# London Stock Exchange Group Holdings (Italy) Limited

## Report and Financial Statements

## 31 December 2021

Company Registration Number 06795359

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED
## CONTENTS

**PAGE**

## DIRECTORS

L Condron
C Thomas
O Wolfensberger (appointed 21 April 2022)

## COMPANY SECRETARY

T Hogan

## REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

## BANKERS

Intesa Sanpaolo
Piazza della Scala, 6
20121
Milano

## INDEPENDENT AUDITORS

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

The directors present their strategic report for London Stock Exchange Group Holdings (Italy) Limited (the 'Company') for the year ended 31 December 2021.

## REVIEW OF BUSINESS

London Stock Exchange Group Holdings (Italy) Limited is a wholly owned subsidiary of London Stock Exchange Group plc ('LSEG', the 'parent', the 'group'). Its key objective is to provide financial support to assist companies within LSEG.

The Company's profit after tax for the year ended 31 December 2021 was €3,489.7 million (2020: €133.8 million). This was driven mainly by gains on investment disposals. The Company's net assets were €1,099.1m at year end (2020: €1,221.8m). Due to the nature of the business, the directors have concluded that there are no other relevant KPIs.

On 29 January 2021, LSEG completed the acquisition of Refinitiv Parent Limited ('Refinitiv'), a leading global provider of market and financial data and infrastructure, delivering data, insight and analytics tailored to strategic workflows.

On completion, the group refinanced Refinitiv third-party debt. The Company borrowed:

- €3.080bn under the group's Bridge Facility, a syndicated, committed, term facility agreement dated 1 August 2019 (amended on 16 December 2020), which provides financing capacity for the purposes of refinancing Refinitiv's existing debt. This was repaid in April 2021 using funds received from bond issues and proceeds from the sale of the Borsa Italiana group. The bridge facility was cancelled upon repayment;
- €500m under the term loan arranged by the group on 16 December 2020 which became effective at the time of the Refinitiv acquisition and matures in December 2023. The term loan was fully drawn in January 2021 and partly repaid by €350m during the year;
- €1,489m from LSEG Netherlands B.V, a Dutch domiciled fellow subsidiary of London Stock Exchange Group plc via a new intercompany loan agreement.

**Italian group disposal**

As a result of the completion of the Refinitiv acquisition by LSEG plc, the Company disposed of its investment in London Stock Exchange Group Holdings (Italia) SpA for €4.444 billion (£3.9 billion). The transaction completed in the first half of 2021.

## FUTURE DEVELOPMENTS

The Company is expected to continue to provide financial support to companies within LSEG.

## EMPLOYEES

The Company has no employees (2020: nil).

## PRINCIPAL RISKS AND UNCERTAINTIES

LSEG operates group wide risk management procedures which bring greater judgement to decision making as this allows management to make better, more informed and more consistent decisions based on a clear understanding of the risks involved.

LSEG has adopted a group wide risk management system that provides ongoing formal assurance that all subsidiary companies are appropriately controlling all of the risks to which they are exposed, ensuring that internal controls operate efficiently and effectively.

The Company is subject to a variety of foreseeable and unforeseeable risks and uncertainties which may have an impact on the Company's ability to execute its strategy and deliver its expected performance. The identification, assessment and management of these risks are central to the Company's operating framework. The Company's risk control structure is based on the '3 lines of defence' model:

- The 1st line (management) is responsible and accountable for identifying, assessing and managing risk.
- The 2nd line (risk management and compliance) is responsible for defining the risk management process and policy framework and providing challenge to the 1st line on risk management activities assessing risks and reporting to the group board committees on risk exposure.
- The 3rd line (internal audit) provides independent assurance to the board and other key stakeholders over the effectiveness of the systems of controls and the risk management framework.

The UK's exit from the EU leaves significant uncertainty concerning the political and regulatory environment, the UK's future relationship with the EU, and the overall impact on the UK and EU economies both in the short and medium term. The Company relies on a number of rights that are available to them to conduct business with other EU or EEA members. This includes without limitation, the right for UK trading venues to offer services to members in the EU or EEA. The Company has analysed the potential impact and considered contingency plans that they may choose to execute should these rights not be replaced by rights that persist outside EU membership.

By order of the board:

Oliver Wolfensberger
Director
London Stock Exchange Group Holdings (Italy) Limited
28 April 2022

REGISTERED OFFICE:
10 Paternoster Square, London, EC4M 7LS

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

## REVIEW OF BUSINESS

The review of the Company's business is set out within the strategic report on page 2.

