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EDITED TRANSCRIPT

TRI.TO - Thomson Reuters Corp at Bank of America Information & Business Services Conference

EVENT DATE/TIME: MARCH 12, 2026 / 4:15PM GMT

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CONFERENCE CALL PARTICIPANTS

Curtis Nagle *Bank of America - Analyst*

PRESENTATION

Curtis Nagle - *Bank of America - Analyst*

Everyone, thanks for joining us. Curtis Nagle, I'm the new senior business and information analyst here at BFA. Session today during lunch is going to be Thomson Reuters. Really pleased to have, CEO Steve Hasker and CFO Mike Eastwood with us. We're going to structure this as a fireside.

QUESTIONS AND ANSWERS

Curtis Nagle - *Bank of America - Analyst*

Any questions, if you have time, we'll fill the audience. But, Steve and Mike, again, thank you for coming. I really appreciate it and, why don't we kick off. Yeah, so as you can probably imagine, and obviously very topical, we're starting these conversations on AI, in terms of the first one to ask, Steve, you've spoken really directly, and I think really directly about the criticality, right, of professional, as you put it, fiduciary-grade AI models, right, versus general purpose models when we're thinking about all these potential risks and opportunities, right? And you know how much that matters specifically for your legal and markets and of course for tax accounting and audit as well, high cost of failure, right? So, in terms of data assets, domain expertise, right, and increasing, the use, right, not integration but use of models, how are you differentiating yourself from both established competition and entrance?

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

Yeah, thanks, Kurt. So we've also got, Rawia Ashraf who manages the co-council product suite here, and of course Gary Bisbee, who's a prime mover in our finance and operations. So, thanks Kurt, for having us and thanks for the question. So as we sort of enter this agentic era of AI, we see it as an opportunity for growth. We see our tams expanding and in legal and in tax, and we see at least four assets that pretty clearly differentiate us as pertains to serving fiduciaries. And when I say fiduciaries I mean lawyers, tax preparers, auditors, and the like. So these are people who have to be right, they can't use a probabilistic solution, they need a deterministic solution, they need to be right, and they need to be able to verify, constantly verify and validate their arguments and their results.

And so the four assets that we bring to bear that equip us to provide fiduciary grade AI versus sort of broader knowledge work AI or even professional grade AI for salespeople or coders or whomever. Are as follows. The first is our vast repositories of unique and proprietary data. So if you don't have it, you can't ground and train your output, and you don't have a source of truth. You just don't have it, and so we have it and one or two other players, and we've got more of it than anyone else.

The second is, thousands and thousands, at last count 4,500 highly trained domain experts. That we have repurposed, and Ravi's been a leader in this, repurposed them to train our agents, and so we have, for example, co-council bench, which basically will train co-counsel to perform a particular set of tasks. So it will plan, it will reason, and it will execute, and before it gets released into the product, that bench of experts need to validate the results and they need to sign off on it. And once they sign off it, Ravi pushes it into the product. And so first is data, second is experts.

The third is our data privacy and protection. So we provide an ironclad guarantee to our customers, which is their input will not become part of our AI output. And you know we suggest that they ask any other provider that question because to the extent you've got a startup you know with with a great product or a great UX or whatever they might have, but that it's learning from their workflows and from their IP and embedded in that product, that is a third rail issue for fiduciaries, right, that is a third rail issue for fiduciaries, the idea that you're going to train, a tech player to perform the tasks, just in the long-term, we don't think is durable or sustainable. We think that's going to be a real sort of moment of correction, if you like.

And then the last, which is sort of we don't talk about much, but if you're a subscriber to Westlaw and Practical Law and you've been a subscriber for a period of time, and now you're a subscriber amongst the million users of co-counsel. We have an extensive support network, so you can actually pick up the phone in the middle of the night and say I am working my way through a particular piece of litigation research, and Westlaw has produced the following answer, and I don't understand it and I'm in front of the judge tomorrow morning, help me, explain to me where my logic is wrong, and by the way, we have the same for our tax calculation engines. I'm at line 1079 of a state return, and I don't understand how to apply the depreciation schedule of my client into the deduction that I can or can't claim.

