

SEMI ANNUAL FINANCIAL REPORT

As at 30 June 2021



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I. Semi Annual Financial Report as at 30 June 2021

Important events in the first half-year of 2021

For an overview of the main events that occurred during the first six months of 2021 and their impact on the unaudited Condensed Interim Consolidated Financial Statements as at 30 June 2021 please refer to Note 2 “Significant events and transactions” of the Condensed Interim Consolidated Financial Statements attached hereto and to the Press Release, issued and available on Euronext’s website (www.euronext.com) as from 29 July 2021.

Related party transactions

Euronext has related party relationships with its associates and joint ventures. Transactions with subsidiaries are eliminated on consolidation. For more details, please refer to Note 23 “Related parties” of the Condensed Interim Consolidated Financial Statements attached hereto.

Risks and uncertainties

In the 2020 Universal Registration Document issued by Euronext N.V. on 30 March 2021, Euronext has described certain risks and risk factors, which could have a material adverse effect on the Company’s financial position and results. Those risk categories and risk factors can be found in Chapter 2 (pages 47 to 61) of the 2020 Universal Registration Document.

During the first six-months of 2021, these risk categories and risk factors did not substantially change except for operational and financial risks related to Clearing services as a result of the Central Counterparty (“CCP”) activity of Cassa di Compensazione e Garanzia S.p.A. (“CC&G”), the Italian clearing house, that was included in the acquisition of London Stock Exchange Group Holdings Italia S.p.A., renamed to Euronext Holdings Italia S.p.A. (“Borsa Italiana Group”) on 29 April 2021 .

The updated operational and financial risks related to Clearing services are set out below:

CCP Financial risks

The Group’s CCP assumes the counterparty risk for all transactions that are cleared through the guaranteed markets and is therefore exposed to financial risks. There is a risk that one of the parties to a cleared transaction defaults on their obligation. As a result, the CCP may suffer a loss in the process of liquidation of the defaulting participant(s) if the market moves against their positions (losses limited to agreed “Skin in The Game”). Unwinding positions in this scenario may be difficult and costly which can lead to a liquidity risk. A funding liquidity risk may occur if the CCP does not have enough cash to pay for securities delivered by a non-defaulter.

The Group’s CCP is exposed to credit risk as a result of placing money with investment counterparties on both a secured and unsecured basis. Losses may occur due to the default of the investment counterparty (and of the issuer of the securities in case of secured investments). The Group’s CCP is also exposed to risk related to investments in outright portfolio (Government and Supranational Bonds) in case of Government default or in case of need to sell bonds in adverse market conditions. The successful operation of investment activities undertaken by the CCP is contingent on general market conditions and there is no guarantee that such investments will not suffer market losses.

CCP Financial Risk Mitigations

The CCP has policies in place that stipulate a number of risk management standards including investment limits (secured and unsecured), concentration limits, liquidity coverage ratios, and membership criteria. Group’s CCP manages its exposure to credit and concentration risks arising from such investments by maintaining a diversified portfolio of high-quality liquid investments. The Group’s CCP has multiple layers of defense against liquidity shortfalls including: margin and default contribution in cash and/or in highly liquid securities that are EMIR compliant, minimum cash balances, access to contingent liquidity arrangements (e.g. stand-by facilities with banks) and access to intraday central bank liquidity.

For the second half-year of 2021, Euronext currently considers the above mentioned risk categories and risk factors to be applicable. Additional risks not known to Euronext, or currently believed not to be material, could later turn out to have a material impact on Euronext’s business or financial position.

II. Condensed Interim Consolidated Financial Statements as at 30 June 2021

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Condensed Interim Consolidated Statement of Profit or Loss

<i>In thousands of euros (except per share data)</i>	Note	Six months ended	
		30 June 2021	30 June 2020
Revenue	7	564,483	447,497
Net treasury income through CCP business	7	9,564	—
Other income	7	3,937	43
Total revenue and income		577,984	447,540
Salaries and employee benefits	8	(125,171)	(91,655)
Depreciation and amortisation	9	(46,479)	(26,477)
Other operational expenses	10	(111,205)	(80,438)
Operating profit before exceptional items		295,129	248,970
Exceptional items	11	(29,565)	(1,461)
Operating profit		265,564	247,509
Finance costs	12	(22,572)	(7,387)
Change in fair value of financial liabilities	12	—	(229)
Other net financing income/(expense)	12	2,120	3,109
Results from equity investments	13	12,524	—
Gain on sale of subsidiaries	14	2,680	—
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method, and impairments thereof	15	1,527	4,388
Profit before income tax		261,843	247,390
Income tax expense	16	(74,404)	(66,241)
Profit for the period		187,439	181,149
Profit attributable to:			
– Owners of the parent		184,844	178,116
– Non-controlling interests		2,595	3,033
Basic earnings per share	19	2.17	2.34
Diluted earnings per share	19	2.17	2.33

The above Condensed Interim Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Condensed Interim Consolidated Statement of Comprehensive Income

<i>In thousands of euros</i>	Note	Six months ended	
		30 June 2021	30 June 2020
Profit for the period		187,439	181,149
Other comprehensive income			
Items that may be reclassified to profit or loss:			
– Exchange differences on translation of foreign operations		28,495	(75,143)
– Change in value of debt investments at fair value through other comprehensive income		(67)	—
– Income tax impact on exchange differences on translation of foreign operations		(3,365)	5,656
– Income tax impact on change in value of debt investments at fair value through other comprehensive income		20	—
Items that will not be reclassified to profit or loss:			
– Change in value of equity investments at fair value through other comprehensive income	22	3,173	4,473
– Income tax impact on change in value of equity investments at fair value through other comprehensive income		(589)	(297)
– Remeasurements of post-employment benefit obligations		3,392	(1,123)
– Income tax impact on remeasurements of post-employment benefit obligations		(363)	305
Other comprehensive income for the period, net of tax		30,696	(66,129)
Total comprehensive income for the period		218,135	115,020
Comprehensive income attributable to:			
– Owners of the parent		214,814	113,938
– Non-controlling interests		3,321	1,082

The above Condensed Interim Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Interim Consolidated Balance Sheet

<i>In thousands of euros</i>	Note	As at 30 June 2021	As at 31 December 2020
Assets			
Non-current assets			
Property, plant and equipment		78,666	56,024
Right-of-use assets		72,479	46,923
Goodwill and other intangible assets	17	6,124,966	1,536,137
Deferred tax assets		33,083	20,844
Investments in associates and joint ventures		71,764	68,051
Financial assets at fair value through other comprehensive income	22	258,361	204,506
Financial assets at amortised cost	22	2,735	3,173
Other non-current assets		1,114	5,451
Total non-current assets		6,643,168	1,941,109
Current assets			
Trade and other receivables	22	352,178	181,161
Other current assets		29,200	13,810
Income tax receivables		11,122	3,250
Derivative financial instruments	21	18,306	23,735
CCP clearing business assets	22	132,243,881	—
Other current financial assets	22	161,350	92,090
Cash and cash equivalents	22	620,531	629,469
Total current assets		133,436,568	943,515
Total assets		140,079,736	2,884,624
Equity and liabilities			
Equity			
Issued capital	18	171,370	112,000
Share premium		2,430,598	116,560
Reserve own shares		(12,331)	(19,867)
Retained earnings		801,439	826,302
Other reserves		50,694	23,753
Shareholders' equity		3,441,770	1,058,748
Non-controlling interests		81,058	30,238
Total equity		3,522,828	1,088,986
Non-current liabilities			
Borrowings	20	3,049,219	1,272,510
Lease liabilities	22	53,452	35,051
Deferred tax liabilities		534,118	92,860
Post-employment benefits		31,038	26,477
Contract liabilities		64,247	44,641
Provisions		10,505	14,519
Total non-current liabilities		3,742,579	1,486,058
Current liabilities			
Borrowings	20	83,405	8,243
Lease liabilities	22	24,231	15,900
Other current financial liabilities	22	—	521
Derivative financial instruments	21	28	375
CCP clearing business liabilities	22	132,219,139	—
Current income tax liabilities		51,277	33,822
Trade and other payables	22	323,358	185,837
Contract liabilities		108,340	62,233
Provisions		4,551	2,649
Total current liabilities		132,814,329	309,580
Total equity and liabilities		140,079,736	2,884,624

The above Condensed Interim Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Condensed Interim Consolidated Statement of Cash Flows

<i>In thousands of euros</i>	Note	Six months ended	
		30 June 2021	30 June 2020
Profit before income tax		261,843	247,390
Adjustments for:			
• Depreciation and amortisation	9	46,479	26,477
• Share based payments	8	4,905	3,885
• Share of profit from associates and joint ventures, and impairments thereof	15	(1,527)	(4,388)
• Changes in working capital and provisions		(21,988)	(84,348)
Cash flow from operating activities		289,712	189,016
Income tax paid		(105,099)	(57,423)
Net cash generated by operating activities		184,613	131,593
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired	6	(4,183,340)	59,755
Proceeds from sale of subsidiary		5,875	—
Purchase of other current financial assets		(37,658)	(29,181)
Redemption of other current financial assets		42,540	3,000
Purchase of property, plant and equipment		(4,766)	(2,462)
Purchase of intangible assets	17	(12,048)	(3,647)
Dividends received from equity investments	13	12,522	—
Proceeds from sale of property, plant and equipment and intangible assets		20	105
Net cash (used in) investing activities		(4,176,855)	27,570
Cash flow from financing activities			
Proceeds from borrowings, net of transaction fees	20	5,472,755	255,673
Repayment of borrowings, net of transaction fees	20	(3,682,855)	—
Interest paid		(15,212)	(10,841)
Interest received		5,000	4,938
Dividends paid to the company's shareholders	18	(157,165)	(110,620)
Dividends paid to non-controlling interests		(6,126)	(4,438)
Issuance of new shares, net of transaction fees	18	2,373,408	—
Payment of lease liabilities		(8,458)	(6,813)
Transactions in own shares	18	(308)	(13,217)
Employee Share transactions		(3,778)	(1,774)
Net cash generated by financing activities		3,977,261	112,908
Net (decrease)/increase in cash and cash equivalents		(14,981)	272,071
Cash and cash equivalents - Beginning of the period		629,469	369,822
Non-cash exchange (losses)/gains on cash and cash equivalents		6,043	(19,565)
Cash and cash equivalents - End of the period		620,531	622,328