## DIVIDENDS

An interim dividend of €3,612.4 million (€28.63 per share) was paid to the parent in the current year (2020: €140m (€1.24 per share)) as a result of the Italian group disposal. The board has not proposed a dividend to be paid in 2022.

## DIRECTORS AND DIRECTORS' INTERESTS

The following directors have held office throughout the year and up to the date of approval of the financial statements, except as noted below:

L Condron
C Thomas
O Wolfensberger (appointed 21 April 2022)

None of the directors had any interest in the shares of the Company. There are no directors' interests requiring disclosure under the Companies Act 2006.

## DIRECTORS' LIABILITIES

The Company has directors' and officers' insurance which provides an indemnity to 1 or more of its directors against liability in respect of proceedings brought by third parties. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101').

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed,

subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## GOING CONCERN

The directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and following consideration to the observed impact of the COVID pandemic on the business, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors. They are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board:

Oliver Wolfensberger
Director
London Stock Exchange Group Holdings (Italy) Limited
28 April 2022

REGISTERED OFFICE:
10 Paternoster Square, London, EC4M 7LS

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

**Opinion**

We have audited the financial statements of London Stock Exchange Group Holdings (Italy) Limited (the "Company") for the year ended 31 December 2021 which comprise the Income Statement, Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 15 to financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4 and page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, United Kingdom Generally Accepted Accounting, and tax legislation (governed by HM Revenue and Customs).

- We understood how the company is complying with those frameworks by making enquiries of management. We also reviewed minutes of the Board, made enquiries of the management for their awareness of any non-compliance with laws and regulations.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the Company's assessment of the business' susceptibility to fraud and by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved j testing of relevant balances and documenting enquiries of executive management and those responsible for legal and compliance matters. We corroborated our enquiries through review of board minutes.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Emma Clayton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

London
Date: 28 April 2022

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## INCOME STATEMENT

Year ended 31 December 2021

| | Note | 2021<br>€m | 2020<br>€m |
|---|---|---|---|
| **Expenses and other income** | | | |
| Foreign exchange gain | 3 | **0.1** | 0.1 |
| IT costs | 3 | **(16.6)** | - |
| Gain on disposal of investments | 8 | **3,478.6** | - |
| Other costs | 3 | **(8.3)** | (0.1) |
| **Operating profit** | | **3,453.8** | - |
| | | | |
| Finance income | 5 | **57.1** | 135.3 |
| Finance expense | 5 | **(18.7)** | - |
| **Net finance income** | | **38.4** | 135.3 |
| | | | |
| **Profit before taxation** | | **3,492.2** | 135.3 |
| | | | |
| Taxation | 6 | **(2.5)** | (1.5) |
| | | | |
| **Profit for the financial year** | | **3,489.7** | 133.8 |

The transactions in the current and prior years were derived from continuing operations.

There are no other items of income or expenditure other than those included within the income statement for the year ended 31 December 2021 and 31 December 2020.

The notes on pages 15 to 26 form an integral part of these financial statements.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| | Note | 2021 €m | 2020 €m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment in subsidiary undertakings | 8 | - | 958.5 |
| | | - | 958.5 |
| **Current assets** | | | |
| Trade and other receivables | 9 | **3,891.8** | 812.2 |
| Current tax | 6 | **11.3** | 3.6 |
| Cash and cash equivalents | | **0.5** | 0.6 |
| | | **3,903.6** | 816.4 |
| **Total assets** | | **3,903.6** | 1,774.9 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **(2,654.8)** | (546.1) |
| Borrowings | 11 | - | (7.0) |
| | | **(2,654.8)** | (553.1) |
| **Non-current liabilities** | | | |
| Borrowings | 11 | **(149.7)** | - |
| | | **(149.7)** | - |
| **Total liabilities** | | **(2,804.5)** | (553.1) |
| **Net current assets** | | **1,248.8** | 263.3 |
| **Net assets** | | **1,099.1** | 1,221.8 |
| **Equity** | | | |
| Share capital | 12 | **126.2** | 126.2 |
| Other distributable reserves | | **956.8** | 956.8 |
| Retained earnings | | **16.1** | 138.8 |
| **Total equity** | | **1,099.1** | 1,221.8 |

The notes on pages 15 to 26 form an integral part of these financial statements.

