

TMX GROUP LIMITED

Q1 2020

R E P O R T T O S H A R E H O L D E R S



THE FUTURE
IS YOURS TO SEE.

**The future
is yours
to see.**

Letter from the Interim CEO



The COVID-19 pandemic has drastically changed the world in which we all live and work. Before we get into the details on our results for the quarter, on behalf of all of us at TMX Group, I want to send a message of hope and strength to you, and especially to all families who have been affected by this terrible virus. Our thoughts are with you.

I also want to sincerely thank all of the healthcare workers, first responders and others providing essential services across our communities here in Canada and around the world. And while we humbly salute those on the front lines, the fact is that even from our homes and remote work spaces, we all play a role in the fight against COVID-19.

The response from our capital markets community to this unprecedented crisis has been impressive. We applaud the efforts of our stakeholders, including listed issuers as well as our trading and clearing participants, to help our communities cope: from manufacturing safety products for healthcare workers to generously donating funds and volunteering time to support agencies.

From a broader economic standpoint, while the impacts of the COVID-19 pandemic will be deeply felt for some time, the resiliency of Canada's financial industry is something to be proud of, and bodes well for the future as measures to reopen the country and re-invigorate the economy take shape.

We have been firm in our commitment to fulfilling our core mission in operating Canada's markets. We feel strongly that it is in the public interest and in the best interest of all of our stakeholders, that at all times, and especially in times of crisis, markets must remain open. The markets are functioning well and doing what they are designed to do, providing investors with liquidity and ensuring issuers have a world-class venue to raise capital.

While much of the economy has been put on hold, we are not at a complete standstill. Businesses of all sizes across the country are up and running and working as hard as ever to adapt to the realities of the evolving operating landscape while preparing for a future that has yet to be clearly defined. As the broader recovery begins to take shape, we remain a steadfast partner in helping to ensure that the future for our entire market ecosystem is as bright as possible.

Looking at our financial performance for the first quarter of 2020, we achieved strong results compared with the same quarter of last year, reflecting the extreme volatility and a surge in activity as markets reacted to the COVID-19 pandemic.

Revenue was \$220 million, up 12% over last year, diluted earnings per share was \$1.24, up 14%, and \$1.53 on an adjusted basis, an 18% increase from last year. The increase in revenue was somewhat offset by a 2% increase in operating expenses in the quarter over 2019. With the operating leverage in our business, our income from operations was up by 23% from the first quarter of last year.

Trading for the first quarter, and particularly for the month of March, reflected the high degree of turbulence across the marketplace. Across all of our equities markets, trading volumes were up 24% in the first quarter, and by 73% in March, compared to last year. On our Montreal Exchange, overall derivatives volume traded in the quarter increased by 27%, with a 33% increase during the month of March, compared with 2019.

Just to touch on Trayport, revenue for the quarter, including VisoTech, was up 16% over 2019. There was a 10% increase in trader subscribers and an 8% increase in total subscribers.

Revenue from our capital formation business was down 4% year over year, somewhat offsetting the increase in overall revenue in the quarter. In the capital formation business, while capital may remain on the sidelines to some degree over the near-term, we continue to target specific regions where our unique ecosystem and sectoral expertise give us a competitive edge. Over the past two months, TMX has undertaken various issuer support initiatives, including relief measures and a successful government policy advocacy campaign. We continue to work together with all listed companies, and all of our stakeholders, to weather the COVID-19 crisis and lay the groundwork for future success.

Perhaps now more than ever, sustainability is a priority topic for all companies. With an eye on helping issuers meet evolving investor standards and make their company stronger and more resilient into the future, we launched ESG 101 in March. This is a new centralized hub designed to help our issuers understand the fundamentals of environmental, social and governance, or ESG, reporting.

We are proud to announce that TMX Group has reached a milestone in our own ESG reporting. Our inaugural ESG Report was made available on our website today. We hope that you will take the opportunity to read it, and we look forward to hearing your feedback.

Approximately 95% of TMX employees are working from home and have been since the end of March. At the outset of this pandemic, necessary precautions were taken to protect our critical operations staff and they have been onsite as needed. On behalf of our senior leadership team, I want to thank our employees for their perseverance, adaptability and above all, exemplary dedication to our company throughout these last two months. Their consistent focus on maintaining continuity and service excellence to our clients across the marketplace is most appreciated.

In closing, I want to emphasize that as recovery measures begin to take shape, we remain firmly focused on serving clients across all of our markets with excellence, and executing against our global growth strategy.

A white, stylized handwritten signature on a dark blue background. The signature is fluid and cursive, starting with a large loop and ending with a long, horizontal stroke that tapers off to the right.

John D. McKenzie

Interim Chief Executive Officer
TMX Group Limited
May 12, 2020

MD&A

Management's Discussion and Analysis

TMX Group Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 11, 2020

This Management's Discussion and Analysis (MD&A) of TMX Group Limited's (TMX Group) financial condition and financial performance is provided to enable a reader to assess our financial condition, material changes in our financial condition and our financial performance, including our liquidity and capital resources, for the quarter ended March 31, 2020 (Q1/20), compared with the quarter ended March 31, 2019 (Q1/19) and as at March 31, 2020 and December 31, 2019. This MD&A should be read together with our unaudited condensed consolidated interim financial statements as at March 31, 2020 and December 31, 2019, and for the quarters ended March 31, 2020 and 2019 (the interim financial statements), our audited annual consolidated financial statements for the years ended December 31, 2019 and December 31, 2018 (the financial statements) and the 2019 Annual MD&A.

Our interim financial statements and this MD&A for the quarter ended March 31, 2020 are filed with Canadian securities regulators and can be accessed at www.tmx.com and www.sedar.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

Certain comparative figures have been reclassified in order to conform with the financial presentation adopted in the current year.

Additional information about TMX Group, including the Annual Information Form, is available at www.tmx.com and www.sedar.com. We are not incorporating information contained on our website in this MD&A.

OUR RESPONSE TO COVID-19 PANDEMIC

The novel coronavirus (COVID-19) pandemic has altered the world and the way we operate. It has impacted individuals, communities, businesses and governments in significant ways. In these extraordinary times, we believe that our core organizational values, enterprise strategy, risk management practices and staff, are guiding us through this rapidly changing and highly complex situation. Powered by the dedicated and collaborative efforts of employees, the vast majority of whom are now working remotely, TMX Group has been able to fulfil our core mission of keeping Canada's markets operational throughout this crisis.

The health and safety of our people, our clients and the entire capital markets community is our top priority in this time of great uncertainty, and consistently guides the decisions that we make. Effective March 17, 2020, we directed all staff other than those required to be physically present in the office to complete business critical tasks to work from home and transitioned approximately 95% of our workforce to working remotely by the end of the month. We have deployed various IT and human resources tools to support both our employees working from home as well as our limited recovery staff who are on site performing critical duties. In April 2020, we conducted our first successful all-remote disaster recovery (DR) test on most of our critical systems.

Throughout this period, we continue to work closely with our clients, regulators and government representatives to ensure continuity. TMX Group's markets play a crucial role in the economy, and we strongly believe that it is in the public interest and in the best interest of our stakeholders, including issuers, investors, and market participants, that markets remain open.

We have also undertaken a number of immediate and significant initiatives to help support our key stakeholders most acutely affected by this ongoing crisis, such as:

- Toronto Stock Exchange and TSX Venture Exchange implemented blanket relief measures to lessen the administrative burden on our more than 3,200 listed issuers during the COVID-19 pandemic and provide flexibility in volatile markets.
- TMX Group successfully advocated for amendments to the federal Government's COVID-19 response package to include public companies in the wage subsidy program – this was an important win for Canadian small businesses and, most importantly, for the thousands of Canadians that they employ.
- In trading, we made adjustments to relax Market Maker performance levels and waived fees associated with 're-opening' trades after a market-wide circuit breaker.
- And in CDS, to support some of our participants, we announced steps to accelerate payment of the \$2.0 million of the \$4.0 million annual fixed additional rebate to May 2020. The balance of \$2.0 million will be paid in November 2020, as planned. CDS also announced a limited deferral program for participants' May 2020 and September 2020 monthly bills on amounts up to \$50,000.

As we look into the future, despite prevailing uncertainty looming in our operating environment as the business world prepares to emerge from the COVID-19 pandemic, TMX Group remains firmly focused on serving our clients with excellence, providing our markets with continuity, and executing against our global growth strategy.

INITIATIVES AND ACCOMPLISHMENTS

Capital Formation¹

At the end of March 2020, we launched ESG 101, a new hub of Environmental, Social and Governance (ESG) resources curated for TSX and TSXV issuers by us and by many of Canada's leading ESG experts. The site includes a collection of guides, articles, events, podcasts, and definitions to help issuers understand the fundamentals of ESG reporting. In addition, it provides an Expert Centre which offers contact details to help connect issuers to the right people for answers, including the main line to ESG rating agencies. The site will be updated regularly with new content from our own library (podcasts, workshops, guides) and from our partners. This tool addresses a very important client need and will complement our in-person mentorship and education initiatives, including the existing governance modules of our Growth Accelerator program, a new ESG-focused Growth Accelerator module to be released in Q2/20, and our ESG-focused workshops.

Derivatives Trading and Clearing²

In October 2018, MX launched extended trading hours from the previously 6:00 a.m. ET open to a 2:00 a.m. ET open. Initially, this included MX's suite of interest rate products³. Beginning in February 2019, MX offered clients the ability to also trade its equity index futures⁴ in these extended hours. For 2019 and Q1/20, volumes during extended trading hours

¹ The "Capital Formation" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

² The "Derivatives Trading and Clearing" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

³ BAX - Three-Month Canadian Bankers' Acceptance Futures, OBX - Options on Three-Month Canadian Bankers' Acceptance Futures, CGZ - Two-Year Government of Canada Bond Futures, CGF - Five-Year Government of Canada Bond Futures, CGB - Ten-Year Government of Canada Bond Futures, LGB - 30-Year Government of Canada Bond Futures and OGB - Options on Ten-Year Government of Canada Bond Futures.

⁴ SXF - S&P/TSX 60 Index Standard Futures, SXM - S&P/TSX 60 Index Mini Futures, SCF - S&P/TSX Composite Index Mini Futures, and SXA, SXB, SXH, SXX, SXU, SXY - Sector Index Futures.

represented approximately 4% and 6%, respectively, of total volumes in these products. MX is preparing for the next phase of extended hours to align with trading hours in Asia.

Global Solutions, Insights and Analytics (GSIA)⁵

Trayport

Trayport is the primary connectivity network and data and analytics platform for European wholesale energy markets. Trayport's solutions enable price discovery, trade execution, post-trade transparency, and post-trade straight through processing.

