

Registration number: 10013770

# **NEX Group Limited**

**Annual Report and Financial Statements**

**for the Year Ended 31 December 2022**



## **NEX Group Limited**

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## **NEX Group Limited**

### **Company Information**

#### **Profile**

NEX Group Limited (the 'Company') is a wholly owned indirect subsidiary of CME Group Inc. (the 'Group') and is consolidated in the Group accounts. The Company is incorporated and domiciled in England and Wales and is a private company limited by shares.

|                            |  |
|----------------------------|--|
| <b>Directors</b>           | R Bodnum<br>A H Seaman   |
| <b>Registered office</b>   | London Fruit and Wool Exchange<br>1 Duval Square<br>London<br>E1 6PW |
| <b>Registration number</b> | 10013770   |
| <b>Auditors</b>            | Ernst & Young LLP  |

## **NEX Group Limited**

### **Strategic Report for the Year Ended 31 December 2022**

The directors present their report for the year ended 31 December 2022.

#### **Principal activity**

The Company operates as a non-trading company and holds debt of €15 million relating to ten-year senior loan notes which are listed on the London Stock Exchange. The ten-year senior notes are repayable in May 2023. In addition, the Company holds an Employee Benefit Trust (EBT) for NEX Group employees and has contingent liabilities (note 14). The EBT includes cash which is payable in the foreseeable future. It is anticipated that the Company will continue to hold the EBT and contingent liabilities as its principal activity next year.

#### **Business review and future developments**

The directors consider that the year end financial position was satisfactory. The directors do not anticipate any changes to the principal activities.

The Company is a wholly-owned non-trading company in the Group, and as such does not generate revenue. As at 31 December 2022, the Company did not have any subsidiaries and has continued to hold debt relating to ten-year senior loan notes repayable in May 2023, holds an EBT and has contingent liabilities.

#### **Results**

The results of the Company are set out in the profit and loss account on page 11.

The profit for the year of \$465,160 (31 December 2021: \$304,060) has been transferred to reserves.

The net assets of the Company are \$91,478,165 (31 December 2021: \$91,012,555).

#### **Principal risks and uncertainties**

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report for the year ended 31 December 2022, which does not form part of this report and copies may be obtained from the Company Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois, 60606.

Climate risk for the Company has been discussed in Note 1 Basis of Preparation. In the current period, climate-related risks did not rise to the level of a principal risk for the Company as it is a holding company with no operations.

Other risks and uncertainties have been discussed in the Going Concern section of the Directors' Report for the Company.

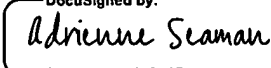
## **NEX Group Limited**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

#### **Key Performance Indicators**

The directors of the Group manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of the Group, which includes the Company, are discussed in the Group's annual report for the year ended 31 December 2022.

This report has been approved by the Board on 19 April 2023 and signed on its behalf by:

DocuSigned by:  
  
.....DC8762BCAE1D407.....  
Director  
Adrienne Seaman

## **NEX Group Limited**

### **Directors' Report for the Year Ended 31 December 2022**

The directors present their report and the audited financial statements for the year ended 31 December 2022.

#### **Principal activities, Business review and Future Developments**

The principal activities, business review and future developments of the Company are detailed in the Strategic Report. There is no impact to the Company on climate change.

#### **Going concern**

In 2022, the global economy experienced an unusually sharp slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions globally, Russia's conflict with Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the global economic outlook. Nevertheless, the business activities of the Company have continued to be operational with minimal disruption to the principal activities of the Company.

The Company has no physical operations in Ukraine or Russia but as the situation in Ukraine continues to evolve, the unpredictable nature of the conflict means there is uncertainty on the full extent and duration of the business and economic impact. Although the business activities of the Company have not been materially impacted, an escalation of the situation could have adverse implications for our business arising from potential impacts on financial markets and our operations.

A sensitivity analysis was produced incorporating both possible and remote impacts to the Company for a period of 24 months from the balance sheet date to 31 December 2024.