And so, I think when you talk about the sort of some of the startups, some of the foundation models, ask them whether they're going to have that level of support for fiduciaries, because fiduciaries are doing two things, they're generating Arguments and then they're constantly validating and checking it, and AI cannot be trusted to check AI.

So the data, the experts, the data privacy and protection, and the governance, and then the support, we think positions us uniquely to serve fiduciaries and a million co-council users. And the uptick in the growth of our legal business, as well as the successful deployment of Westlaw Advantage, which is the first deep research agentic AI product that truly unleashes the benefit of those things for the conduct of the agent, we, that gives us great confidence that the upcoming launch of the next version of co-counsel will be similarly successful and differentiated.

Curtis Nagle - *Bank of America - Analyst*

Got it. Maybe sticking on that point, Steve, yeah, just in terms of the importance of, maybe we'll just, zero in on co-counsel Legal. I think new one's coming out in maybe a few months?

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

Yeah. So Robbie's got a, in Alpha at the moment with a couple of 100 customers, goes into beta on April 20th, and then, as soon as we start getting the right signal, we'll put it into general release in the summer.

Curtis Nagle - *Bank of America - Analyst*

So yeah, in terms of, what to me it sounds like a much more integrated tool right across kind of the whole corpus of.

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

Yeah, it's really the first time we've taken the content and the expertise and embedded it into the agents.

Curtis Nagle - *Bank of America - Analyst*

Right, so in terms of, a lot of ways you could look at it, whether it's stickiness, whether it's wallet share, whether it's upgrades, how should we think about that?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

I think it's a bit of all of those if you think about ETR's legal business. We've traditionally, sort of historically been very focused on litigation and very focused on the law firm. Potentially sort of less focused on transaction and less focused on corporates, on the general counsel, and so, we think co-counsel both strengthens our position within the litigation space and the law firm space, but it enables us to extend, in a really meaningful way into the transactions activity within our legal customers and also build on practical law, build on legal tracker, and the sort of early forays that we've made into the general counsel's Office, and certainly, the announcement, that we made at the last earnings call that Microsoft's general counsel group are adopting co-counsel, top to bottom, we think is sort of the start of some interesting growth in and around corporate, some corporate legal.

Curtis Nagle - Bank of America - Analyst

You're an interesting client too, yes. So maybe talk a little bit more generally about, what you're seeing in terms of across the different segments, renewal cycles, upgrade cycles, and you've got a lot of new product coming in. How much of that is, driving the 9%, organic, at least, illegal, and just, over the next, let's call it, I don't know, 2024 months, what you envision for an upgrade cycle because of all these new products coming on?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Mike do you want to take that?

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah happy to. We have had a similar question in our last session before lunch today, and the question relates to in regards to what's driving the 9% organic growth for legal professionals. And the way I frame it, it's the entire portfolio that's lifting it. I think there's some natural reaction thinking that it's our co-counsel, given the significant growth that we have with it, and thanks to Rabiya for it. So the co-counsel is certainly a key component of the legal professionals' growth of 9%. But also Westlaw, many of you will remember we launched Westlaw Advantage in August of 2025 at ILTACON.

It is performing incredibly well, as we mentioned on the last earnings call, and we're very pleased with the Q1, sales of Westlaw Advantage. Also within legal professionals, we have, practical law, which is how Robia joined us 13 years ago. That business continues to perform incredibly well 650 million of revenue, about 60% of that is in legal professionals, 40% is in corporate. So Curtis really the entire portfolio of legal professionals that is performing really well and driving the 9%. I'll just put a plug in with the May earnings call. We will start providing you with information on how legal professionals, excluding government, is performing. That's something that I think will be very important because we did have some cancellations that we discussed during the February earnings call. I think you'll be very pleased with that trajectory of legal professionals excluding government.

