³ ESG Passive AUM is at 30 June 2023 and prior period comparator is at 30 June 2022. The comparator has been revised from the previously published figure of \$296bn.

Capital Markets

Continuing operations	2023 £m	2022 £m	Variance %	Constant currency variance %	Organic constant currency variance %
Equities	227	248	(8.5%)	(8.8%)	(8.8%)
FX	251	258	(2.7%)	(1.9%)	(1.9%)
Fixed Income, Derivatives & Other	1,068	953	12.1%	12.1%	11.7%
Total Revenue	1,546	1,459	6.0%	6.1%	5.8%
Cost of sales	(35)	(34)	2.9%	3.2%	3.2%
Gross Profit	1,511	1,425	6.0%	6.1%	5.9%
Adjusted operating expenses before depreciation, amortisation and impairment	(715)	(665)	7.5%	8.2%	
Adjusted EBITDA	796	760	4.7%	4.4%	
Adjusted depreciation, amortisation and impairment	(128)	(103)	24.3%	23.2%	
Adjusted operating profit	668	657	1.7%	1.5%	

<i>Adjusted EBITDA Margin</i>	51.5%	52.1%
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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 of £1,546 million grew 6.1% with the increase primarily driven by Fixed Income, Derivatives & Other.

Equities revenue of £227 million declined 8.8% as subdued market volatility fed through to lower Secondary Markets activity.

FX revenue of £251 million was down 1.9%. Weaker interbank FX activity, particularly in H2 2023, adversely impacted volumes on our dealer-focused Matching platform. Our dealer-to-client platform, FXall, also saw lower activity from buyside participants.

Fixed Income, Derivatives & Other revenues are primarily driven by Tradeweb, a global operator of electronic marketplaces for rates, credit, equities and money markets. Revenues of £1,068 million were 12.1% higher, accelerating over the year as risk appetite returned to markets. Tradeweb's solutions are supporting the ongoing electrification of trading and the group continues to make share gains in key product lines. Tradeweb made further progress in international markets, complementing its strong organic expansion with the acquisition of Yieldbroker, which added customers and liquidity in Australian and New Zealand government bonds. Tradeweb also announced the acquisition of algorithmic execution technology business r8fin, which completed in January 2024.

Cost of sales grew more slowly than revenues, increasing 3.2% to £35 million. These costs primarily reflect expenses within the Tradeweb business relating to data feeds.

Adjusted operating expenses before depreciation, amortisation and impairment of £715 million were up 8.2%, again driven by the strong revenue growth and investment at Tradeweb.

Adjusted EBITDA rose to £796 million, growing 4.4% as a result of the topline growth at Tradeweb, while adjusted EBITDA margin was slightly lower at 51.5% (2022: 52.1%). Adjusted operating profit grew more modestly, up 1.5%. This reflects a higher adjusted depreciation and amortisation

expense following sustained investment in our offering, in particular the introduction of the non-deliverable forward (NDF) Matching platform in 2023, and the move to more agile capex releases.

Non-Financial KPIs

	2023	2022	Variance %
Equities			
UK Value Traded (£bn) – Average Daily Value	3.7	4.6	(19.6%)
SETS Yield (bps)	0.71	0.66	7.6%
FX			
Average daily total volume (\$bn)	442	452	(2.2%)
Fixed income, Derivatives and Other			
<i>Tradeweb Average Daily Volume (\$m)¹</i>			
Rates – Cash	366,586	342,748	7.0%
Rates – Derivatives	529,757	341,948	54.9%
Credit – Cash	12,376	10,094	22.6%
Credit – Derivatives	14,030	17,618	(20.4%)

¹ 2022 volumes revised from previous reporting.

Post Trade

Continuing operations	2023 £m	2022 £m	Variance %	Constant currency variance %	Organic constant currency variance %
OTC Derivatives	517	402	28.6%	28.9%	13.9%
Securities & Reporting	254	234	8.5%	7.0%	7.0%
Non-Cash Collateral	107	100	7.0%	7.5%	7.5%
Total Revenue	878	736	19.3%	19.0%	11.1%
Net Treasury Income	289	255	13.3%	12.8%	12.8%
Total Income	1,167	991	17.8%	17.4%	11.5%
Cost of sales	(195)	(150)	30.0%	27.5%	20.2%
Gross Profit	972	841	15.6%	15.7%	9.9%
Adjusted operating expenses before depreciation, amortisation and impairment	(403)	(324)	24.4%	20.6%	
Adjusted EBITDA	569	517	10.1%	12.3%	
Adjusted depreciation, amortisation and impairment	(123)	(112)	9.8%	9.8%	
Adjusted operating profit	446	405	10.1%	13.0%	

<i>Adjusted EBITDA Margin</i>	<i>48.8%</i>	<i>52.2%</i>
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Post Trade provides clearing, risk management, capital optimisation and regulatory reporting solutions. Total revenue of £878 million grew 19.0%, and 11.1% on an organic basis. Total income, including Net Treasury Income, was £1,167 million, up 17.4% year-on-year.

OTC Derivatives revenue increased to £517 million, up 28.9%, partly reflecting the in-year benefit of the Quantile and Acadia acquisitions. Organic growth of 13.9% was also strong, with uncertainty around the timing and scale of Central Bank interest rate moves driving increased client clearing activity in SwapClear. We also generated £18 million of one-time revenues helping customers renew contracts in response to US reference rate reform.

Securities & Reporting revenue of £254 million grew 7.0% as payments received relating to the early termination of the Euronext clearing agreement more than offset the in-year impact of lost cash equity clearing revenues and subdued equity market volumes. We expect some additional revenue and Net Treasury Income attrition in 2024 as Euronext transition their remaining clearing activities. RepoClear continued to see good growth.

Non-Cash Collateral revenue of £107 million grew 7.5% as customers worked to optimise their collateral and clearing volumes grew.

Net Treasury Income (NTI) of £289 million increased 12.8% as interest margins benefited from money market trends. Higher levels of cash collateral year-on-year were also supportive in the first half, but moderated in the second half as balances normalised.

Cost of sales of £195 million (2022: £150 million) include £10 million of additional expense from Acadia. The remaining organic increase was driven mainly by revenue share arrangements relating to the SwapClear business.

Adjusted operating expenses excluding depreciation, amortisation and impairment increased to £403 million, up 20.6%. Additional costs relating to Acadia and Quantile (both high-growth but not fully scaled businesses) drove much of the increase, though organic expenses also grew to reflect higher volumes and investment in new capabilities. As a result, adjusted EBITDA of £569 million

grew 12.3%, while adjusted EBITDA margin declined to 48.8% (2022: 52.2%). Adjusted operating profit of £446 million was up 13.0%.

In July, LSEG completed the acquisition of the 11.1% minority interest in LCH SA for a total cash consideration of €111 million. In February 2024 LSEG acquired 3.24% of the share capital in LCH Group Holdings Limited from certain minority shareholders, taking LSEG's ownership of LCH Group Holdings Limited to 85.85%.

Non-Financial KPIs

	2023	2022	Variance %
OTC			
Interest rate swap – notional cleared (\$trn)	1,319	1,091	20.9%
Interest rate swap – client trades ('000)	3,172	2,684	18.2%
FX – notional cleared (\$bn)	27,320	24,659	10.8%
FX – ForexClear members	38	36	5.6%
Securities & Reporting			
EquityClear trades (m)	1,471	2,163	(32.0%)
Listed derivatives contracts (m)	218.9	262.6	(16.6%)
RepoClear – nominal value (€trn)	304.9	288.4	5.7%
Collateral			
Average non-cash collateral (€bn)	180.8	168.5	7.3%
Average cash collateral (€bn)	130.4	140.8	(7.4%)

Cash Flow

Cash Flow	2023 £m	2022 £m
Operating Cash Flow	3,223	3,193
Net interest paid	(64)	(142)
Other items ¹	(118)	(110)
Net taxes paid	(217)	(351)
Capex	(1,031)	(926)
Equity Free Cash Flow	1,793	1,664
Lease payments	(156)	(150)
Disposal proceeds	-	1,056
Acquisitions	(618)	(768)
Investments	223	(227)
Dividends to LSEG shareholders	(611)	(567)
Net borrowings	1,128	(209)
Share buybacks	(1,235)	(383)
Other	(37)	(56)
Net Cash Flow	487	360

¹ Includes dividends received, dividends paid to non-controlling interests and sales commissions paid.