The above Condensed Interim Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Condensed Interim Consolidated Statement of Changes in Equity

<i>In thousands of euros</i>	Note	Issued capital	Share premium	Reserve own shares	Retained Earnings	Other reserves		Total other reserves	Total Shareholders' equity	Non-controlling interests	Total equity
						Foreign currency translation reserve	reserve of financial assets at FVOCI				
Balance as at 1 January 2020		112,000	116,560	(11,194)	625,545	970	74,259	75,229	918,140	15,686	933,826
Profit for the period		—	—	—	178,116	—	—	—	178,116	3,033	181,149
Other comprehensive income for the period		—	—	—	(818)	(67,536)	4,176	(63,360)	(64,178)	(1,951)	(66,129)
Total comprehensive income for the period		—	—	—	177,298	(67,536)	4,176	(63,360)	113,938	1,082	115,020
Transfer of revaluation result to retained earnings		—	—	—	1,856	—	(1,856)	(1,856)	—	—	—
Share based payments		—	—	—	3,873	—	—	—	3,873	—	3,873
Dividends paid or provided for		—	—	—	(110,620)	—	—	—	(110,620)	(4,438)	(115,058)
Transactions in own shares	18	—	—	(13,217)	—	—	—	—	(13,217)	—	(13,217)
Acquisition of non-controlling interest		—	—	—	(3,723)	—	—	—	(3,723)	(1,963)	(5,686)
Non-controlling interests on acquisition of subsidiary		—	—	—	—	—	—	—	—	19,050	19,050
Other movements		—	—	4,554	(6,328)	—	—	—	(1,774)	—	(1,774)
Balance as at 30 June 2020		112,000	116,560	(19,857)	687,901	(66,566)	76,579	10,014	906,618	29,417	936,035
Balance as at 1 January 2021		112,000	116,560	(19,867)	826,302	(54,492)	78,245	23,753	1,058,748	30,238	1,088,986
Profit for the period		—	—	—	184,844	—	—	—	184,844	2,595	187,439
Other comprehensive income for the period		—	—	—	3,029	24,404	2,537	26,941	29,970	726	30,696
Total comprehensive income for the period		—	—	—	187,873	24,404	2,537	26,941	214,814	3,321	218,135
Issuance of common stock	18	59,370	2,314,038	—	—	—	—	—	2,373,408	—	2,373,408
Share based payments		—	—	—	5,016	—	—	—	5,016	—	5,016
Dividends paid or provided for		—	—	—	(157,165)	—	—	—	(157,165)	(16,021)	(173,186)
Transactions in own shares	18	—	—	(308)	—	—	—	—	(308)	—	(308)
Acquisition of non-controlling interest		—	—	—	(48,973)	—	—	—	(48,973)	(6,654)	(55,627)
Non-controlling interests on acquisition of subsidiary		—	—	—	—	—	—	—	—	70,174	70,174
Other movements		—	—	7,844	(11,614)	—	—	—	(3,770)	—	(3,770)
Balance as at 30 June 2021		171,370	2,430,598	(12,331)	801,439	(30,088)	80,782	50,694	3,441,770	81,058	3,522,828

The above Condensed Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Condensed Interim Consolidated Financial Statements

1. General information

Euronext N.V. (“the Group” or “the Company”) is a public limited liability company incorporated and domiciled at Beursplein 5, 1012 JW Amsterdam in the Netherlands under Chamber of Commerce number 60234520 and is listed at all Continental Euronext local markets i.e. Euronext Amsterdam, Euronext Brussels, Euronext Lisbon and Euronext Paris.

The Group operates securities and derivatives exchanges in Continental Europe, Ireland and Norway. It offers a full range of exchange- and corporate services, including security listings, cash and derivatives trading, and market data dissemination. It combines the Amsterdam, Brussels, Dublin, Lisbon, Milan, Oslo and Paris exchanges in a highly integrated, cross-border organisation.

The Group also operates Interbolsa S.A., Verdipapirsentralen ASA (“VPS”), VP Securities AS and Monte Titoli S.p.A. (respectively the Portuguese, Norwegian, Danish and Italian national Central Securities Depositories (“CSD”)) and Cassa di Compensazione e Garanzia S.p.A. (“CC&G”), a fully owned Italian multi-asset clearing house.

The Group further owns Euronext FX Inc., a US-based Electronic Communication Network in the spot foreign exchange market, and has majority stakes in Nord Pool, a leading power market in Europe offering intraday and day-ahead trading in the physical energy markets, and MTS S.p.A., a leading trading platform for European government bonds.

The Group’s in-house IT function supports its operations. In addition, the Group provides software licenses as well as IT development, operation and maintenance services to third-parties.

These Condensed Interim Consolidated Financial Statements were authorised for issuance by Euronext N.V.’s Supervisory Board on 29 July 2021.

2. Significant events and transactions

The following significant events and transactions have occurred during the six-months period ended 30 June 2021:

Acquisition of London Stock Exchange Group Holdings Italia S.p.A. (“Borsa Italiana Group”)

On 9 October 2020, the Group announced that it had entered into a binding agreement with London Stock Exchange Group plc (“LSEG”) to acquire 100% of the issued share capital of London Stock Exchange Group Holdings Italia S.p.A. (“Borsa Italiana Group”).

The acquisition creates the leading player in European capital markets infrastructure. It will strengthen Euronext’s leadership in European cash equities, while achieving enhanced business diversification with new capabilities in fixed income trading and increasing post trade activities with a fully-owned, multi-asset clearing house and a scale central securities depository.

The transaction was conditional upon a broad range of conditions including regulatory approvals in several jurisdictions. Initial financing of the transaction was fully secured through a €4,400 million bridge loan facility underwritten by a group of banks.

On 29 April 2021, the Group completed the acquisition of the Borsa Italiana Group for a final consideration of €4,447 million, following the satisfaction of all condition precedents.

The transaction was financed through:

- ~€300 million from the use of existing cash;
- ~€3,700 million from the drawdown of the €4,400 million bridge loan facility (see Note 20); and
- ~€600 million of new equity through a private placement to CDP Equity and Intesa Sanpaolo.

Under the private placement, CDP Equity and Intesa Sanpaolo became shareholders of Euronext N.V. by subscribing to respectively 5.6 million and 1.0 million newly issued shares in Euronext N.V., for a price of €87.70 per share, representing a total consideration of €579 million (see Note 18).

The Group partially repaid the drawdown of the bridge loan facility (see note 20), through €1,800 million of debt issued in the debt capital markets with long-term maturities and €1,820 million of new equity issued through a rights offer to Euronext’s existing shareholders.

During the first six-months of 2021, €27.5 million of transaction costs related to the acquisition have been incurred, which were recognised in Exceptional items (see Note 11).

For more details on the acquisition, reference is made to Note 6.

Bonds issue and new revolving credit facility ("RCF")

Bonds issue

To partially repay the drawdown of the bridge loan facility, the Group issued €1,800 million of new debt in the debt capital markets with long-term maturities ("Bonds Issue").

On 7 May 2021, Euronext successfully priced a three-tranche senior bond offering representing a total amount of €1,800 million. As of 17 May 2021, the bonds were admitted to trading on the regulated market of Euronext Dublin and were rated BBB by S&P. As well as on other electronic trading platforms, the 5, 10 and 20-year bonds will be available for trading on the MTS BondVision and MTS BondsPro venues, which are now part of the Euronext product suite following the acquisition of Borsa Italiana Group. The bonds were settled through VP Securities, Euronext's Danish CSD.

The main features of the issue are as follows:

- Tranche 1: 5-year bond worth €600 million (maturing on 17 May 2026), with an annual coupon of 0.125%;
- Tranche 2: 10-year bond worth €600 million (maturing on 17 May 2031), with an annual coupon of 0.750%;
- Tranche 3: 20-year bond worth €600 million (maturing on 17 May 2041), with an annual coupon of 1.500%.

The offering has allowed Euronext to extend its maturity profile and further diversify its debt investor base.

The bonds issue included €18.6 million of directly attributable costs, which are accounted for under the effective interest rate method.

For more details on the Bond Issue, reference is made to Note 20.

New revolving credit facility (RCF)

On 29 April 2021, the new revolving credit facility agreement ("RCF") of €600.0 million came into effect that was entered into on 6 November 2020 conditional to the closing of the acquisition of the Borsa Italiana Group. The new RCF replaced the Group's previous RCF and allows the Group to apply all amounts borrowed by it towards (i) general corporate and/or working capital purposes of the Group, (ii) satisfaction of the consideration payable for an acquisition and/or (iii) the payment of fees, costs and expense incurred in relation to an acquisition. The revolving credit facility has a maturity of 5 years plus a two-year extension possibility and bears an interest rate of EURIBOR plus a margin dependent on rating (see Note 20).

Rights issue

On 29 April 2021, following the announcement of the completion of the acquisition of the Borsa Italiana Group and of a €600 million reserved capital increase by way of a private placement to CDP Equity and Intesa Sanpaolo, Euronext launched a rights offer to its existing shareholders (the "Offer").

Euronext offered 30,506,294 shares in the Offer (the "Offer Shares") at the issue price of €59.65 per Offer Share (the "Issue Price"), on the basis of 2 Offer Shares for every 5 existing ordinary shares. Shareholders on Euronext's shareholder register were granted transferable subscription entitlements (the "Rights") in the Offer, which will entitle Shareholders that qualify as eligible persons to subscribe for Offer Shares.

The Rights were traded on Euronext Amsterdam from 30 April 2021 until 6 May 2021. The Exercise Period for the Offer Shares ran from 4 May 2021 to 10 May 2021. Any Rights not exercised before the end of the Exercise Period, i.e. the close of trading on 10 May 2021, automatically became null and void. Settlement and delivery of the Offer Shares and commencement of trading on Euronext Amsterdam took place on 14 May 2021.

The Offer was underwritten with a syndicate of banks (the "Underwriters"). The Underwriters were obliged, subject to the satisfaction of conditions contained in and on the terms of the underwriting agreement for the Offer entered into between the Group and the Underwriters on 29 April 2021 (the Underwriting Agreement), subscribe and, at the Issue Price, pay for, any Underwritten Shares.

Total proceeds of the Rights issue amounted to €1,820 million, which resulted in an increase in Shareholders' equity. The Rights issue included €25.1 million of directly attributable costs, net of income tax, that were deducted from Shareholders' equity.

For more details on the Rights issue, reference is made to Note 18.

