

# TMX Group Limited

## MANAGEMENT'S DISCUSSION AND ANALYSIS

February 3, 2025

This Management's Discussion and Analysis (MD&A) of TMX Group Limited's (TMX Group or TMX) 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 year ended December 31, 2024 (2024), compared with the year ended December 31, 2023 (2023) and as at December 31, 2024 and December 31, 2023. This MD&A should be read together with our audited annual consolidated financial statements for the year ended December 31, 2024 (the financial statements).

Our financial statements and this MD&A for 2024 are filed with Canadian securities regulators and can be accessed at [www.tmx.com](http://www.tmx.com) and [www.sedarplus.ca](http://www.sedarplus.ca). The financial measures included in this MD&A are based on financial statements prepared in accordance with IFRS Accounting Standards and IFRS Interpretations Committee ("IFRIC") interpretations, 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](http://www.tmx.com) and [www.sedarplus.ca](http://www.sedarplus.ca). We are not incorporating information contained on our website in this MD&A.

### MD&A Structure

Our MD&A is organized into the following key sections:

- Purpose, Mission, Client First Vision, Sustainable Growth and Financial Objectives;
- Initiatives and Accomplishments - 2024 initiatives and accomplishments;
- Market Conditions - a discussion of our current business environment;
- Our Business - a detailed description of our operations and our products and services;
- Results of Operations - a year-over-year comparison of results;
- Liquidity and Capital Resources - a discussion of changes in our cash flow, our outstanding debt and the resources available to finance existing and future commitments;
- Managing Capital - an outline of objectives for managing our cash and cash equivalents, marketable securities, share capital, Commercial Paper, Debentures, and credit and liquidity facilities;
- Financial Instruments;
- Critical Accounting Estimates - a review of our goodwill and intangible assets - valuation and impairment;
- Select Annual and Quarterly Financial Information - a discussion of select annual information from 2022-2024, the fourth quarter of 2024 compared with the corresponding period in 2023 and the results over the previous eight quarters;

- Enterprise Risk Management - a discussion of the risks to our business as identified through our risk management process as well as Financial Risk Management;
- Accounting and Control Matters - a discussion of changes in accounting policies adopted in 2024 and future changes in accounting policies, an evaluation of our disclosure controls and procedures and internal control over financial reporting and changes to internal control over financial reporting; and
- Caution Regarding Forward-Looking Information.

## **PURPOSE, MISSION, CLIENT FIRST VISION, SUSTAINABLE GROWTH AND FINANCIAL OBJECTIVES**

### **Purpose**

We make markets better & empower bold ideas.

### **Mission**

We power capital and commodity markets with client-centric, technology-driven global solutions.

### **Client First Vision**

To be an indispensable solution for companies around the world to raise capital and the preferred destination for traders and investors to prosper.

### **Sustainable Growth<sup>1</sup>**

We prioritize four areas in our efforts to drive sustainable growth:

- Growth Acceleration: Position TMX Group competitively in areas of high growth potential.
- Talent and Culture: Invest in our people to bolster employee engagement and purpose, ensure a respectful and inclusive workplace, amplify our employer brand that attracts and retains talent, and foster succession and employee development.
- Advocate for Better Markets: Collaborate with stakeholders including clients, regulators, and government to enhance the competitiveness of Canadian capital markets.
- Environmental, Social and Governance (ESG): Integrate ESG objectives and initiatives into TMX Group's core objectives and positioning TMX Group as a world-leading marketplace for sustainable investment and finance with our products and services.

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<sup>1</sup> The "Sustainable Growth" 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.

## Financial Objectives<sup>2</sup>

We are well positioned to accelerate our long term revenue growth, driven by our business strategy and recent acquisitions. Our long term objectives are Strong Growth\* for total reported revenue compound annual growth rate (CAGR)<sup>3</sup> and presented below along with our long term adjusted earnings per share (EPS) CAGR<sup>3,4</sup>, dividend payout ratio<sup>5</sup> and debt to adjusted EBITDA ratio<sup>6</sup> targets.