The Group's business continued to be strongly cash generative during the year, with operating cash flow of £3,223 million (2022: £3,193 million). Cash outflows for purchases of property, plant and equipment and intangibles amounted to £1,031 million (2022: £926 million), which includes our business-as-usual investment programmes as well as investments related to the Refinitiv integration.

Equity free cash flow was £1,793 million (2022: £1,664 million), representing 100% conversion of profits attributable to LSEG shareholders. During the year the Group deployed £618 million on acquisitions, largely in respect of Acadia, Tradeweb's acquisition of Yieldbroker and the acquisition of the LCH SA minority interest. Dividends paid during the year were £611 million, with the increase from last year reflecting the continued strong growth in dividends per share. £1,235 million was spent on share buybacks, of which £450 million related to the LSEG share buyback programme announced in August 2022, £750 million was in respect of the directed buyback programme announced in March 2023, and a small component related to Tradeweb's share repurchase and other associated fees.

Cash generation, after organic and inorganic investments and other normal course payment obligations, was positive, contributing to cash and cash equivalents growing from £3,209 million as at 31 December 2022 to £3,580 million as at 31 December 2023.

Balance Sheet / Leverage / Ratings`

Net Debt At 31 December	2023 £m	2022 £m
Gross borrowings	9,063	8,151
Cash and cash equivalents	(3,580)	(3,209)
Net derivative financial (assets)/liabilities	(23)	48
Lease liabilities	636	672
Net debt	6,096	5,662
Less lease liabilities	(636)	(672)
Regulatory and operational amounts	1,348	1,236
Operating net debt	6,808	6,226

At 31 December 2023, the Group had operating net debt of £6,808 million (31 December 2022: £6,226 million) after setting aside £1,348 million for regulatory and operational amounts. The increase was driven by the Acadia acquisition, shareholder returns including the £450 million on-market buyback and the £750 million directed buyback and an increase in the amount of cash held for regulatory and operational purposes.

At 31 December 2023 group leverage³ was 1.8x, unchanged from the previous year (2022: 1.8x). During the course of 2023 the Group moved its target leverage range to 1.5-2.5x (previously 1.0-2.0x), with an intention to maintain day-to-day leverage around the middle of this range.

The Group has access to committed revolving credit facilities of £3.0 billion, consisting of a £1,925 million facility and a £1,075 million facility, both maturing in December 2027. No drawings were outstanding under either facility at 31 December 2023 (31 December 2022: £nil).

In September 2023, LSEG successfully returned to the debt capital markets, issuing €1.4 billion of 3-year and 7-year bonds, with proceeds used to repay the remaining US dollar term loan entered into as part of the Refinitiv acquisition in 2021. The net effect was to extend the average maturity of our financing.

LSEG is rated A with stable outlook by Standard & Poor's and A3 with stable outlook by Moody's. LCH Limited and LCH SA are rated AA- with stable outlook by S&P.

³ 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 adjusted EBITDA before foreign exchange gains or losses.

Foreign Exchange

The majority of LSEG revenues and expenses are in US dollars followed by sterling, euro and other currencies.

	USD	GBP	EUR	Other
2023 Total Income ¹	60%	16%	16%	8%
2023 Underlying Expenses ²	53%	24%	8%	15%

2023 Total Income by division	USD	GBP	EUR	Other
Data & Analytics ^{1,3}	66%	11%	12%	12%
Capital Markets	63%	18%	18%	1%
Post Trade ³	26%	41%	32%	2%

¹ Total income includes recoveries.

² Underlying expenses includes cost of sales and adjusted operating expenses.

³ Due to rounding, income percentages do not add to 100%.

Spot / Average Rates

	Average rate 12 months ended 31-Dec-23	Closing rate at 31-Dec-23	Average rate 12 months ended 31-Dec-22	Closing rate at 31-Dec-22
GBP : USD	1.243	1.275	1.237	1.203
GBP : EUR	1.150	1.154	1.173	1.127

Condensed consolidated income statement

Year ended 31 December		2023			2022		
	Notes	Adjusted ¹ £m	Non- underlying £m	Total £m	Adjusted ¹ £m	Non- underlying £m	Total £m
Continuing operations							
Revenue	2.1, 3	8,061	-	8,061	7,454	-	7,454
Net treasury income from CCP clearing business	2.1, 3	289	-	289	255	-	255
Other income	2.1, 3	29	-	29	34	-	34
Total income		8,379	-	8,379	7,743	-	7,743
Cost of sales	2.1	(1,143)	-	(1,143)	(1,064)	-	(1,064)
Gross profit		7,236	-	7,236	6,679	-	6,679
Operating expenses before depreciation, amortisation and impairment	4	(3,474)	(332)	(3,806)	(3,140)	(389)	(3,529)
Profit on disposal of property, plant and equipment	2.3	-	-	-	-	133	133
Remeasurement gain	2.3, 13.1	-	69	69	-	23	23
Income from equity investments		15	-	15	12	-	12
Share of loss after tax of associates		-	-	-	(1)	-	(1)
Earnings before interest, tax, depreciation, amortisation and impairment		3,777	(263)	3,514	3,550	(233)	3,317
Depreciation, amortisation and impairment	8, 9	(915)	(1,228)	(2,143)	(822)	(1,078)	(1,900)
Operating profit/(loss)		2,862	(1,491)	1,371	2,728	(1,311)	1,417
Finance income ²	5.1	159	-	159	41	-	41
Finance costs ²	5.2	(329)	(6)	(335)	(201)	(16)	(217)
Net finance costs		(170)	(6)	(176)	(160)	(16)	(176)
Profit/(loss) before tax		2,692	(1,497)	1,195	2,568	(1,327)	1,241
Taxation	6.1	(625)	378	(247)	(540)	278	(262)
Profit/(loss) from continuing operations		2,067	(1,119)	948	2,028	(1,049)	979
Discontinued operations							
Profit from discontinued operations		-	-	-	59	453	512
Profit/(loss) for the year		2,067	(1,119)	948	2,087	(596)	1,491
Profit/(loss) from continuing operations attributable to:							
Equity holders		1,775	(1,014)	761	1,770	(980)	790
Non-controlling interests		292	(105)	187	258	(69)	189
Profit/(loss) from continuing operations		2,067	(1,119)	948	2,028	(1,049)	979
Profit from discontinued operations attributable to:							
Equity holders		-	-	-	59	453	512
Non-controlling interests		-	-	-	-	-	-
Profit from discontinued operations		-	-	-	59	453	512
Profit/(loss) for the year		2,067	(1,119)	948	2,087	(596)	1,491

Year ended 31 December	2023			2022 ²			
	Note	Adjusted ¹	Non-underlying	Total	Adjusted ¹	Non-underlying	Total
Earnings per share attributable to equity holders							
Continuing operations							
Basic earnings per share	7	323.9p		138.9p	317.8p		141.8p
Diluted earnings per share	7	322.1p		138.1p	316.1p		141.1p
Total operations							
Basic earnings per share	7	323.9p		138.9p	328.4p		233.8p
Diluted earnings per share	7	322.1p		138.1p	326.6p		232.5p
Dividend per share in respect of the financial year							
Dividend per share paid during the year				35.7p			31.7p
Dividend per share declared for the year ³				79.3p			75.3p

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

2 For 2022, interest cost on retirement benefit obligations of £70 million was presented within finance costs. This has been reclassified to finance income to align with the accounting policy. This change has no overall impact on net finance costs in 2022 (see note 5).