Exercise of call option for remaining shares in iBabs B.V.

On 3 March 2021, the Group exercised its call option to acquire the remaining 40% of the shares in iBabs B.V. Cash consideration of €55.6 million was paid to the non-controlling shareholders, which was recognised directly against Shareholders' equity. Consequently, the Group now has an ownership of 100% in iBabs B.V. (see Note 6).

Sale of subsidiaries and impairment of associate

During the first six months of 2021, the Group sold its interests in subsidiaries Centevo AB and Oslo Market Solutions AS. The combined proceeds from those sales amounted to €5.9 million (net of cash). The combined result from disposal of these subsidiaries was €2.7 million (see Note 14).

In addition, following indications of a deteriorated future cash flow situation, management decided to impair its investment in associate Tokeny Solutions by €4.3 million to zero value as per 30 June 2021 (see Note 15).

Migration of Euronext Data Centre from Basildon (UK) to Bergamo (Italy)

In April 2021, Euronext decided to migrate its core data centre from Basildon (UK) to Bergamo (Italy). The Group signed a contract to host its Group core data centre with Aruba S.p.A. The date currently targeted for the first part of the Group core data centre migration is set for 2022. The migration was planned in response to multiple factors, including the acquisition of the Borsa Italiana Group, the dynamic created by Brexit and a strong rationale to locate the Group's core data centre in a country where Euronext operates a large business. This migration is being planned to be ready for the migration of the Borsa Italiana markets onto the Optiq® trading platform by 2023.

As a result of the decision, the Group started partial accelerated depreciation of its right of use asset related to the Basildon data centre, which will be continued until the partial abandonment date in June 2022. The impact is recognised in Exceptional items (see Note 11).

Long-Term Incentive Plan 2021

On 17 May 2021, a Long-Term Incentive plan ("LTI 2021") was established under the revised Remuneration Policy that was approved by the AGM in May 2021. The LTI cliff vests after 3 years whereby performance criteria will impact the actual number of shares at vesting date. The share price for this grant at grant date was €85.60 and 146,356 Restricted Stock Units ("RSU's") were granted. The total share-based payment expense at the vesting date in 2024 is estimated to be €10.3 million. Compensation expense recorded for this LTI 2021 plan amounted to €0.3 million during the first six months of 2021.

3. Basis of preparation, significant accounting policies and judgments

A. Basis of preparation

The Group has prepared these Condensed Interim Consolidated Financial Statements in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. These Condensed Interim Consolidated Financial Statements should be read in conjunction with the Group's Consolidated Financial Statements as of and for the fiscal year ended 31 December 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

B. Significant accounting policies and judgments

The principal accounting policies and critical accounting estimates and judgments applied in the preparation of these Condensed Interim Consolidated Financial Statements are consistent with those described in the Consolidated Financial Statements as of and for the year ended 31 December 2020, except for (i) taxes on income in the interim periods which are accrued using the tax rate that would be applicable to expected total annual earnings in each tax jurisdiction, (ii) the adoption of new and amended standards effective as of 1 January 2021, and (iii) new accounting policies and judgments applied as a result of the acquisition of Borsa Italiana Group.

The new accounting policies and judgments, and new and amended standards effective as of 1 January 2021 are set out below.

(i) New accounting policies and judgments

The Group had to implement new accounting policies for the Central Counterparty ("CCP") activity of Cassa di Compensazione e Garanzia S.p.A. ("CC&G") that was included in the acquisition of the Borsa Italiana Group, as this activity is new to the Group.

A CCP manages default risk by collecting initial and variation margin from both parties to a trade. When a trade is executed, the CCP enters into the contract as an intermediary and becomes the buyer to each seller and the seller to each buyer, thereby reducing operational, credit and counterparty risk between trading members. In addition, the CCP records all the transactions and nets the trading positions for all trades requiring the intervention of the CCP. Thus, the CCP guarantees the settlement of netted positions for each clearing member.

The implemented accounting policies and judgments following this new activity are described below:

a. Financial assets and liabilities from CCP clearing business

CCP business financial assets and liabilities at Fair value through Profit or Loss (FVPL) includes clearing member trading balances comprising derivatives, equity and debt instruments that are marked to market on a daily basis. In particular these include open transactions not settled at the reporting date on the derivatives market in which Cassa di Compensazione e Garanzia S.p.A. operates as a central counterparty. The fair valuation of such positions is determined on the market price of each individual financial instrument at closing of the reporting period. Since the Group has a perfect balance of clearing assets and liabilities, this amount is

equally entered in both clearing assets and liabilities, therefore the fair value of both items does not lead to any net profit or loss in the income statement of the Group.

CCP business financial assets at amortised cost are financial assets that are held by the CCP business in order to collect the contractual cash flows and where the contractual terms give rise to cash flows that are solely payments of principal and interest. This includes clearing member trading balances relating to certain collateralised transactions, other receivables from clearing members of the CCP business and clearing member cash and cash equivalents, representing amounts received from the clearing members to cover initial and variation margins and default fund contributions that are not invested in bonds.

CCP business financial liabilities at amortised cost are all financial liabilities that are not classified as financial liabilities at FVPL. These include CCP repurchase agreements and other payables to clearing members.

CCP business financial assets at Fair value through Other Comprehensive Income (FVOCI) are financial assets (predominantly government bonds) held by the CCP business, which are used under the business model to both collect the contractual cash flows and on occasion, to sell.

b. Offsetting clearing member trading assets and trading liabilities

The Group uses its judgement to carry out the offsetting within clearing member balances. The carrying values of the balances are offset at what the Group considers an appropriate level to arrive at the net balances reported in the balance sheet. The Group has an aligned approach for its CCP subsidiaries to ensure the principles applied are consistent across similar assets and liabilities. The approach is reviewed on a timely basis to ensure the approach used is the most appropriate. Details of amounts offset are provided in Note 22.

c. Net treasury income through CCP business

Income recognised in the CCP clearing businesses includes net treasury income earned on margin and default funds, held as part of the risk management process. Net treasury income is the result of interest earned on cash assets lodged with the clearing house, less interest paid to the members on their margin and default fund contributions. Net treasury income is shown separately from the Group's revenues on the face of the income statement to distinguish this income stream from revenues arising from other activities and provide a greater understanding of the operating activities of the Group. Where negative interest rates apply, the Group recognises interest paid on cash assets as a treasury expense and interest received on clearing members' margin as treasury income.

(ii) New IFRS standards, amendments and interpretations

A number of new or amended standards became applicable for the current reporting period, but did not have a material impact on the Group's Condensed Interim Consolidated Financial Statements:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

(iii) Impact of standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021, which the Group has not applied in preparing these Condensed Interim Consolidated Financial Statements.

In the Consolidated Financial Statements of the Group as of and for the year ended 31 December 2020, the (potential) impact for a number of these new standards and amendments were mentioned. No updates on these mentioned new standards and amendments are to be reported in these Condensed Interim Consolidated Financial Statements.

Other new standards and amendments to standards that were not mentioned in the Consolidated Financial Statements of the Group as of and for the year ended 31 December 2020, are mentioned below:

- Amendments to IAS 8 'Definition of an accounting estimate'
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.

Given the effective date of 1 January 2023, the Group is still assessing the impact of these amendments and clarifications.

4. Segment information

Segments are reported in a manner consistent with how the business is operated and reviewed by the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker of the Group is the Extended Managing Board. The organisation of the Group reflects the high level of mutualisation of resources across geographies and product lines. Operating results are monitored on a group-wide basis and, accordingly, the Group represents one operating segment and one reportable segment. Operating results reported to the Extended Managing Board are prepared on a measurement basis consistent with the reported Condensed Interim Consolidated Statement of Profit or Loss.

5. Group information

The following tables provide an overview of the Group's subsidiaries, associates, joint-ventures and non-current investments:

Subsidiaries	Domicile	Ownership %	
		As at 30 June 2021	As at 31 December 2020
Euronext Amsterdam N.V.	The Netherlands	100.00	100.00
Euronext Brussels S.A./N.V.	Belgium	100.00	100.00
Euronext IP & IT Holding B.V.	The Netherlands	100.00	100.00
Euronext Hong Kong Limited	Hong Kong	100.00	100.00
Euronext Lisbon S.A. (a)	Portugal	100.00	100.00
Euronext London Ltd.	United Kingdom	100.00	100.00
Euronext Paris S.A.	France	100.00	100.00
Euronext Technologies S.A.S.	France	100.00	100.00
Euronext Technologies Unipessoal Lda.	Portugal	100.00	100.00
Interbolsa S.A. (b)	Portugal	100.00	100.00
The Irish Stock Exchange Plc. (c)	Ireland	100.00	100.00
European Wholesale Markets Ltd.	Malta	0.00	80.00
Euronext Corporate Services B.V.	The Netherlands	100.00	100.00
Company Webcast B.V.	The Netherlands	100.00	100.00
iBabs B.V. (d)	The Netherlands	100.00	60.00
MSI Services B.V. (d)	The Netherlands	100.00	60.00
IR Soft Ltd.	United Kingdom	100.00	100.00
InsiderLog AB	Sweden	100.00	100.00
Euronext US Inc.	United States	100.00	100.00
Euronext Market Services LLC	United States	100.00	100.00
Euronext Markets Americas LLC	United States	100.00	100.00
Euronext FX Inc.	United States	100.00	100.00
Euronext Markets Singapore Pte Ltd.	Singapore	100.00	100.00
Euronext UK Holding Ltd.	United Kingdom	100.00	100.00
Commcise Software Ltd.	United Kingdom	79.00	79.00
Commcise India Pltd.	India	79.00	79.00
Oslo Børs ASA	Norway	100.00	100.00
Verdipapirsentralen ASA ("VPS")	Norway	100.00	100.00
Oslo Market Solutions AS (e)	Norway	0.00	100.00
Fish Pool ASA	Norway	97.00	97.00
Centevo AB (f)	Sweden	0.00	100.00
NOTC AS	Norway	100.00	100.00
Euronext Nordics Holding AS	Norway	100.00	100.00
Finance Web Working SAS	France	60.00	60.00
Nord Pool Holding AS	Norway	66.00	66.00
Nord Pool AS	Norway	66.00	66.00
Nord Pool Finland Oy	Finland	66.00	66.00
Nord Pool AB	Sweden	66.00	66.00
Nord Pool Consulting AS	Norway	66.00	66.00
European Market Coupling Operator AS	Norway	66.00	66.00
European Market Coupling Operator AB	Sweden	66.00	66.00
European Market Coupling Operator OY	Finland	66.00	66.00
Black Woodpecker Software Oy	Finland	100.00	100.00
Company Webcast France SAS	France	100.00	100.00
VP Securities AS	Denmark	100.00	100.00
Euronext Holding Italia S.p.A. (g)	Italy	100.00	0.00