### Long Term TMX Group Objectives

Double digit		adjusted EPS CAGR
Strong Growth*		revenue CAGR
<b>High Growth*</b> <ul style="list-style-type: none"> <li>Other Issuer Services**</li> <li>Derivatives Trading &amp; Clearing</li> <li>GSIA: TMX Trayport</li> <li>GSIA: TMX VettaFi</li> </ul>	<b>Strong Growth*</b> <ul style="list-style-type: none"> <li>Capital Formation (excl. Other Issuer Services)</li> <li>GSIA: TMX Datalinx</li> </ul>	<b>Market Growth*</b> <ul style="list-style-type: none"> <li>Equity &amp; FI Trading and Clearing</li> </ul>
40-50%	1.5 - 2.5 x	
Target dividend payout ratio	Target debt / adjusted EBITDA	

\*High Growth is defined as high-single to double digit revenue CAGR, Strong Growth is defined as 5% plus revenue CAGR, and Market Growth is defined as revenue CAGR in line with the overall market.

\*\* Other Issuer Services consists primarily of TSX Trust and Newsfile.

In 2024, we completed three acquisitions, namely the acquisition of the remaining approximately 78% common units in VettaFi in January 2024 (see discussion under *Global Solutions, Insights, and Analytics* revenue), the acquisition of Newsfile Corp in August 2024 (see discussion under *Other Issuer Services* in *Capital Formation* revenue), and the acquisition of iINDEX Research in October 2024 (see discussion under *TMX VettaFi* revenue).

While we believe that these long term financial objectives are reasonable, we may not be able to achieve these objectives, as our assumptions may prove to be inaccurate and therefore our actual results could differ materially from our long term objectives. For example, ongoing geopolitical events, changes in trade tariffs, threat of a global recession, and fluctuations in foreign exchange rates are all impacting 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.

Our long term objectives do not constitute guidance. Our current profitability in a given period may differ from these objectives, and our ability to attain these objectives must be weighed against our need to invest in our business in order to execute on our strategy. Some examples of these assumptions underlying these objectives include successful execution of our strategic growth initiatives and business objectives; continued investment in growth businesses; and continued re-prioritization of investment towards enterprise solutions. Long term revenue growth objectives by business segment are revenue CAGRs based on certain assumptions and expected performance over the long term.

<sup>2</sup> The "Financial Objectives" 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.

<sup>3</sup> Compound annual growth rate (CAGR), see discussion under "Caution Regarding Forward-Looking Information".

<sup>4</sup> Adjusted EPS and adjusted EPS CAGR are non-GAAP ratios, see discussion under "Non-GAAP Measures" for more information.

<sup>5</sup> Dividend payout ratio is a non-GAAP ratio, see discussion under "Non-GAAP Measures" for more information.

<sup>6</sup> Debt/Adjusted EBITDA is a non-GAAP ratio, see discussion under "Non-GAAP Measures" for more information.

## Transformational Objectives<sup>7</sup>

Our sustainable growth strategy and long term financial objectives support our continued desire to increase our global footprint and recurring revenue as we become even more of an information business than we are today. Our Transformational Objectives<sup>8</sup> beyond ten years are outlined below.

### Transformational Objectives

more than two thirds Recurring Revenue <sup>I</sup>	more than half Revenue outside of Canada <sup>II</sup>	more than half Global Solutions, Insights and Analytics (GSIA) revenue <sup>III</sup>
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<sup>I</sup> Recurring revenue streams include substantially all of Global Solutions, Insights and Analytics, as well as sustaining fees, custody fees, transfer agency fees, and other access/subscription based revenues.

<sup>II</sup> Revenue based on the country to which customer invoices are addressed.

<sup>III</sup> GSIA segment revenue as a percentage of total TMX revenue.

Our business is organized into the following areas:

**Capital formation:** Our exchanges are integral to the efficient operation of the capital markets. We continually support the capital markets community by providing companies of all types and at all stages of development with access to equity capital, while also providing market oversight to ensure market integrity.