In addition, CME Group Inc., the ultimate parent, has confirmed its undertaking to provide financial support to the Company and assist in meeting the Company's liabilities as and when they fall due. Based on this review, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and confirm that the Company is a going concern for 13 months from when the financial statements are authorised for issue. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

#### **Dividends**

The directors recommend a final dividend payment of \$Nil be made in respect of the financial year ended 31 December 2022 (31 December 2021: \$Nil).

#### **Disclosure of information to the auditors**

Each of the persons who is a director at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Directors**

The directors of the Company, who held office during the year were:

A H Seaman

R Bodnum

W Knottenbelt (resigned 31 December 2022)

#### **Directors liabilities**

During the year, the Company made qualifying third-party indemnity provisions for the benefit of its directors. These remained in force at the date of this report.

## **NEX Group Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Reappointment of auditors**

The auditors Ernst & Young LLP have held office as auditor of the Company for the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Important non adjusting events after the financial period**

Other than the unpredictable risks and uncertainties as disclosed in the Going Concern disclosure in the Directors' Report, there are no further post balance sheet events to disclose this year.

#### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

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

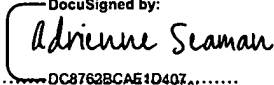
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required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

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- 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 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Approved by the Board on 19 April 2023 and signed on its behalf by:

DocuSigned by:  
  
.....DC8762BCAE1D40Z.....  
Director

Adrienne Seaman

## **NEX Group Limited**

### **Independent Auditor's Report to the Members of NEX Group Limited**

#### **Opinion**

We have audited the financial statements of NEX Group Limited (the 'Company') for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16 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 2022 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 as applied to listed public interest entities, 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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of management's going concern assessment process and whether key factors were considered in their assessment. We also reviewed management's assessment of going concern, underlying assumptions and forecasts, and made inquiries of management;
- Based on our understanding of the Company's business, we assessed that the key assumptions used in the forecasts prepared by management were reasonable, including considering the impact of tightening financial conditions globally, Russia's conflict with Ukraine and COVID-19;
- We evaluated adverse scenario assumptions used in the sensitivity analysis of the forecasts prepared by management;
- As the Company is dependent on its ultimate parent company, CME Group Inc., for financial and operational support, a parent support letter was obtained from the ultimate parent company, which is valid for 13 months from when the financial statements are authorised for issue. We evaluated the financial position and the forecast of the ultimate parent company. We also reviewed and evaluated the market capitalisation, level of trading volumes, liquidity, credit and customer risks of the ultimate parent company;
- We reviewed the Company's going concern disclosures included in the Director's Report in order to assess that the disclosures were appropriate and in compliance with the relevant reporting requirements.



## **NEX Group Limited**

### **Independent Auditor's Report to the Members of NEX Group Limited (continued)**

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 13 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.

#### **An overview of the scope of our audit**

##### **Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

##### **Changes from the prior year**

There were no scoping changes from the prior year.

##### **Climate change**

There has been increasing interest from stakeholders as to how climate change will impact companies. The company has determined that climate-related risks did not rise to the level of a principal risk for the Company. This is explained on page 2 in the Strategic Report principal risks and uncertainties which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment and conclusion that there is not a material impact on the financial statements and the adequacy of the Company's disclosure on page 14 in Note 1 Basis of Preparation. We also challenged the Directors' considerations of climate change risks in their assessment of going concern.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

##### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

## **NEX Group Limited**

### **Independent Auditor's Report to the Members of NEX Group Limited (continued)**

#### **Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### **Materiality**

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be \$1.8 million (2021: \$1.8 million), which is 2% (2021: 2%) of net assets. We believe that net assets provide us with the most appropriate and relevant basis given the nature and size of the company and the users of the financial statements.

During the course of our audit, we reassessed initial materiality and concluded that the original assessment at planning remains relevant.