3 The Board has proposed a final dividend in respect of the year ended 31 December 2023 of 79.3p per share, which amounts to an expected payment of £428 million on 22 May 2024. This is not reflected in the financial statements.

Condensed consolidated statement of comprehensive income

Year ended 31 December	2023	2022
	£m	£m
Continuing operations		
Profit for the year	948	979
Other comprehensive (loss)/income		
Items that will not be subsequently reclassified to the income statement		
Actuarial losses on retirement benefit obligations	(85)	(329)
(Losses)/gains on equity instruments designated as fair value through other comprehensive income (FVOCI)	(12)	21
Deferred tax relating to items that will not be reclassified	(34)	83
	(131)	(225)
Items that may be subsequently reclassified to the income statement		
Net gains/(losses) on net investment hedges	63	(113)
Gains on cash flow hedge recycled to the income statement	(3)	(3)
Debt instruments at FVOCI:		
- Net losses from changes in fair value on debt instruments at FVOCI	-	(15)
- Losses recycled to the income statement	-	1
Net exchange (losses)/gains on translation of foreign operations	(1,446)	2,653
Deferred tax relating to items that may be reclassified	1	2
	(1,385)	2,525
Other comprehensive (loss)/income net of tax from continuing operations	(1,516)	2,300
Total comprehensive (loss)/income from continuing operations	(568)	3,279
Discontinued operations		
Total comprehensive income from discontinued operations	-	512
Total comprehensive (loss)/income	(568)	3,791
Total comprehensive (loss)/income from continuing operations attributable to:		
Equity holders	(636)	2,889
Non-controlling interests	68	390
Total comprehensive (loss)/income from continuing operations	(568)	3,279
Total comprehensive income from discontinued operations attributable to:		
Equity holders	-	512
Non-controlling interests	-	-
Total comprehensive income from discontinued operations	-	512
Total comprehensive (loss)/income	(568)	3,791

Condensed consolidated balance sheet

At 31 December	Notes	2023 £m	2022 ¹ £m
Assets			
Non-current assets			
Intangible assets	8	33,147	35,066
Property, plant and equipment	9	716	797
Investments in associates		28	34
Investments in financial assets		372	394
Derivative financial instruments	11.1	94	12
Other receivables		178	209
Retirement benefit assets		172	231
Deferred tax assets		664	622
		35,371	37,365
Current assets			
Trade and other receivables		2,051	1,364
Clearing member assets	11.1	763,535	792,434
Investments in financial assets		-	226
Derivative financial instruments	11.1	11	36
Current tax receivable		462	522
Cash and cash equivalents		3,580	3,209
		769,639	797,791
Total assets		805,010	835,156
Liabilities			
Current liabilities			
Trade and other payables		1,896	2,004
Contract liabilities		273	257
Borrowings	10	2,166	1,434
Clearing member financial liabilities	11.2	764,041	792,594
Derivative financial instruments	11.2	60	9
Current tax payable		124	142
Provisions		18	29
		768,578	796,469
Non-current liabilities			
Borrowings	10	7,533	7,389
Other payables		601	649
Contract liabilities		72	89
Derivative financial instruments	11.2	22	87
Retirement benefit obligations		79	64
Deferred tax liabilities		2,140	2,200
Provisions		41	58
		10,488	10,536
Total liabilities		779,066	807,005
Net assets		25,944	28,151
Equity			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	12	38	39
Share premium	12	978	978
Retained earnings		2,917	3,840
Other reserves		19,874	21,139
Total shareholders' funds		23,807	25,996
Non-controlling interests		2,137	2,155
Total equity		25,944	28,151

1 For 2022, current lease liabilities of £139 million and non-current lease liabilities of £533 million were presented as trade and other payables. These have been reclassified to current borrowings and non-current borrowings respectively (see note 10) to better reflect the nature of the liability.

Condensed consolidated statement of changes in equity

	Attributable to equity holders						Total equity £m
	Ordinary share capital	Share premium	Retained earnings	Other reserves	Total attributable to equity holders	Non- controlling interests	
	£m	£m	£m	£m	£m	£m	
1 January 2022	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 the Company	-	-	(503)	-	(503)	-	(503)
Dividends	-	-	(567)	-	(567)	(80)	(647)
Share-based payments	-	-	99	-	99	63	162
Tax on share-based payments less than expense recognised	-	-	(78)	-	(78)	-	(78)
Purchase of non-controlling interests	-	-	4	-	4	(19)	(15)
Tradeweb share buyback ²	-	-	-	-	-	(80)	(80)
Shares withheld from employee options exercised (Tradeweb) ³	-	-	-	-	-	(82)	(82)
Tax on investment in partnerships	-	-	-	-	-	100	100
Adjustments to non-controlling interest	-	-	-	-	-	(16)	(16)
31 December 2022	39	978	3,840	21,139	25,996	2,155	28,151
Total comprehensive income for the year	-	-	630	(1,266)	(636)	68	(568)
Share buyback by the Company	(1)	-	(1,007)	1	(1,007)	-	(1,007)
Dividends	-	-	(611)	-	(611)	(80)	(691)
Share-based payments	-	-	92	-	92	54	146
Tax on share-based payments in excess of expense recognised	-	-	15	-	15	-	15
Purchase of non-controlling interests ¹	-	-	(42)	-	(42)	(53)	(95)
Tradeweb share buyback ²	-	-	-	-	-	(28)	(28)
Shares withheld from employee options exercised (Tradeweb) ³	-	-	-	-	-	(42)	(42)
Tax on investment in partnerships	-	-	-	-	-	62	62
Adjustments to non-controlling interest	-	-	-	-	-	1	1
31 December 2023	38	978	2,917	19,874	23,807	2,137	25,944

1 During the year, the LCH Group acquired an additional 11% of LCH SA for £95 million, taking its ownership to 100%. The Group recognised a decrease in non-controlling interest of £53 million and a decrease in equity attributable to equity holders of £42 million.

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

3 Tradeweb is required to withhold shares issued as a result of employee share plans in order to settle the associated taxes payable by the employee.

Condensed consolidated cash flow statement

Year ended 31 December	Notes	2023 £m	2022 ^{1,2} £m
Operating activities			
Profit from continuing operations		948	979
Adjustments to reconcile profit to net cash flow:			
- Taxation	6.1	247	262
- Net finance costs	5	176	176
- Amortisation and impairment of intangible assets	8	1,857	1,603
- Depreciation and impairment of property, plant and equipment	9	286	290
- Profit on disposal of property, plant and equipment		-	(133)
- Remeasurement gain ¹	2.3	(69)	(23)
- Share-based payments		143	158
- Foreign exchange losses		17	38
- Dividend income		(15)	(12)
- Other movements ^{1,2}		(6)	55
Working capital changes and movements in other assets and liabilities:			
- Increase in receivables, contract and other assets		(706)	(407)
- Decrease in payables, contract and other liabilities		(1)	(119)
- Decrease in clearing member financial assets		5,677	709
- Decrease in clearing member financial liabilities		(5,331)	(383)
Cash generated from operations		3,223	3,193
Interest received		148	29
Interest paid		(212)	(171)
Net taxes paid		(217)	(351)
Net cash flows from continuing operations		2,942	2,700
Net cash flows from discontinued operations		-	37
Net cash flows from operating activities		2,942	2,737
Investing activities			
Payments for intangible assets	8	(962)	(773)
Payments for property, plant and equipment	9	(122)	(193)
Proceeds from disposal of property, plant and equipment		-	153
Acquisition of subsidiaries, net of cash acquired	13.2	(523)	(768)
Proceeds from sale of disposal group, net of cash disposed		-	903
Proceeds from disposal of/(investments in) financial assets		223	(227)
Dividends received		15	12
Net cash flows from continuing operations		(1,369)	(893)
Net cash flows from discontinued operations		-	(16)
Net cash flows used in investing activities		(1,369)	(909)
Financing activities			
Payment of principal portion of lease liabilities		(156)	(150)
Proceeds from borrowings ³		2,389	-
Repayment of borrowings		(1,261)	(209)
Dividends paid to equity holders		(611)	(567)
Dividends paid to non-controlling interests		(80)	(82)
Repurchase of shares by Company	12	(1,207)	(303)
Repurchase of shares by subsidiary (Tradeweb)		(28)	(80)
Purchase of non-controlling interests		(95)	-
Other financing activities		(37)	(77)
Net cash flows (from continuing operations) used in financing activities		(1,086)	(1,468)
Increase in cash and cash equivalents		487	360
Foreign exchange translation		(116)	184
Cash and cash equivalents at 1 January		3,209	2,665
Cash and cash equivalents at 31 December		3,580	3,209

1 For 2022, the remeasurement gain of £23 million has been disaggregated from other movements to align with disclosure for 2023.

