

LSEG STREETEVENTS

EDITED TRANSCRIPT

TRI.TO - Thomson Reuters Corp at Scotiabank TMT Conference

EVENT DATE/TIME: MARCH 03, 2026 / 8:15PM GMT

CORPORATE PARTICIPANTS

Joel Hron *Thomson Reuters Corp - Chief Technology Officer*

Gary Bisbee *Thomson Reuters Corp - Head of Investor Relations*

CONFERENCE CALL PARTICIPANTS

Maher Yaghi *Scotiabank GBM - Analyst*

PRESENTATION

Maher Yaghi - *Scotiabank GBM - Analyst*

So our last presenter for the day is Thomson Reuters. Happy to -- happy that you guys have come at our conference. So, we have Joel, who is the CTO of Thomson Reuters, and I know everybody here knows Gary, Head of IR. Okay, so we always have Steve or Mike mostly presenting from Thomson. It's nice to see -- we always like Mike and --

Joel Hron - *Thomson Reuters Corp - Chief Technology Officer*

I'm sorry, you just skipped me today.

Maher Yaghi - *Scotiabank GBM - Analyst*

No, it's actually --

Gary Bisbee - *Thomson Reuters Corp - Head of Investor Relations*

This is a massive upgrade. Let's be clear.

QUESTIONS AND ANSWERS

Maher Yaghi - *Scotiabank GBM - Analyst*

It's actually refreshing to have a different point of view and dig into other side of the business that we might not always be able to when we have Mike and Steve. So tell us a little bit about some of the big projects that you're working on without divulging too much. But just tell us, like, we hear about AI and how much it's affecting the outside business of Thomson, but internally at Thomson, how much is AI being rolled out? How much -- what are the key benefits that you think can get -- you can get cost out from implementing AI within the organization before we start talking about AI in the industry in general.

Joel Hron - *Thomson Reuters Corp - Chief Technology Officer*

Yeah, I mean, I guess my view on that would be the perspective we have when we're building products and we're talking to our customers and telling them how AI is going to transform their businesses like If we're not walking the walk there, I think we're being hypocritical. So like, first and foremost, like our adoption of AI internally is informed by the products that we're building and what we see that these products are capable of, and we think one of the best ways to sort of like learn about what to build is to be users of those things as well.

And so I think from my perspective, leading our engineering teams. I consider it really like a blessing to sit in an engineering seat right now because AI's transformation of the engineering discipline has probably predated the rest of the industries by about 18 months, and the things that are happening in engineering are really good. I think window into the future of what is likely to happen in many other segments of work and it's also a good window into the future of like what products we should be building for legal customers and tax customers and audit et cetera.

We're seeing substantial change as it relates to engineering. First of all, just in terms of like the volume of code being produced, the speed at which that code is written, and the quality of the code, the ability to do complex migrations of assets are all like tremendous benefits that we've seen thus far. And we've also -- that hasn't been just like a linear change, we've seen really marked differences in how that's being done really in just the last couple of months.

So initially this was all about like AI assistance helping engineers write better code or do some line completes or write some documentation better and we've seen agents really in the last couple of months like transform into actual parts of our workforce in many ways, like you're seeing agents actually operate over longer spans of work and it's really changing what it means in many ways to be an engineer. It's changing the types of skills we look for to hire. When we hire engineers, it's changing the shape of our teams and the size of our teams and the seniority of them quite substantially.

And so we see a lot of promise there. It's not always just about driving efficiency into the business though, like we see it as a real lever to be able to like do more meaningful work at the end of the day and build more valuable products for our customers as well.

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Yeah, I'll add a few thoughts. We discussed this obviously in the most recent earnings call and talked about how we're using AI to reimagine how we work as a company and -- with a focus on automation. We talked about four examples of areas and there are four of more than that, but where we are seeing some real benefits. Joel's Engineering Org was one of the four, and I agree with that last statement. This is more about doing more than reducing cost within the engineering group.

Another of the four groups we talked about was our general counsel's office, which, as you can imagine, is heavily involved in using all of the legal products, providing feedback into the product and engineering groups on those and has a real role in how we think about the product roadmaps and what we're delivering and they are delivering meaningful efficiency and savings and the ability to do more and do it more quickly and in some cases, more accurately with with using these tools.