Global Gas - Liquid Natural Gas (LNG)

Volumes remained strong for the European and Asian benchmark gas contracts, the Dutch Title Transfer Facility (TTF) and the Japan Korea Marker (JKM). TTF volumes rose 44% in Q1/20 compared with Q1/19⁶, and record average daily volumes were reported for the JKM in recent months.⁷ The increase in volumes in these markets results in an expansion in market participants, which drives growth in the number of subscribers connecting with Trayport to trade these products.

Algorithmic Trading⁸

The trend of algorithmic power trading in European intraday markets continues to grow. In Q1/20, intraday volumes on EPEX Spot grew 37% over Q1/19.⁹

Geographic Expansion

In October 2019, we announced that Trayport and Nodal Exchange, a Washington D.C.-based derivatives exchange serving North American commodities markets, announced an agreement to offer Trayport's core trading screen, Joule, to trading participants of Nodal Exchange. This is currently in the process of being rolled out to customers.

Update on Modernization of Clearing Platforms¹⁰

In 2017, we commenced work on an initiative to modernize the technology platforms for our CDS and CDCC clearing and settlement businesses as well as for our entitlement systems. We have separated the modernization of our clearing houses into two phases. In phase one, we focused on the CDCC risk management element of the project and went live in Q2/19.

Phase two of this project involves the replacement of other legacy systems at CDS including those related to clearing and settlement, as well as an expanded scope to address entitlement payment systems. In March 2017, we implemented an Issuer Services Program that included a number of fee changes in anticipation of the investment that would be required to modernize the entitlement payments system. We spent \$43.8 million up to the end of 2019 on capital expenditures

⁵ The "Global Solutions Insights and Analytics" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

⁶ Source: Trayport's Euro Commodities Report

⁷ Source: Intercontinental Exchange press release, December 4, 2019.

⁸ The "Algorithmic Trading" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

⁹ Sourced from collection of monthly EPEX volume reports

¹⁰ The "Update on Modernization of Clearing Platforms" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

related to phase two and \$7.4 million in Q1/20. Overall, we expect to incur between approximately \$100 and \$110 million (an increase from the previous estimate of \$95 to \$105 million) in capital expenditures over the entire project. We expect to complete this project by the end of 2021. We will continue to provide updates on estimates for capital expenditures and timing as this complex project progresses.

Corporate Strategy¹¹

In November 2018, we set long term financial objectives of achieving a mid single digit cumulative average annual growth rate (CAGR) for revenue and a double digit CAGR¹² for adjusted EPS¹³ based on certain assumptions and expected performance over time. While we continue to believe that these aspirational goals are reasonable, we may not be able to achieve these financial objectives as our assumptions may prove to be inaccurate and therefore our actual results could differ materially from our long term objectives. For example, the COVID-19 pandemic is having an unprecedented impact on the global economy and markets. At this point, it is difficult to predict the impact that this will have in the short term on our business, and the longer term impact on our aspirational goals.

REGULATORY CHANGES

Equities Trading

On January 23, 2020, the Canadian Securities Administrators (CSA) published a notice confirming that it has approved a Trading Fee Rebate Pilot Study that applies temporary pricing restrictions on marketplace transaction fees, to examine the effects of a prohibition of rebate payments by Canadian Marketplaces (Pilot Study). The implementation of the Pilot Study will be conditional on the implementation of a similar study by the United States Securities and Exchange Commission (SEC). If the SEC fee pilot study does not proceed, the CSA will not implement the Pilot Study. While TMX Group is supportive of the reduction of maker-taker fees in Canada, we are concerned that should the Pilot Study proceed, the reduction in rates will negatively impact liquidity in our markets, execution quality, and Canada's competitiveness for global capital. TMX Group provided comments to the CSA's Pilot Study proposal expressing significant concerns related to the proposal and the potential negative impacts and risks it would impose on the market, in addition to suggesting alternative approaches.

MARKET CONDITIONS AND OUTLOOK¹⁴

The COVID-19 pandemic has had an unprecedented impact on market and general economic conditions. Heightened volatility has resulted in significantly higher trading and clearing volumes for both cash equities markets as well as for derivatives markets. At this point it is difficult to project the longer term impact from this volatility, when it may subside, and the implications for capital markets activity. The average CBOE Volatility Index (VIX) was 31.2 in Q1/20 compared with

¹¹ The "Corporate Strategy" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

¹² Organic cumulative average annual growth rate (CAGR). See discussion under the heading "Caution Regarding Forward Looking Information".

¹³ Adjusted EPS is a Non-IFRS measure. See discussion under the headings "Caution Regarding Forward Looking Information" and "Non-IFRS Financial Measures".

¹⁴ The "Markets Conditions and Outlook" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

16.5 in Q1/19. In March 2020 alone, the average VIX was 57.4, up substantially from 14.5 in March 2019. Overall, Canadian equities trading volumes were up 17% in Q1/20 compared with Q1/19.¹⁵ The increase in March 2020 over March 2019 was 57%.¹⁶ Across all of our equities markets, trading volumes were up 24% in Q1/20 compared with Q1/19. The increase in March 2020 over March 2019 was 73%. Trading volumes on TSX Alpha Exchange (Alpha) increased by 36% and 47%, respectively, in Q1/20 compared with Q1/19; volumes traded on TSXV (including NEX) were down 6% over the same period reflecting lower demand for trading TSXV-listed issues. The increases in trading volumes for March 2020 over March 2019 on TSX and Alpha were 102% and 123%, respectively; volumes traded on TSXV (including NEX) were down 2% over the same period. Derivatives trading in Canada increased by 27% based on the volume of contracts traded on MX in Q1/20 over Q1/19 and by 33% when comparing March 2020 with March 2019.

The highly uncertain and volatile economic and market environment contributed to less favourable conditions for capital raising after February 2020. On TSX, the total amount of financing dollars raised was essentially unchanged from Q1/19 to Q1/20, after excluding the impact of a \$1.9 billion financing by one of our listed issuers. Financing dollars raised for March 2020 declined by approximately 78% compared with March 2019 after excluding the impact of this \$1.9 billion financing. The total number of financings increased by 11% from Q1/19 to Q1/20 with a decline of 7% in March 2020 compared with March 2019. On TSXV (including NEX) there was a 35% increase in the total amount of financing dollars raised and a 17% increase in the total number of financings in Q1/20 over Q1/19. For March 2020, the total amount of financing dollars raised on TSXV decreased by 26% while the total number of financings increased by 3%.

On April 15, 2020, the Bank of Canada (the Bank) announced that it was maintaining its target for the overnight rate at 1/4 percent, which the Bank considers its effective lower bound. The Bank also announced new measures to provide additional support to Canada's financial system.

The Bank said that the necessary efforts to contain the COVID-19 pandemic have caused a sudden and deep contraction in economic activity and employment worldwide. In financial markets, this has driven a flight to safety and a sharp repricing of a wide range of assets. The Bank added that this has also pushed down prices for commodities, especially oil. Oil prices continued to decline farther after the Bank of Canada announcement on April 15, 2020. The Bank noted that the sudden halt in global activity will be followed by regional recoveries at different times, depending on the duration and severity of the COVID-19 outbreak in each region. This means that the global economic recovery, when it comes, could be protracted and uneven.

The Bank said that the Canadian economy was in a solid position ahead of the COVID-19 outbreak, but has since been hit by widespread shutdowns and lower oil prices. One early measure of the extent of the damage was an unprecedented drop in employment in March, with more than one million jobs lost across Canada.

The Bank also said that the outlook is too uncertain at this point to provide a complete forecast. However, Bank analysis of alternative scenarios suggests the level of real activity was down 1-3 percent in the first quarter of 2020, and will be 15-30 percent lower in the second quarter than in fourth-quarter 2019. Inflation is expected to be close to 0 percent in the second quarter of 2020. This is primarily due to the transitory effects of lower gasoline prices.¹⁷

¹⁵ Source: IIROC (excluding intentional crosses).

¹⁶ Source: IIROC (excluding intentional crosses).

¹⁷ Source: Extracted from Bank of Canada press release, April 15, 2020.

UPDATE TO ENTERPRISE RISK MANAGEMENT

A discussion of risk factors related to our businesses appears under the heading “Enterprise Risk Management” in our 2019 Annual MD&A.

Following the release of our 2019 Annual MD&A, the COVID-19 pandemic has introduced uncertainty that poses risks to the global economy, our clients, and could potentially materially affect our business, financial condition, liquidity, results of operations, and long term financial objectives.

The economic and market conditions in Canada, the United States, Europe, China and the rest of the world impact different aspects of our business and our revenue drivers. The pandemic has created significant volatility, uncertainty and economic disruption, which may adversely affect our business, financial condition, liquidity, results of operations and long term financial objectives. Listing, trading and clearing activities can be significantly affected by economic, political and market conditions as well as the overall level of investor confidence. These factors can impact the level of initial public offerings, secondary financings, market capitalization of our issuers, transfer agent and trustee services, trading volumes, energy data and network connectivity and sales of market data across our markets. While in the first quarter of 2020 we experienced unusually high trading and clearing volumes, there is no assurance that such trading and clearing levels will continue. Global market and economic conditions have fluctuated significantly in recent weeks and months. We have witnessed high levels of volatility which, when coupled with prolonged negative economic conditions, can cause dramatic fluctuations in trading volumes, equity financings and demand for market data. This can lead to slower collections of accounts receivable as well as increased counterparty risk which, in turn, could adversely affect our business. Additionally, if we are required to suspend trading for a prolonged period of time or shorten trading hours, our business, operating results, long term financial objectives, cash flows, and financial condition could be materially adversely affected.

Key initiatives continue but some could be delayed or postponed indefinitely due to lack of client availability for effective engagement and business development. Although we continue to plan and engage with new and prospective clients, their level of readiness and commitment is outside of our control; therefore, revenues could be lower than anticipated.

In response to COVID-19, the vast majority of our staff are working remotely, which may increase our exposure to cyber security and operational risks. The impacts of the pandemic could also materially interrupt our business operations and cause material financial loss, human resource constraints, result in adverse regulatory actions, lead to delays in obtaining regulatory or government approvals, interrupt services received from third parties or provided to clients, result in reputational harm or legal liability, which in turn could materially adversely affect our business, cash flows, financial condition, operating results and long term financial objectives. While all our business units and corporate functions have business continuity plans to support critical operations and mitigate such risks, a prolonged interruption in our key services could materially adversely affect our reputation, business, operating results, long term financial objectives, cash flows, and financial condition.

We have a commercial paper program (up to \$500 million or the US equivalent), which is fully backstopped by the Credit Agreement (see **LIQUIDITY AND CAPITAL RESOURCES** in the 2019 MD&A). As at March 31, 2020, \$231.7 million was outstanding under the commercial paper program. The Credit Agreement is designed to mitigate our exposure to specific liquidity risk in this short term debt market. If we are unable to issue new commercial paper in order to fund commercial paper that is coming due, or to fund additional cash requirements, because of lack of liquidity or demand for our commercial paper in the market or the availability of credit under our Credit Agreement, our ability to refinance our obligations could be materially adversely impacted. Our ability to obtain funding will depend on the liquidity and condition of the financial markets, including the credit market, and our financial condition at the time. A refinancing, under these conditions, could also result in an increase in finance costs.