2 Royalties paid of £89 million were separately presented in 2022. This is aggregated with cash generated from operations to align with disclosure in 2023.

3 Proceeds from borrowings includes a net increase in borrowings with short-term maturities of £1,112 million.

Notes to the condensed consolidated financial statements

Reporting entity

These consolidated 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 2023, the Group acquired the businesses listed below. The results of these businesses have been consolidated from the date of acquisition (see note 13).

Acquired business	Acquisition date	Segment	Cash-generating unit (CGU)
AcadiaSoft, Inc. (Acadia)	31 March 2023	Post Trade	Post Trade
Yieldbroker Pty Limited (Yieldbroker)	31 August 2023	Capital Markets	Tradeweb

1. Basis of preparation and accounting policies

The Group’s condensed consolidated financial statements are prepared in accordance with UK-adopted international accounting standards which are endorsed by the UK Endorsement Board. These financial statements do not include all the information required for full financial statements and should be read in conjunction with the Group’s Annual Report and Accounts for the year ended 31 December 2023.

The accounting policies adopted in these financial statements have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 December 2023. New standards, amendments, and interpretations to existing standards effective for the first time for periods beginning on (or after) 1 January 2023, which have been adopted by the Group have not been listed, as these have not had a material impact on the financial statements.

In preparing these condensed consolidated financial statements, the significant judgements made by management when applying the Group’s accounting policies and the significant areas where estimates were required were in respect of non-underlying items, uncertain tax positions, intangible assets and pension and other retirement benefit schemes.

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.

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 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.

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 currently 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 has set targets to reduce selected carbon emissions by 50% by 2030. There is no other direct impact on the viability of the Group. There is no climate-related scenario that is deemed to have a probable likelihood of occurring which could impact the Group’s going concern assessment.
- **Impairment of goodwill and intangible assets** – Forecasted cash flows are not expected to be impacted materially 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 and purchasing carbon credits.
- **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 materially 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.

- **Valuation of pension scheme assets and defined benefit liabilities** – Changes in interest rates, as a result of climate change, could impact the future valuation of pension scheme assets and defined benefit liabilities. 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 in the short term is unlikely to be material.
- **Revenue** – We provide a range of climate-related products and services such as admission on the voluntary carbon market and the sustainable bond market. Revenue earned from these are not deemed material revenue streams, but support the Group in enabling others to purchase carbon credits to aid in the fight against climate change.
- **Expenses** – To support our long-term ambition to achieve net zero, the Group purchases carbon credits to offset the impact of the Group's carbon emissions. The cost of purchasing these has been minimal during the current year, as credits purchased during prior years were sufficient to cover emissions during the current financial year. Any additional credits required will be purchased once the Group's emissions for the year have been calculated.

2. Segment information

The Group reports three main operating segments:

- *Data & Analytics* – provider of financial data, indices and analytics
- *Capital Markets* – global operator of capital raising and trading venues in multiple asset classes
- *Post Trade* – provider of clearing, risk management and capital optimisation solutions

With effect from 2024, we are changing our reporting structure, simplifying our Data & Analytics reporting under product lines and aligning divisional disclosure with new management reporting lines.

The Executive Committee uses "adjusted" measures including adjusted EBITDA to assess the profitability and performance of the operating segments.

The "adjusted" measures reported by the Group are:

- Adjusted operating expenses before depreciation, amortisation and impairment
- Adjusted EBITDA
- Adjusted depreciation, amortisation and impairment
- Adjusted operating profit
- Adjusted net finance costs
- Adjusted profit before tax
- Adjusted profit for the year¹
- Adjusted earnings per share (EPS)¹

¹ Adjusted profit for the year is used to calculate adjusted EPS and is reconciled to profit before taxation in the EPS note and on the face of the income statement.

2.1 Segment results

Results, including adjusted EBITDA, by operating segment for the year ended 31 December 2023 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	5,637	1,546	878	-	8,061
Net treasury income from CCP clearing business	3	-	-	289	-	289
Other income	3	-	-	-	29	29
Total income		5,637	1,546	1,167	29	8,379
Cost of sales		(913)	(35)	(195)	-	(1,143)
Gross profit		4,724	1,511	972	29	7,236
Adjusted operating expenses before depreciation, amortisation and impairment	4	(2,348)	(715)	(403)	(8)	(3,474)
Income from equity investments		-	-	-	15	15
Adjusted EBITDA		2,376	796	569	36	3,777
Adjusted depreciation, amortisation and impairment	8, 9	(664)	(128)	(123)	-	(915)
Adjusted operating profit		1,712	668	446	36	2,862

¹ Data & Analytics revenue includes recoveries of £370 million. Post Trade revenue includes net settlement and similar expenses recovered through the CCP clearing businesses of £5 million which comprises gross settlement income of £46 million less gross settlement expenses of £41 million.

Results, including adjusted EBITDA, 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
Adjusted depreciation, amortisation and impairment	8, 9	(607)	(103)	(112)	-	(822)
Adjusted operating profit		1,631	657	405	35	2,728

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.

2.2 Adjusted EBITDA and adjusted operating profit

Adjusted EBITDA and adjusted operating profit reconcile to operating profit and profit before tax as follows:

	Notes	2023 £m	2022 £m
Continuing operations			
Adjusted EBITDA		3,777	3,550
Adjusted depreciation, amortisation and impairment	8, 9	(915)	(822)
Adjusted operating profit		2,862	2,728
Non-underlying operating expenses before interest, tax, depreciation, amortisation and impairment	2.3	(263)	(233)
Non-underlying depreciation, amortisation and impairment	2.3, 8, 9	(1,228)	(1,078)
Operating profit		1,371	1,417
Net finance costs (including non-underlying items)	5	(176)	(176)
Profit before tax		1,195	1,241

2.3 Non-underlying items

The Group uses its judgement to classify items as non-underlying. Income or expenses are recognised and classified as non-underlying when the following criteria are met:

- The item does not arise in the normal course of business; and
- The items are material by amount or nature.

Non-underlying items 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 significant restructuring costs; and
- Tax on non-underlying items and non-underlying tax items.

After the acquisition of a business, revenue generated and operating costs incurred by that business are not classified as non-underlying.