*Lines of business include Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV) listing and issuer services, and TSX Trust Company (TSX Trust), TMX Group's transfer agency and corporate trust services business, and Newsfile Corp. (acquired August 7, 2024).*

**Equities and fixed income trading and clearing:** Operate fair and transparent markets, with innovative, efficient and reliable platforms for equities and fixed income trading and clearing.

*Lines of business include TSX, TSXV and TSX Alpha Exchange (Alpha) equities trading operations, Shorcan Brokers Limited (Shorcan) fixed income trading and The Canadian Depository for Securities Limited and its subsidiaries including CDS Clearing and Depository Services Inc. (CDS Clearing) and CDS Innovations Inc. (collectively, CDS).*

**Derivatives trading and clearing:** Accelerating new product creation and leveraging our unique market position to meet the increasing demand for derivatives products both in Canada and globally.

*Lines of business include Montréal Exchange (MX), Canadian Derivatives Clearing Corporation (CDCC), and BOX Options Market LLC (BOX) (consolidated January 3, 2022).*

**Global solutions, insights and analytics:** Deliver equities data, index data, derivatives data as well as integrated data sets to fuel high-value proprietary and third party analytics which help clients make better trading and investment decisions. We also provide solutions to European and global wholesale energy markets for price discovery, trade execution, post-trade transparency and straight through processing. With the addition of TMX VettaFi (acquired January 2, 2024) we also provide additional leading products and services in indexing, digital distribution, data analytics and thought leadership.

*Lines of business include TMX Datalinx which includes Wall Street Horizon (WSH) (acquired November 9, 2022); Co-location; TMX Trayport which includes Vienna-based VisoTech (Trayport Austria G.m.b.H.) and Germany-based*

<sup>7</sup> The "Transformational Objectives" 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.

<sup>8</sup> Will be delivered by a combination of organic and inorganic activity.

*Tradesignal* (Trayport Germany G.m.b.H.); and U.S.-based *TMX VettaFi* (acquired January 2, 2024) which includes iNDEX Research (acquired October 15, 2024).

## INITIATIVES AND ACCOMPLISHMENTS

### Capital Formation<sup>9</sup>

#### *Newsfile Acquisition*

On August 7, 2024, the TMX Group completed the acquisition of Newsfile Corp. ("Newsfile"), a Canada-based news dissemination and regulatory filing provider, for \$22.3 million in cash, and \$4.7 million in deferred consideration, payable over the next three years. We also agreed to pay \$18.6 million to certain selling shareholders in the next three years, contingent upon the fulfillment of certain service conditions. The contingent payments are recognized as compensation and benefit costs in the income statement in the respective periods when the service milestones are met.

Newsfile was established in 1997 and services over 2,500 public and private clients globally by providing news release distribution and SEDAR+, EDGAR, and XBRL filing solutions. The addition of Newsfile expands TMX's public and private company solutions offerings, and better equips us to serve clients today and in the future. As of August 7, 2024, Newsfile became a wholly-owned subsidiary under our *Capital Formation* operating segment. Newsfile contributed revenue of approximately \$3.8 million, and \$5.5 million for Q4/24 and full year 2024 respectively. Had the acquisition of Newsfile occurred on January 1, 2024, Newsfile would have contributed revenue and income from operations for the year ended December 31, 2024, of approximately \$13.9 million and \$6.1 million, respectively<sup>10</sup>.

### Equities and Fixed Income Trading and Clearing<sup>11</sup>

#### *Canadian Collateral Management Service*

In May 2023, we announced our collaboration with Clearstream Banking S.A. (Clearstream), the international central securities depository of Deutsche Börse, to launch the Canadian Collateral Management Service (CCMS). The CCMS is an innovative solution that optimizes and automates collateral across various exposure types. The initial phase of the CCMS launched in April 2024 and supports domestic tri-party Repurchase Agreement services which fully automates cash driven repo throughout the transaction's lifecycle to improve efficiencies, enhance liquidity, and reduce operational risk. In October 2024, equities were added to the scope of eligible securities on CCMS. CCMS plans to extend its services to offer tri-party collateral services for securities lending and other collateral exposures in subsequent expansion phases.