RESULTS OF OPERATIONS

Non-IFRS Financial Measures

Adjusted earnings per share, adjusted diluted earnings per share and adjusted net income are non-IFRS measures and do not have standardized meanings prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other companies. We present adjusted earnings per share, adjusted diluted earnings per share, and adjusted net income to indicate ongoing financial performance from period to period, exclusive of a number of adjustments. These adjustments include amortization of intangibles related to acquisitions, strategic re-alignment expenses and an increase in deferred income tax liabilities relating to a change in the U.K. tax rate. Management uses these measures, and excludes certain items, because it believes doing so results in a more effective analysis of underlying operating and financial performance, including, in some cases, our ability to generate cash. Excluding these items also enables comparability across periods. The exclusion of certain items does not imply that they are non-recurring or not useful to investors.

Quarter ended March 31, 2020 (Q1/20) Compared with Quarter ended March 31, 2019 (Q1/19)

The information below reflects the financial statements of TMX Group for Q1/20 compared with Q1/19. Certain comparative information has been reclassified in order to conform with the financial presentation adopted in the current year.

(in millions of dollars, except per share amounts)	Q1/20	Q1/19	\$ increase	% increase
Revenue	\$220.3	\$197.5	\$22.8	12%
Operating expenses	109.3	107.3	2.0	2%
Income from operations	111.0	90.2	20.8	23%
Net income	70.1	61.2	8.9	15%
Adjusted net income ¹⁸	87.0	73.1	13.9	19%
Earnings per share				
Basic	1.25	1.10	0.15	14%
Diluted	1.24	1.09	0.15	14%
Adjusted Earnings per share ¹⁹				
Basic	1.55	1.31	0.24	18%
Diluted	1.53	1.30	0.23	18%
Cash flows from operating activities	79.0	52.5	26.5	50%

Net Income and Earnings per Share

Net income in Q1/20 was \$70.1 million, or \$1.25 per common share on a basic and \$1.24 on a diluted basis, compared with a net income of \$61.2 million, or \$1.10 per common share on a basic and \$1.09 on a diluted basis, for Q1/19. The increase in net income and earnings per share was largely driven by an increase in revenue somewhat offset by an increase in operating expenses. During Q1/20, there was a change in the expected U.K. corporate income tax rate. This resulted in an increase in deferred income tax liabilities and a corresponding increase in income tax expense of \$7.4 million, which reduced net income. The increase in diluted earnings per share was also somewhat reduced by an increase in the number of weighted-average common shares outstanding in Q1/20 compared with Q1/19.

¹⁸ See discussion under the heading "Non-IFRS Financial Measures".

¹⁹ See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Earnings per Share²⁰ Reconciliation for Q1/20 and Q1/19

The following is a reconciliation of earnings per share to adjusted earnings per share:

(unaudited)	Q1/20		Q1/19	
	Basic	Diluted	Basic	Diluted
Earnings per share	\$1.25	\$1.24	\$1.10	\$1.09
Adjustments related to:				
Amortization of intangibles related to acquisitions	0.17	0.16	0.17	0.17
Strategic re-alignment expenses ²¹	—	—	0.04	0.04
Increase in deferred income tax liabilities relating to change in U.K. tax rate	0.13	0.13	—	—
Adjusted earnings per share ²²	\$1.55	\$1.53	\$1.31	\$1.30
Weighted average number of common shares outstanding	56,280,284	56,730,840	55,841,359	56,224,525

Adjusted diluted earnings per share increased by 18% from \$1.30 in Q1/19 to \$1.53 in Q1/20 largely driven by higher revenue, somewhat offset by higher operating expenses. The increase in adjusted diluted earnings per share was somewhat reduced by an increase in the number of weighted-average common shares outstanding in Q1/20 compared with Q1/19.

²⁰ See discussion under the heading "Non-IFRS Financial Measures".

²¹ Please see Strategic re-alignment expenses for more details. See discussion under the heading "Non-IFRS Financial Measures".

²² See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Net Income²³ Reconciliation for Q1/20 and Q1/19

The following is a reconciliation of net income to adjusted net income:

(in millions of dollars) (unaudited)	Q1/20	Q1/19	\$ increase / (decrease)	% increase / (decrease)
Net income	\$70.1	\$61.2	\$8.9	15%
Adjustments related to:				
Amortization of intangibles related to acquisitions	9.5	9.5	—	—%
Strategic re-alignment expenses ²⁴	—	2.4	(2.4)	(100)%
Increase in deferred income tax liabilities relating to change in U.K. tax rate	7.4	—	7.4	n/a
Adjusted net income ²⁵	\$87.0	\$73.1	\$13.9	19%

Adjusted net income increased by 19% from \$73.1 million in Q1/19 to \$87.0 million in Q1/20 largely driven by higher revenue, somewhat offset by higher operating expenses.

Revenue

(in millions of dollars)	Q1/20	Q1/19	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$40.1	\$41.8	\$(1.7)	(4)%
Equities and Fixed Income Trading and Clearing	\$58.2	48.5	9.7	20%
Derivatives Trading and Clearing	\$40.5	32.6	7.9	24%
Global Solutions, Insights and Analytics	\$79.8	74.6	5.2	7%
Other	\$1.7	—	1.7	n/a
	\$220.3	\$197.5	\$22.8	12%

Revenue was \$220.3 million in Q1/20, up \$22.8 million or 12% from \$197.5 million in Q1/19 attributable to increases in revenue from *Equities and Fixed Income Trading and Clearing*, *Derivatives Trading and Clearing*, *Trayport* as well as *Other* revenue (including foreign exchange gains), slightly offset by a decrease in *Capital Formation* revenue.

²³ See discussion under the heading "Non-IFRS Financial Measures".

²⁴ Please see Strategic re-alignment expenses for more details. See discussion under the heading "Non-IFRS Financial Measures".

²⁵ See discussion under the heading "Non-IFRS Financial Measures".

Capital Formation

(in millions of dollars)	Q1/20	Q1/19	\$ increase / (decrease)	% increase / (decrease)
Initial listing fees	\$2.6	\$3.0	\$(0.4)	(13)%
Additional listing fees	\$14.5	15.6	(1.1)	(7)%
Sustaining listing fees	\$16.8	17.2	(0.4)	(2)%
Other issuer services	\$6.2	6.0	0.2	3%
	\$40.1	\$41.8	\$(1.7)	(4)%

- *Initial listing fees* in Q1/20 decreased from Q1/19 primarily due to a decline in the amount of deferred *initial listing fees* recognized in Q1/20 compared with Q1/19. We recognized *initial listing fees* received in 2019 of \$2.0 million in Q1/20 compared with *initial listing fees* received in 2018 of \$2.4 million in Q1/19.
- Based on *initial listing fees* billed in 2019 and Q1/20, the following amounts have been deferred to be recognized in Q2/20, Q3/20, Q4/20 and Q1/21: \$1.8 million, \$1.2 million, \$0.6 million and \$0.1 million respectively. The reduction in revenue to be recognized in future quarters reflects the decline in *initial listing fees* invoiced in Q1/20. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.
- *Additional listing fees* in Q1/20 declined compared to Q1/19. The number of transactions billed at the maximum listing fee of \$250,000 on TSX declined by 33% from Q1/19 to Q1/20. The decline was somewhat offset by an increase in *additional listing fee* revenue on TSXV where there was an increase in both the total number of financings and total financing dollars raised.
- Issuers listed on TSX and TSXV pay annual *sustaining listing fees* primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The decrease in *sustaining listing fees* reflected a decline in revenue from issuers on TSXV and NEX (a board for issuers that have fallen below TSXV's listing standards). The decline was partially attributable to a decrease in the amount of annual *sustaining listing fees* from an increased number of suspended issuers. The reduction in revenue was also due to a small decline in the market capitalization of TSXV issuers from the end of 2018 to the end of 2019. Offsetting the decrease, there was a slight increase in *sustaining listing fees* on TSX due to the increase in the market capitalization of TSX issuers at December 31, 2019 compared with December 31, 2018.
- *Other issuer services* revenue in Q1/20 increased slightly compared to Q1/19 reflecting increased revenue from TSX Trust due to higher revenue from transfer agent fees somewhat offset by lower corporate trust fees and lower recoverable revenue.

Equities and Fixed Income Trading and Clearing

(in millions of dollars)	Q1/20	Q1/19	\$ increase	% increase
Equities and fixed income trading	\$33.2	\$26.2	\$7.0	27%
Equities and fixed income clearing, settlement, depository and other services (CDS)	\$25.0	22.3	2.7	12%
	\$58.2	\$48.5	\$9.7	20%

- There was a 27% increase in *Equities and Fixed Income Trading* revenue in Q1/20 compared with Q1/19. This reflected an increase in *Equities trading* revenue driven by higher volumes on TSX and Alpha. There was an increase in *Fixed Income Trading* revenue reflecting increased activity in Government of Canada Bonds and swaps.
- The overall volume of securities traded on our equities marketplaces increased by 24% (46.3 billion securities in Q1/20 versus 37.2 billion securities in Q1/19), reflecting significantly higher market volatility, particularly in March 2020. There was an increase in volumes of 36% on TSX and 47% on Alpha, and a decrease of 6% on TSXV in Q1/20 compared with Q1/19.
- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was approximately 61% in Q1/20, up 5% from approximately 56% in Q1/19.²⁶
- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 66% in Q1/20, essentially unchanged from Q1/19.²⁷
- CDS revenue increased by 12% from Q1/19 to Q1/20 reflecting higher clearing and settlement revenue due to higher volumes, increased custodial and event management fees as well as higher international revenue. In addition, recoverable costs of \$1.1 million related to CDS's clearing operation, netted in Q1/19, were included in both CDS revenue and *Selling, general and administration* expenses in Q1/20. The increases in revenue were partially offset by higher rebates.

Derivatives Trading and Clearing

(in millions of dollars)	Q1/20	Q1/19	\$ increase	% increase
	\$40.5	\$32.6	\$7.9	24%

- The increase in *Derivatives Trading and Clearing* revenue was driven by a 24% increase in revenue from MX and CDCC, reflecting significantly higher market volatility and uncertainty around interest rates, particularly in March 2020. There was a 27% increase in volumes on MX (37.5 million contracts traded in Q1/20 versus 29.5 million contracts traded in Q1/19). The impact from the higher volumes was somewhat offset by lower revenue per contract due to an unfavourable client mix. There was also an increase in revenue from REPO (repurchase agreements) clearing in Q1/20 compared with Q1/19.