		2023	2022
	Notes	£m	£m
Continuing operations			
Non-underlying operating expenses before interest, tax, depreciation, amortisation and impairment			
Transaction costs		85	85
Integration and separation costs		211	278
Restructuring and other costs		36	26
		332	389
Profit on disposal of property, plant and equipment		-	(133)
Remeasurement gain	13.1	(69)	(23)
		(69)	(156)
Non-underlying operating expenses before interest, tax, depreciation, amortisation and impairment			
		263	233
Non-underlying depreciation, amortisation and impairment			
Amortisation of purchased intangible assets	8	1,057	1,013
Amortisation and impairment of software and other intangible assets	8	148	31
Depreciation and impairment of property, plant and equipment	9	23	27
Impairment of other non-current assets		-	7
		1,228	1,078
Non-underlying items before interest and tax			
		1,491	1,311
Non-underlying finance costs	5.2	6	16
Non-underlying items before tax			
		1,497	1,327
Non-underlying tax	6.1	(378)	(278)
Non-underlying items after tax			
		1,119	1,049

Transaction costs mainly relate to the following:

- Acadia and Yieldbroker acquisition costs - £10 million (2022: £3 million) (see note 13.4).
- Employment-linked management incentives for the MayStreet Inc. (MayStreet) and TORA Holdings, Inc. (TORA) acquisitions, and MayStreet earn-out arrangement costs - £34 million (2022: £25 million).
- Fair value gain on the contingent consideration payable resulting from the acquisition of Quantile Group Limited (Quantile) in 2022 - £17 million (2022: nil).
- Refinitiv acquisition costs - £39 million (2022: £36 million) mainly relating to changes in the tax indemnity receivable from and payable to Thomson Reuters.

Integration and separation costs mainly consist of costs to integrate Refinitiv of £209 million (2022: £242 million) and other recent acquisitions.

Prior to the acquisition of Acadia on 31 March 2023, LSEG held a 14% equity interest in Acadia. The acquisition date fair value of the previously held interest resulted in a **remeasurement gain** of £69 million (see note 13.1). In 2022, the acquisition of Global Data Consortium, Inc. (GDC) resulted in a £23 million remeasurement gain on the previously held 11% interest.

Amortisation and impairment of intangible assets of £1,205 million (2022: £1,044 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. This has resulted in **impairment** of right-of-use property assets of £22 million (2022: £12 million).

The non-underlying **tax** benefit of £378 million (2022: £278 million) mainly reflects the tax impact of the Group's non-underlying items (computed based on the tax rates applicable to the respective territories).

3. Total income

The Group's revenue disaggregated by segment, major product and service line, and timing of revenue recognition for the year ended 31 December 2023 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	1,656	-	-	-	1,656
Enterprise data solutions ¹	1,411	-	-	-	1,411
Investment solutions	1,423	-	-	-	1,423
Wealth solutions	285	-	-	-	285
Customer & third-party risk solutions	492	-	-	-	492
Recoveries ¹	370	-	-	-	370
Equities	-	227	-	-	227
FX	-	251	-	-	251
Fixed income, derivatives and other	-	1,068	-	-	1,068
OTC derivatives	-	-	517	-	517
Securities & reporting	-	-	254	-	254
Non-cash collateral	-	-	107	-	107
Total revenue	5,637	1,546	878	-	8,061
Net treasury income	-	-	289	-	289
Other income	-	-	-	29	29
Total income	5,637	1,546	1,167	29	8,379
Timing of revenue recognition					
Services satisfied at a point in time	201	1,055	458	-	1,714
Services satisfied over time	5,436	491	420	-	6,347
Total revenue	5,637	1,546	878	-	8,061

¹ From 1 January 2023 onwards, foreign exchange related items associated with embedded derivatives, previously included in Recoveries have been recognised within the appropriate Data & Analytics revenue lines, primarily Trading & banking solutions and Enterprise data solutions, as this is where the corresponding contractual revenue is recorded. The 2022 results have not been restated. In 2022, the embedded derivatives foreign exchange impact reduced Recoveries by £43 million.

The Group's revenue 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 recognition¹					
Services satisfied at a point in time	173	978	393	-	1,544
Services satisfied over time	5,086	481	343	-	5,910
Total revenue	5,259	1,459	736	-	7,454

¹ In 2023, the timing of revenue recognition classification was assessed and has resulted in 2022 revenue of £37 million and £328 million, for Capital Markets and Post Trade respectively, previously classified as at a point in time now being shown as over time.

4. Operating expenses before depreciation, amortisation and impairment

	Note	2023 £m	2022 £m
Continuing operations			
Staff costs		2,085	1,896
IT costs		607	567
Professional fees		404	420
Short-term lease costs		13	13
Other costs		333	243
Foreign exchange losses		32	1
Adjusted operating expenses before depreciation, amortisation and impairment		3,474	3,140
Non-underlying operating expenses before depreciation, amortisation and impairment	2.3	332	389
Total operating expenses before depreciation, amortisation and impairment		3,806	3,529

5. Net finance costs

5.1 Finance income

		2023 £m	2022 £m
Continuing operations			
Bank deposit and other interest income ¹		125	29
Derivative financial instruments interest income		22	-
Fair value gain on derivative financial instruments and hedged items		2	-
Net interest income on net retirement benefit assets ²		8	11
Lease interest income ¹		1	1
Other finance income		1	-
Adjusted finance income		159	41

1 Calculated using the effective interest method.

2 For 2022, interest cost on retirement benefit obligations of £70 million had been presented as finance costs. This has been reclassified to net interest income on net retirement benefit assets to align with the accounting policy. This change has no overall impact on net finance costs in 2022.

5.2 Finance costs

	Note	2023 £m	2022 £m
Continuing operations			
Interest payable on bank and other borrowings ^{1,2}		(222)	(148)
Derivative financial instruments interest expense		(42)	(15)
Fair value loss on derivatives financial instruments		(5)	-
Amortisation of arrangement fees ¹		(3)	(3)
Lease interest expense ¹		(17)	(15)
Foreign exchange losses ³		(30)	-
Other finance expenses		(10)	(20)
Adjusted finance costs⁴		(329)	(201)
Non-underlying finance costs	2.3	(6)	(16)
Total finance costs⁴		(335)	(217)

1 Calculated using the effective interest method.

2 Interest payable on bank and other borrowings is net of amortisation of the realised gain on interest rate derivatives held in the hedging reserve.

3 From 1 January 2023 onwards, foreign exchange related items associated with corporate treasury transactions and other borrowings, previously included in operating expenses before depreciation, amortisation and impairment, have been recognised within net finance costs. The 2022 results have not been restated. In 2022, operating expense before depreciation, amortisation and impairment had included foreign exchange gains of £9 million for such items.

4 For 2022, interest cost on retirement benefit obligations of £70 million had been presented within finance costs. This has been reclassified to net interest income on net retirement benefit assets to align with the accounting policy. This change has no overall impact on net finance costs in 2022.

6. Taxation

6.1 Income tax

Tax recognised in the income statement

	Note	2023 £m	2022 £m
Continuing operations			
Current tax			
UK corporation tax for the year at 23.5% (2022: 19%)		73	67
Overseas tax for the year		202	125
Adjustments in respect of previous years		(6)	81
Total current tax		269	273
Deferred tax			
Deferred tax expense/(benefit) for the year		61	(29)
Adjustments in respect of previous years		(27)	(4)
Deferred tax (benefit)/expense in relation to amortisation and impairment of intangible assets		(56)	22
Total deferred tax		(22)	(11)
Total tax		247	262
Adjusted tax		625	540
Non-underlying tax	2.3	(378)	(278)
Total tax		247	262

Factors affecting the tax charge for the year

On 24 May 2021, the UK Finance Act 2021 was substantively enacted, increasing the corporate tax rate from 19% to 25% with effect from 1 April 2023. This means that the blended tax rate for the year ended 31 December 2023 as a whole was 23.5%.

The tax charge for the year differs from that derived from the standard rate of corporation tax in the UK of 23.5% (2022: 19%) as explained below:

	2023 £m	2022 £m
Continuing operations		
Profit before tax from continuing operations	1,195	1,241
Profit multiplied by standard rate of corporation tax in the UK	281	236
Overseas earnings taxed at higher rate	36	4
Adjustment arising from changes in tax rates	(44)	(3)
Expenses not deductible/(income not taxable)	2	(53)
Adjustments in respect of previous years	(33)	77
Deferred tax not recognised	5	1
Total tax	247	262

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 2022 and 2023.