#### **Performance materiality**

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely \$1.4 million (2021: \$1.4 million). We have set performance materiality at this percentage due to the low expectation of errors this year and the discrete and non-systemic nature of the only error in the prior year which was corrected by the management.

#### **Reporting threshold**

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of \$91k (2021: \$91k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

#### **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 these give 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.

## **NEX Group Limited**

### **Independent Auditor's Report to the Members of NEX Group Limited (continued)**

#### **Opinion on other matter 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 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 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 company 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 those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

## **NEX Group Limited**

### **Independent Auditor's Report to the Members of NEX Group Limited (continued)**

- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. To address the risk, we obtained an understanding of the entity level controls and the Company's policies in place to identify and respond to fraud including those areas which involved a higher degree of management judgement and subjectivity.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journals identified by specific risk criteria, a review of board minutes to identify any noncompliance with laws and regulations and enquiries of legal counsel and internal audit.

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.

#### **Other matters we are required to address**

- We were appointed by the company on 9 June 2020 to audit the financial statements for the period ending 31 December 2019 and subsequent financial periods.

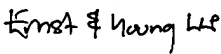
The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the periods ending 31 December 2019 to 31 December 2022.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the Board of Directors.

#### **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.

DocuSigned by:



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Simon Michaelson (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

4/21/2023

Date:.....

**NEX Group Limited****Profit and Loss Account for the Year Ended 31 December 2022**

|                                       | Note | 2022<br>\$ 000 | 2021<br>\$ 000 |
|---------------------------------------|------|----------------|----------------|
| Other operating income                | 3    | 1,504          | 1,298          |
| Administrative expenses               | 4    | <u>(128)</u>   | <u>(41)</u>    |
| Operating profit                      |      | 1,376          | 1,257          |
| Interest payable and similar expenses | 5    | <u>(791)</u>   | <u>(889)</u>   |
| Profit before tax                     |      | 585            | 368            |
| Tax charge on profit                  | 6    | <u>(120)</u>   | <u>(64)</u>    |
| Profit for the year                   |      | <u>465</u>     | <u>304</u>     |

There are no items of other comprehensive income and accordingly a statement of other comprehensive income has not been presented.

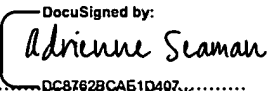
The above results were derived from continuing operations.

The notes on pages 14 to 24 form an integral part of these financial statements.

**NEX Group Limited****Balance Sheet as at 31 December 2022****Registration number: 10013770**

|  | Note | 2022<br>\$ 000  | 2021<br>\$ 000  |
|--|------|-----------------|-----------------|
| <b>Current assets</b>                          |      |                 |                 |
| Debtors: amounts falling due within one year   | 7    | 116,129         | 146,211         |
| Cash at bank and in hand                       | 8    | 41              | 139             |
| Cash held in employee share trust              | 9    | 1,351           | 1,511           |
|  |      | <u>117,521</u>  | <u>147,861</u>  |
| <b>Current liabilities</b>                     |      |                 |                 |
| Creditors: amounts falling due within one year | 12   | (9,529)         | (39,962)        |
| Loans and borrowings                           | 10   | (15,974)        | -               |
| Income tax liability                           |      | (120)           | (64)            |
| Provisions                                     | 11   | (420)           | -               |
|  |      | <u>(26,043)</u> | <u>(40,026)</u> |
| <b>Total assets less current liabilities</b>   |      | 91,478          | 107,835         |
| <b>Non-current liabilities</b>                 |      |                 |                 |
| Loans and borrowings                           | 10   | -               | (16,822)        |
| <b>Net assets</b>                              |      | <u>91,478</u>   | <u>91,013</u>   |
| <b>Equity</b>                                  |      |                 |                 |
| Called up share capital                        | 13   | 83,554          | 83,554          |
| Retained earnings                              |      | 14,259          | 13,794          |
| Translation reserve                            |      | <u>(6,335)</u>  | <u>(6,335)</u>  |
| <b>Total shareholders' funds</b>               |      | <u>91,478</u>   | <u>91,013</u>   |

Approved by the Board on 19 April 2023 and signed on its behalf by:

DocuSigned by:  
  
 .....DC8762BCA51D407.....  
 Director  
 Adrienne Seaman

The notes on pages 14 to 24 form an integral part of these financial statements.