Global Solutions, Insights and Analytics

(in millions of dollars)	Q1/20	Q1/19	\$ increase	% increase
Trayport	\$33.7	\$29.1	\$4.6	16%
GSIA (excluding Trayport)	\$46.1	\$45.5	\$0.6	1%
	\$79.8	\$74.6	\$5.2	7%

²⁶ Source: IIROC.

²⁷ Source: IIROC.

Trayport

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in Q1/20 compared with Q1/19 was driven by increased revenue from Trayport, including revenue from VisoTech (acquired May 15, 2019).

The following table summarizes the average number of Trayport subscribers (excluding VisoTech) over the last eight quarters:

	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18	Q2/18
Trader Subscribers ²⁸	5,211	5,116	4,900	4,850	4,727	4,665	4,356	4,321
Total Subscribers ²⁹	23,422	22,983	22,128	21,946	21,683	21,465	20,602	20,310
Revenue (in millions of GBP) ³⁰	£19.4	£18.0	£18.2	£17.8	£16.7	£16.8	£16.5	£16.0

Total Subscribers means all chargeable licenses of core Trayport products in core customer segments including Traders, Brokers and Exchanges. Trader Subscribers are a subset of Total Subscribers. Trader Subscribers revenue represents over 50% of total Trayport revenue.

Revenue from Trayport, including VisoTech (acquired May 15, 2019), was £19.4 million in Q1/20, up 16% over Q1/19. Excluding VisoTech, revenue from Trayport was up 11%.

GSIA (excluding Trayport)

Revenue from GSIA (excluding Trayport) increased by 1% from Q1/19 to Q1/20. There were higher revenues related to benchmarks and indices as well as co-location, partially offset by lower revenues related to under-reported usage of real-time quotes in prior periods as well as advertising. In addition, there was a favourable impact from a weaker Canadian dollar relative to the U.S. dollar in Q1/20 compared with Q1/19.

- The average number of professional market data subscriptions for TSX and TSXV products were down 2% in Q1/20 compared with Q1/19 (100,330 professional market data subscriptions in Q1/20 compared with 102,589 in Q1/19).
- The average number of MX professional market data subscriptions was down 1% in Q1/20 from Q1/19 (18,767 MX professional market data subscriptions in Q1/20 compared with 18,994 in Q1/19).

Revenue from GSIA, excluding VisoTech was up 5% in Q1/20 from Q1/19.

Other

(in millions of dollars)	Q1/20	Q1/19	\$ increase	% increase
	\$1.7	\$—	\$1.7	n/a

- The increase in *Other* revenue was due to the impact from recognizing net foreign exchange gains on net monetary assets reflecting the favourable impact from a weaker Canadian dollar relative to the U.S. dollar in Q1/20 compared with Q1/19.

²⁸ Previous amounts have been restated based on current data.

²⁹ Previous amounts have been restated based on current data.

³⁰ Revenue prior to Q1/19 includes Contigo (sold November 30, 2018).

Operating expenses

(in millions of dollars)	Q1/20	Q1/19	\$ increase / (decrease)	% increase / (decrease)
Compensation and benefits	\$56.2	\$53.0	\$3.2	6%
Information and trading systems	\$12.7	12.5	0.2	2%
Selling, general and administration	\$20.6	18.2	2.4	13%
Depreciation and amortization	\$19.8	20.3	(0.5)	(2)%
Strategic re-alignment expenses	—	3.3	(3.3)	(100)%
	\$109.3	\$107.3	\$2.0	2%

Operating expenses in Q1/20 were \$109.3 million, up \$2.0 million or 2%, from \$107.3 million in Q1/19. The increase in costs was partially due to higher employee performance incentive plan costs. In addition, there was an increase in *Selling, general and administration* expenses related to projects and recoverable costs related to CDS's clearing operation. There were also higher expenses related to VisoTech (acquired May 15, 2019). Offsetting these increases, there were *Strategic re-alignment* expenses of \$3.3 million in Q1/19 with no similar costs in Q1/20 as well as a reduction in travel and entertainment costs from Q1/19 to Q1/20.

Compensation and benefits

(in millions of dollars)	Q1/20	Q1/19	\$ increase	% increase
	\$56.2	\$53.0	\$3.2	6%

- *Compensation and benefits* costs increased in Q1/20 primarily due to higher short and long term employee performance incentive plan costs. There were also higher expenses related to VisoTech (acquired May 15, 2019).
- There were 1,304 TMX Group employees at March 31, 2020 versus 1,230 employees at March 31, 2019 reflecting a higher headcount related to the acquisition of VisoTech (acquired May 15, 2019) which employs approximately 50 people. There was also an increase in headcount attributable to investing in the various growth areas of our business.

Information and trading systems

(in millions of dollars)	Q1/20	Q1/19	\$ increase	% increase
	\$12.7	\$12.5	\$0.2	2%

- The increase in *Information and trading systems* expenses from Q1/19 to Q1/20 reflected higher content provider costs and also higher expenses related to VisoTech (acquired May 15, 2019).

Selling, general and administration

(in millions of dollars)	Q1/20	Q1/19	\$ increase	% increase
	\$20.6	\$18.2	\$2.4	13%

- *Selling, general and administration* expenses increased in Q1/20 compared with Q1/19 primarily due higher project costs and an increase in recoverable costs related to CDS. Recoverable costs of \$1.1 million related to CDS's clearing operation, netted in Q1/19, were included in both CDS revenue and *Selling, general and administration* expenses in

Q1/20. There were also higher expenses related to VisoTech (acquired May 15, 2019). The increases were somewhat offset by a decline in travel and entertainment costs.

Depreciation and amortization

(in millions of dollars)	Q1/20	Q1/19	\$ (decrease)	% (decrease)
	\$19.8	\$20.3	\$(0.5)	(2)%

- There were lower *Depreciation and amortization* costs largely reflecting reduced expense relating to assets that have been fully amortized.
- The *Depreciation and amortization* costs in Q1/20 of \$19.8 million included \$11.9 million related to amortization of intangibles related to acquisitions (17 cents per basic and 16 cents per diluted share).
- The *Depreciation and amortization* costs in Q1/19 of \$20.3 million included \$11.9 million related to amortization of intangibles related to acquisitions (17 cents per basic and diluted share).

Strategic re-alignment expenses

	Q1/20		Q1/19	
(in millions of dollars)	Pre-tax Amount	Basic and Diluted Earnings per Share Impact	Pre-tax Amount	Basic and Diluted Earnings per Share Impact
	\$—	\$—	\$3.3	\$0.04

- *Strategic re-alignment expenses* for Q1/19 were \$3.3 million related to organizational changes we made in our post-trade business, elimination of centralized innovation product development unit, and changes to our enterprise risk approach (See **INITIATIVES AND ACCOMPLISHMENTS - Strategic Re-alignment in 2019 MD&A**).

Additional Information

Share of income from equity accounted investees

(in millions of dollars)	Q1/20	Q1/19	\$ increase	% increase
	\$1.8	\$1.4	\$0.4	29%

- The increase in our share of income from equity accounted investees of \$0.4 million reflected an increase from both CanDeal.ca Inc. (Candeal) and BOX.

Net finance costs

(in millions of dollars)	Q1/20	Q1/19	\$ (decrease)	% (decrease)
	\$8.4	\$9.3	\$(0.9)	(10)%

- The decrease in net finance costs from Q1/19 to Q1/20 reflected lower interest expense due to decreased debt levels.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Q1/20	Q1/19	Q1/20	Q1/19
\$34.3	\$21.1	33%	26%

- Excluding the adjustment below, the effective tax rate would have been approximately 26% for Q1/20.
- In Q1/20, there was an increase in deferred income tax liabilities and a corresponding increase in income tax expense of \$7.4 million relating to the U.K. corporate income tax rate. In Q1/20, it was announced that the U.K. corporate income tax rate would not decline as previously anticipated; therefore, we were required to revalue deferred income tax liabilities related to acquired intangible assets.

Total equity

(in millions of dollars)	As at March 31, 2020	As at December 31, 2019	\$ increase
Total equity	\$3,551.0	\$3,499.1	\$51.9

- As at March 31, 2020, there were 56,356,245 common shares issued and outstanding and 1,540,997 options outstanding under the share option plan.
- At May 7, 2020, there were 56,320,302 common shares issued and outstanding and 1,536,940 options outstanding under the share option plan.
- The increase in Total equity is primarily attributable to the inclusion of net income of \$70.1 million less dividend payments to shareholders of TMX Group of \$37.2 million. In addition, we received proceeds on the exercise of options, which were largely offset by the cost of repurchasing 100,000 of our common shares under a normal course issuer bid.

Segments

The following information reflects TMX Group's segment results for the quarter ended March 31, 2020 compared with the quarter ended March 31, 2019.

Quarter ended March 31, 2020

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 40.1	\$ 58.2	\$ 40.5	\$ 79.8	\$ 1.7	\$ 220.3
Inter-segment revenue	—	0.4	—	0.1	(0.5)	—
Total revenue	40.1	58.6	40.5	79.9	1.2	220.3
Income (loss) from operations	18.0	31.8	23.5	54.1	(16.4)	111.0

Quarter ended March 31, 2019

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 41.8	\$ 48.5	\$ 32.6	\$ 74.6	\$ —	\$ 197.5
Inter-segment revenue	—	0.4	—	0.1	(0.5)	—
Total revenue	41.8	48.9	32.6	74.7	(0.5)	197.5
Income (loss) from operations	21.1	22.3	13.9	48.2	(15.3)	90.2

Income (loss) from operations

The decrease in *Income from operations* from *Capital Formation* reflected lower revenue from all listing fee types, especially *additional listing fee* revenue, partially offset by a slight increase in revenue from TSX Trust. There was also an increase in operating expenses in Q1/20 compared with Q1/19.

The increase in *Income from operations* from *Equities and Fixed Income Trading and Clearing* was largely driven by significantly higher revenue from *Equities trading* due to substantially higher volumes on both TSX and Alpha. There was also an increase in revenue from CDS and *Fixed income trading*.

The increase in *Income from operations* from *Derivatives Trading and Clearing* was driven by a significant increase in revenue from MX and CDCC driven by substantially higher volumes on MX in Q1/20 compared with Q1/19. There was also a decrease in operating expenses from Q1/19 to Q1/20.

The increase in *Income from operations* from *Global Solutions, Insights and Analytics* reflects higher revenue from Trayport, including VisoTech (acquired May 15, 2019). There were also lower operating expenses in Q1/20 compared with Q1/19.