And we talked about a few other areas we don't need to go through them all, but our customer service organization and our content operations organization where we have had some meaningful improvements in speed, efficiency, accuracy of what we're doing and importantly flowing that through to better outcomes for our customers and so, we've not provided financial targets but we have growing confidence that this is a meaningful and real opportunity in the next few years.

We did, as part of that commentary, commit to a 100 basis points of margin expansion over not just 2026 in our guidance, but in '27 and '28, which is driven by both strong underlying operating leverage as we grow our revenue, but having confidence to provide that target certainly also a key factor is our expectation will drive real savings from these automation and reimagination efforts that are underway.

Maher Yaghi - Scotiabank GBM - Analyst

But the reason I started with this question is, there seem to be different lens investors are looking at how AI can be beneficiary to certain companies or detrimental to certain companies. And obviously, we've heard a lot about how AI can potentially disrupt or has the potential to disrupt some of the businesses out there that are in illegal or taxed. But we also see companies that are driving automation internally and reducing cost, getting -- seeing their stock perform very well.

So is there a time, sorry, a time where AI automation can begin to replace some of the quite heavy lifting that you have internally in the legal business where all these legal individuals are annotating and taking notes and looking at every decision that comes out in the courts in North America, begin to automate that work, to reduce significantly the cost of the business.

Joel Hron - Thomson Reuters Corp - Chief Technology Officer

Yeah, my view on that is absolutely AI will play a role in some parts of that, and I think Gary mentioned like content operations is effectively one of those parts of the business that you're referring to there. But the asset really is the human legal expertise or tax expertise that those individuals bring to the company and we see a real opportunity to extract value from that asset in a different way with AI, so it may not be just annotating a case anymore, but these human experts are really pivotal in driving the performance of our AI systems. And in defining what good looks like for an AI system, so that we can build and iterate and develop a more accurate solution at the end of the day. So I don't think it's that AI is completely displacing the need for these experts, but it's changing the type of work that these experts do for us and how they drive the performance of our products forward in a different way than they've done before.

Maher Yaghi - Scotiabank GBM - Analyst

So now looking at it from an external point of view, from a product perspective, we've seen -- and Gary was correcting me earlier. The relationship that you have with Anthropic, some people saw it as -- I mean, the stock has performed great after seeing Steve on the presentation last week.

Can you describe the relationship that you have with Anthropic? What is it that you provide them in terms of expertise and product augmentation point of view, and what do you get from -- you from that relationship?

Joel Hron - Thomson Reuters Corp - Chief Technology Officer

We are, I would say a flagship customer of Anthropic, and that's why we were on stage with them. We haven't entered into any like strategic partnership or anything, commercial partnership or anything like that with Anthropic. They're a vendor to us in much the same way that we've had similar vendor announcements with Google and OpenAI and AWS and Microsoft and others.

I think we have -- we've really like built something quite material using the cloud models as the backbone of the next version of CoCounsel. And what you saw on that Anthropic event was really a demonstration, first of Cwork and its plug-ins and what it's capable of doing, but you saw CoCounsel, which is the Thomson Reuters product, demoed as an independent software product that's built on Claude's AI models and Claude's agent SDKs. And so, I think that really speaks to the value of having a domain specific application that's built and trained to do this type of fiduciary grade work in the legal segment as well as what we're doing tax audit, compliance, et cetera.

From a technical perspective, we've collaborated really closely on research with Anthropic for really the better part of the last year, and I think that's been really fruitful both for Anthropic and how they think about evolving their models and their products around those models as well as for us to inform us how do we build better products on those models at the end of the day. And I think that's really manifested in the next version of CoCounsel that we'll be releasing in the next couple of months.

Maher Yaghi - Scotiabank GBM - Analyst

Okay. So in terms of understanding the way -- how can we track usage of CoCounsel versus other operators that are out there like Harvey and they're, I think working with Anthropic as well. We saw it -- we saw their logo on the presentation. How can we, from the -- as investors look at this relationship and appreciate the evolving landscape, and the potential disruption that you can have on that space because it's a brand new market for you that you're entering with CoCounsel.

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Let me take the first cut at that, Maher. So, we understand the ask around usage data and certainly in light of what's going on in the markets and the questions we're getting, we're considering how we could use some incremental disclosures to help inform that -- we had a press release out last week that hopefully you all saw announcing that we've reached 1 million users in CoCounsel and when we talk about CoCounsel, we're talking about the advanced AI features across the product portfolio. And so that includes the AI features within Westlaw, for example, Westlaw Advantage, which is also built on the Anthropic models.