**NEX Group Limited****Statement of Changes in Equity for the Year Ended 31 December 2022**

|                            | <b>Called up<br/>share capital<br/>\$ 000</b> | <b>Translation<br/>reserve<br/>\$ 000</b> | <b>Retained<br/>earnings<br/>\$ 000</b> | <b>Total<br/>\$ 000</b> |
|----------------------------|---|---|---|-------------------------|
| At 1 January 2021          | 83,554  | (6,335)                                   | 13,490                                  | 90,709                  |
| Profit for the year        | -   | -   | 304                                     | 304                     |
| Total comprehensive income | -   | -   | 304                                     | 304                     |
| At 31 December 2021        | 83,554  | (6,335)                                   | 13,794                                  | 91,013                  |
| Profit for the year        | -   | -   | 465                                     | 465                     |
| Total comprehensive income | -   | -   | 465                                     | 465                     |
| At 31 December 2022        | 83,554  | (6,335)                                   | 14,259                                  | 91,478                  |

**Share capital**

Share capital includes the nominal value of the proceeds on issue of the Company's share capital, comprising of 382,089,198 ordinary shares at 17.5p each (31 December 2021: 382,089,198 ordinary shares of 17.5p each).

**Translation reserve**

The translation reserve account relates to the foreign exchange impact following the change in functional and presentational currency from £ to \$ on 1 April 2019.

**Retained earnings**

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The notes on pages 14 to 24 form an integral part of these financial statements.

## **NEX Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1 Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

The financial statements of the Company have been prepared for the year ended 31 December 2022 ("2022") and the comparative year ended 31 December 2021 ("2021").

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'), the Companies Act 2006 (the 'Act') as applicable to companies using FRS 101 and under the historic cost convention as modified by the revaluation of certain financial instruments.

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 UK-adopted International Accounting Standards.

In preparing the financial statements, the Directors have considered the impact of climate change but have concluded that it does not have a material impact on the financial statements as at 31 December 2022 as the Company is a holding company with no operations.

##### **Functional and presentational currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Company's financial statements are presented in thousands ('000s') and are in United States dollars (\$), which is the Company's functional and presentational currency.

##### **Foreign currency transactions and balances**

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the profit and loss account, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to other comprehensive income.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

##### **Summary of disclosure exemptions**

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.



## **NEX Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **1 Accounting policies (continued)**

##### **Summary of disclosure exemptions (continued)**

- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information);
  - 134-136 (capital management disclosures)
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).

##### **Consolidation**

These financial statements are separate financial statements. The Company is a wholly owned subsidiary of CME London Limited and of its ultimate parent, CME Group Inc. It is included in the consolidated financial statements of the Group, which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. See note 16 for further information.

## **NEX Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **1 Accounting policies (continued)**

##### **Going concern**

In 2022, the global economy experienced an unusually sharp slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions globally, Russia's conflict with Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the global economic outlook. Nevertheless, the business activities of the Company have continued to be operational with minimal disruption to the principal activities of the Company.

The Company has no physical operations in Ukraine or Russia but as the situation in Ukraine continues to evolve, the unpredictable nature of the conflict means there is uncertainty on the full extent and duration of the business and economic impact. Although the business activities of the Company have not been materially impacted, an escalation of the situation could have adverse implications for our business arising from potential impacts on financial markets and our operations.

A sensitivity analysis was produced incorporating both possible and remote impacts to the Company for a period of 24 months from the balance sheet date to 31 December 2024.