Curtis Nagle - Bank of America - Analyst

Great, I always love more disclosure. Good.

Steve, going back to you, just want to quickly touch on the anthropic relationship. You gained a lot of exposure up on stage with him a couple of weeks ago, I guess two fairly simple questions. Just, one. Just define the relationship you have with him, I think there's a little bit of confusion in terms of scope, depth, or, however you want to put it, but yeah, that, that'd be the first one?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Yeah, so Anthropic are a vendor to us today. I was actually there in San Francisco with them on Monday, so we've built, our agentic products, so Westlaw Advantage, the next version of co-counsel, to be model agnostic. So in other words, we can and we do change to the best foundation model. So we've we've used chat GPT over time, we've used Gemini over time, and we're currently doing a lot of the work on top of the latest loud models, and we think that at the moment those are the highest performing enterprise models and so they're a vendor to us and we do constant, as you'd expect us to constant evals on whose model is performing best for our products and our use cases.

We have in addition developed our own large language model specific for legal. It's called Thompson and we will talk about it more and more over the coming months. And the reason we'll talk about it is that Jonathan Schwarz who's a former Google DeepMind scientist, he has developed a model which is outperforming the very best foundation models for some of the specific legal tasks that we're going out after.

And so, if you think about that from Mike and Gary's perspective, it gives us a degree of optionality, in terms of both the cost and the speed and the accessibility to that and the exclusivity of that, and if you're thinking about it from Rawia's point of view, it's a great means in which we keep the foundation model as honest, yes, in terms of accessing the very best model and getting favorable terms, so. That's really the relationship with anthropic, and we think that co-counsel and co-work will fit together quite nicely, if co-work is well suited to provide, AI tools to knowledge workers more broadly and in some cases professionals, we're at the fiduciary grade, and co-work is not designed for the fiduciary grade because it doesn't have the content. It's not supported by thousands of experts. Different data privacy and governance rules are not the customer support.

Curtis Nagle - Bank of America - Analyst

Okay, then just one more quick question on anthropic, just with the, and I don't think this has changed today, the supply risk designation of the US government, presumably that may preclude maybe even yourselves or clients from using it. I guess being agnostic, that is that not an issue?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Yeah, I mean, it's not an issue because we are model agnostic. I mean, obviously. Rawia's teams want to spend time developing the product and just driving further and further into more sophisticated use cases rather than chopping a model out. And so it's not completely costless to us in terms of time, but being model agnostic means that should that supply chain risk designation hold, we can move away from that model. We hope that that's not the case, but but but we're not sort of overly exposed to that. Okay.

Curtis Nagle - Bank of America - Analyst

Fair enough. Yeah, so I just sticking with AI, another, I think maybe developing or, large theme, right, is how do pricing models evolve, over the next few years, the ones that have the mission critical, the fiduciary, proprietary data, however you want to call it, and potentially moving to more consumption models, value-based models or based on outcomes for your customers, I guess to what extent, is Thompson considering that. I guess just given, the potential for, changes in the legal workforce, it seems like it's pretty impertinent. So, how are you looking at, I think, I mean, I think?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

The first sort of misunderstanding that, a lot of the sort of ups and downs, mainly downs that have, that. We've seen on in terms of market caps and valuations. And so the first one is I think there's sort of not an understanding of what it takes to be a fiduciary and what it takes to serve fiduciaries, and I think, and sort of undervalues that set of aspects, sorry, what was the other part of your question?

Curtis Nagle - *Bank of America - Analyst*

Well I'm on pricing just.

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

So yeah, look, at the moment we, the other I think misunderstanding was that we might have seat-based pricing.

Curtis Nagle - *Bank of America - Analyst*

Well, it's not so much the seat-based pricing, right, but with, again to all the points you made about the value and, I mean fiduciary, right, so yeah.