Other includes certain revenue as well as corporate and other costs related to initiatives, not allocated to the operating segments. Revenue related to foreign exchange gains and losses and other services are presented in the *Other* segment. Costs and expenses related to the amortization of purchased intangibles, along with certain consolidation and elimination adjustments, are also presented in *Other*. The *loss from operations* for the *Other* segment was higher in Q1/20 compared to Q1/19 due to a decrease in costs allocated to the business segments. This was partially offset by higher revenue attributable net foreign exchange gains on net monetary assets reflecting the favourable impact from a weaker Canadian dollar relative to the U.S. dollar in Q1/20 compared with Q1/19.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Cash Flows

Q1/20 compared with Q1/19

(in millions of dollars)	Q1/20	Q1/19	\$ increase in cash
Cash flows from operating activities	\$79.0	\$52.5	\$26.5
Cash flows (used in) financing activities	(34.9)	(48.5)	13.6
Cash flows from/(used in) investing activities	6.6	(5.0)	11.6

- In Q1/20, *Cash flows from operating activities* increased compared with Q1/19 reflecting higher income from operations (excluding depreciation and amortization) and a decrease in income taxes paid. From a working capital perspective, there was a decrease in cash related to trade and other receivables, and prepaid expenses, which was largely offset by an increase cash from trade and other payables.
- In Q1/20, *Cash flows used in financing activities* were lower than in Q1/19. During Q1/20 there was a net decrease in cash used to redeem Commercial Paper of \$13.9 million as well as an increase in cash from drawings on liquidity facilities related to our clearing operations of \$9.9 million compared with Q1/19. These increases in cash were somewhat offset by a decrease in cash of \$10.5 million related to share repurchases under our normal course issuer bid program, which was launched in Q1/20.
- In Q1/20, there were *cash flows from investing activities* of \$6.6 million compared with *cash flows used in investing activities* of \$5.0 million in Q1/19. This was largely due to an increase in cash of \$12.1 million from the net sale of marketable securities in Q1/20 compared with Q1/19. There was also an increase in cash from dividends received, which was largely offset by an increase in cash used for additions to premises and equipment and intangible assets.

Summary of Cash Position and Other Matters³¹

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	As at March 31, 2020	As at December 31, 2019	\$ increase
	\$267.0	\$229.4	\$37.6

We had \$267.0 million of cash, cash equivalents and marketable securities as at March 31, 2020. There was an increase in cash, cash equivalents and marketable securities primarily reflecting cash flows from operating activities of \$79.0 million, liquidity facilities drawings related to our clearing operations of \$14.0 million and proceeds from exercised options of \$11.0 million. Offsetting these increases in cash and cash equivalents were cash outflows for dividends to our shareholders of \$37.2 million, additions to premises and equipment and intangible assets of \$13.1 million, repurchases our shares under a normal course issuer bid of \$10.5 million and a net decrease in Commercial Paper of \$7.9 million. Based on our current business operations and model, we believe that we have sufficient cash resources and access to financing to operate our business, make interest payments, as well as meet our covenants under the trust indentures governing our Debentures and the terms of the Credit Agreement (as defined in the 2019 MD&A) and commercial paper program (Commercial Paper Program) (see **LIQUIDITY AND CAPITAL RESOURCES - Commercial Paper, Debentures, Credit and Liquidity Facilities**), and satisfy the capital maintenance requirements imposed by regulators.

We will also have cash outlays related to the modernization of our clearing platforms (see - **INITIATIVES AND ACCOMPLISHMENTS - Update on Modernization of Clearing Platforms**).

Our ability to obtain funding in the future will depend on the liquidity and condition of the financial markets, including the credit market, and our financial condition at the time, the covenants in the Credit Agreement and the trust indentures governing the Debentures, and by capital maintenance requirements imposed by regulators. At March 31, 2020, there was \$231.7 million of Commercial Paper outstanding, and the authorized limit under the program was \$500.0 million, which is fully backstopped by the TMX Group credit facility (see - **LIQUIDITY AND CAPITAL RESOURCES - Credit Facility** in our 2019 Annual MD&A).

Total Assets

(in millions of dollars)	As at March 31, 2020	As at December 31, 2019	\$ increase
	\$48,199.2	\$32,359.7	\$15,839.5

- Our consolidated balance sheet as at March 31, 2020 includes outstanding balances on open REPO agreements within *Balances with Participants and Clearing Members*. These balances have equal amounts included within *Total Liabilities*. The increase in *Total Assets* of \$15,839.5 million from December 31, 2019 reflected higher collateral balances in both CDS and CDCC at March 31, 2020 driven by the Bank of Canada requiring participants to post substantially more collateral (to address Cover 1 liquidity risk under Principles of Financial Market Infrastructure (PMFI)). The increase in Total Assets also reflected an increase in balances related to REPO agreements, driven by increased volumes.

³¹ The "Summary of Cash Position and Other Matters" section above contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

Commercial Paper, Debentures, Credit and Liquidity Facilities

Commercial Paper

(in millions of dollars)	As at March 31, 2020	As at December 31, 2019	\$ (decrease)
	\$231.7	\$239.6	\$(7.9)

There was \$231.7 million of Commercial Paper outstanding, including accrued interest, under the program at March 31, 2020 reflecting a net reduction of \$7.9 million from December 31, 2019. Commercial paper is short term in nature, and the average term to maturity from the date of issue was 47 days in Q1/20. The Commercial Paper Program is fully backstopped by the TMX Group credit facility (see - **LIQUIDITY AND CAPITAL RESOURCES - Credit Facility** in our 2019 Annual MD&A).

For additional information on our credit facilities, please see **Credit Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2019 Annual MD&A.

Debentures

TMX Group has the following Debentures outstanding:

(in millions of dollars)	As at March 31, 2020	As at December 31, 2019	\$ increase
Series B - Non-Current Debentures	\$249.6	\$249.6	\$0.0
Series D - Non-Current Debentures	\$298.6	\$298.6	\$0.0
Series E - Non-Current Debentures	\$199.0	\$198.9	\$0.1
	\$747.2	\$747.1	\$0.1

For additional information on the Debentures, see **Debentures** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2019 Annual MD&A.

Credit Facilities

For additional information on our credit facilities, please see **Credit Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2019 Annual MD&A.

As at March 31, 2020, all covenants were met under the TMX Group Credit Agreement.

Effective Interest Rates

The effective interest rates as at March 31, 2020 for the Debentures and Commercial Paper are shown below:

Debentures and Commercial Paper	Principal (\$CAD millions)	Maturity	All-in Rate
Series B Debentures	250.0	Oct. 3, 2023	4.461%
Series D Debentures	300.0	Dec. 11, 2024	2.997%
Series E Debentures	200.0	Jun. 5, 2028	3.779%
Commercial Paper	231.7	April 3 to May 4, 2020	1.805%

Other Credit and Liquidity Facilities

CDCC maintains a \$20,622.0 million REPO uncommitted facility (\$18,102.0 million at December 31, 2019) that is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. On February 28, 2020, CDCC extended this facility to February 26, 2021. The facility would provide liquidity in exchange for securities that have been received by, or pledged to, CDCC. Effective April 30, 2020, the amount was further amended to \$27,012.0 million.

CDCC also maintains a \$320.0 million syndicated revolving standby liquidity facility (\$400.0 million at December 31, 2019) to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been pledged to or received by CDCC. On February 28, 2020, this facility was extended to February 26, 2021. As at March 31, 2020, CDCC had drawn \$22.2 million to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

CDS Clearing maintains a secured standby liquidity facility of US\$720.0 million, or Canadian dollar equivalent, that can be drawn in either United States (US) or Canadian currency. On March 24, 2020, CDS Clearing extended the maturity date to March 23, 2021.

CDS Clearing also has a secured standby liquidity facility of \$2.0 billion or US equivalent that can be drawn in either Canadian or US currency. On March 24, 2020, CDS Clearing extended the maturity date to March 23, 2021.

MANAGING CAPITAL

Our primary objectives in managing capital and our capital maintenance requirements are described in our 2019 Annual MD&A.

As at March 31, 2020, we were in compliance with each of these externally imposed capital maintenance requirements. See **Credit Facility** and **Other Credit and Liquidity Facilities** and **MANAGING CAPITAL** in our 2019 Annual MD&A for a description of the financial covenants imposed on us.

QUARTERLY FINANCIAL INFORMATION

(in millions of dollars except per share amounts - unaudited)	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018	Jun 30 2018
Capital Formation	\$40.1	\$42.6	\$43.7	\$52.6	\$41.8	\$45.4	\$45.1	\$57.8
Equities and Fixed Income Trading	33.2	22.7	23.5	25.6	26.2	28.6	25.1	25.8
Equities and fixed Income - clearing, settlement, depository and other services (CDS)	25.0	28.4	21.8	23.0	22.3	26.3	20.3	21.0
Derivatives Trading & Clearing	40.5	33.3	33.5	33.8	32.6	35.1	30.2	33.3
Global Solutions, Insights and Analytics	79.8	75.9	73.6	75.6	74.6	73.8	72.1	70.7
Other	1.7	(0.1)	0.2	(0.3)	—	2.0	—	0.9
Revenue	220.3	202.8	196.3	210.3	197.5	211.2	192.8	209.5
Operating expenses	109.3	106.3	104.7	106.2	107.3	114.2	106.3	119.7
Income from operations	111.0	96.5	91.6	104.1	90.2	97.0	86.5	89.8
Net income	70.1	47.5	61.7	77.2	61.2	69.8	57.5	95.6
Earnings per share ³²								
Basic	1.25	0.85	1.10	1.38	1.10	1.25	1.03	1.72
Diluted	1.24	0.84	1.09	1.37	1.09	1.24	1.02	1.71

Q1/20 compared with Q4/19

- Revenue was \$220.3 million in Q1/20, up \$17.5 million or 9% from \$202.8 million in Q4/19 largely attributable to increases in revenue from *Equities and Fixed Income Trading*, *Derivatives Trading and Clearing*, *GSIA*, including *Trayport*, as well as *Other* revenue, somewhat offset by decreases in *Capital Formation* and *CDS* revenue.
- Operating expenses in Q1/20 were \$109.3 million, up \$3.0 million or 3%, from \$106.3 million in Q4/19. The increase in costs was largely related to higher short term and long term employee performance incentive plan costs of \$8.1 million. There was also an increase in payroll taxes of \$3.0 million. Offsetting these increases, certain recoverable costs related to CDS's clearing operation, previously netted, are now included in both *CDS* revenue and *Selling, general and administration* expenses. The amounts reclassified to *Selling, general and administration* expenses were \$5.3 million for Q4/19 compared with only \$1.1 million in Q1/20. In addition, there was also a decrease in travel and entertainment expenses as well as in recruitment costs from Q4/19 to Q1/20.
- Income from operations* increased from Q4/19 to Q1/20 largely due to the higher revenue somewhat offset by higher operating expenses.
- Net income in Q1/20 was \$70.1 million, or \$1.25 per common share on a basic and \$1.24 on a diluted basis, compared with a net income of \$47.5 million, or \$0.85 per common share on a basic and \$0.84 on a diluted basis, for Q4/19. The increase in net income and earnings per share was driven by the higher *income from operations* in Q1/20 compared with Q4/19. In addition, there was a non-cash impairment charge of \$18.0 million related to Shorcan in Q4/19 and no similar charge in Q1/20. However, during Q1/20, there was a change in the expected U.K. corporate income tax rate. This resulted in an increase in deferred income tax liabilities and a corresponding increase in income

³² Earnings per share information is based on net income.

tax expense of \$7.4 million, which reduced net income for Q1/20. The increase in basic and diluted earnings per share was also somewhat reduced by an increase in the number of weighted-average common shares outstanding in Q1/20 compared with Q4/19.