The Group operates globally including in jurisdictions which have enacted new legislation to implement the global minimum top-up tax. Since the newly enacted tax legislation is only effective from 1 January 2024, there is no current tax impact for the year ended 31 December 2023.

The Group has applied a mandatory temporary exception from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when it is incurred. If the new tax legislation had applied in 2023, there would have been no material top-up tax for the Group, and overall the Group does not expect a material impact from these rules.

6.2 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 can be 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.

Management believes that resolution of its uncertain tax positions will not have a material impact on the Group's financial position.

7. Earnings per share

	2023			2022		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Basic earnings per share	138.9p	-	138.9p	141.8p	91.9p	233.8p
Diluted earnings per share	138.1p	-	138.1p	141.1p	91.4p	232.5p
Adjusted basic earnings per share	323.9p	-	323.9p	317.8p	10.6p	328.4p
Adjusted diluted earnings per share	322.1p	-	322.1p	316.1p	10.5p	326.6p

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

	Note	2023			2022		
		Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Profit for the financial year attributable to the Company's equity holders		761	-	761	790	512	1,302
Adjustments:							
- Total non-underlying items net of tax	2.3	1,119	-	1,119	1,049	(453)	596
- Non-underlying items attributable to non-controlling interests		(105)	-	(105)	(69)	-	(69)
Adjusted profit for the year attributable to the Company's equity holders		1,775	-	1,775	1,770	59	1,829

7.2 Weighted average number of shares^{1,2}

	2023 millions	2022 millions
Weighted average number of shares^{1,2}	548	557
Dilutive effect of share options and awards	3	3
Diluted weighted average number of shares	551	560

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

2 For the number of shares as at 31 December 2023, see note 12.

8. Intangible assets

	Purchased intangible assets						Total £m	
	Note	Goodwill £m	Customer and supplier relationships £m	Brands £m	Databases and content £m	Software, licences and intellectual property £m		Software and other £m
Cost								
1 January 2022		17,509	8,721	1,956	2,434	702	3,232	34,554
Intangible assets acquired on acquisition of subsidiaries		569	188	-	3	149	-	909
Additions		-	-	-	-	-	868	868
Disposal of business		-	-	(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
Intangible assets acquired on acquisition of subsidiaries	13.2	370	281	-	-	47	-	698
Additions ¹		-	-	-	-	-	962	962
Disposals and write-off ²		-	-	(1)	-	-	(82)	(83)
Foreign exchange translation		(953)	(538)	(114)	(154)	(93)	(149)	(2,001)
31 December 2023		19,276	9,668	1,998	2,580	857	4,860	39,239
Accumulated amortisation and impairment								
1 January 2022		23	956	398	224	315	914	2,830
Amortisation charge for the year		-	590	150	232	41	587	1,600
Impairment		-	-	-	-	-	11	11
Disposal of business		-	-	(4)	-	-	(31)	(35)
Disposals and write-off		-	-	-	-	-	(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
Amortisation charge for the year ³		-	607	149	229	72	790	1,847
Impairment ⁴		-	-	-	-	-	10	10
Disposals and write-off ²		-	-	(1)	-	-	(82)	(83)
Foreign exchange translation		-	(91)	(39)	(32)	(66)	(51)	(279)
31 December 2023		30	2,166	693	687	373	2,143	6,092
Net book values⁵								
31 December 2023		19,246	7,502	1,305	1,893	484	2,717	33,147
31 December 2022		19,829	8,275	1,529	2,244	536	2,653	35,066

1 During the year, consideration for additions comprised £962 million (2022: £787 million) in cash, and nil (2022: £81 million) in accruals. During the year, the Group capitalised sales commissions paid to employees (contract costs) of £53 million (2022: £40 million).

2 During the year the Group recognised disposals and write-offs of assets which are no longer in use of £83 million with nil net book value (2022: £70 million with nil net book value).

3 Includes non-underlying amortisation of intangible assets of £1,195 million (2022: £1,044 million) and no amortisation related to discontinued operations (2022: £8 million).

4 Following a review of software assets in the year the Group recognised a £10 million non-underlying impairment charge (2022: £11 million adjusted impairment charge) in relation to assets with a recoverable amount less than the carrying value.

5 At 31 December 2023, software and other net book value includes:

- Assets not yet brought into use of £739 million (2022: £647 million). No amortisation has been charged on these assets and instead they are tested for impairment annually.
- Contract costs of £78 million (2022: £75 million).

8.1 Goodwill

Carrying value of goodwill allocated to each of the Group's CGUs

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

	2023	2022
	£m	£m
Data & Analytics ¹	13,767	14,414
Capital Markets, excluding Tradeweb	2	2
Tradeweb ¹	4,889	5,152
Post Trade ¹	588	261
	19,246	19,829

¹ The carrying value of goodwill allocated to the Data & Analytics and Tradeweb CGUs reduced during the year mainly due to the impact of foreign exchange translation of £648 million and £291 million, respectively. The decrease in Tradeweb is partly offset by the Yieldbroker acquisition (see note 13.2). The carrying value of the goodwill allocated to the Post Trade CGU increased during the year, mainly due to the Acadia acquisition (see note 13.2).

Goodwill as at 31 December 2023 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 2023) and therefore no impairment was identified or recognised.

9. Property, plant and equipment

	Note	Land & Buildings			Plant and equipment		Total £m
		Freehold property £m	Right-of- use assets ¹ £m	Leasehold improve- ments £m	Right-of- use assets £m	Owned £m	
Cost							
1 January 2022		55	605	103	60	502	1,325
Property, plant and equipment acquired on acquisition of subsidiaries		-	1	-	-	2	3
Additions		14	44	12	41	130	241
Lease modifications		-	14	-	-	-	14
Disposals and other		(14)	(12)	3	(1)	(19)	(43)
Disposal of business		-	(12)	-	(34)	(15)	(61)
Foreign exchange translation		(2)	32	7	4	24	65
31 December 2022		53	672	125	70	624	1,544
Property, plant and equipment acquired on acquisition of subsidiaries	13.2	-	1	-	-	2	3
Additions		5	20	8	49	79	161
Lease modifications		-	74	-	-	-	74
Disposals, reclassifications and other		(41)	(33)	20	(4)	38	(20)
Foreign exchange translation		-	(23)	(3)	(2)	(20)	(48)
31 December 2023		17	711	150	113	723	1,714
Accumulated depreciation and impairment							
1 January 2022		31	158	49	19	236	493
Depreciation charge for the year		1	101	20	18	143	283
Impairment		-	12	-	-	-	12
Disposals and other		(3)	(10)	(3)	-	(19)	(35)
Disposal of business		-	(4)	-	(16)	(5)	(25)
Foreign exchange translation		-	10	1	1	7	19
31 December 2022		29	267	67	22	362	747
Depreciation charge for the year ²		-	105	15	28	116	264
Impairment ^{2, 3}		-	22	-	-	-	22
Disposals, reclassifications and other		(27)	(30)	5	(5)	45	(12)
Foreign exchange translation		-	(10)	(1)	(1)	(11)	(23)
31 December 2023		2	354	86	44	512	998
Net book values							
31 December 2023		15	357	64	69	211	716
31 December 2022		24	405	58	48	262	797

1 We have recognised property provisions of £35 million within liabilities in the balance sheet, which represent the present value of the Group's estimate of the cost of fulfilling lease obligations for dilapidations on its right-of-use assets.

2 Includes non-underlying accelerated depreciation and impairment of £23 million (2022: £27 million) and no depreciation from discontinued operations (2022: £5 million).

3 Following a review of our right-of-use property assets in the year we recognised a £22 million impairment charge (2022: £12 million).