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

So typically we've got enterprise-based pricing and it is sort of, it's in some way, shape or form tiered. Where we will move, particularly as the industry goes from the billable hour to value-based pricing and more and more of the work is performed by agents and ideally our agents, we will look to shift to value-based pricing, so. We'll be able to sort of price differentially for more sophisticated tasks. We'll be able to price differentially for much more volume and usage.

I think it's too early today to sort of prescribe exactly how that's going to progress and what benefits that's going to provide to our shareholders, but certainly we're keeping a keen eye on the overall usage of the product in terms of user numbers, the degree to which it's being used for highly sophisticated tasks versus more sort of repetitive operational routine tasks, and ultimately the impact on Per equity partner profits and the impact on the sort of efficiency of a general counsel.

Curtis Nagle - *Bank of America - Analyst*

Yes. So at this point, I mean, you're basically, preparing the, I guess you'd call it evaluation framework for that, not something that you're having active discussions with customers?

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

We, no, we certainly are having active discussions with customers, but you gotta understand the tools at the moment, I've had at least one general, managing partner of a law firm. Here in New York say to me, look the tools are 18 months ahead of the change management in terms of the rewiring of the underlying legal work that's performed within his teams, and so as that change management starts to pick up steam and the impact starts to flow through his organization and ultimately to his bottom line, that's when we'll be able to kick the best pricing.

Curtis Nagle - *Bank of America - Analyst*

Which I think another thing you commented on, right, yeah, so tools are ahead of usage, which is?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Which is sort of no different than any other significant tech. Development, right, it takes a while for the sort of processes to be rewired to take full advantage.

Curtis Nagle - Bank of America - Analyst

And the rate of change.

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Exactly.

Curtis Nagle - Bank of America - Analyst

Okay, maybe Michael, I'll throw this one to you just, change it up a bit if we can talk about the audit tax and accounting side of your business, I think fairly long standing structural issues in terms of being able to source, labor. You've got a tax engine, right? You've had that for a while. It's the core of the business. A couple of new acquisitions, right, to supplement that. Kind of sounds like you're building more of an end to end ecosystem, right? I think, right, integrating AI?

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

I would say we have built that, sorry to interrupt you.

Curtis Nagle - Bank of America - Analyst

Sure, no, go ahead.

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

I say we have built it. If you go back. Over the last 3 years, to January of 2023, we've had four key acquisitions with SurePrep, with SafeSend, Materia, and Additive. Those acquisitions coupled with the existing assets have allowed us to really fill the gaps that existed 3 years ago. So we go to market today with a full end to end solution which gives us the confidence when we talk about 2026, we've committed to 11% to 13% organic growth for our tax and accounting professional business which we now call tax audit, tax accounting audit professionals there. Our confidence remains there just given the we have transactional revenue within the TAAP business, so there could be some variations quarter to quarter, but the confidence overall is significant there. You touched on the determination engine which is critically important for us.

Steve talked about the talent of Rawia, but we have Kevin Merlini who joined us from an acquisition about 2 years ago. It's just doing a fantastic job for us with our ready to review, ready to advise products. So if you think about our confidence level in that business, we have a full suite of offerings given the recent acquisitions, the organic product developments that we have there. So we're really pleased with the progression.

Curtis Nagle - Bank of America - Analyst

Okay, very good. And then maybe just, sort of a, who knows question, but in terms of kind of meeting those needs for, taking up, right, the work of your clients, is that something that that's happening as we speak, are you getting more requests to, basically digitize, I suppose?

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah, it was certainly within the tax and accounting professional market, I think most people realize in regards to the level of professionals there we've had significant retirements, which I think is what you're getting at, which is advantageous for us. We know the tax laws are complex. The US is very complex. Brazil, when we think about our Domínio business in Brazil that's grown 20% gagger the last 12 years since we acquired it there. The inherent complexity, but also the shortage of workers within tax and accounting audit professionals that weighs into our favor, in regards to us helping our clients, every day.