For additional information on the seven previous quarters, please see Select Annual and Quarterly financial information in our 2019 Annual MD&A.

Accounting and Control Matters

Changes in accounting policies

The following amendments were effective for TMX Group from January 1, 2020:

- IFRS 3, Business Combinations;
- IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimate and Errors; and
- Amendments to conceptual framework.

There was no impact on the interim financial statements as a result of their adoption.

Changes in Internal Control over Financial Reporting

There were no changes to internal control over financial reporting (ICFR) during the quarter ended March 31, 2020 that materially affected, or are reasonably likely to materially affect, our ICFR.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A of TMX Group contains “forward-looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this MD&A. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as “plans,” “expects,” “is expected,” “budget,” “scheduled,” “targeted,” “estimates,” “forecasts,” “intends,” “anticipates,” “believes,” or variations or the negatives of such words and phrases or statements that certain actions, events or results “may,” “could,” “would,” “might,” or “will” be taken, occur or be achieved or not be taken, occur or be achieved. Forward-looking information, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

Examples of forward-looking information in this MD&A include, but are not limited to, growth objectives; the expected impact of the VisoTech acquisition on TMX Group's results; the proposed relaunch of the Two-Year Government of Canada Bond Futures; our target dividend payout ratio; the ability of TMX Group to de-leverage and the timing thereof; the modernization of clearing platforms, including the expected cash expenditures related to the modernization of our clearing platforms and the timing of the modernization; other statements related to cost reductions; the impact of the market capitalization of TSX and TSXV issuers overall (from 2019 to 2020) on TMX Group's revenue; future changes to TMX Group's anticipated statutory income tax rate for 2020; factors relating to stock, and derivatives exchanges and clearing houses and the business, strategic goals and priorities, market conditions, pricing, proposed technology and other initiatives, financial results or financial condition, operations and prospects of TMX Group which are subject to significant risks and uncertainties.

These risks include: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic conditions (including COVID-19) or uncertainties including changes in business cycles that impact our sector; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business

interruption (including COVID-19); dependence on information technology; vulnerability of our networks and third party service providers to security risks, including cyber-attacks; failure to properly identify or implement our strategies; regulatory constraints; constraints imposed by our level of indebtedness, risks of litigation or other proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; failure to effectively integrate acquisitions to achieve planned economics, or divest underperforming businesses; currency risk; adverse effect of new business activities; adverse effects from business divestitures; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence on third-party suppliers and service providers; dependence of trading operations on a small number of clients; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group common shares; inability to protect our intellectual property; adverse effect of a systemic market event on certain of our businesses; risks associated with the credit of customers; cost structures being largely fixed; the failure to realize cost reductions in the amount or the time frame anticipated; dependence on market activity that cannot be controlled; the regulatory constraints that apply to the business of TMX Group and its regulated subsidiaries, costs of on exchange clearing and depository services, trading volumes (which could be higher or lower than estimated) and revenues; future levels of revenues being lower than expected or costs being higher than expected.

Forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global and regional marketplaces; business and economic conditions generally; exchange rates (including estimates of exchange rates from Canadian dollars to the U.S. dollar or GBP), commodities prices, the level of trading and activity on markets, and particularly the level of trading in TMX Group's key products; business development and marketing and sales activity; the continued availability of financing on appropriate terms for future projects; productivity at TMX Group, as well as that of TMX Group's competitors; market competition; research and development activities; the successful introduction and client acceptance of new products; successful introduction of various technology assets and capabilities; the impact on TMX Group and its customers of various regulations; TMX Group's ongoing relations with its employees; and the extent of any labour, equipment or other disruptions at any of its operations of any significance other than any planned maintenance or similar shutdowns.

In addition to the assumptions outlined above, forward looking information related to long term revenue cumulative average annual growth rate (CAGR) objectives, and long term adjusted earnings per share CAGR objectives are based on assumptions that include, but not limited to:

- TMX Group's success in achieving growth initiatives and business objectives;
- continued investment in growth businesses and in transformation initiatives including next generation post-trade systems;
- no significant changes to our effective tax rate, recurring revenue, and number of shares outstanding;
- moderate levels of market volatility;
- level of listings, trading, and clearing consistent with historical activity;
- economic growth consistent with historical activity;
- no significant changes in regulations;
- continued disciplined expense management across our business;
- continued re-prioritization of investment towards enterprise solutions and new capabilities;
- free cash flow generation consistent with historical run rate; and
- a limited impact from the COVID-19 pandemic on our plans to grow our business over the long term including on the ability of our listed issuers to raise capital.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this MD&A. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained in the section **"Enterprise Risk Management"** of our 2019 Annual MD&A which is incorporated by reference into this MD&A, and also in the section **"Update to Enterprise Risk Management"** in this MD&A.

Financial Statements

TMX GROUP LIMITED

Condensed Consolidated Interim Balance Sheets

(In millions of Canadian dollars)

(Unaudited)

	Note	March 31, 2020	December 31, 2019
Assets			
Current assets:			
Cash and cash equivalents	\$	199.9	\$ 149.0
Restricted cash and cash equivalents		170.7	151.5
Marketable securities		67.1	80.4
Trade and other receivables		148.9	105.3
Balances with Participants and Clearing Members		42,319.3	26,588.9
Other current assets		31.4	30.1
		42,937.3	27,105.2
Non-current assets:			
Goodwill and intangible assets		5,056.4	5,041.2
Right-of-use assets		90.4	93.0
Other non-current assets		93.7	96.7
Deferred income tax assets		21.4	23.6
Total Assets	\$	48,199.2	\$ 32,359.7
Liabilities and Equity			
Current liabilities:			
Trade and other payables	\$	79.9	\$ 102.7
Participants' tax withholdings		170.7	151.5
Balances with Participants and Clearing Members		42,319.3	26,588.9
Debt	6	231.7	239.6
Credit and liquidity facilities drawn	6	22.2	8.2
Other current liabilities		115.9	62.1
		42,939.7	27,153.0
Non-current liabilities:			
Debt	6	747.2	747.1
Lease liabilities		93.5	95.4
Other non-current liabilities		59.4	64.1
Deferred income tax liabilities		808.4	801.0
Total Liabilities		44,648.2	28,860.6
Equity:			
Share capital		2,967.0	2,965.1
Contributed surplus		11.8	12.1
Retained earnings		545.8	512.9
Accumulated other comprehensive income		26.4	9.0
Total Equity		3,551.0	3,499.1
Commitments and contingent liabilities			
Total Liabilities and Equity	\$	48,199.2	\$ 32,359.7

See accompanying notes which form an integral part of these condensed consolidated interim financial statements.

TMX GROUP LIMITED**Condensed Consolidated Interim Income Statements***(In millions of Canadian dollars, except per share amounts)*

		For the three months ended March 31	
<i>(Unaudited)</i>		2020	2019
	<i>Note</i>		
Revenue	3	\$ 220.3	\$ 197.5
REPO and collateral interest:			
Interest income		95.2	59.8
Interest expense		(95.2)	(59.8)
Net REPO and collateral interest		—	—
Total revenue		220.3	197.5
Compensation and benefits		56.2	53.0
Information and trading systems		12.7	12.5
Selling, general and administration		20.6	18.2
Depreciation and amortization		19.8	20.3
Strategic re-alignment expenses		—	3.3
Total operating expenses		109.3	107.3
Income from operations		111.0	90.2
Share of income from equity accounted investees		1.8	1.4
Finance income (costs):			
Finance income		1.0	1.0
Finance costs		(9.4)	(10.3)
Net finance costs		(8.4)	(9.3)
Income before income tax expense		104.4	82.3
Income tax expense		34.3	21.1
Net income		\$ 70.1	\$ 61.2
Earnings per share:			
Basic	5	\$ 1.25	\$ 1.10
Diluted	5	\$ 1.24	\$ 1.09

See accompanying notes which form an integral part of these condensed consolidated interim financial statements.

TMX GROUP LIMITED**Condensed Consolidated Interim Statements of Comprehensive Income***(In millions of Canadian dollars)**(Unaudited)***For the three months ended March 31**

	2020		2019	
Net income	\$	70.1	\$	61.2
Other comprehensive income (loss):				
Items that may be reclassified subsequently to the consolidated income statements:				
Unrealized gain (loss) on translating financial statements of foreign operations		17.4		(0.5)
Total items that may be reclassified subsequently to the consolidated income statements		17.4		(0.5)
Total comprehensive income	\$	87.5	\$	60.7

See accompanying notes which form an integral part of these condensed consolidated interim financial statements.

TMX GROUP LIMITED**Condensed Consolidated Interim Statements of Changes in Equity***(In millions of Canadian dollars)**(Unaudited)*

For the three months ended March 31, 2020

	Note	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at January 1, 2020		\$ 2,965.1	\$ 12.1	\$ 9.0	\$ 512.9	\$ 3,499.1
Net income		—	—	—	70.1	70.1
Other comprehensive income:						
Foreign currency translation differences		—	—	17.4	—	17.4
Total comprehensive income		—	—	17.4	70.1	87.5
Dividends to equity holders	8	—	—	—	(37.2)	(37.2)
Proceeds from exercised share options		11.0	—	—	—	11.0
Cost of exercised share options		1.4	(1.4)	—	—	—
Cost of share option plan		—	1.1	—	—	1.1
Shares repurchased under normal course issuer bid		(10.5)	—	—	—	(10.5)
Balance at March 31, 2020		\$ 2,967.0	\$ 11.8	\$ 26.4	\$ 545.8	\$ 3,551.0

See accompanying notes which form an integral part of these condensed consolidated interim financial statements.