10. Borrowings and net debt

	Note	2023 £m	2022 ¹ £m
Non-current			
Bank borrowings - committed bank facilities ²		(8)	(5)
Bonds		7,022	6,860
Trade finance loans		1	1
Lease liabilities		518	533
Total non-current borrowings		7,533	7,389
Current			
Bank borrowings		17	1,295
Commercial paper		1,206	-
Bonds		825	-
Lease liabilities		118	139
Total current borrowings		2,166	1,434
Total borrowings		9,699	8,823
Total borrowings excluding lease liabilities	10.1	9,063	8,151
Lease liabilities		636	672
Total borrowings		9,699	8,823

1 For 2022, current lease liabilities of £139 million and non-current lease liabilities of £533 million had been presented as trade and other payables. These have been reclassified to current borrowings and non-current borrowings respectively to better reflect the nature of the liability.

2 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.

10.1 Borrowings

The Group has the following committed bank facilities and term loans, commercial paper, unsecured bonds, bank overdrafts and trade finance loans:

	Maturity date	Facility/ bond £m	Carrying value		Interest rate %
			2023 £m	2022 £m	
Committed bank facilities					
Multi-currency revolving credit facility	Dec 2027	1,925	(5)	(2)	see note ²
Multi-currency revolving credit facility	Dec 2027	1,075	(3)	(3)	see note ²
Total committed bank facilities¹		3,000	(8)	(5)	
Commercial paper					
			1,206	-	0.952
Committed term loans					
\$2,000 million term loan	Dec 2023		-	1,295	see note ²
Total committed term loans			-	1,295	
Bonds					
\$500 million bond, issued April 2021	Apr 2024	392	392	415	0.650
€500 million bond, issued September 2017	Sep 2024	433	433	443	0.875
€500 million bond, issued April 2021	Apr 2025	433	433	443	-
\$1,000 million bond, issued April 2021	Apr 2026	784	782	828	1.375
€700 million bond, issued September 2023	Sep 2026	622	620	-	4.125
€500 million bond, issued December 2018	Dec 2027	433	431	441	1.750
€500 million bond, issued April 2021	Apr 2028	433	431	441	0.250
\$1,000 million bond, issued April 2021	Apr 2028	784	781	828	2.000
€500 million bond, issued September 2017	Sep 2029	433	431	441	1.750
£500 million bond, issued April 2021	Apr 2030	500	495	494	1.625
€700 million bond, issued September 2023	Sep 2030	636	634	-	4.231
\$1,250 million bond, issued April 2021	Apr 2031	981	976	1,033	2.500
€500 million bond, issued April 2021	Apr 2033	433	428	438	0.750
\$750 million bond, issued April 2021	Apr 2041	588	580	615	3.200
Total bonds		7,885	7,847	6,860	
Trade finance loans	Nov 2025		1	1	7.274
Bank overdraft			17	-	
Total borrowings excluding lease liabilities			9,063	8,151	

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 November 2023, the Group amended its £1,425 million revolving credit facility, increasing the facility amount to £1,925 million and extending the maturity to December 2027. The Group retained access to its £1,075 million revolving credit facility, which also matures in December 2027. No amounts were outstanding on either facility as at 31 December 2023.

Committed term loan

US dollar term loan repayments totalling US\$1,560 million were made during the year, with the term loan being fully repaid in October 2023.

Commercial paper

During the year, the Group updated its US Commercial Paper (USCP) Programme and Euro Commercial Paper (ECP) Programme, increasing the limits to US\$2.5 billion and £1.5 billion respectively. As at 31 December 2023, US\$937 million (£735 million) was outstanding under the USCP Programme, and €353 million (£306 million) and £165 million under the ECP Programme (2022: nil).

Bonds

In September 2023, the Group issued €1.4 billion of bonds under its £4 billion Euro Medium Term Note Programme (EMTN). The issue consisted of two tranches of €700 million each, maturing in 2026 and 2030. The Group entered into a series of euro interest rate swaps to swap fixed interest obligations to floating interest obligations. The bonds and interest rate swaps have been designated as hedged items and hedging instruments in a fair value hedging relationship. The carrying values of the bonds have been adjusted for fair value movements attributable to interest rate risk. The Group also entered into a series of cross-currency interest rate swaps to swap the euro debt into US dollar debt.

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. 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 2023.

10.2 Net debt

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

	Notes	2023 £m	2022 £m
Non-current			
Bank borrowings	10.1	8	5
Bonds	10.1	(7,022)	(6,860)
Trade finance loans	10.1	(1)	(1)
Lease liabilities		(518)	(533)
Derivative financial assets	11.1	94	12
Derivative financial liabilities	11.2	(22)	(87)
Total due after one year		(7,461)	(7,464)
Current			
Cash and cash equivalents		3,580	3,209
Bank borrowings	10.1	(17)	(1,295)
Commercial paper	10.1	(1,206)	-
Bonds	10.1	(825)	-
Lease liabilities		(118)	(139)
Derivative financial assets	11.1	11	36
Derivative financial liabilities	11.2	(60)	(9)
Total due within one year		1,365	1,802
Net debt		(6,096)	(5,662)

11. Financial assets and financial liabilities

11.1 Financial assets

	Amortised cost £m	FVOCI £m	FVPL £m	Total £m
31 December 2023				
Clearing business financial assets¹				
- Clearing member trading assets	-	-	652,593	652,593
- Other receivables from clearing members	7,139	-	-	7,139
- Other financial assets ²	-	17,275	-	17,275
- Clearing member cash and cash equivalents ²	86,528	-	-	86,528
Total clearing member assets	93,667	17,275	652,593	763,535
Trade and other receivables ³	1,980	-	15	1,995
Cash and cash equivalents	3,580	-	-	3,580
Investments in financial assets - equity instruments	-	372	-	372
Derivative financial instruments designated as fair value hedges				
- Interest rate swaps	-	-	47	47
Derivative financial instruments not designated as hedges				
- Cross-currency interest rate swaps	-	-	45	45
- Foreign exchange forward contracts	-	-	7	7
- Embedded foreign exchange contracts	-	-	6	6
Total derivative financial instruments	-	-	105	105
Total financial assets	99,227	17,647	652,713	769,587

1 At 31 December 2023, there are no provisions for expected credit losses in relation to any of the CCP businesses' financial assets held at amortised cost or FVOCI (2022: 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 (2022: 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.

3 Prepayments of £230 million and contract assets of £4 million within trade and other receivables are not classified as financial instruments.

	Amortised cost £m	FVOCI £m	FVPL £m	Total £m
31 December 2022				
Clearing business financial assets				
- Clearing member trading assets	1,997	-	661,370	663,367
- Other receivables from clearing members	5,945	-	-	5,945
- Other financial assets	-	18,415	-	18,415
- Clearing member cash and cash equivalents	104,707	-	-	104,707
Total clearing member assets	112,649	18,415	661,370	792,434
Trade and other receivables ¹	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 not designated as hedges				
- Foreign exchange forward contracts	-	-	14	14
- Embedded foreign exchange contracts	-	-	34	34
Total derivative financial instruments	-	-	48	48
Total financial assets	117,202	19,035	661,430	797,667

1 Prepayments of £214 million and contract assets of £3 million within trade and other receivables are not classified as financial instruments.

11.2 Financial liabilities

	Amortised cost	FVPL	Total
31 December 2023	£m	£m	£m
Clearing business financial liabilities			
- Clearing member trading liabilities	-	652,593	652,593
- Other payables to clearing members	111,448	-	111,448
Total clearing member financial liabilities	111,448	652,593	764,041
Trade and other payables ¹	2,300	21	2,321
Borrowings	9,699	-	9,699
Derivative financial instruments designated as net investment hedges			
- Cross-currency interest rate swaps	-	52	52
Derivative financial instruments not designated as hedges			
- Foreign exchange forward contracts	-	11	11
- Embedded foreign exchange contracts	-	19	19
Total derivative financial instruments	-	82	82
Total financial liabilities	123,447	652,696	776,143

1 Social security and other taxes of £155 million and deferred compensation of £21 million within trade and other payables are not classified as financial instruments.