And I think that million user threshold, which is a nice round milestone to talk about, but those are all paying customers that is I think a real proof point that we are succeeding in bringing these advanced capabilities to our customer base and that and that they're adopting those products, but we will consider some incremental disclosures and understand the need to have some more insight into that.

To state the obvious, our legal business, in 2023 grew revenue 6% organically in 24.7%, first half of 25.8%, in the second half of 25.9%, and that trend of clear and meaningful acceleration has been driven by a number of factors. But two key ones the Westlaw upgrade cycle that's been underway over the last few years and gets new lift with with the introduction of Advantage last summer, which is, feedback we hear back has been tremendous that it is a meaningful step forward in the legal research space, but also by CoCounsel and the strong adoption growth that we're seeing with with the AI system and drafting offering that we have there.

And thirdly, by CoCounsel Legal, which is the name we have of the bundle where you can buy in a single package, the best of Westlaw practical law, AI assistant, and legal drafting. So, those are the clear drivers of that acceleration. The million is a nice milestone and hopefully provides a little context on the success we're having.

Maher Yaghi - Scotiabank GBM - Analyst

Okay. And the majority of the -- those customers that are using CoCounsel, are they existing customers that use your, like Westlaw and other research products with you guys, or brand new logos, mostly different types of clients that you did not participate in attracting before?

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Well, I'll take a crack at that. I mean, we already have relationships with the vast majority of the law firms in the major common law markets in which we offer, Westlaw, and a range of other products. So certainly, to be included in that count of our advanced AI features, right, you need to have upgraded if you're in Westlaw to one of the tiers of Westlaw that has those features. And with CoCounsel, we acquired Casetext, which brought that product in the summer of 2023.

The product category really only began about three years ago in terms of the AI assistant field, so that one has been adoption. Are there new customers that weren't customers that have bought that product? Sure, absolutely. But I think a lot of them are law firms that are buying more products and upgrading to our AI solutions and more of them.

I'd say one last thing that within that count, a small, given the timing but rapidly growing piece of that is also the CoCounsel versions for tax and audit within our tax and accounting. We launched that product in July of last year and so, while off a zero base at that point, it's had a very positive start and we've driven really good initial bookings relative to expectations. So that's a growing area where we're having success as well.

Maher Yaghi - Scotiabank GBM - Analyst

The reason I ask this question is there's a fear out there that AI or new AI platforms are going to slowly eat away at the amount of revenue that you generate from your existing clients or the money that is being spent out there for research or et cetera. So, it seems like so far AI and CoCounsel has been additive to the amount of money you generate from your existing client base. Am I correct in saying that?

Joel Hron - Thomson Reuters Corp - Chief Technology Officer

Yeah, and I would go back to like that Anthropic event. I think just the sheer fact that CoCounsel itself was demoed in that environment is an indication that like there's an additive story there and not a displacement story there. And I think that sort of this concept of the SaaS-pocalypse, if you call it that, really kind of misses the fundamentals of what drives AI systems today. It is not sort of this omniscient model that knows everything about everything.

Good AI systems are highly dependent today on other industrial accepted tools and content and information assets to drive its knowledge and understanding of the environment. And I don't think that there's any more true anywhere else other than like legal and tax and compliance where the risk of being wrong is so high. And so I think in these fiduciary grade areas, AI is in fact like very dependent on these trusted data content assets, as well as application assets that drive it to do this work more accurately and in a more trustworthy way for these users. And so I think you know for a number of reasons, we see this as an additive story, not necessarily a displacement one.

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Yeah, and I'd just say frame that -- one other way which is I think in many ways you've got two markets here, you've got the markets of legal research and know-how products which is Westlaw and Practical Law and they compete primarily with a single large competitor in those markets. We, and our competitor there have what we believe is unique and proprietary content and tools that we've built up and created over time and we're not seeing real incremental encroachment on those markets from the AI startups or models themselves because they don't have that underlying content set in those tools.

The market of AI workflows where CoCounsel competes and we have a number of new meaning in the last few years more startup competitors and where we've got questions around the models as potential competitors. That is the incremental white space for us and so we are growing nicely. In that area, we believe we are one of the clear early leaders in that, and we think it's a big incremental TAM opportunity providing AI workflows, but we don't have a lot big base of historical pregenerative AI workflow software tools that are being disrupted.