TMX GROUP LIMITED**Condensed Consolidated Interim Statements of Changes in Equity***(In millions of Canadian dollars)**(Unaudited)***For the three months ended March 31, 2019**

	<i>Note</i>	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at January 1, 2019		\$ 2,938.0	\$ 12.3	\$ 21.5	\$ 410.0	\$ 3,381.8
Net income		—	—	—	61.2	61.2
Other comprehensive income (loss):						
Foreign currency translation differences		—	—	(0.5)	—	(0.5)
Total comprehensive income (loss)		—	—	(0.5)	61.2	60.7
Dividends to equity holders	8	—	—	—	(34.6)	(34.6)
Proceeds from exercised share options		6.8	—	—	—	6.8
Cost of exercised share options		0.8	(0.8)	—	—	—
Cost of share option plan		—	0.8	—	—	0.8
Balance at March 31, 2019		\$ 2,945.6	\$ 12.3	\$ 21.0	\$ 436.6	\$ 3,415.5

See accompanying notes which form an integral part of these condensed consolidated interim financial statements.

TMX GROUP LIMITED**Condensed Consolidated Interim Statements of Cash Flows***(In millions of Canadian dollars)***For the three months ended March 31**

<i>(Unaudited)</i>	<i>Note</i>	2020	2019
Cash flows from (used in) operating activities:			
Income before income taxes		\$ 104.4	\$ 82.3
Adjustments to determine net cash flows:			
Depreciation and amortization		19.8	20.3
Net finance costs		8.4	9.3
Share of income from equity accounted investees		(1.8)	(1.4)
Cost of share option plan		1.1	0.8
Unrealized foreign exchange (gains) losses		—	0.1
Trade and other receivables, and prepaid expenses		(44.1)	(34.6)
Trade and other payables		(32.2)	(40.3)
Provisions		0.3	2.7
Deferred revenue		53.5	54.3
Other assets and liabilities		(2.0)	(4.5)
Income taxes paid		(28.4)	(36.5)
		79.0	52.5
Cash flows (used in) from financing activities:			
Interest paid		(2.0)	(1.4)
Net settlement on derivative instruments		—	0.3
Repayment of lease liabilities		(2.3)	(1.9)
Proceeds from exercised options		11.0	6.8
Shares repurchased under normal course issuer bid	8	(10.5)	—
Dividends paid to equity holders	8	(37.2)	(34.6)
Net movement of Commercial Paper	6	(7.9)	(21.8)
Credit and liquidity facilities drawn, net	6	14.0	4.1
		(34.9)	(48.5)
Cash flows from (used in) investing activities:			
Interest received		1.0	1.0
Dividends received		5.4	2.9
Additions to premises and equipment and intangible assets		(13.1)	(10.8)
Proceeds from sales		—	0.7
Marketable securities, net		13.3	1.2
		6.6	(5.0)
Increase (decrease) in cash and cash equivalents			
Cash and cash equivalents, net, beginning of the period		149.0	135.3
Unrealized foreign exchange losses on cash and cash equivalents held in foreign currencies		0.2	—
Cash and cash equivalents, net, end of the period		\$ 199.9	\$ 134.3

See accompanying notes which form an integral part of these condensed consolidated interim financial statements.

TMX GROUP LIMITED

Notes to the Condensed Consolidated Interim Financial Statements

(In millions of Canadian dollars, except per share amounts)
(Unaudited)

GENERAL INFORMATION

TMX Group Limited is a company domiciled in Canada and incorporated under the Business Corporations Act (Ontario). The registered office is located at 100 Adelaide Street West, Toronto, Ontario, Canada.

TMX Group Limited controls, directly or indirectly, a number of entities which operate exchanges, markets, and clearinghouses primarily for capital markets in Canada, and provides select services globally.

The unaudited condensed consolidated interim financial statements as at March 31, 2020 and December 31, 2019, and for the three months ended March 31, 2020 and 2019 (the “interim financial statements”), comprise the accounts of TMX Group Limited and its subsidiaries (collectively referred to as the “Company”), and the Company’s interests in equity accounted investees.

NOTE 1 – BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The interim financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRIC”) interpretations, as issued by the International Accounting Standards Board (“IASB”), for the preparation of interim financial statements, and they are in compliance with IAS 34, *Interim Financial Reporting*.

The interim financial statements do not contain all disclosures required by IFRS for annual financial statements, but have been prepared using the same accounting policies and methods of application as those used in the most recently prepared audited annual consolidated financial statements. Accordingly, the interim financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2019.

The following amendments were effective for the Company from January 1, 2020:

- IFRS 3, *Business Combinations*;
- IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimate and Errors*; and
- Amendments to conceptual framework.

There was no impact on the interim financial statements as a result of their adoption.

The interim financial statements were approved by the Company’s Board of Directors on May 11, 2020.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant. The areas of significant judgement and estimation were identified in the Company’s audited annual consolidated financial statements for the year ended December 31, 2019. Actual results could differ from these estimates and assumptions made.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

NOTE 2 – ACQUISITION OF VISOTECH

On May 15, 2019, the Company completed the acquisition of all the shares of VisoTech for €17.2 (\$25.9). The acquisition has been accounted for as a business combination with the Company consolidating 100% of the results of its operations from the date of acquisition. VisoTech is included in the Global Solutions, Insights & Analytics operating segment (note 4).

The final purchase price allocation is as follows:

Goodwill	\$	21.8
Intangible assets		5.8
Other assets and liabilities, net		(0.3)
Deferred tax liabilities on identifiable intangible assets		(1.4)
Fair value of net asset acquired	\$	25.9

The total purchase price was allocated to VisoTech's tangible and identifiable intangible assets and liabilities based on their estimated fair values as of May 15, 2019. In determining the purchase price allocation, the Company considered, among other factors, the intended future use of acquired assets, analysis of historical financial performance and the expected future performance of VisoTech's business. The excess of the purchase price over the net tangible and identifiable intangible assets was recorded as goodwill and assigned to the GSIA reportable segment. The goodwill recorded reflects expected revenue synergies from combining VisoTech with the Company's existing businesses.

NOTE 3 – REVENUE

The Company's primary contracts from customers are disaggregated by major products and service lines below, and categorized by operating segments as identified and disclosed in note 4.

	Three months ended March 31,	
	2020	2019
Global Solutions, Insights & Analytics		
Trayport	\$ 33.7	\$ 29.1
Subscribers and usage	23.8	23.9
Other	22.3	21.6
	79.8	74.6
Capital Formation		
Initial listing fees	2.6	3.0
Additional listing fees	14.5	15.6
Sustaining fees	16.8	17.2
Other issuer services	6.2	6.0
	40.1	41.8
Derivatives Trading & Clearing	40.5	32.6
Equities and Fixed Income Trading & Clearing		
Equities and fixed income trading	33.2	26.2
Equities and fixed income clearing, settlement, depository and other services (CDS)	25.0	22.3
	58.2	48.5
Other	1.7	—
Total Revenue	\$ 220.3	\$ 197.5

NOTE 4 – SEGMENT INFORMATION

The Company has four reportable segments:

- **Global Solutions, Insights & Analytics:** to deliver integrated data sets to fuel high-value proprietary and third party analytics to help clients make better trading and investment decisions. The Company's operations included in the Global Solutions, Insights & Analytics segment are TMX Datalinx, Trayport and VisoTech.
- **Capital Formation:** to energize and expand the "capital market community" to better facilitate capital raising for issuers of all types at all stages of their development and to provide access to alternative sources of capital. The Company's operations included in the Capital Formation segment are: Toronto Stock Exchange, a national stock exchange serving the senior equities market; TSX Venture Exchange, a national stock exchange serving the public venture equity market; and TSX Trust, a provider of corporate trust, registrar, transfer agency and foreign exchange services.
- **Derivatives Trading & Clearing:** to intensify new product creation and leverage our unique market position to benefit from increasing demand for derivatives products both in Canada and globally. The Company's operations included in the Derivatives Trading & Clearing segment are Montréal Exchange, a national derivatives exchange; and Canadian Derivatives Clearing Corporation ("CDCC"), a clearinghouse for options and futures contracts and certain over-the-counter products and fixed income repurchase agreements.
- **Equities and Fixed Income Trading & Clearing:** to operate innovative, efficient, reliable, fast, easy to use platforms for equities trading and clearing. The Company's operations included in the Equities and Fixed Income Trading & Clearing segment are the trading operations of Toronto Stock Exchange, TSX Venture Exchange, and TSX Alpha Exchange; CDS Clearing and Depository Services Inc. ("CDS Clearing"), an automated facility for the clearing and settlement of equities and fixed income transactions and custody of securities in Canada and Shorcan Brokers Limited, a fixed income inter-dealer broker.

The Company has certain revenue and corporate costs not allocated to the operating segments. Revenue related to foreign exchange gains and losses and other services are presented in the other segment. Costs and expenses related to the amortization of purchased intangibles, along with certain consolidation and elimination adjustments, are also presented in the Other segment.

Information related to each reportable segment is as follows:

For the three months ended								March 31, 2020				
		Global Solutions Insights & Analytics		Capital Formation		Derivatives Trading & Clearing		Equities and Fixed Income Trading & Clearing		Other		Total
Revenue (external)	\$	79.8	\$	40.1	\$	40.5	\$	58.2	\$	1.7	\$	220.3
Inter-segment revenue		0.1		—		—		0.4		(0.5)		—
Total revenue	\$	79.9	\$	40.1	\$	40.5	\$	58.6	\$	1.2	\$	220.3
Income (loss) from operations	\$	54.1	\$	18.0	\$	23.5	\$	31.8	\$	(16.4)	\$	111.0
Selected items:												
Depreciation and amortization	\$	1.7	\$	—	\$	0.3	\$	0.1	\$	17.7	\$	19.8

For the three months ended

March 31, 2019

	Global Solutions Insights & Analytics	Capital Formation	Derivatives Trading & Clearing	Equities and Fixed Income Trading & Clearing	Other	Total
Revenue (external)	\$ 74.6	\$ 41.8	\$ 32.6	\$ 48.5	\$ —	\$ 197.5
Inter-segment revenue	0.1	—	—	0.4	(0.5)	—
Total revenue	\$ 74.7	\$ 41.8	\$ 32.6	\$ 48.9	\$ (0.5)	\$ 197.5
 Income (loss) from operations	 \$ 48.2	 \$ 21.1	 \$ 13.9	 \$ 22.3	 \$ (15.3)	 \$ 90.2
Selected items:						
Depreciation and amortization	\$ 2.5	\$ —	\$ 0.1	\$ 0.1	\$ 17.6	\$ 20.3

NOTE 5 – EARNINGS PER SHARE

Basic earnings per share is determined by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is determined by dividing the net income by the weighted average number of common shares outstanding during the reporting period, adjusted for the effects of all potential dilutive common shares arising from share options granted to employees.