The financial statements on pages 11 to 26 were approved by the board on 21 April 2022 and signed on its behalf by:

Oliver Wolfensberger
Director

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED
## STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

London Stock Exchange Group Holdings (Italy) Limited
28 April 2022

Registered number: 06795359

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

| | Notes | Share capital €m | Retained earnings €m | Other distributable reserves €m | Total attributable to equity holders €m |
|---|---|---|---|---|---|
| 1 January 2020 | | 126.2 | 145.0 | 956.8 | 1,228.0 |
| Profit for the financial year | | - | 133.8 | - | 133.8 |
| Dividends paid in the year | | - | (140.0) | - | (140.0) |
| **31 December 2020** | | 126.2 | 138.8 | 956.8 | 1,221.8 |
| Profit for the financial year | | - | **3,489.7** | - | **3,489.7** |
| Dividends paid in the year | 7 | - | **(3,612.4)** | - | **(3,612.4)** |
| **31 December 2021** | | **126.2** | **16.1** | **956.8** | **1,099.1** |

On 20 May 2009, the Company filed a solvency statement converting the share premium recognised on issue of shares into other distributable reserves.

The notes on pages 15 to 26 form an integral part of these financial statements.

## 1. Basis of Preparation and Accounting Policies

### Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101') and the Companies Act 2006 (the 'Act'). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Accounting Standards ('IFRS') in conformity with the requirement of the Companies Act 2006.

The Company is a qualifying entity for the purposes of FRS 101. Note 14 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained. The Company's date of transition to FRS 101 was 1 April 2012.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with IFRS was not material on the shareholders' equity as at the date of transition and as at 31 December 2021 or on the profit for the year ended 31 December 2021.

These financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken the exemption from producing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of London Stock Exchange Group plc that prepares consolidated financial statements which are publicly available.

The following disclosure exemptions under FRS 101 have been considered and applied where deemed to be applicable:

- IAS 7 *Statement of Cash Flows* and related notes;
- reduced IFRS 2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- IAS 8 the listing of new or revised standards that have not been adopted (and information about their likely impact) may be omitted;
- reduced IAS 36 disclosure of impairment reviews;
- reduced IFRS 3 disclosure for business combinations during and after the period;
- reduced IFRS 5 disclosure for discounted operations;
- reduced IFRS 7 disclosure for financial instruments;
- reduced IFRS 13 disclosure relating to fair value measurement;
- IAS 24 related party disclosures for intra-group transactions and disclosure of key management compensation;
- IAS 1 the requirement to present comparatives in roll-forward reconciliations for movements on share capital, property plant and equipment, intangible assets and investment property;
- reduced IAS 1.134-1.136 disclosure on capital management;
- reduced disclosure for IFRS 15 *Revenue from Contracts with Customers*; and
- reduced disclosure for IFRS 16 *Leases*.

The following standards and amendments were endorsed by the UKEB during the year and have been adopted in these financial statements:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;
- Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform – Phase 2.

The adoption of these standards and amendments did not have a material impact on the results of the Company.

These financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

These financial statements contain information about London Stock Exchange Group Holdings (Italy) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken the exemption from producing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of London Stock Exchange Group plc which prepares consolidated financial statements which are publicly available.

The Company is a private limited company, limited by shares incorporated and domiciled in England and Wales. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

**Going concern**

The directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and following consideration to the observed impact of the COVID pandemic on the business, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Accounting Policies

***Income Statement***

*Foreign currencies*
These financial statements are presented in Euros, which is the Company's presentation and functional currency.

Foreign currency transactions are converted into the functional currency of the reporting entity using the rate ruling at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. The EUR:GBP average exchange rate used is 0.86011 (2020: 0.88888). The closing rate used is 0.83879 (2020: 0.90285).

*Finance income and expense*
Finance income and expense comprise interest earned on cash deposited with financial counterparties and interest paid on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the period and calculated using the effective interest rate method. In conditions where negative interest rates

apply, the Company recognises interest paid on cash deposits as an expense and interest received on liabilities as income.

Finance income includes dividend income which is recognised when the Company's right to receive the payment is established, and this is generally when shareholders approve the dividend.

*Current and deferred taxation*
Income tax on the profit for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

***Statement of Financial Position***

*Investments in subsidiary companies*
Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's financial statements at cost less impairment, if any. On disposal, the difference between the net disposal proceeds and the investment's carrying amount is included in the income statement. Loans to subsidiaries which are determined as capital contributions are recorded as investments in subsidiary undertakings.