It's more a question of how much does it benefit our growth depending on how much success we have winning within that market. And looking forward, our strategy from a product perspective around CoCounsel, I think is clear and a lot of the focus is on creating incremental capabilities that leverage the assets we bring in our content and our expertise to deliver solutions that we believe will be difficult for competitors that don't bring those assets to replicate.

Maher Yaghi - Scotiabank GBM - Analyst

Okay, perfect. And beyond Anthropic, what other collaborations are you working with other model, out -- model builders out there for AI that you could talk about.

Joel Hron - Thomson Reuters Corp - Chief Technology Officer

Yeah, I mean, I think we've done a good bit of press on this. Like we've participated with OpenAI in a number of press releases over the last three years. Similarly with Google, we were one of the first companies on their Gemini model version 2, which was released about a year, a little more than a year ago. We were one of the first flagship customers to release a product built around Gemini.

We continue to partner closely, I would say with AWS and Microsoft as key providers as well as several others in the space. We've talked about the fact that we as a company really are model agnostic and what that means is that we're continuing and continuously battle testing our product to figure out as these models kind of leapfrog each other, which one's kind of best of breed to drive our product portfolios and that's something we'll continue to do today. The cloud models really are, I think the best, or if not the best, some of the best in the world at what we need to do, and that doesn't mean we don't continue to participate with other model providers in continuing to evaluate that though.

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Joel, maybe just a quick mention of what we're doing with Thomson.

Joel Hron - Thomson Reuters Corp - Chief Technology Officer

Yeah. I would say in addition to partnering with model providers, like about a year and a half ago, we made a small acquisition of a company called Safe Sign. That specialized in foundation model development for the legal industry, and we've continued to invest with that company, grow that team. We announced an academic partnership with Imperial College of London. We set up an academic lab with them to focus on language model development and training. And we see that as a real potential competitive advantage for us in the future.

If you think about the assets that really drive foundation model development, aside from capital and compute, it really boils down to data and expertise to drive the flywheel of improvement in these models, and those are two things that I think we are best positioned relative to anybody in the world to bring to bear, and so we see it as a real strategic advantage and a real strategic way to use those assets I think going forward. And so we're really optimistic about the direction and the potential of that model and hopefully we'll be sharing more about that as we get further into this year.

Maher Yaghi - Scotiabank GBM - Analyst

I think the more you can disclose about usage of AI capabilities of your software and demonstrate that, that it's additive to the existing customer base to try to change the narrative a little bit out there because everybody's putting everyone in the same bucket, and basically shooting before asking questions.

So, in terms of next generation, CoCounsel is definitely, it seems like it's being deployed and used across many of your customer base, but how about tax, let's talk a little bit about CoCounsel usage on the tax side. How's that?

Joel Hron - Thomson Reuters Corp - Chief Technology Officer

I'll let you talk about usage. Maybe I'll just talk about the products and what we're building first. I would say the shift with agents who talked about like AI usage internally and how we're seeing it, and I spoke about like how as an engineering organization, like we see agents now as like a part of the team like -- and that hasn't happened yet in many other industries. But like the technology of how an AI agent actually works has been really transformative to how we think about building products and the first instantiation of that was like Westlaw Advantage and in particular Westlaw Deep Research, which we released in the middle part of last year.

And it was really the first time that we implemented a true autonomous AI agent that has direct access to our applications and tools, and as Gary mentioned, the market reaction to that has been substantial and profound. I think it is a clear step, not just a step, but like a leap forward in terms of quality and capability in the research space, and we are using that same playbook, I would say, to extend to the rest of the legal ecosystem of workflows and tools like we see these agent architectures of AI systems, when given access to our content and tools and resources have tremendous capability. In the next version of CoCounsel Legal, I think you'll see a much wider spectrum far beyond research of what our agents are able to do into the transactional spaces of law as well, which we're quite excited about.

As we think about tax, we also have CoCounsel for tax, which really fundamentally started around the similar concept of deep research for tax law, but it has quickly evolved into like real substantial workflow automation. So in December we released what we call Ready to Review as part of CoCounsel for tax, and Ready to Review is effectively like a CPA being able to provide a shoebox of W2s and 1099s and an AI system end-to-end can generate a first draft of a tax return.