GATElab S.r.l. (g)	Italy	100.00	0.00
GATElab Limited (g)	United Kingdom	100.00	0.00
Bit Market Services S.p.A. (g)	Italy	99.99	0.00
Borsa Italiana S.p.A. (g)	Italy	99.99	0.00
Cassa di Compensazione e Garanzia S.p.A. (g)	Italy	100.00	0.00
Monte Titoli S.p.A. (g)	Italy	98.92	0.00
MTS S.p.A. (g)	Italy	62.52	0.00
MTS Markets International Inc. (g)	United States	62.52	0.00
Marche de Titres France SAS (g)	France	62.52	0.00
Euro MTS Limited (g)	United Kingdom	62.52	0.00
Elite S.p.A. (g)	Italy	74.99	0.00
Elite Club Deal Limited (g)	United Kingdom	74.99	0.00
Elite SIM S.p.A. (g)	Italy	74.99	0.00
Elite America LLC (g)	United States	74.99	0.00
Euronext Corporate Services S.r.l. (h)	Italy	100.00	0.00
Stichting Euronext Foundation (i)	The Netherlands	0.00	0.00

Associates	Domicile		
LCH SA	France	11.10	11.10
Tokeny Solutions	Luxembourg	23.50	23.50
MTS Associated Markets SA (g)	Belgium	23.00	0.00
The Hub Exchange Limited (g)	United Kingdom	20.17	0.00

Joint Ventures	Domicile		
LiquidShare S.A.	France	16.23	16.23
Finansnett Norge AS	Norway	50.00	50.00

Non-current investments	Domicile		
Sicovam Holding S.A.	France	9.60	9.60
Euroclear S.A./N.V.	Belgium	3.53	3.53
Nordic Credit Rating AS	Norway	5.00	5.00
Association of National Numbering Agencies	Belgium	2.20	2.20
Investor Compensation Company Designated Activity Company	Ireland	33.30	33.30

- (a) Legal name of Euronext Lisbon S.A. is Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A.
- (b) Legal name of Interbolsa S.A. is Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.
- (c) The Irish Stock Exchange plc. operates under the business name Euronext Dublin.
- (d) On 3 March 2021, the Group increased its ownership in iBabs B.V. and MSI Services B.V. to 100%.
- (e) On 4 June 2021, the Group sold its 100% ownership in Oslo Market Solutions AS.
- (f) On 19 March 2021, the Group sold its 100% ownership in Centevo AB.
- (g) On 29 April 2021, the Group acquired 100% of the share capital in London Stock Exchange Group Holdings Italia S.p.A. and its interests in subsidiaries and associates. The entity was renamed Euronext Holding Italia S.p.A. after the acquisition.
- (h) Euronext Corporate Services S.r.l. was incorporated on 20 April 2021.
- (i) Stichting Euronext Foundation is not owned by the Group but included in the scope of consolidation.

6. Business combinations and acquisition of non-controlling interests

The acquisitions that occurred during the six months period ended 30 June 2021 are set out below.

6.1. Acquisition of London Stock Exchange Group Holdings Italia S.p.A. (“Borsa Italiana Group”)

On 29 April 2021, the Group completed the acquisition of the total issued share capital of London Stock Exchange Group Holdings Italia S.p.A. (“Borsa Italiana Group”) for a total consideration of €4,447 million, following the satisfaction of all condition precedents.

The acquisition creates the leading player in European capital markets infrastructure. It will strengthen Euronext’s leadership in European cash equities, while achieving enhanced business diversification with new capabilities in fixed income trading and increasing post trade activities with a fully-owned, multi-asset clearing house and a scale central securities depository.

The transaction was conditional upon a broad range of conditions including regulatory approvals in several jurisdictions. Initial financing of the transaction was fully secured through a €4,400 million bridge loan facility underwritten by a group of banks.

The transaction was financed through:

- ~€300 million from the use of existing cash;
- ~€3,700 million from the drawdown of the €4,400 million bridge loan facility; and
- ~€600 million of new equity through a private placement to CDP Equity and Intesa Sanpaolo.

Details of the purchase consideration, the preliminary net assets acquired, preliminary non-controlling interest and preliminary goodwill are reflected in the tables below.

Purchase consideration:

<i>In thousands of euros</i>	Fair Value
Cash paid	4,447,362
Total purchase consideration	4,447,362

The preliminary purchase price allocation yielded the following results:

<i>In thousands of euros</i>	Preliminary calculation Fair Value (a)
Assets	
Property, plant and equipment	23,884
Right-of-use assets	22,093
Intangible assets: brand names	95,000
Intangible assets: customer relations	1,316,800
Intangible assets: software platform	142,400
Other intangible assets	35,188
Deferred tax assets	4,994
Investments in associates and joint ventures	2,177
Non-current financial assets at FVOCI	30,551
Non-current financial assets at amortised cost	174
Current income tax receivables	97
Trade and other receivables	92,399
Other current assets	16,429
CCP clearing business assets	123,984,206
Other current financial assets	92,941
Cash and cash equivalents	320,171
Liabilities	
Non-current borrowings	(72,855)
Non-current lease liabilities	(12,774)
Deferred tax liabilities	(445,604)
Post-employment benefits	(8,888)
Non-current contract liabilities	(10,051)
Current lease liabilities	(8,187)
CCP clearing business liabilities	(123,973,083)
Current income tax liabilities	(31,260)
Trade and other payables	(73,470)
Current contract liabilities	(21,983)
Current other provisions	(331)
Net identifiable assets acquired	1,521,018
Less: non-controlling interest	(70,174)
Add: Goodwill	2,996,518
Total purchase consideration	4,447,362

(a) The valuation of the net identifiable assets acquired had not been completed by the date these interim financial statements were authorised for issuance by Euronext N.V.'s Supervisory Board. Currently all line items are provisional pending final valuation outcomes and could be subsequently adjusted with a corresponding adjustment to Goodwill.

The goodwill is primarily attributable to the expected synergies and other benefits from combining the assets and activities of Borsa Italiana Group, with those of the Group. The goodwill is not deductible for income tax purposes.

Acquired receivables

The fair value of trade and other receivables was €92.4 million and included €70.6 million of trade receivables, which is not materially different to the gross contractual amount, of which €0.3 million is expected to be uncollectible.

Non-controlling interest

A preliminary non-controlling interest is recognized for €70.2 million that is attributable to the minority shareholders of MTS S.p.A., Monte Titoli S.p.A. and Elite S.p.A., which are subsidiaries of Borsa Italiana Group. Management elected to value the non-controlling interest at the NCI's proportionate share of its net identifiable assets.

Revenue and profit contribution

From the date of the acquisition, Borsa Italiana Group has contributed €89.6 million of total revenue and income and €30.4 million of total net profit to the Group. If the acquisition would have occurred on 1 January 2021, Group consolidated total revenue and income and total profit for the six-months period ended 30 June 2021 would have been €745.2 million and €235.2 million respectively.

Acquisition related costs

Acquisition related costs of €35.7 million were expensed and recognised in exceptional items, of which already €8.2 million were recognised in the income statement for the year ended 31 December 2020. The remainder of €27.5 million was recognised in the income statement for the six-month period ended 30 June 2021 (see Note 11).

6.2. Acquisition of additional interest by exercise of call option for remaining shares in iBabs

On 3 March 2021, the Group exercised its call option to acquire the remaining 40% of the shares in iBabs, increasing the Group's ownership to 100%.

Cash consideration of €55.6 million was paid to the non-controlling shareholders, which was recognised directly against shareholders' equity. The Group recognised a decrease in non-controlling interest of €6.7million.

The effect on the shareholders equity for the six-months period ended 30 June 2021 is summarized below:

In thousands of euros

Consideration paid to non-controlling interests	(55,627)
Carrying amount of non-controlling interest acquired	6,654
Difference recognised in retained earnings	(48,973)

7. Revenue and income

7.1 Revenue from contracts with customers

Substantially all of the Group's revenues are considered to be revenues from contracts with customers.

Set out below is the disaggregation of the Group's revenue from contracts with customers for the six months ended 30 June:

In thousands of euros	Six months ended 30 June 2021	Timing of revenue		Six months ended 30 June 2020	Timing of revenue	
		Product or service transferred at a point in time	over time		Product or service transferred at a point in time	over time
Major revenue stream						
Listing	86,965	9,313	77,652	71,507	5,254	66,253
of which						
Primary listing services and other	67,368	1,011	66,357	52,823	587	52,236
Corporate services	19,597	8,302	11,295	18,893	4,876	14,017
Trading revenue	208,744	208,744	—	201,203	201,203	—
of which						
Cash trading	139,405	139,405	—	144,384	144,384	—
Derivatives trading	24,746	24,746	—	26,780	26,780	—
Fixed income trading	17,812	17,812	—	1,609	1,609	—
FX trading	11,763	11,763	—	14,619	14,619	—
Power trading	15,018	15,018	—	13,811	13,811	—
Investor services	4,481	140	4,341	3,613	111	3,502
Advanced data services	83,014	900	82,114	70,695	1,099	69,596
Post-trade	146,551	89,677	56,874	75,291	53,052	22,239
of which						
Clearing	43,687	43,687	—	34,771	34,771	—
Custody & Settlement and other	102,864	45,990	56,874	40,520	18,282	22,239
Euronext Technology solutions & other revenue	34,728	3,069	31,659	25,187	1,337	23,850
Total revenue from contracts with customers	564,483	311,843	252,640	447,497	262,057	185,440

The Group's power trading revenue is closely correlated to seasonal fluctuations caused by higher energy demands in winter versus lower energy demands in summer. The Group's other revenue streams are not subject to significant seasonality patterns, except that there are generally lower trading volumes and listing admissions in August. Trading volumes are subject to potential volatility.