*Investment in associates*
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies. The Company accounts for its investments in associates at cost, less any impairments recognised through the income statement.

*Financial instruments*
Financial assets and liabilities are initially recognised on their settlement date. The Company classifies its financial instruments at amortised cost. The classification depends on the Company's business model for managing its financial instruments and whether the cash flows generated are 'solely payments of principal and interest' ('SPPI').

*Initial recognition:*

a) *Financial assets at amortised cost* are financial assets that are held in order to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. The Company's cash and cash equivalents and trade and other receivables fall within this category.

b) *Financial liabilities at amortised cost* are all financial liabilities that are not included within financial liabilities at FVPL. This comprises the Company's trade and other payables and borrowings.

*Subsequent measurement:*
The Company adopts a forward-looking approach to estimate impairment losses on financial assets. An expected credit loss ('ECL') is calculated based on the difference between the contractual cash flows due and the expected cashflows. The difference is discounted at the asset's original effective interest rate and recognised as an allowance against the original value of the asset.

c) *Financial assets at amortised cost* - the ECL for financial assets held at amortised cost is calculated using IFRS 9's simplified approach using lifetime ECL. The allowance is based on the Company's historic experience of collection rates, adjusted for forward looking factors specific to each counterparty and the economic environment at large to create an expected loss matrix.

   The ECL on other financial assets held at amortised cost is measured using the general approach. The Company calculates an allowance based on the 12-month ECL at each reporting date until there is a significant increase in the financial instrument's credit risk, at which point the Company will calculate a loss allowance based on the lifetime ECL. If there is a significant increase in credit risk, then a lifetime ECL will be calculated. A significant increase in credit risk is considered to have occurred when contractual payments are more than 30 days past due.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

*Trade and other receivables*
Other receivables include amounts due from companies within the group on loans and interest on these loans, and are measured at amortised cost using the effective interest rate method. Interest is charged at variable rates as stated within the relevant group loan agreement as set out by management. These loans are repayable either on demand or on dates stipulated within the relevant group loan agreement.

Trade receivables are initially recognised at fair value, which is the original invoiced amount to the customers and subsequently measured at amortised cost, less any allowance for ECL. The ECLs for trade and other receivables are calculated using IFRS 9's simplified approach of lifetime ECL. The simplified approach is based on historic experience of collection rates, adjusted for forward looking factors specific to each counterparty and the economic environment at large to create an expected loss matrix. The carrying amount of the asset is reduced through the use of an allowance account for ECL and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash at bank, short-term deposits and investments in money market funds, and other instruments and structures that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

*Trade and other payables*
Other payables relate to loans from other companies within the group. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as 'trade and other payables' within current liabilities, if payment is due within 1 year or less (or in the normal operating cycle of the business if longer). If not, they are presented as 'other non-current payables' within non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

*Share capital*
The share capital of the Company consists of only 1 class of ordinary shares and these are classified as equity.

*Dividend distributions*
Dividend distributions to the Company's equity holders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholder.

## 2. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The Company has considered and exercised judgements in evaluating the ongoing impact of COVID-19 on the preparation of these financial statements. The significant judgements for the current year are as follows:

*Judgements:*

- EU state aid: the Company has used its judgement to assess any obligations arising in relation to EU state aid investigations. Considering the appeals made by the UK PLCs (including LSEG), UK government and management's internal view, the Company does not consider any provision is required in relation to this investigation. Additional details are provided in note 6.

There were no significant estimates made by management in the year.

## 3. Expenses and other income

| | 2021<br>€m | 2020<br>€m |
|---|---|---|
| Foreign exchange gain | 0.1 | 0.1 |
| Other costs | (8.3) | (0.1) |
| IT costs | (16.6) | - |
| | (24.8) | - |

IT costs are payable to a company under common control, LSEG Business Services Limited, for IT services provided throughout the year.

Other costs mainly comprise employee costs, professional and consultancy fees, and bank charges.

## 4. Directors' Remuneration

No remuneration was received by the directors in respect of qualifying services to this Company in the year (2020: nil).