Basic and diluted earnings per share for the period are as follows:

For the three months ended	March 31, 2020	March 31, 2019
Net income	\$ 70.1	\$ 61.2
Weighted average number of common shares outstanding – basic	56,280,284	55,841,359
Effect of dilutive share options	450,556	383,166
Weighted average number of common shares outstanding – diluted	56,730,840	56,224,525
Basic earnings per share	\$ 1.25	\$ 1.10
Diluted earnings per share	\$ 1.24	\$ 1.09

NOTE 6 – DEBT, CREDIT AND LIQUIDITY FACILITIES**(A) DEBT**

The Company has the following debt outstanding at:

				March 31, 2020	December 31, 2019
	Interest rate	Maturity date(s)	Principal/ Authorized amount	Carrying amount	Carrying amount
Series B Debentures	4.461 %	Oct 3, 2023	\$ 250.0	\$ 249.6	\$ 249.6
Series D Debentures	2.997 %	Dec 11, 2024	300.0	298.6	298.6
Series E Debentures	3.779 %	June 5, 2028	200.0	199.0	198.9
Debentures				747.2	747.1
Commercial Paper	1.34% - 2.00%	Apr 3 - May 4, 2020	500.0	231.7	239.6
Commercial Paper				231.7	239.6
TMX Group Limited credit facility	1 month B.A./ LIBOR + 107.5 bps	May 2, 2021	500.0	—	—
Credit facility				—	—
Total debt				978.9	986.7
Less: current portion of debt				(231.7)	(239.6)
Non-current debt				\$ 747.2	\$ 747.1

(i) Debentures

During the three months ended March 31, 2020, the Company recognized interest expense on its Series B, Series D and Series E debentures of \$2.8, \$2.3 and \$1.9, respectively (three months ended March 31, 2019 – \$2.8, \$2.2 and \$1.9, respectively).

(ii) Commercial paper

During the three months ended March 31, 2020, the Company issued and repaid Commercial Paper with a cumulative amount of \$407.1 and \$415.0, respectively (three months ended March 31, 2019 – \$548.2 and \$570.0, respectively).

(B) CREDIT AND LIQUIDITY FACILITIES

The Company has the following credit and liquidity facilities that were amended or drawn and outstanding at:

	Interest rate†	Maturity date(s)	Authorized	March 31, 2020 Carrying amount	December 31, 2019 Carrying amount
CDS Clearing secured standby liquidity facility	—	March 23, 2021	2,000.0	\$ —	\$ —
CDS Clearing secured standby liquidity facility	—	March 23, 2021	US\$720.0	—	—
CDCC syndicated revolving standby liquidity facility	—	Feb 26, 2021	320.0	22.2	8.2
CDCC syndicated REPO facility	—	Feb 26, 2021	20,622.0	—	—
Total credit and liquidity facilities drawn				\$ 22.2	\$ 8.2

†The interest rate charged on borrowings under the credit and liquidity facilities vary as the actual rate will be based on the prevailing market rates at the time of draw.

(i) TMX Group Limited credit facility

The TMX Group Limited credit facility continues to provide 100% backstop to the commercial paper program as well as for general corporate purposes. The amount available to be drawn under the TMX Group Limited credit facility is limited to \$500 (or the equivalent USD) less the aggregate amount, at any point in time, of: (i) Commercial Paper outstanding

(March 31, 2020 – \$231.7); and (ii) inter-company notes payable outstanding to CDS Clearing and CDCC (March 31, 2020 – \$8.5).

(ii) CDS Clearing facilities

CDS Clearing maintains a secured standby liquidity facility of US\$720, or Canadian dollar equivalent, that can be drawn in either United States ("US") or Canadian currency. On March 24, 2020, CDS Clearing extended the maturity date to March 23, 2021.

CDS Clearing also has a secured standby liquidity facility of \$2,000, or US equivalent, that can be drawn in either Canadian or US currency. On March 24, 2020, CDS Clearing extended the maturity date to March 23, 2021.

(iii) CDCC syndicated revolving standby liquidity and syndicated REPO facilities

CDCC maintains a \$20,622.0 REPO uncommitted facility (December 31, 2019 – \$18,102.0) that is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. On February 28, 2020, CDCC extended this facility to February 26, 2021. During the period, CDCC also amended the amount to \$20,622.0. Effective April 30, 2020, the amount was further amended to \$27,012.0.

CDCC also maintains a \$320.0 syndicated revolving standby liquidity facility (December 31, 2019 – \$400.0) to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been received by, or pledged to, CDCC. On February 28, 2020, CDCC extended this facility to February 26, 2021.

As at March 31, 2020, CDCC had drawn \$22.2 to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

(C) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated statement of cash flows arising from financing activities.

	Debtentures	Commercial Paper	CDCC syndicated revolving standby liquid facility	Total return swaps	Lease liabilities	Total
Balance at December 31, 2019	\$ 747.1	\$ 239.6	\$ 8.2	\$ 1.1	\$ 103.7	\$ 1,099.7
Financing cash flows	—	(7.9)	14.0	1.7	(2.3)	5.5
Other (non-cash)	0.1	—	—	—	0.3	0.4
Balance at March 31, 2020	\$ 747.2	\$ 231.7	\$ 22.2	\$ 2.8	\$ 101.7	\$ 1,105.6

NOTE 7 – FINANCIAL INSTRUMENTS

The classification of the Company's financial instruments, along with their carrying amounts and fair values are as follows:

	March 31, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets at fair value through profit or loss				
Marketable securities	\$ 67.1	\$ 67.1	\$ 80.4	\$ 80.4
	67.1	67.1	80.4	80.4
Assets at amortized cost				
Cash and cash equivalents	199.9	199.9	149.0	149.0
Restricted cash and cash equivalents	170.7	170.7	151.5	151.5
Trade and other receivables	148.9	148.9	105.3	105.3
Promissory note	4.6	4.6	5.0	5.0
Clearing Members cash collateral	5,735.4	5,735.4	1,596.7	1,596.7
Balances with Clearing Members	30,341.7	30,341.7	24,333.6	24,333.6
Balances with Participants	6,242.2	6,242.2	658.6	658.6
	42,843.4	42,843.4	26,999.7	26,999.7
Liabilities at fair value through profit or loss				
Total return swaps	(2.8)	(2.8)	(1.1)	(1.1)
	(2.8)	(2.8)	(1.1)	(1.1)
Liabilities at amortized cost				
Other trade and other payables	(55.8)	(55.8)	(61.0)	(61.0)
Accrued interest payable	(10.7)	(10.7)	(3.8)	(3.8)
Participants' tax withholdings	(170.7)	(170.7)	(151.5)	(151.5)
Clearing Members cash collateral	(5,735.4)	(5,735.4)	(1,596.7)	(1,596.7)
Balances with Clearing Members	(30,341.7)	(30,341.7)	(24,333.6)	(24,333.6)
Balances with Participants	(6,242.2)	(6,242.2)	(658.6)	(658.6)
Credit and liquidity facilities drawn	(22.2)	(22.2)	(8.2)	(8.2)
Commercial Paper	(231.7)	(231.7)	(239.6)	(239.6)
Debentures	(747.2)	(748.3)	(747.1)	(784.9)
	\$ (43,557.6)	\$ (43,558.7)	\$ (27,800.1)	\$ (27,837.9)

The carrying amount of the Company's financial instruments approximate their fair values at each reporting date, with the exception of the debentures. The fair values of the debentures were obtained using Level 2 observable market prices as inputs.

FAIR VALUE MEASUREMENT

The categories within the fair value hierarchy of the Company's financial instruments carried at fair value are as follows:

As at Asset/(Liability)	Fair value measurements using:			March 31, 2020
	Level 1	Level 2	Level 3	
Marketable securities	\$ 67.1	\$ —	\$ —	\$ 67.1
Total return swaps	—	(2.8)	—	(2.8)

As at Asset/(Liability)	Fair value measurements using:			December 31, 2019
	Level 1	Level 2	Level 3	
Marketable securities	\$ 80.4	\$ —	\$ —	\$ 80.4
Total return swaps	—	(1.1)	—	(1.1)

There were no transfers during the periods between any of the levels.

NOTE 8 – SHARE CAPITAL**SHARE REPURCHASES**

On February 28, 2020, the Company announced that the Toronto Stock Exchange ("TSX") accepted its normal course issuer bid ("NCIB") under which it can purchase for cancellation up to a maximum number of 560,000 of its common shares through the facilities of the TSX. The purchases will be made at prevailing market prices at the time of acquisition and in accordance with the rules and policies of the TSX. Purchases under the NCIB commenced on March 4, 2020 and will terminate on March 3, 2021, or on such earlier date as the Company completes its purchases.

During the three months ended March 31, 2020, 100,000 common shares were purchased for cancellation by the Company at an average price of \$104.59 for a total amount of \$10.5.

DIVIDENDS

Dividends recognized and paid in the period are as follows:

For the three months ended	March 31, 2020		March 31, 2019	
	Dividend per share	Total paid	Dividend per share	Total paid
Dividend paid in March	\$ 0.66	\$ 37.2	\$ 0.62	\$ 34.6

On May 11, 2020, the Company's Board of Directors declared a dividend of 66 cents per share. This dividend will be paid on June 12, 2020 to shareholders of record on May 29, 2020 and is estimated to amount to \$37.2.

Investor Contact Information

Investor Contact Information

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Le rapport est également disponible en français.

Dividend Information

The Board of Directors of TMX Group Limited declared a dividend of \$0.66 on each common share outstanding, payable on June 12, 2020 to shareholders of record at the close of business on May 29, 2020. TMX Group hereby advises that this dividend is an "eligible dividend" for Canadian income tax purposes. Shareholders with questions regarding the tax treatment of dividends should consult with their own tax advisors or contact their local office of the Canada Revenue Agency and where applicable, the provincial taxation authorities.

Normal Course Issuer Bid

On February 28, 2020, TMX Group announced that its normal course issuer bid ("NCIB") had been accepted by Toronto Stock Exchange ("TSX"). TMX Group intends to repurchase up to 560,000 of its common shares through the facilities of the TSX, representing approximately 1% of its common shares outstanding on February 24, 2020. TMX Group will make purchases in accordance with TSX requirements and the price TMX Group will pay for any such common shares will be the

market price of such shares at the time of acquisition. The purchases commenced on March 4, 2020 and will terminate on March 3, 2021, or on such earlier date as TMX Group completes its purchases. All repurchased shares will be cancelled.

The Company also entered into a pre-defined plan with its designated broker to allow for the repurchase of common shares at times when the TMX Group ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise.

A copy of our Notice of Intention to Make an NCIB may be obtained, without charge, by contacting Investor Relations as outlined above.

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Forward-Looking Information

This report contains forward-looking statements, which are not historical facts but are based on certain assumptions and reflect TMX Group's current expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. We have no intention to update this forward-looking information, except as required by applicable securities law.

This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this report. Please see "Caution regarding Forward-Looking Information" in the Q1-2020 Management's Discussion and Analysis for some of the risk factors that could cause actual events or results to differ materially from current expectations.

For more information

Please contact TMX Group if you have any additional questions or require further clarification.

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