7.2 Geographical information

Set out below is the geographical information of the Group's revenue for the six months ended:

In thousands of euros	France	Italy	Netherlands	United Kingdom	Belgium	Portugal	Ireland	United States	Norway	Sweden	Denmark	Finland	Hong Kong	Total
30 June 2021														
Revenue from contracts with customers (a)	185,141	77,704	94,399	3,225	15,261	16,903	19,930	12,810	95,917	3,265	39,671	257	—	564,483
30 June 2020														
Revenue from contracts with customers (a)	193,683	—	103,956	2,812	17,899	17,248	19,844	15,234	72,901	3,876	—	36	8	447,497

(a) Cash trading, Derivatives trading, Clearing and Advanced data services revenues are attributed to the country where the exchange is domiciled. Revenues from other categories are attributed to the billing entity.

7.3 Net treasury income through CCP business

Income recognised in the CCP clearing business executed by Cassa di Compensazione e Garanzia S.p.A. includes net treasury income earned on margin and default funds, held as part of the risk management process.

For the six months period ended 30 June 2021, net treasury income through CCP business amounted to €9.6 million and is the result of gross interest income of €32.1 million, less gross interest expense of €22.5 million (see Note 22.2.6). Where negative

interest rates apply, the Group recognises interest paid on financial assets as a treasury expense, which amounted to €22.1 million, and interest received on clearing members' margin as treasury income, which amounted to €21.8 million.

7.4 Other income

Other income primarily consists of transitional income from services provided by Borsa Italiana Group to London Stock Exchange Group (LSEG) to facilitate the transition of ownership following the acquisition of Borsa Italiana Group.

A Transitional Service Agreement ("TSA") was established, providing for temporary services rendered to or received from LSEG. Each individual service is priced separately, generally on a fixed fee basis, based on actual usage or mutually agreed service level. The agreement was established on arm's length basis.

Services rendered to LSEG primarily include technology and various ancillary services. All such services are transitional and, accordingly, the related income is not expected to be recurring beyond fiscal year 2023.

Expenses for services received from LSEG under this agreement are recognised in other operational expenses (see Note 10).

8. Salaries and employee benefits

<i>In thousands of euros</i>	Six months ended	
	30 June 2021	30 June 2020
Salaries and other short term benefits	(89,250)	(65,621)
Social security contributions	(27,622)	(18,857)
Share-based payment costs	(4,905)	(3,885)
Pension cost - defined benefit plans	(1,493)	(1,337)
Pension cost - defined contribution plans	(1,901)	(1,955)
Total	(125,171)	(91,655)

The first half-year of 2021 includes the impact from acquisition of Borsa Italiana Group as from the date of control. Furthermore, it includes the full impact from VP Securities AS which was acquired last year.

9. Depreciation and amortization

<i>In thousands of euros</i>	Six months ended	
	30 June 2021	30 June 2020
Depreciation of tangible fixed assets	(6,271)	(4,916)
Amortisation of intangible fixed assets	(30,696)	(14,646)
Amortisation of right-of-use assets	(9,512)	(6,915)
Total	(46,479)	(26,477)

Depreciation and amortisation increased due the impact of acquired subsidiaries Borsa Italiana Group and VP Securities, as from their acquisition dates. As a result, amortisation of intangible fixed assets contains €21.9 million of software and customer relationship amortisation (H1 2020: €10.2 million).

10. Other operational expenses

<i>In thousands of euros</i>	Six months ended	
	30 June 2021	30 June 2020
Systems and communications	(33,644)	(17,684)
Professional services	(35,961)	(25,103)
Clearing expenses	(16,756)	(17,214)
Accommodation	(4,122)	(3,255)
Other expenses (a)	(20,722)	(17,182)
Total	(111,205)	(80,438)

(a) Other expenses include marketing, taxes, insurance, travel, professional membership fees, corporate management and other expenses.

The first half-year of 2021 includes the impact from acquisition of Borsa Italiana Group as from the date of control. Furthermore, it includes the full impact from VP Securities AS which was acquired last year.

In addition, other operational expenses include expenses for services received from LSEG under the TSA agreement, which include the use of operational systems and infrastructure, as well as certain market data, hosting, connectivity and other services. The services received from LSEG are expected to be transitional. As from the date of the acquisition, approximately €3.0 million of transitional costs were recognised in the income statement for the six month period ended 30 June 2021.

11. Exceptional items

<i>In thousands of euros</i>	Six months ended	
	30 June 2021	30 June 2020
Restructuring costs	(3,298)	(683)
Acquisition costs	(27,461)	(625)
Relocation data centre Basildon	(458)	—
Write-off / impairment intangible assets	(156)	—
Claims provisions/settlements	812	—
Release of old exceptional accrual	262	308
Litigation provisions/settlements	710	(279)
Onerous contract costs	138	(197)
Other	(114)	14
Total	(29,565)	(1,461)

For the six months ended 30 June 2021, the €3.3 million of restructuring costs related to termination expenses in the various Euronext entities, with the main impact in VP Securities. Transformational acquisition cost amounted to €27.5 million, which primarily related to the acquisition of Borsa Italiana Group. In addition, amounts were recognised for partial reversals of provisions related to claims, litigation and onerous contracts for in total €1.9 million.

For the six months ended 30 June 2020, the €0.7 million of restructuring costs related to termination expenses in the various Euronext entities. Transformational acquisition cost amounted to €0.6 million. A partial reversal of provision for termination of contracts in Oslo Børs VPS was recognised for €0.3 million. In addition, €0.3 million of litigation provision and €0.2 million of onerous contract cost were recognised.

12. Net financing income / (expense)

<i>In thousands of euros</i>	Six months ended	
	30 June 2021	30 June 2020
Interest expense (effective interest method)	(22,254)	(7,138)
Interest in respect of lease liabilities	(318)	(249)
Finance costs	(22,572)	(7,387)
Contingent consideration payables	—	(98)
Redemption liabilities	—	(131)
Change in fair value of financial liabilities	—	(229)
Interest income (effective interest method)	585	183
Interest income from interest rate swaps	2,484	2,421
Hedging result	(307)	173
Gain / (loss) on disposal of treasury investments	(496)	—
Net foreign exchange gain/(loss)	(146)	332
Other net financing income/(expense)	2,120	3,109
Total	(20,452)	(4,507)

When compared to previous period, interest expense for the six months period ended 30 June 2021 includes: (i) the full half-year impact of interest expense from the tap offering on Bond #2 that was issued in June 2020, (ii) the accelerated amortisation of the bridge loan facility costs following repayment of the facility in the first half-year of 2021, and (iii) the interest expense on the Bonds issued in May 2021 for the purpose of repayment of the drawdown of the bridge loan facility, which was used to finance the acquisition of Borsa Italiana Group (see Note 20).

13. Results from equity investments

<i>In thousands of euros</i>	Six months ended	
	30 June 2021	30 June 2020
Dividend income	12,524	—
Total	12,524	—

The six months period ended 30 June 2021, includes dividend received from Euroclear S.A./N.V. and Sicovam Holding SA. In the comparative period no dividends were received.

14. Gain on sale of subsidiaries

During the first six months of 2021, the Group sold its interests in subsidiaries Centevo AB and Oslo Market Solutions AS. The combined proceeds from those sales amounted to €5.9 million (net of cash). The combined result from disposal of these subsidiaries was €2.7 million.

15. Share of net profit/(loss) of associates and joint ventures

The share of net profit /(loss) of associates and joint ventures is primarily contributed by associate LCH SA for €5.7 million (H1 2020: €4.5 million), partly offset by an impairment loss for associate Tokeny Solutions of €4.3 million (H1 2020: no impairment loss).

16. Income tax expense

Income tax expense for the interim period is recognised by reference to management's estimate of the weighted average income tax rate expected for the full fiscal year, with the exception of discrete "one-off" items which are recorded in full in the interim period.

The effective tax rate increased from 26.8% for the six months ended 30 June 2020 to 28,42% for the six months ended 30 June 2021. The increase in the effective tax rate is largely explained due to non-deductible expenses incurred for the Borsa Italiana Group acquisition and the Italian effective tax rate of 30.35%.

17. Goodwill and other intangible assets

The Goodwill and other intangible assets held by the Group increased primarily as a result of the acquisition of Borsa Italiana Group. See Note 6 for further information on this acquisition.

<i>In thousands of euros</i>	Goodwill	Internally developed software	Purchased softw. Constr. in Pr. Patents & TrMr	Intangible assets recognised on acquisition of subsidiaries			Total
				Software	Customer Relations	Brand Names	
As at 31 December 2020							
Cost	1,153,753	172,229	55,574	82,982	327,916	16,387	1,808,841
Accumulated amortisation and impairment	(54,323)	(122,715)	(49,854)	(20,543)	(25,269)	—	(272,704)
Net book amount	1,099,430	49,514	5,720	62,439	302,647	16,387	1,536,137
As at 1 January 2020 net book amount	1,099,430	49,514	5,720	62,439	302,647	16,387	1,536,137
Exchange differences	17,921	214	15	1,187	6,879	281	26,497
Additions	—	8,963	3,085	—	—	—	12,048
Impairment charge / write off	—	—	16	—	—	—	16
Transfers and other	—	(3,209)	3,051	—	—	—	(158)
Acquisitions of subsidiaries (Note 6)	2,996,518	11,175	24,013	142,400	1,316,800	95,000	4,585,906
Disposal of subsidiaries	(1,090)	(182)	—	(2,955)	(557)	—	(4,784)
Amortisation charge (Note 9)	—	(4,866)	(3,901)	(8,765)	(13,164)	—	(30,696)
As at 30 June 2021 net book amount	4,112,779	61,609	31,999	194,306	1,612,605	111,668	6,124,966
As at 30 June 2021							
Cost	4,167,130	185,653	226,755	227,009	1,652,122	111,668	6,570,337
Accumulated amortisation and impairment	(54,350)	(124,045)	(194,756)	(32,702)	(39,518)	—	(445,371)
Net book amount	4,112,780	61,608	31,999	194,307	1,612,604	111,668	6,124,966

As there were no indicators for impairment, management has not updated any of the impairment calculations as per 30 June 2021.

18. Shareholders' equity

Under the Articles of Association, the Company's authorised share capital amounts to €200,000,001.60 and is divided into 125,000,000 Ordinary Shares and one Priority Share, each with a nominal value of €1.60 per share. All of Euronext's shares have been or will be created under Dutch law.

Private placement

On 29 April 2021, CDP Equity and Intesa Sanpaolo became shareholders of Euronext N.V. through the subscription to a private placement of 5.6 million and 1.0 million newly issued shares in Euronext, respectively, for a price of €87.70 per share, representing a total consideration of €579 million. These funds were used as part of the financing of the acquisition of Borsa Italiana Group.