In addition, CME Group Inc., the ultimate parent, has confirmed its undertaking to provide financial support to the Company and assist in meeting the Company's liabilities as and when they fall due. Based on this review, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and confirm that the Company is a going concern for 13 months from when the financial statements are authorised for issue. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

##### **Accounting developments**

There were no new accounting developments during the year which impacted the company.

##### **Interest payable and similar expenses**

Interest payable and similar expenses are recognised using the effective interest rate method.

##### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Calculations of current and deferred tax liability have been based on ongoing discussions with the relevant tax authorities, management's assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were recorded initially, such differences will impact the current and deferred tax amounts in the year in which a reassessment of the liability is made.

## **NEX Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **1 Accounting policies (continued)**

##### **Cash held in employee share trust**

Restricted funds represent Cash held in Trust for which the Company does not have immediate and direct access and for which trust deeds restrict the use of cash.

##### **Financial instruments**

##### **Initial recognition**

The Company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial assets or financial liabilities while purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

##### **Classification and measurement**

##### **Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets at FVTOCI comprise of equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

##### **Financial liabilities at amortised cost**

All financial liabilities, other than those classified at FVTPL, are measured at amortised cost using the effective interest rate method.

##### **Financial liabilities at fair value through the profit or loss**

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

## **NEX Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **1 Accounting policies (continued)**

##### **Derecognition**

###### *Financial assets*

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss. Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities.

###### *Financial liabilities*

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

##### **Modification of financial assets and financial liabilities**

If the terms of a financial asset or financial liability are modified and the company evaluates that the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset or financial liability are deemed to expire. This results in the original financial asset or financial liability being derecognised and a new financial asset or financial liability is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset or financial liability. The company would recalculate the gross carrying amount of the financial asset or financial liability and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the income statement.

## **NEX Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **1 Accounting policies (continued)**

##### **Impairment of financial assets**

###### *Measurement of Expected Credit Losses*

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- financial assets that are debt instruments;
- trade receivables and contract assets;
- financial guarantee contracts issued; and
- loan commitments issued.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

Provisions for credit-impairment are recognised in the Profit and Loss account and are reflected in accumulated provision balances against each relevant financial instruments balance.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## NEX Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 1 Accounting policies (continued)

##### Shares held by the employee share trust

The EBT previously provided for the issue of Company shares to Group employees under NEX Group share incentive schemes. The Company retains control of the EBT and accounts for the EBT as an extension to the Company in the financial statements.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### Dividend payments

The Company recognises the final dividend payable when it has been approved by the shareholders of the Company in a general meeting. The interim dividend is recognised when it has been approved by the directors of the Company.

Dividends in specie are based on the fair value of the assets distributed as this represents the best estimate to settle the obligation.

#### 2 Critical accounting judgements and key sources of estimation uncertainty

The Company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, as at 31 December 2022 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements.

#### 3 Other operating income

The analysis of the company's other operating income for the year is as follows:

|                      | 2022   | 2021   |
|----------------------|--------|--------|
|                      | \$ 000 | \$ 000 |
| Currency fluctuation | 1,504  | 1,298  |

#### 4 Administrative expenses

|                                       | 2022   | 2021   |
|---------------------------------------|--------|--------|
|                                       | \$ 000 | \$ 000 |
| Professional and legal fees           | 79     | 64     |
| Expected credit loss on other debtors | 47     | (30)   |
| Administrative expenses               | 2      | 7      |
|                                       | 128    | 41     |

The fee paid to Ernst & Young LLP (the Company's external auditors) for the statutory audit of the Company for the year ended 31 December 2022 was \$60,000 (31 December 2021: \$60,000).