## 5. Finance Income and Expense

| | 2021<br>€m | 2020<br>€m |
|---|---|---|
| **Finance income** | | |
| Dividend income | - | 126.0 |
| Interest from parent | 2.9 | 1.7 |
| Interest from subsidiaries | 0.4 | 1.9 |
| Interest from companies under common control | 53.8 | 5.7 |
| | 57.1 | 135.3 |
| **Finance expense** | | |
| Interest payable to companies under common control | (10.1) | - |
| Amortisation of arrangement fees | (1.2) | - |
| Interest payable on bank borrowings | (7.4) | - |
| | (18.7) | - |
| **Net finance income** | 38.4 | 135.3 |

Dividend income was received from London Stock Exchange Group Holding Italia S.p.A. of €126.0m in the prior year.

## 6. Taxation

The standard UK corporation tax rate was 19% for the year ended 31 December 2021 (2020: 19%).

| Taxation charged to the income statement | 2021 €m | 2020 €m |
|---|---|---|
| **Current tax** | | |
| UK corporation tax for the year | **(2.5)** | (1.5) |

**Factors affecting the tax charge for the year**

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%) as explained below:

| | 2021 €m | 2020 €m |
|---|---|---|
| Profit before taxation | **3,492.2** | 135.3 |
| Profit multiplied by standard rate of corporation tax in the UK | **(663.5)** | (25.7) |
| Expenses not deductible and income not taxable | **0.1** | 24.2 |
| Non taxable gains | **660.9** | - |
| **Taxation charge** | **(2.5)** | (1.5) |

An increase in the UK Corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

**Judgements**

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

The LSEG Group, several other UK PLCs and the UK Government have submitted appeals to the EU General Court to annul the EU Commission's findings. The EU General Court heard those appeals for annulment on 18 October 2021 but has not yet announced a decision, which is expected in 2022.

Until a decision is reached, the UK Government is required to continue recovering amounts determined to be State Aid. In December 2019 and the beginning of 2021, HMRC issued determinations to the Company totalling £7.9million, excluding interest and penalties, which the Company paid. Our appeal against these determinations is likely to be stayed until the final outcome of all appeals to the EU Courts in respect of the EU Commission's original decision are known.

The issuance and settlement of any such determinations, however, does not change the Company's view that in light of the appeals made by UK PLCs (including the Group), the UK Government's own appeal, and in consideration of management's own internal view, no provision is required in relation to the investigation. Additionally, and in accordance with IFRIC 23, the Company continues to recognise a receivable against the HMRC determinations paid to date of £7.9 million.

As previously disclosed, the Company has made claims under the CFC regime and still considers that the maximum potential amount of additional tax payable excluding compound interest remains between nil and £10m.

## 7. Dividends

An interim dividend of €3,612.4 million (€28.63 per share) was paid to the parent in the current year (2020: €140m (€1.24 per share)) as a result of the Italian group disposal. The board has not proposed a dividend to be paid in 2022.

## 8. Investment in Subsidiary Undertakings

Subsidiary undertakings comprise London Stock Exchange Group Holdings Italia S.p.A and LSEGH (I) LLC, fully owned subsidiaries of the Company.

| | €m |
|---|---|
| 31 December 2020 | 958.5 |
| Disposal of investments | (958.5) |
| **31 December 2021** | **-** |

As a result of the completion of the Refinitiv acquisition by LSEG plc, the Company disposed of its investment in London Stock Exchange Group Holdings (Italia) SpA for €4.444 billion (£3.9 billion). The transaction completed in the first half of 2021.

A list of the Company's subsidiaries as at 31 December 2021 is given below. The entire share capital of subsidiaries is held within the Company except where the Company's ownership percentages are shown. These percentages give the Company's ultimate percentage and therefore allow for the situation where subsidiaries are owned by partly owned intermediate subsidiaries.

| Name of subsidiary undertaking | Country of incorporation and principal operations | Identity of each class of share held in the subsidiary undertaking | Direct or indirect holding | Percentage of class by its immediate direct parent | Ultimate Company percentage | Registered office address |
|---|---|---|---|---|---|---|
| LSEGH (I) LLC | United States | Ordinary | Direct | 100 | 100 | c/o United Agent Group Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States |

The accounting reference date for the subsidiary is 31 December.

## 9. Trade and Other Receivables

| | 2021<br>€m | 2020<br>€m |
|---|---|---|
| Amounts due from companies under common control | **3,773.7** | 473.8 |
| Group tax relief | **3.7** | 5.9 |
| Amounts due from subsidiaries | **-** | 134.5 |
| Amounts due from parent | **114.4** | 198.0 |
| | **3,891.8** | 812.2 |

Amounts due from companies under common control include a loan to London Stock Exchange (C) Limited of €142.1m (2020: €472.4m). Interest on this loan is charged at EURIBOR +1.5% and is repayable with 3 months' notice or by 9 May 2023.