Curtis Nagle - Bank of America - Analyst

Okay, fair enough. Michael, I'll stick with you for just a couple more margins, right, so 100 bits this year and you know they're after the next to one of the strongest outlooks, I think, at least in terms of what's guided, at least in info services, let me just break down kind of some of the biggest contributing factors, and obviously the fixed cost leverage, maybe mix in terms of the operating segments, and then the reemerge in how we work initiative, you know how much is that kicking in. Another kind of big theme in terms of, I guess labor and asset utilization, which could be pretty meaningful. So just break that down and kind of the level of confidence in the 100 bit?

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah, just the level set. We're slightly over 39% EBITA margin for calendar year 2025. We've committed to 100 basis points, improvement in 26, 27, and 28. What gives us the confidence we have very significant operating leverage given 60%-65% of our call space is fixed in nature. That's been consistent, I oftentimes get the question in the last three years is more of the AI, Agentic AI, do I see any significant change in that operating leverage? I do not. So that's intact.

Second, you mentioned the reimagine our workforce, which more simply stated driving productivity. That is a key contributor in regards to our confidence. So those two are kind of the pluses, slightly offsetting those items. We continue to reinvest in 2026. We will in 27' and 28' in areas where we think we'll have significant returns to help us accelerate organic growth.

Our guidance for this year is 7.5% to 8% for total TR, approximately 9.5% for the big three, so those reinvestments will help us there. And then also we are absorbing some dilution from acquisitions in 2025 and we've closed one acquisition in 2026.

So given the operating leverage and our line of sight in regards to the progress and what we know, think we will achieve on the productivity initiatives, those are the factors that give us confidence in our EBITDA margin expansion for 26, 27, 28.

Curtis Nagle - Bank of America - Analyst

Okay. Maybe I'll just kick it back to you, Steve, in terms of reinvestment priorities, where do you think you can, perhaps accelerate growth? I mean, what are you most excited for and where are you dedicating the most capital, in the business? I mean.

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

It's fairly well balanced across the big three, so within legal, we think that, as I mentioned before, we think that co-counsel is an engine for growth and TAM expansion in the transactional space and in the general. In the general counsel's office, as Mike said, within tax and accounting and audit professionals, we have these anchor properties around tax calculation engines, which are very deeply entrenched within the corporations tax group.

They're lightning fast, they're very accurate and they're cheap to run, and so the opportunity is to use agents to link into those and to perform more and more of the tasks to alleviate the talent shortage that Mike talked about. And as we think about our corporate's business, we think

more and more Fortune 1,000 companies have to sort of come out of, to some extent Excel-based calculations of tax and come into one source. We think that indirect tax and e-invoicing, is comfortably a double-digital better growth proposition for the time horizon particularly as e-invoicing mandates roll out across the world.

We think that the general council is going to undertake the effort, as with every function and every corporation. To use AI to automate that plays to co-counsel, and then of course, we have a really interesting proposition that's been -- was designed mostly for the US Federal government and security classified work in the form of the CLEAR and TRSS assets that that we think has a growing role to play in AML and KYC in particular, in that sort of broader risk landscape. So as we look across the big three, We see a nice balanced portfolio of growth opportunities that ought to see us get into the sort of double-digits in most cases for those franchises.

Curtis Nagle - Bank of America - Analyst

Okay, we've got a big audience, so maybe I'll just pause for a second if anyone wants to, ask questions, I'm happy to field them. Okay, no problem.

So, a couple more, Mike, it's a kind of a perspective question. So transitioning to a new role, right, and be the chair of the Thompson Foundation, I think come April 30th, or April, 30-year career at Thompson. I think it'd be valuable just in terms of kind of in your 30 years, biggest takeaways, how the org has changed and, what you're most excited for, in the coming years?