**NEX Group Limited****Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****5 Interest payable and similar expenses**

|                        | <b>2022</b>   | <b>2021</b>   |
|------------------------|---------------|---------------|
|                        | <b>\$ 000</b> | <b>\$ 000</b> |
| Interest on borrowings | 680           | 764           |
| Borrowing costs        | 111           | 125           |
|                        | <u>791</u>    | <u>889</u>    |

**6 Tax charge on profit**

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>\$ 000</b> | <b>\$ 000</b> |
| <b>a) Analysis of the charge for the year</b>   |               |               |
| <b>UK corporate tax:</b>  |               |               |
| - Current year  | <u>(120)</u>  | <u>(64)</u>   |
|   | <u>(120)</u>  | <u>(64)</u>   |
| <b>b) Factors affecting the tax charge for the year</b>   |               |               |
| Profit before tax   | <u>585</u>    | <u>368</u>    |
| Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 December 2021: 19%) | (111)         | (70)          |
| <b>Effects of:</b>  |               |               |
| Expenses not deductible for tax purposes  | (9)           | -             |
| Non-taxable credits   | <u>-</u>      | <u>6</u>      |
|   | <u>(9)</u>    | <u>6</u>      |
| Tax charge for the year   | <u>(120)</u>  | <u>(64)</u>   |
| Effective tax rate  | 20%           | 17%           |

The headline rate of UK corporation tax remained at 19% for the period, following the enactment of Finance Act 2020 on 22 July 2020. Finance Act 2021 enacted in June 2021 includes a provision to change the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023.

**NEX Group Limited****Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****7 Debtors**

|  | <b>2022</b>    | <b>2021</b>    |
|--|----------------|----------------|
|  | <b>\$ 000</b>  | <b>\$ 000</b>  |
| <b>Debtors: amounts falling due within one year</b>        |                |                |
| Amounts due from Group companies                           | 115,781        | 146,242        |
| Expected credit losses on amounts due from Group companies | (72)           | (31)           |
| Other receivables  | 420            | -              |
|  | <u>116,129</u> | <u>146,211</u> |

Amounts due from Group companies are unsecured, non-interest bearing and receivable on demand.

Other receivables relate to an insurance reimbursement relating to pending US class action litigation settlement (note 11 and 14). The net impact in the income statement is nil as the insurance reimbursement has been netted against the pending settlement provision (note 11).

**8 Cash at bank and in hand**

|                     | <b>2022</b>   | <b>2021</b>   |
|---------------------|---------------|---------------|
|                     | <b>\$ 000</b> | <b>\$ 000</b> |
| Short-term deposits | <u>41</u>     | <u>139</u>    |

The short-term bank deposits have a maturity of 30 days or less.

**9 Cash held in employee share trust**

|                                   | <b>2022</b>   | <b>2021</b>   |
|-----------------------------------|---------------|---------------|
|                                   | <b>\$ 000</b> | <b>\$ 000</b> |
| Cash held in employee share trust | <u>1,351</u>  | <u>1,511</u>  |

**10 Loans and borrowings**

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>\$ 000</b> | <b>\$ 000</b> |
| <b>Non-current loans and borrowings</b> |               |               |
| Ten-year senior notes repayable 2023    | <u>-</u>      | <u>16,822</u> |
|   | <b>2022</b>   | <b>2021</b>   |
|   | <b>\$ 000</b> | <b>\$ 000</b> |
| <b>Current loans and borrowings</b>     |               |               |
| Ten-year senior notes repayable 2023    | <u>15,974</u> | <u>-</u>      |



**NEX Group Limited****Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****10 Loans and borrowings (continued)**

In 2022, the Company's short-term borrowings are ten-year senior notes ('senior notes') with a nominal value of €15 million issued on 30 May 2013 with annual coupon interest rate of 4.3%. The senior notes were issued by ICAP plc and transferred to the Company in July 2017. The senior notes are repayable in May 2023. The senior notes were recognised initially at fair value, being their issue proceeds net of transaction costs incurred. At subsequent reporting dates the senior notes are held at amortised cost. As at 31 December 2022, the senior notes have been classified as current as the senior notes are repayable within 12 months of the balance sheet date.