	Amortised cost ¹	FVPL	Total ¹
31 December 2022	£m	£m	£m
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 ^{1,2}	2,539	38	2,577
Borrowings ¹	8,823	-	8,823
Derivative financial instruments designated as net investment hedges			
- Cross-currency interest rate swaps	-	84	84
Derivative financial instruments not designated as hedges			
- Foreign exchange forward contracts	-	6	6
- Embedded foreign exchange contracts	-	6	6
Total derivative financial instruments	-	96	96
Total financial liabilities	142,586	661,504	804,090

1 For 2022, lease liabilities of £672 million were presented as trade and other payables. These have been reclassified to borrowings (see note 10) to better reflect the nature of the liability.

2 Social security and other tax liabilities of £76 million within trade and other payables are not classified as financial instruments.

12. Ordinary share capital issued and fully paid

	Number of shares ¹ millions	Ordinary share capital ¹ £m	Share premium ² £m	Total £m
1 January 2022	557	39	978	1,017
Issue of shares to the Employee Benefit Trust ³	1	-	-	-
Share buyback	(4)	-	-	-
31 December 2022	554	39	978	1,017
Issue of shares to the Employee Benefit Trust ³	2	-	-	-
Share buyback	(15)	(1)	-	(1)
31 December 2023	541	38	978	1,016

1 Ordinary share capital consists of 548,841,716 ordinary shares of 6^{79/86} pence. At 31 December 2023, the Group held 7,632,733 (2022: 3,797,344) treasury shares which were acquired as part of its share buyback programme.

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

3 The Board approved the allotment and issue of 98,158 ordinary shares at par to the EBT (2022: 883,174 ordinary shares at par) and the transfer of 1,904,252 treasury shares (2022: nil) to settle employee share plans.

Share buyback

In 2023, the company repurchased 15.2 million (2022: 3.8 million) of its own shares. As shown in the consolidated statement of changes in equity, retained earnings have therefore reduced by £1,007 million (2022: £503 million).

During 2023, as part of its 12-month £750 million share buyback programme launched in 2022, the Company repurchased 5.7 million of its own shares for £450 million (2022: £300 million) of which £200 million had been irrevocably committed to as at 31 December 2022. The deduction from retained earnings of £253 million (2022: £503 million) reflects:

- the £250 million (2022: £300 million) to repurchase 3 million of its own shares from the market;
- an irrevocable commitment of £nil (2022: £200 million) to purchase shares during the close period; and
- total costs directly attributable to this share buyback programme of £3 million (2022: £3 million).

In September 2023, the Group completed the off-market purchase of limited voting ordinary shares from related parties York Holdings II Limited and York Holdings III Limited. The Shares repurchased were cancelled immediately. The deduction from retained earnings of £754 million reflects:

- the £750 million to repurchase 9.5 million limited voting ordinary shares; and
- total costs directly attributable to this repurchase of £4 million.

13. Business combinations

The purchase price allocations (PPA) (shown in 13.2 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.

13.1 Details of material businesses acquired

Acquired business	Description of business	Reason for acquisition	Acquisition date	Voting equity interest acquired
Acadia	A leading provider of automated uncleared margin processing and integrated risk and optimisation services for the global derivatives community.	With deep domain expertise in margining, collateral and risk management, Acadia is complementary to LSEG's Post Trade capabilities. The transaction will strengthen LSEG's provision of resilient and systemically important financial markets infrastructure to our customers.	31 March 2023	86% ¹
Yieldbroker	Operator of an Australian trading platform for Australian and New Zealand government bonds and interest rate derivatives covering the institutional and wholesale client sectors.	With innovation relating to the electrification of fixed income markets, the acquisition of Yieldbroker aligns with Tradeweb's capabilities and mission to make markets more efficient. The acquisition will leverage the innovative trading and industry experience of Yieldbroker to create more liquid, transparent and efficient fixed income markets.	31 August 2023	100%

1 Prior to the acquisition LSEG held a 14% interest in Acadia and on 31 March 2023 recognised a £69 million non-underlying remeasurement gain on this investment in associate (see note 2.3).

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

Goodwill arising from the acquisitions has been recognised as follows:

	Acadia £m	Yieldbroker £m	Other £m	Total £m
Purchase consideration				
– Cash (including settlement of share options)	484	65	3	552
– Fair value of previous interest held	86	-	-	86
Total purchase consideration	570	65	3	638
Less: Fair value of identifiable net assets acquired				
– Intangible assets: Customer and supplier relationships ¹	(250)	(31)	-	(281)
– Intangible assets: Software ¹	(46)	-	(1)	(47)
– Other non-current assets, excluding deferred tax assets	(2)	(2)	-	(4)
– Cash and cash equivalents	(17)	(10)	(2)	(29)
– Other current assets	(16)	(2)	-	(18)
– Total liabilities, excluding deferred tax liabilities	36	11	1	48
– Deferred tax liabilities/(assets) ²	66	(3)	-	63
Fair value of identifiable net assets acquired	(229)	(37)	(2)	(268)
Goodwill	341	28	1	370
Allocated to cash-generating unit	Post Trade	Tradeweb	D&A	

1 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)
- Software: relief from royalty method (income approach)

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

The goodwill is attributable to the anticipated growth in the underlying business and future technology not yet developed.

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

13.3 Revenue and profit contribution

From the respective acquisition dates, for the period ended 31 December 2023, the material acquired businesses contributed revenue and profit before tax as follows:

	2023	
	Acadia	Yieldbroker
	Nine months £m	Four months £m
Revenue	45	4
Adjusted EBITDA	12	-
Loss before tax	(6)	(1)

If the acquisitions had all occurred on 1 January 2023, estimated Group revenue and adjusted EBITDA would have been as follows:

	2023	
	Pro-forma Group £m	
Continuing		
Revenue		8,084
Adjusted EBITDA		3,781

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

Acquisition-related costs are recognised as non-underlying items in the income statement (see note 2.3). The Group incurred acquisition-related costs as follows:

	2023	
	Acadia £m	Yieldbroker £m
Transaction costs ¹	7	3
Finance costs	-	1
Acquisition-related costs	7	4

1 Transaction costs include retention bonuses and advisor and professional fees.

14. 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
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 ¹
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\$368 million for 2023

¹ The remaining commitment at 31 December 2023 is US\$2.8 billion.

In the normal course of business, the Group can receive legal claims and be involved in legal proceedings and dispute resolution processes including, for example, in relation to commercial matters, service and product quality or liability issues, employee matters and tax audits. The Group is also subject to periodic reviews, inspections and investigations by regulators in the UK and other jurisdictions in which it operates, any of which may result in fines, penalties, business restrictions and other sanctions. A provision for a liability is recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation from past events and a reliable estimate can be made of the amount of the obligation. Any provision recognised is inherently subjective and based on judgement.

For many of these matters it is too early to determine the likely outcome, or to reliably estimate the amount of any loss as a consequence and therefore no provision is made. While the outcome of legal and regulatory matters can be inherently difficult to assess and/or the potential loss often cannot be reliably estimated, we do not believe that the liabilities, if any, which could result from the resolution of the legal and regulatory matters that arise in the normal course of business are likely to have a material adverse effect on our consolidated financial position, profit, or cash resources. However, it is possible that future results could be materially affected by any developments relating to any such legal and regulatory matters.

15. Events after the reporting period

r8fin acquisition

On 19 January 2024, Tradeweb acquired R8FIN Holdings LP (r8fin), a technology provider that specialises in algorithmic-based execution for US Treasuries and interest rate futures. The total purchase price consideration is US\$125 million, consisting of US\$90 million in cash and US\$35 million in shares of Class A common stock of Tradeweb, subject to working capital and other adjustments.

Purchase of non-controlling interests

In February 2024, LSEG acquired 3.24% of the share capital in LCH Group Holdings Limited from certain minority shareholders for €168 million, taking LSEG's ownership of LCH Group Holdings Limited to 85.85%.