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah, I'll remain, CFO through May 8th. Our next earnings call is May 5th, so I will participate in the May 5th and then May 8th, just to clarify.

On that point, so your question in regards to perspective or reflections, the most important word is gratitude. Nearly three decades, Thomson Reuters has afforded me more opportunities than I deserved. I had the opportunity to work in nearly every business, including many, that we have divested. Over three decades and I also had the opportunity to work in many countries throughout the US, Argentina, Brazil, Switzerland, Canada, which was very rewarding, personally and professionally. I think it also helped me with the business, hopefully.

The second item after gratitude is what the team has accomplished. Steve and I have been in our chairs six years. March 15th, will be the 6th year anniversary, and if you benchmark, and Gary can check me here, 2019 versus 2026, kind of a two X factor comes into play. In 2019, our total TR organic growth was 4%. Our guidance for 2026 is 7.5% to 8%. If you look at our big three organic growth in 2019, we were 5%. Our guidance for 2026 is approximately 9.5%.

If you look at free cash flow 2019, we were \$1.1 billion. Free cash flow in 2026, \$2.1 billion. So that's what I'll say the two X factor. And over that time period, the team has also significantly increased our EBITDA margin. We were 31.5% back in 2019. We'll be over 40% in 2026. And the way I view it, that's not about Steve Hasker and Mike Eastwood, that's about the team. And that's kind of my last point reflecting on your question is optimism. I'm slightly, I can't say this in front of her, a little bit pissed that my wife is encouraging me to retire.

I hit 60 years old in 2 weeks. The level of optimism I have for the business, given the talent that we have here, the \$10 billion worth of capital capacity, if you go out to 2028 we're very low leverage now, roughly 0.5 turns. Take that up, we can do a hell of a lot for our customers and our shareholders, in 26' through 28', with that. So those are just some initial thoughts in regards to Mike.

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Can I add two things? I think firstly, I've witnessed firsthand the tension between, Mike, who wants to stay for another couple of years and sort of fight our way through this, this moment of skepticism from, some of the investors, versus Mike, the man of his word, and the promises he made to his wife in terms of, retiring at in or around 60, I think the other, the only thing I'd add to Mike's point is, the rate of innovation.

So when we started our roles, TR used to put out a new version of Westlaw every 3 years or 4 years. And was good at that, so not here to denigrate our predecessors or anything like that, but we didn't do much else. There wasn't a lot of innovation across the portfolio, whereas now we're putting out new versions of Westlaw from sort of start to finish and deep research and Agentic in 4 months, from initial ideation to general availability in 4 months.

Rawia and her colleagues have completely rebuilt and will relaunch co-counsel. Starting now in Alpha, beta, April 20th, and then, as I said, released through the summer, CLEAR Investigate, which is an Agentic AI offering new additions to and integrations around, Pagero and ONESOURCE, and you go across the portfolio and we're now, I think a truly content and AI driven tech company that's able to go toe to toe with the most innovative players in and around B2B software in the world, and so our sort of commitment is to just continue to improve that velocity and impact of innovation through the big three. And we have the luxury of being very focused on those fiduciary professions, and we're not going to get distracted from that. We don't see a need to sort of branch out into different areas or try different things. We think there's lots of growth, as I said, within and across those big three segments.

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah, Curtis, if I could just supplement there, the pace of innovation which we discussed a lot in the sessions this morning, especially the last 3 years with AI, Agentic AI just within our company, the pace of movement, it's just been incredible.