Committed facilities:

|                          | <b>2022</b>   | <b>2021</b>   |
|--------------------------|---------------|---------------|
|                          | <b>\$ 000</b> | <b>\$ 000</b> |
| Less than one year       | 15,974        | -             |
| Between one to two years | -             | 16,822        |
|                          | <u>15,974</u> | <u>16,822</u> |

**11 Provisions**

|  | <b>Legal<br/>settlement<br/>\$ 000</b> | <b>Total<br/>\$ 000</b> |
|--|--|-------------------------|
| At 1 January 2022                      | -                                      | -                       |
| Amounts recognised in income statement | <u>420</u>                             | <u>420</u>              |
| At 31 December 2022                    | <u>420</u>                             | <u>420</u>              |

This provision is in relation to the pending US class action litigation for which the matter has been settled in principle, subject to a class notice period, and final approval by the court (note 14). The net impact in the income statement is nil as the insurance reimbursement has been netted against the pending settlement provision (note 7).

In the prior year, the Company had no provisions.

**12 Creditors**

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>\$ 000</b> | <b>\$ 000</b> |
| <b>Creditors: amounts falling due within one year</b> |               |               |
| Amounts due to Group companies                        | 9,124         | 39,532        |
| Other payables  | <u>405</u>    | <u>430</u>    |
|   | <u>9,529</u>  | <u>39,962</u> |

Amounts owed to Group companies are non-interest bearing and payable on demand.

**NEX Group Limited****Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)****13 Called up share capital****Allotted, called up and fully paid shares**

|                                 | <b>2022</b>    |               | <b>2021</b>    |               |
|---------------------------------|----------------|---------------|----------------|---------------|
|                                 | <b>No. 000</b> | <b>\$ 000</b> | <b>No. 000</b> | <b>\$ 000</b> |
| Ordinary shares of \$0.175 each | <u>382,089</u> | <u>83,554</u> | <u>382,089</u> | <u>83,554</u> |

**14 Contingent liabilities**

On 6 November 2017, plaintiffs in a pending US class action litigation alleging manipulation of Swiss franc Libor filed a Second Amended Complaint which added 12 new defendants, including (i) NEX Group Limited and Intercapital Capital Markets LLC ('ICM'), (ii) ICAP Europe Limited and ICAP Securities USA LLC (which were sold to TP ICAP plc), and (iii) TP ICAP plc, along with additional Tullett Prebon entities and two Swiss broker firms. The matter has been settled in principle, subject to a class notice period and final approval by the Court (note 7 and 11).

For the sake of clarity, some of the matters described herein may not be the direct responsibility of the Company but may be its responsibility under indemnification and/or breach of warranty provisions agreed to by the Company with TP ICAP plc. The sale by the Company of its global broking business to Tullett Prebon entailed customary warranties given by the Company in the sale and purchase agreement and repeated at completion of the transaction. Warranty claims are subject to customary limitations, including a de minimis and aggregate claims threshold, a cap, and time limits for bringing a claim. In October 2020, TP ICAP plc filed suit against the Company alleging breaches under the sale and purchase agreement related to investigations by the CFTC and German tax authorities. The Company believes the claim is without merit and intends to defend itself vigorously. It is not possible to predict whether any of the matters described herein will give rise to liabilities under the warranties and/or indemnities given in connection with the transaction, nor is it possible at this time to provide an estimate of any potential liability or financial impact on the Company.

**15 Non adjusting events after the financial period**

Other than the unpredictable risks and uncertainties as disclosed in the Going Concern disclosure in the Directors' Report, there are no further post balance sheet events to disclose this year.

**16 Parent and ultimate parent undertaking**

The Company's immediate parent is CME London Limited, which is incorporated in England and Wales and does not prepare consolidated financial statements.

The Company's ultimate parent is CME Group Inc., which is incorporated in Delaware, United States, and heads the largest group of companies of which the Company is a member. CME Group Inc. prepares consolidated financial statements in accordance with US GAAP, which are publicly available, and copies may be obtained from the Company Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois, 60606.