Rights issue

On 29 April 2021, following the announcement of the completion of the acquisition of the Borsa Italiana Group and the reserved capital increase by way of a private placement to CDP Equity and Intesa Sanpaolo, Euronext launched a rights offer to its existing shareholders.

Euronext offered 30,506,294 shares in the Offer (the "Offer Shares") at the issue price of €59.65 per Offer Share (the "Issue Price"), on the basis of 2 Offer Shares for every 5 existing ordinary shares. Shareholders on Euronext's shareholder register were granted transferable subscription entitlements (the "Rights") in the Offer, which entitled Shareholders that qualify as eligible persons to subscribe for Offer Shares.

The Rights were traded on Euronext Amsterdam from 30 April 2021 until 6 May 2021. The Exercise Period for the Offer Shares ran from 4 May 2021 to 10 May 2021. Any Rights not exercised before the end of the Exercise Period, i.e. the close of trading on 10 May 2021, automatically became null and void. Settlement and delivery of the Offer Shares and commencement of trading on Euronext Amsterdam took place on 14 May 2021.

The Offer was underwritten with a syndicate of banks (the "Underwriters"). The Underwriters were obliged, subject to the satisfaction of conditions contained in and on the terms of the underwriting agreement for the Offer entered into between the Group and the Underwriters on 29 April 2021 (the Underwriting Agreement), subscribe and, at the Issue Price, pay for, any Underwritten Shares.

The Rights issue included €25.1 million of directly attributable costs, net of income tax, that were deducted from shareholders' equity.

Issued capital and share premium

As of 30 June 2021, following the private placement and the rights issue, the Company's issued share capital amounts to €171,370,070 and is divided into 107,106,294 Ordinary Shares. The Priority Share is currently not outstanding. The fully paid ordinary shares carry one vote per share and rights to dividends, if declared. The Group's ability to declare dividends is limited to distributable reserves as defined by Dutch law.

The movements in the Group's issued shares, issued capital and share premium were as follows during the six months period ended 30 June 2021 (there were no movements during the comparative period):

Movements during the six months ended 30 June 2021	Issued shares	Issued capital (a)	Share premium (b)	Total
	(In thousands)	(In thousands of euros)	(In thousands of euros)	(In thousands of euros)
Private placement CDP Equity and Intesa Sanpaolo (at €87.70)	6,600	10,560	568,260	578,820
Rights offering to existing shareholders (at €59.65)	30,506	48,810	1,770,873	1,819,683
Directly attributable costs	—	—	(25,095)	(25,095)
Total	37,106	59,370	2,314,038	2,373,408

(a) All issued shares at nominal value of €1.60 per share.

(b) Private placement at excess value of €86.10 per issued share (€87.70 minus €1.60) and rights offering against excess value of €58.05 per issued share (€59.65 minus €1.60).

Treasury shares

The movement in treasury shares were as follows, during the six months period ended 30 June:

Movements in treasury shares during the half-year	Shares 2021	Shares 2020	Total Value 2021	Total Value 2020
			(In thousands of euros)	(In thousands of euros)
Liquidity contract (a)	2,850	(5,000)	308	(418)
Share Repurchase Program (b)	-	200,000	-	13,635
From share-based payments (c)	(138,867)	(98,160)	(7,844)	(4,554)

(a) The movement in value of €0.3 million during the first half of 2021, relates to the transactions in Euronext N.V. shares conducted by the liquidity provider on behalf of the Group under the liquidity contract established.

(b) Under the Share Repurchase Program, no shares were repurchased by the Group during the first half of 2021.
(c) 138,867 shares were delivered to employees for whom share plans had already vested during the first half of 2021.

Dividend

On 11 May 2021, the Annual General Meeting of shareholders voted for the adoption of the proposed €157.2 million dividend, representing a 50% pay-out ratio of net profit. This represents a dividend of €2.25 dividend per ordinary share based on the number of outstanding shares as per 31 December 2020. On 19 May 2021, the dividend was paid to the shareholders of Euronext N.V.

19. Earnings per Share

Basic

Earnings per share are computed by dividing profit attributable to the shareholders of the Company by the weighted average number of shares outstanding for the period. The number of weighted average shares used for the basic earnings per share calculation for the six months ended 30 June 2021 was 85,094,834.

As required under IAS 33.64, the number of weighted average shares used for the basic earnings per share calculation for the six months ended 30 June 2020 was adjusted for the bonus element that was embedded in the rights issue. This resulted in adjustment of the previously reported number of shares of 69,673,237 by 6,448,200 shares to 76,121,437 shares for the six months period ended 30 June 2020.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The impact of share plans is determined by the number of shares that could have been acquired at fair value (determined as the average quarterly market price of Euronext's shares) based on the fair value (measured in accordance with IFRS 2) of any services to be supplied to Euronext in the future under these plans. The number of weighted average shares used for the diluted earnings per share calculation for the six months ended 30 June 2021 was 85,290,394.

As required under IAS 33.64, the number of weighted average shares used for the diluted earnings per share calculation for the six months ended 30 June 2020 was adjusted for the bonus element that was embedded in the rights issue. This resulted in adjustment of the previously reported number of shares of 69,852,672 by 6,448,200 shares to 76,300,872 shares for the six months period ended 30 June 2020.

20. Borrowings

<i>In thousands of euros</i>	Balance at 31 December 2020	New issues	Repayments	Acquisition of subsidiary	Fair Value adjustments to interest rate hedge	Other movements	Balance at 30 June 2021
Non-current							
Borrowings							
Senior Unsecured note #1 (a)	524,275	—	—	—	(5,122)	—	519,153
Senior Unsecured note #2	750,000	—	—	—	—	—	750,000
Senior Unsecured note #3	—	600,000	—	—	—	—	600,000
Senior Unsecured note #4	—	600,000	—	—	—	—	600,000
Senior Unsecured note #5	—	600,000	—	—	—	—	600,000
Discount, premium and issue costs	(3,623)	(18,562)	—	—	—	—	(22,185)
Amortisation discount, premium and issue costs	1,858	—	—	—	—	393	2,251
Total	1,272,510	1,781,438	—	—	(5,122)	393	3,049,219
Current							
Borrowings							
Bridge Loan facility	—	3,690,000	(3,682,855)	72,855	—	—	80,000
Accrued interest	8,243	—	(15,212)	—	—	10,374	3,405
Total	8,243	3,690,000	(3,698,067)	72,855	—	10,374	83,405

(a) The Senior Unsecured Note #1 is carried at amortised cost and adjusted for fair value movements due to the hedged interest rate risk.

Bridge Loan Facility

On 7 October 2020, Euronext entered into a €4,400 million bridge loan facility agreement with a group of banks to pre-finance the acquisition of the Borsa Italiana Group. The initial maturity date of this facility was 11 September 2021, which may be extended at the option of the issuer for two additional periods of six months each. The bridge loan facility bears an interest rate of EURIBOR plus an initial margin of 0.45%, that increases as the closing date of the acquisition moves further in time.

On 29 April 2021, the Group drew down an amount of €3,690 million from the facility to finance the acquisition of the Borsa Italiana Group (see Note 6). In May 2021, the Group repaid €3,610 million of the amount drawn from the facility by using the

proceeds of the Bonds issue and Rights issue (see Note 18). As per 30 June 2021, an amount of €80.0 million was still drawn under this facility.

In case of a downgrading event of Euronext, below BBB- or equivalent by rating agencies, Euronext shall ensure that the leverage ratio as defined in the Bridge Loan Facility Agreement would not be greater than 4x.

Bonds issue

On 7 May 2021, Euronext successfully priced a three-tranche senior bond offering representing a total amount of €1,800 million. As of 17 May 2021, the bonds were admitted to trading on the regulated market of Euronext Dublin and were rated BBB by S&P. As well as on other electronic trading platforms, the 5, 10 and 20-year bonds will be available for trading on the MTS BondVision and MTS BondsPro venues, which are now part of the Euronext product suite following the acquisition of Borsa Italiana Group. The bonds will be settled through VP Securities, Euronext's Danish CSD. The offering will allow Euronext to extend its maturity profile and further diversify its debt investor base.

The main features of the issue are as follows:

- Senior Unsecured Note #3: €600 million Bond, maturing on 17 May 2026, with an annual coupon of 0.125%;
- Senior Unsecured Note #4: €600 million Bond, maturing on 17 May 2031, with an annual coupon of 0.750%;
- Senior Unsecured Note #5: €600 million Bond, maturing on 17 May 2041, with an annual coupon of 1.500%.

The bonds issue included €18.6 million of directly attributable costs, which are subsequently accounted for under the Effective Interest Rate method.

New Revolving Credit Facility

On 29 April 2021, at closing of the acquisition of the Borsa Italiana Group, a new revolving credit facility agreement ("RCF") of €600.0 million came into effect. The new RCF (entered into on 6 November 2020, conditional to the closing of the acquisition of the Borsa Italiana Group) replaced the Group's previous RCF and allows the Group to apply all amounts borrowed by it towards (i) general corporate and/or working capital purposes of the Group, (ii) satisfaction of the consideration payable for an acquisition and/or (iii) the payment of fees, costs and expense incurred in relation to an acquisition. The revolving credit facility has a maturity of 5 years plus a two-year extension possibility and bears an interest rate of EURIBOR plus a margin dependent on rating. As per 30 June 2021, the facility remained undrawn.

In case of a downgrading event of Euronext, below BBB- or equivalent by rating agencies, Euronext shall ensure that the leverage ratio as defined in the Revolving Credit Facility Agreement would not be greater than 4x.

21. Derivative financial instruments

Fair value hedges for interest rate risk

In relation to the 1% fixed-rate €500 million Senior Unsecured Note #1, issued in April 2018, the Group uses interest rate swap agreements (formally designated as fair value hedges) to reduce the variability of the fair value of the Senior Unsecured Note #1 attributable to the change in interest rate, allowing it to transform the fixed rate exposure to floating rate.

During the six months ended 30 June 2021, the ineffective part of the hedge was a loss of €0.3 million recognised in 'hedging result' in the Consolidated Statement of Profit or Loss. The aggregate fair value of the interest rate swaps as at 30 June 2021 amounted to €18.3 million and is included in 'derivative financial assets' (see Note 22).