Curtis Nagle - Bank of America - Analyst

Got it. And with a very healthy balance sheet, very healthy. So yeah, maybe just ending on that and then, I'd love to do just a quick lightning round world association. So yeah, I mean, kind of your point, capital allocation or deployment is a bigger theme, the leverage, you just did a 1.2 billion buyback and capital return. I think, in terms of, again, very specific focus on your core markets, right, but there is a desire to maybe do a big bolt on, right? So in terms of just thinking about, let's just call the next 24 months, the balance between the buybacks and, where the valuation is versus, potentially acting, at the right valuation on, a larger Bolt-on?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Yeah, I mean, I think I'll let Mike sort of talk about the capital allocation. I think, the sort of beating we've taken over the last few months and more broadly over the last six months in a sense is energizing cause it makes us the underdog, and we sort of love that. I personally love that, and so we've really taken this opportunity to get our folks fired up about competing and outrunning everybody. And so that's the first thing I think.

The second thing is we look across the landscape, we've got \$10 billion to \$11 billion in dry powder between cash on hand leverage that is 0.4 times at the moment, and a business that's now producing north of \$2 billion in free cash flow, and we're somewhat optimistic that, some of the sort of disruption is going to create some interesting opportunities for us. You're not going to see us do anything that is a head scratcher, we might do something bigger if we really saw the value for our shareholders, and we felt that it was a it was an asset that's around which we're an advantaged donor, we might do bigger sort of returns of capital, share share buybacks and so forth, but our mindset and stance is to take advantage of this moment, in every possible way we can and, We think we've got the franchises, the talent, and the balance sheet to do so and the energy.

Michael Eastwood - Thomson Reuters Corp - Chief Financial Officer

Yeah, we'll remain disciplined in regards to our balanced capital allocation approach and strategy there. This year was our 5th year of increasing dividends, 10%, we recognize dividends are more important to certain geographies, than others, but, I would anticipate a continued increase of 10% per year. Obviously, that has to be approved, every year by our board, but that's an important aspect. Steve talked about strategic M&A. We talk internally in three tiers.

Tier one for us are Bolt-on. Think about with valuations of \$500 million to \$1 billion, then tier 2 larger than tier 3, it's your point there Curtis, we're certainly willing to consider larger than Bolt-on, which are the tier 1. Well we consider a tier 2? Yes, but certainly the level of confidence, the thresholds has got to meet some pretty high expectations there. And that still leads us to your point, Curtis for capital returns. We did the \$1.2 billion that we announced on April 25th. Questions about why we did, I think it was Bentley this morning asked about the \$600 million return of capital under Canadian law and paid up capital. There's a provision we received proceeds from monetizing our stake in the London Stock Exchange Group.

And the tax benefit expires May 7th. That's why we did the return of capital if there are questions there. So I think just given the low leverage that we have, the capacity that I mentioned, \$10 billion plus, it gives us flexibility as we move forward, whether it's dividends, strategic M&A, or more capital returns.

Yeah, I think if you think about strategic, I mean, I think Steve touched on it, but right now we have about \$400 million within the indirect tax, e-invoicing space, opportunity to scale, \$400 million in revenue in that risk, fraud and compliance area that Steve mentioned, so opportunities to scale. So, and then certainly continued very focused expansion. In areas internationally like Brazil, Southeast Asia.

Curtis Nagle - *Bank of America - Analyst*

Okay, port association lightning round.

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

Rawia is smiling because she's way better at this than me, so maybe we'll swap.

Curtis Nagle - *Bank of America - Analyst*

Legal workflows?

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

Co-counsel.

Curtis Nagle - *Bank of America - Analyst*

Tax engine?

Steve Hasker - *Thomson Reuters Corp - President and Chief Executive Officer*

One source.

Curtis Nagle - *Bank of America - Analyst*

Westlaw?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Preeminent

Curtis Nagle - Bank of America - Analyst

Preeminent. Reuters?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

The source.

Curtis Nagle - Bank of America - Analyst

General purpose AI?

Steve Hasker - Thomson Reuters Corp - President and Chief Executive Officer

Models, white space growth opportunity for TR.

Curtis Nagle - Bank of America - Analyst

Like that. Okay, very good. Really appreciate the conversation.

Thank you, Curtis. Thanks everybody. Cheers. Thank you.

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