And so, that goes from being able to extract data from these tax documents, interpret the tax law, and how to treat the various entities of those tax documents, map it to a tax calculation engine, be able to run the appropriate calculations, resolve errors, and ultimately generate a return for a CPA to review. So this level of automation, I think, is now possible in the tax space. We're seeing similar things in the corporate tax and trade on the transactional tax compliance side as well. So we're really, I think, excited about the ability to apply agents for real workflow automation things in the tax area as well.

Maheer Yaghi - Scotiabank GBM - Analyst

And again, the same question, is this additive to what you're already doing with these clients or it's a brand new like market that you're trying to penetrate?

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

It's very much additive. One of the pain points of the industry and the CPA industry is talent shortage, and the number of folks coming out of university with accounting degrees has dropped meaningfully. The number of people sitting for the CPA exam. And so, yet against that backdrop, the number of tax returns rises every year. The number of audits done rises every year, and the complexity of those are growing with all the regulatory changes.

And so the industry needs to use technology to deliver more output on this constrained base of employees. So we have seen historically in our strategy prior to generative AI, in particular our M&A strategy as well, has been to automate more of the workflows. And so, in the tax side of the house we have software that spans the whole workflow that a CPA and their team will do to execute tax returns for customers. And as Joel described, we are training the agents to automate, that whole process with Ready to Review.

We've offered another or have another product that we brought out last year as well in the second half called Ready to Advise. If we are saving them time by automating the preparation of the first draft of the tax return. Ready to Advise is an offering that allows them to grow their business by delivering more advisory services and solutions to their taxpayer customers to help them improve their tax situation and so, we are not only saving time by automating the first draft, but giving them a tool that they can charge customers for to give advice on how the customers can save on taxes. And both Ready to Review and Ready to Advise are powered by CoCounsel for tax, and these are incremental products that a customer has to purchase on top of the tax engine and other software that we've sold them in the past.

And so it's absolutely and incremental, we believe TAM expanding opportunity for this business in addition to offerings that tremendous capability and automation benefits for our customers.

Joel Hron - Thomson Reuters Corp - Chief Technology Officer

This is the level of advisory services that Gary's talking about just like fundamentally were not possible before. So I think this is a really large green field space for us that that we're quite excited about.

Maheer Yaghi - Scotiabank GBM - Analyst

So that's you're going from AI automation to AI augmentation, how I would describe this exercise that you're offering, which is doing more than simple AI usage or --

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Yeah. And the only thing I'd caution there is it is early, just to state the obvious. We brought out CoCounsel for tax and audit in July of last year, it's off to a good start. We feel really good about how that's going and Ready to Advise and Ready to Review have come out more recently, and so the feedback on those concepts and initial sales as well has been strong, but we will provide updates in the future as we continue to drive adoption of those products and prove out that we can scale them in the hands of customers.

Maher Yaghi - Scotiabank GBM - Analyst

One last question, when it comes to the buyback, so you announced a good sizable buyback, but I always thought you could do more. So given your balance sheet, given the free cash flow that the company generates, can you just help us figure out how you got to the decision that you made in terms of the amount that you wanted to deploy?

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Yeah, so ultimately it's a Board decision, and I think relative to how the share price has performed, we've been clear. We think our stock is quite attractive. The returns we earn on repurchasing shares here are meaningfully in excess of our cost of capital and a very strong purchase. It's also accretive at current levels to earnings and free cash per share. So we certainly believe this is a strong statement we made. That announcement last week and will be a good value creating strategy for shareholders.

Listen, we have a lot of capacity. We talk about the capacity and I think as we work through this program we announced, I think you can expect that at some point in the future, the Board will consider what other uses of capital we should do. So, we definitely remain focused on strategic M&A, is another way to put that capacity to work. And so I think the answer is, we certainly could do more and we'll think about that in the future and weigh that against other opportunities to put our capital to work in ways that are creating shareholder value.

Maher Yaghi - Scotiabank GBM - Analyst

Great. We're running out -- we ran out of time. Thank you again for coming, Joel and Gary.

Gary Bisbee - Thomson Reuters Corp - Head of Investor Relations

Absolutely, Maher. Thanks for having us.

Maher Yaghi - Scotiabank GBM - Analyst

Okay. Great. Thank you, everyone.

So, that concludes our schedule for today. I hope to see you guys, everybody tomorrow morning, we'll -- for day two. Thank you.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2026, LSEG. All Rights Reserved.