Hedge of net investment in foreign operations

The Group had designated a EUR/GBP foreign exchange contract as a hedge of the investment in Commcise Software Ltd., a Group subsidiary in the United Kingdom.

On 20 December 2020, the Group entered into a EUR/GBP foreign exchange contract with a notional amount of £27.3 million, which expired on 21 March 2021. The hedge did not cause material ineffectiveness.

During the six months ended 30 June 2021, a loss of €1.5 million on the translation of the foreign exchange forward contracts was transferred to other comprehensive income.

As the foreign exchange forward contract was not extended, no value remains on the Consolidated Balance Sheet for this instrument as at 30 June 2021.

The Group does not hold or issue any derivative instruments for trading or speculative purposes.

22. Financial instruments

Set out below are the financial instruments held by the Group at 30 June 2021 and 31 December 2020.

22.1. Financial instruments by category

<i>In thousands of euros</i>	As at 30 June 2021				Total
	Amortised cost	FVOCI equity instruments	FVOCI debt instruments	FVPL	
Financial assets					
CCP trading assets at fair value	—	—	—	8,567,892	8,567,892
CCP trading assets at amortised cost	102,573,433	—	—	—	102,573,433
Other receivables from clearing members	5,310,369	—	—	—	5,310,369
Financial assets held at fair value	—	—	5,104,435	26,829	5,131,264
Cash and cash equivalents of clearing members	10,660,923	—	—	—	10,660,923
Total financial assets of the CCP clearing business	118,544,725	—	5,104,435	8,594,721	132,243,881
Financial assets at fair value through other comprehensive income	—	207,687	50,674	—	258,361
Financial assets at amortised cost	2,735	—	—	—	2,735
Trade and other receivables	352,178	—	—	—	352,178
Derivative financial instruments	—	—	—	18,306	18,306
Other current financial assets	46,303	—	115,047	—	161,350
Cash and cash equivalents	620,531	—	—	—	620,531
Total	119,566,472	207,687	5,270,156	8,613,027	133,657,342
Financial liabilities					
CCP trading liabilities	—	—	—	8,567,892	8,567,892
Liabilities under repurchase transactions	102,573,433	—	—	—	102,573,433
Other payables to clearing members	21,052,223	—	—	—	21,052,223
Financial liabilities held at fair value	—	—	—	25,591	25,591
Total financial liabilities of the CCP clearing business	123,625,656	—	—	8,593,483	132,219,139
Borrowings (non-current)	3,049,219	—	—	—	3,049,219
Lease liabilities (non-current)	53,452	—	—	—	53,452
Borrowings (current)	83,405	—	—	—	83,405
Derivative financial instruments	—	—	—	28	28
Lease liabilities (current)	24,231	—	—	—	24,231
Other current financial liabilities	—	—	—	—	—
Trade and other payables	323,358	—	—	—	323,358
Total	127,159,321	—	—	8,593,511	135,752,832

<i>In thousands of euros</i>	As at 31 December 2020				Total
	Amortised cost	FVOCI equity instruments	FVOCI debt instruments	FVPL	
Financial assets					
Financial assets at fair value through other comprehensive income	—	204,506	—	—	204,506
Financial assets at amortised cost	3,173	—	—	—	3,173
Trade and other receivables	181,161	—	—	—	181,161
Derivative financial instruments	—	—	—	23,735	23,735
Other current financial assets	39,468	—	52,622	—	92,090
Cash and cash equivalents	629,469	—	—	—	629,469
Total	853,271	204,506	52,622	23,735	1,134,134
Financial liabilities					
Borrowings (non-current)	1,272,510	—	—	—	1,272,510
Lease liabilities (non-current)	35,051	—	—	—	35,051
Borrowings (current)	8,243	—	—	—	8,243
Derivative financial instruments	—	—	—	375	375
Lease liabilities (current)	15,900	—	—	—	15,900
Other current financial liabilities (a)	—	—	—	521	521
Trade and other payables	185,837	—	—	—	185,837
Total	1,517,541	—	—	896	1,518,437

(a) Consists of the contingent consideration payable related to the acquisition of Black Woodpecker Software Oy ("Ticker").

22.2. Fair value measurement

This note provides an update on the judgments and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

22.2.1. Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs that are based on observable market data, directly or indirectly
- Level 3: unobservable inputs

<i>In thousands of euros</i>	Level 1	Level 2	Level 3	Total
As at 30 June 2021				
Assets				
Financial assets at FVOCI				
Unlisted equity securities	—	—	207,687	207,687
Quoted debt instruments	165,721	—	—	165,721
Quoted debt instruments of CCP clearing business	5,104,435	—	—	5,104,435
Financial assets at FVPL				
Hedging derivatives - interest rate swaps	—	18,306	—	18,306
Derivative instruments of CCP clearing business	8,567,892	—	—	8,567,892
Other instruments of CCP clearing business	26,829	—	—	26,829
Total assets	13,864,877	18,306	207,687	14,090,870
Liabilities				
Financial liabilities at FVPL				
Hedging derivatives - foreign exchange forward contract - GBP ^{a)}	—	28	—	28
Contingent consideration payables	—	—	—	—
Derivative instruments of CCP clearing business	8,567,892	—	—	8,567,892
Other instruments of CCP clearing business	25,591	—	—	25,591
Total liabilities	8,593,483	28	—	8,593,511

a) Including foreign exchange spot transactions of €28k in Nord Pool

As at 31 December 2020

Assets				
Financial assets at FVOCI				
Unlisted equity securities	—	—	204,506	204,506
Quoted debt instruments	52,622	—	—	52,622
Financial assets at FVPL				
Hedging derivatives - interest rate swaps	—	23,735	—	23,735
Total assets	52,622	23,735	204,506	280,863
Liabilities				
Financial liabilities at FVPL				
Hedging derivatives - foreign exchange forward contract - GBP ^{a)}	—	375	—	375
Contingent consideration payables	—	—	521	521
Total liabilities	—	375	521	896

a) Including foreign exchange spot transactions of €77k in Nord Pool

There were no transfers between the levels of fair value hierarchy in the six months period ended 30 June 2021.

22.2.2. Fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1)

The quoted debt instruments primarily relate to investments in listed bonds by VP Securities AS and Borsa Italiana Group, or represent government bonds held by CCP clearing business.

The derivative instruments of CCP clearing business comprise open transactions not settled at the reporting date on the derivatives market in which Cassa di Compensazione e Garanzia S.p.A. operates as a central counterparty. The other instruments of CCP clearing business include clearing member trading balances for equity and debt instruments that are marked to market on a daily basis.

Fair values of the instruments mentioned above are determined by reference to published price quotations in an active market.

22.2.3. Fair value measurements using observable market data, directly or indirectly (level 2)

The fair value of interest rate swaps is calculated as the present value of the estimated future net cash flows based on observable yield curves at the reporting date. The fair value of foreign exchange forwards is calculated as the present value of future net cash flows based on the forward exchange rates at the balance sheet date.

22.2.4. Fair value measurements using unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the six months period ended 30 June 2021:

<i>In thousands of euros</i>	Unlisted equity securities	Contingent consideration payables	Total
As at 31 December 2020	204,506	(521)	203,985
Revaluations recognised in OCI	3,173	—	3,173
Payments	—	521	521
Exchange differences	8	—	8
As at 30 June 2021	207,687	—	207,687

Valuation process

Concerning the valuation process for fair value measurement categorised within level 3 of the fair value hierarchy, the Group's central treasury department collects and validates the available level 3 inputs and performs the valuation according to the Group's valuation methodology for each reporting period. The fair value estimates are discussed with-, and challenged by the Group Finance Director and the Chief Financial Officer. Periodically the values of investments categorized in "level 3" are validated by staff with extensive knowledge of the industry in which the invested companies operate. Although valuation techniques are applied consistently as a principle, Management, upon advice from the Group's valuation experts, may decide to replace a valuation technique if such a change would improve the quality or the reliability of the valuation process.

Unlisted equity securities in Euroclear S.A./N.V. and Sicovam Holding S.A.

For measuring fair value of its long-term investments in unlisted equity securities in Euroclear S.A./N.V. and Sicovam Holding S.A., the Group applies the Gordon Growth Model valuation technique as its primary valuation method with return on equity and expected dividend growth rate as key non-observable parameters. In 2021 and 2020, the Group considered two most recent transactions observed for the determination of the fair value in addition to its primary valuation technique. In addition, for measuring the fair value of Sicovam Holding S.A, the Group applied an illiquidity discount as an unobservable input for which a sensitivity impact of +10%/(-10%) would amount to a decrease or (increase) of €6.6 million in the fair value (2020: €6.5 million).

The key assumptions used in the Gordon Growth Model valuation model were as follows:

30 June 2021:

<i>In thousands of euros</i>	Fair value at 30 June 2021	Unobservable inputs *)	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value	
				Increase	decrease
Euroclear S.A./N.V.	148,256	Return on equity	7.9% - 8.9% (8.4%)	5,214	(6,166)
		Expected dividend growth rate	0.74% - 1.74% (1.24%)		
Sicovam Holding S.A.	59,083	Return on equity	7.9% - 8.9% (8.4%)	2,028	(2,398)
		Expected dividend growth rate	0.74% - 1.74% (1.24%)		

*) There were no significant inter-relationships between unobservable inputs that materially affect fair value

31 December 2020:

In thousands of euros	Fair value at 31 December 2020	Unobservable inputs *)	Range of inputs (probaility-weighted average)	Relationship of unobservable inputs to fair value	
				Increase	decrease
Euroclear S.A./N.V.	145,252	Return on equity	7.9% - 8.9% (8.4%)	4,958	(5,492)
		Expected dividend growth rate	0.74% - 1.74% (1.24%)		
Sicovam Holding S.A.	58,913	Return on equity	7.9% - 8.9% (8.4%)	1,928	(2,136)
		Expected dividend growth rate	0.74% - 1.74% (1.24%)		

*) There were no significant inter-relationships between unobservable inputs that materially affect fair value

The sensitivity analysis shows the impact on fair value using the most favorable combination (increase), or least favorable combination (decrease) of the unobservable inputs per investment in unlisted equity securities.

Contingent consideration payable

The contingent consideration payable of €0.5 million related to Ticker was paid in full during the six months period ended 30 June 2021.

22.2.5. Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For these instruments the fair values approximate their carrying amounts.