Remaining amounts due from companies under common control largely comprise a new loan of €3,621.1m (31 December 2020: nil) to Financial & Risk Organisation Ltd. Interest is charged at 1.45% per annum, and is repayable with 1 month's notice or by 28 January 2028.

Amounts due from subsidiary undertakings included a loan to London Stock Exchange Group Holdings Italia S.p.A. of €132.8m with interest charged at 1.4%. This loan was repaid in the current year.

Other amounts due from the parent relate to a loan to London Stock Exchange Group plc of €119.0m (2020: €202.4m) which accrues interest at EURIBOR +1.5% and is repayable with 3 months' notice or by 1 April 2023.

Loans with interest rates based on LIBOR have transitioned to new interest rates from 1 January 2022. Remaining trade and other receivables are interest free and repayable on demand. The carrying values of receivables are reasonable approximations of fair value. Receivables not past due are not considered to be impaired.

## 10. Trade and Other Payables

| | 2021 €m | 2020 €m |
|---|---|---|
| Amounts owed to subsidiary undertakings | **544.5** | 546.1 |
| Amounts owed to companies under common control | **2,103.5** | - |
| Other payables | **6.8** | - |
| | **2,654.8** | 546.1 |

Amounts owed to subsidiary undertakings include a loan from LSEGH (I) LLC of €544.5m (2020: €544.5m) which is interest free and repayable with 3 months' notice or by 1 April 2023.

Amounts owed to companies under common control comprise a loan from Refinitiv UK Parent Ltd of €580.5m (31 December 2020: nil), with interest charged at EURIBOR plus 0.45% per annum. This loan is repayable with 3 months' notice or by February 2026.

Amounts owed to companies under common control also comprise a loan from LSEG Netherlands BV of €1,488.6m (31 December 2020: nil) with interest charged at EURIBOR plus 0.8% per annum. The loan is repayable by 5 April 2029.

Other payables comprise payroll bonuses. Loans with interest rates based on LIBOR have transitioned to new interest rates from 1 January 2022.

Remaining trade and other payables are interest free and repayable on demand. The carrying values of trade and other payables are reasonable approximations of fair value.

## 11. Borrowings

| | 2021 €m | 2020 €m |
|---|---|---|
| **Current** | | |
| Bank borrowings | **-** | 7.0 |
| **Non-current** | | |
| Bank borrowings | **149.7** | - |
| | **149.7** | 7.0 |

The Company had a loan of €7.0m drawn on the group's committed revolving credit facility in the prior year, while in 2021 there are no drawings on this facility. The termination date is 11 December 2024. Interest on this loan was charged at EURIBOR +0.45%.

In the current year the Company entered into a long term financing facility, with a principal of €150.0m, and upfront fees of €307.7k. The termination date is 15 December 2025. Interest is charged at EURIBOR +0.45%.

The carrying value of borrowings is a reasonable approximation of fair value. Loans with interest rates based on LIBOR have transitioned to new interest rates from 1 January 2022.

## 12. Share Capital

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Number of shares (millions)** | **Share capital €m** | **Number of shares (millions)** | **Share capital €m** |
| **Issued, called up and fully paid** | | | | |
| Ordinary shares of £1 each | **113.0** | **126.2** | 113.0 | 126.2 |

## 13. Commitments and Contingencies

Contracted commitments and other contracted contingencies not provided for in the financial statements of the Company were nil and nil (2020: nil and nil) respectively.

## 14. Ultimate Parent Company

As at 31 December 2021, the Company's immediate parent and ultimate parent company and the parent that headed the smallest and largest group of entities for which consolidated financial statements were prepared was London Stock Exchange Group plc, a company incorporated in England and Wales. 100% of the issued share capital of the Company was beneficially owned by LSEG.

A copy of the London Stock Exchange Group plc consolidated financial statements can be obtained from London Stock Exchange Group plc, 10 Paternoster Square, London EC4M 7LS.

## 15. Other Statutory Information

Audit fees of €9,918 (2020: €9,086) were borne by another group company and not recharged to the Company. Statutory information in remuneration for other services provided by the Company's auditors for the group is given in the consolidated financial statements of London Stock Exchange Group plc, which is the largest group into which the results of the Company are consolidated. There were no non-audit services provided to the Company in the current and prior years.