22.2.6. Net Treasury Income by classification

For the six months period ended 30 June 2021, net treasury income from CCP clearing business is earned from instruments held at amortised cost or fair value as follows:

- A net €10.9 million was earned from financial assets and financial liabilities held at amortised cost (€22.3 million income and €11.4 million expense).
- A net €1.3 million loss was incurred from assets held at fair value (€9.8 million income and €11.1 million expense).

22.2.7. Offsetting within clearing member balances

The Group uses its judgement to carry out the offsetting within clearing member balances. The carrying values of the balances are offset at what the Group considers an appropriate level to arrive at the net balances reported in the balance sheet. The Group has an aligned approach for its CCP subsidiary to ensure the principles applied are consistent across similar assets and liabilities. The approach is reviewed on a timely basis to ensure the approach used is the most appropriate.

The following table shows the offsetting breakdown by products:

In thousands of euros	30 June 2021		
	Gross amounts	Amount offset	Net amount as reported
Derivative financial asset	25,700,283	(17,132,391)	8,567,892
Reverse repurchase agreements	115,991,129	(13,417,696)	102,573,433
Other	52,784	(27,193)	25,591
Total assets	141,744,196	(30,577,280)	111,166,916
Derivative financial liabilities	(25,700,283)	17,132,391	(8,567,892)
Reverse repurchase agreements	(115,991,129)	13,417,696	(102,573,433)
Other	(52,784)	27,193	(25,591)
Total liabilities	(141,744,196)	30,577,280	(111,166,916)

22.2.8. Risk management within clearing member business

Credit risk

In its role as CCP clearer to financial market participants, the Group's CCP guarantees final settlement of transactions acting as buyer towards each seller and as seller towards each buyer. It manages substantial credit risks as part of its operations including unmatched risk positions that might arise from the default of a party to a cleared transaction.

Clearing membership selection is based upon supervisory capital, technical and organisational criteria. Each member must pay margins, computed and collected at least daily, to cover the exposures and theoretical costs which the CCP might incur in order to close out open positions in the event of the member's default. Margins are calculated using established and internationally acknowledged risk models and are debited from participants' accounts through central bank accounts and via commercial bank payment systems.

Minimum levels of cash collateral are required. Non-cash collateral is revalued daily but the members retain title of the asset and the Group only has a claim on these assets in the event of a default by the member.

Clearing members also contribute to default funds managed by the CCP to guarantee the integrity of the markets in the event of multiple defaults in extreme market circumstances. Amounts are determined on the basis of the results of periodic stress testing examined by the risk committees of the respective CCP. Furthermore, the Group's CCP reinforces its capital position to meet the most stringent relevant regulatory requirements applicable to it, including holding a minimum amount of dedicated own resources to further underpin the protective credit risk framework in the event of a significant market stress event or participant failure.

An analysis of the aggregate clearing member contributions of margin and default funds across the CCP is shown below:

<i>In thousands of euros</i>	30 June 2021
Total collateral pledged	
Margin received in cash	(11,158,354)
Margin received by title transfer	(1,239,217)
Default fund total	(7,211,525)
Total on balance sheet collateral	(19,609,096)
Total member collateral pledged	(19,609,096)

Investment counterparty risk for CCP margin and default funds is managed by investing the cash element in instruments or structures deemed 'secure' by the relevant regulatory bodies including through direct investments in highly rated, 'regulatory qualifying' sovereign bonds and supra-national debt, investments in tri-party and bilateral reverse repos (receiving high-quality government securities as collateral) and, in certain jurisdictions, deposits with the central bank. The small proportion of cash that is invested unsecured is placed for short durations with highly rated counterparties where strict limits are applied with respect to credit quality, concentration and tenor.

<i>In thousands of euros</i>	30 June 2021
Investment portfolio	
CCP other financial assets	5,131,264
Clearing member cash equivalents - short term deposits	420,100
Clearing member cash - central bank deposits	10,217,995
Clearing member cash - other banks	22,828
Clearing member cash	10,660,923

Liquidity risk

The Group's CCP maintains sufficient cash and cash equivalents and, in certain jurisdictions, has access to central bank refinancing or commercial bank liquidity support credit lines to meet the cash requirements of the clearing and settlement cycle.

Revised regulations requires the CCP to ensure that appropriate levels of back-up liquidity are in place to underpin the dynamics of a largely secured cash investment requirement, ensuring that the maximum potential outflow under extreme market conditions is covered (see credit risk section above). The Group's CCP monitors its liquidity needs daily under normal and stressed market conditions. Where possible, the Group employs guaranteed delivery versus payment settlement techniques and manages CCP margin and default fund flows through central bank or long-established, bespoke commercial bank settlement mechanisms. Monies

due from clearing members remain the clearing members' liability if the payment agent is unable to effect the appropriate transfer. In addition, the Group's CCP maintains operational facilities with commercial banks to manage intraday and overnight liquidity.

The table below analyses the Group's CCP financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table reflect the contractual undiscounted cash flows.

In thousands of euros	Maturity < 1 year	Maturity between 1 and 5 years	Maturity > 5 years	Total
30 June 2021				
CCP Clearing member liabilities	132,219,139	-	-	132,219,139

Market risk - interest rate risk

The Group's CCP faces interest rate exposure through the impact of changes in the reference rates used to calculate member liabilities versus the yields achieved through their predominantly secured investment activities.

In the Group's CCP, interest bearing assets are generally invested in secured instruments or structures and for a longer term than interest bearing liabilities, whose interest rate is reset daily. This makes investment revenue vulnerable to volatility in overnight rates and shifts in spreads between overnight and term rates. Interest rate exposures (and the risk to CCP capital) are managed within defined risk appetite parameters against which sensitivities are monitored daily.

The Group's CCP has an investment policy, mitigating market risks. The Group's CCP investments generally have a duration of less than one year and are held until maturity. Losses will not materialize unless the investment portfolio is liquidated before maturity.

23. Related parties

23.1. Transactions with related parties

The Group has related party relationships with its associates and joint ventures. Besides the new relationships with associates included in the acquisition of Borsa Italiana Group, the nature of related party transactions in the six-month period ended 30 June 2021 did not significantly deviate from the nature of transactions as reflected in the financial statements as at and for the year ended 31 December 2020.

Transactions with subsidiaries are eliminated on consolidation. The interests in group companies are set out in Note 5.

23.2. Key management personnel

During the first six months of 2021, the following mutations in the Group's key management personnel have occurred:

Managing Board

On 18 January 2021, the Group announced that Anthony Attia would be handing over his position as CEO of Euronext Paris and member of the Managing Board of Euronext N.V. At the Annual General Meeting held on 11 May 2021, Delphine d'Amarzit was appointed as his successor as member of the Managing Board, subject to regulatory approval. Regulatory approval was obtained on 27 May 2021.

Supervisory Board

At the Annual General Meeting held on 11 May 2021, Piero Novelli, Diana Chan, Rika Coppens, Alessandra Ferone and Olivier Sichel were appointed as members of the Supervisory Board, subject to regulatory approval. Regulatory approval for the appointment of Piero Novelli had been obtained on 10 May 2021. After the same meeting, Jim Gollan, Luc Keuleneer, Lieve Mostrey and Franck Silvent retired from the Supervisory Board.

With the exception of the above there were no other changes in key management personnel during the six months ended 30 June 2021. Other arrangements with key management have remained consistent since 31 December 2020.

24. Contingencies

The Group is involved in a number of legal proceedings that have arisen in the ordinary course of Euronext's business. Set out below are the legal proceedings that had changes in status, compared to what has been reported in Note 38 "Contingencies" of the Group's Consolidated Financial Statements for the year ended 31 December 2020. No new material legal proceedings occurred during the six months ended 30 June 2021.

Euronext Amsterdam Pension Fund

In the court case between Euronext Amsterdam and approximately 120 retired and/or former Euronext Amsterdam employees, united in an association, Euronext has lodged an appeal in Cassation before the Supreme Court. Euronext submitted its final statement of defense on 30 April 2021. The next phase in the process is conclusion of the 'Procureur-Generaal', which is scheduled for 29 October 2021. No provision has been booked in connection with this case.

25. Events after the reporting period

No event occurred between 30 June 2021 and the date of this report that could have a material impact on the economic decisions made based on these financial statements.

Amsterdam, 29 July 2021

Stéphane Boujnah

Chief Executive Officer and Chairman of the Managing Board

Giorgio Modica

Chief Financial Officer

III. Management Statement

The Company Management hereby declares that to the best of its knowledge:

- The interim condensed consolidated financial statements prepared in accordance with IAS 34 “Interim Financial Reporting”, give a true and fair view of the assets, liabilities, financial position and profit or loss of Euronext N.V. and the undertakings included in the consolidated as a whole; and
- The semi-annual report includes a fair review of the information required pursuant to section 5:25d(8) (9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, 29 July 2021

Stéphane Boujnah
Chief Executive Officer and Chairman of the Managing Board

Giorgio Modica
Chief Financial Officer

IV. Independent auditor's review report

To: the Managing Board and Supervisory Board of Euronext N.V.

Our conclusion

We have reviewed the condensed interim consolidated financial statements included in the accompanying semi-annual financial report of Euronext N.V. based in Amsterdam for the period from 1 January 2021 to 30 June 2021.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Euronext N.V. for the period from 1 January to 30 June 2021, is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

The condensed interim consolidated financial statements comprises:

- The condensed interim consolidated statement of profit or loss;
- The condensed interim consolidated statement of comprehensive income;
- The condensed interim consolidated balance sheet;
- The condensed interim consolidated statement of cash flows;
- The condensed interim consolidated statement of changes in equity;
- The notes comprising of a summary of the significant accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed interim consolidated financial statements section of our report.

We are independent of Euronext N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management for the condensed interim consolidated financial statements

Management is responsible for the preparation and presentation of the condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim consolidated financial statements that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing Euronext's financial reporting process.

Our responsibilities for the review of the condensed interim consolidated financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of Euronext N.V. and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim consolidated financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of internal control as it relates to the preparation of condensed interim consolidated financial statements;
- Making inquiries of management and others within Euronext N.V.;
- Applying analytical procedures with respect to information included in the condensed interim consolidated financial statements;
- Obtaining assurance evidence that the condensed interim consolidated financial statements agrees with, or reconciles to, Euronext's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed interim consolidated financial statements;
- Considering whether the condensed interim consolidated financial statements has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amsterdam, 29 July 2021

Ernst & Young Accountants LLP

signed by A.B. Roeders

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