#### *U.S. Expansion<sup>12</sup>*

On January 22, 2025, we successfully launched TSX Alpha U.S. Inc. (AlphaX US), a U.S. equity alternative trading system (ATS) offering broker-dealers a venue focused on execution performance, customization opportunities, and transparency in executing trading strategies. In 2023, we incurred approximately \$1.1 million of operating expenses

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<sup>9</sup> 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.

<sup>10</sup> Excludes any contingent payments agreed upon as part of the acquisition.

<sup>11</sup> The "Equities and Fixed Income Trading & 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.

<sup>12</sup> Operating expenses for 2023 and 2024 exclude internal project resource costs.

and \$0.4 million in capital expenditures. In 2024, we incurred approximately \$8.1 million of operating expenses (including depreciation and amortization of \$0.8 million) and \$11.5 million of capital expenditures.

## **Derivatives Trading and Clearing**<sup>13</sup>

### ***Transition to CORRA***

The transition from Canadian Dollar Offer Rate (CDOR) to Canadian Overnight Repo Rate Average (CORRA) was successfully completed in Q2/24, following the full cessation of CDOR in June 2024. The last Three-Month Canadian Bankers' Acceptance Futures (BAX) contract expired in June 2024, while the growth of the Three-Month CORRA Futures (CRA) product reached average daily volumes of 128,000 in 2024, with open interest reaching 1.3 million contracts as of December 31, 2024. In December 2024, we initiated the termination of the agreement with the CRA market makers. We expect the final incentives for the program to be incurred in 1H/25. As a result, we expect a gradual increase in the rate per contract over the first half of 2025, reaching a run rate in 2H/25.

### ***Secured General Collateral***

In June 2024, the Canadian Derivatives Clearing Corporation (CDCC) launched the Secured General Collateral (SGC) Notes program, designed to meet the demand from the transition of Bankers' Acceptances (BAs) as a result of the Canadian Dollar Offered Rate (CDOR) cessation. SGC Notes are short-term discounted money market instruments developed by CDCC in collaboration with Canadian market participants, and are linked to the same highly-rated Canadian bank credit exposure as BAs, but secured with a basket of high quality debt securities (SGC securities) which are sold to a trust through repurchase agreements cleared through CDCC.

## **Global Solutions, Insights and Analytics (GSIA)**<sup>14</sup>

### **TMX Trayport**

#### ***Global Power Offering***

We continue to make progress on TMX Trayport's global power strategy. In North America, TMX Trayport continues to build on its partnership with Nodal Exchange and is working closely with participants to deliver specific market requirements and build liquidity. In 2024, approximately 4% of TMX Trayport's revenue on a constant currency basis was from North American sources.

### **TMX VettaFi**

#### ***VettaFi Acquisition***

On January 2, 2024, TMX Group completed the acquisition of the remaining 77.7% common units in VettaFi Holdings LLC and all its subsidiaries (collectively, "VettaFi", renamed "TMX VettaFi" upon acquisition), a leading US-based indexing, digital distribution, analytics and thought leadership company. The total consideration of this acquisition was US\$879.3 million (\$1.16 billion) in cash, of which US\$848.3 million (\$1.12 billion) was paid to common unit and other equity interest holders and the remainder was paid to preferred unit holders.

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<sup>13</sup> 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.

<sup>14</sup> The "Global Solution, 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.

The transaction was financed with Term Credit Facilities of US\$963 million (\$1.27 billion), divided into three tranches, Term A Facility of US\$600 million (\$794 million), Term B Facility of US\$163 million (\$216 million), and Term C Facility of US\$200 million (\$265 million), maturing 12, 18 and 24 months from closing, respectively. A portion of the proceeds from the Term Credit Facilities were used for the settlement of VettaFi's external debt of US\$97.5 million (\$129.1 million).

Subsequent to the acquisition, on February 16, 2024, TMX Group completed a Canadian private placement of \$1.1 billion across Series G, Series H, and Series I Debentures. The proceeds from these debentures were mainly used for the full repayment of Term A Facility, and our outstanding Commercial Paper. On May 24, 2024, TMX Group completed a Canadian private placement of \$300 million Series J Debentures. The proceeds from these debentures were mainly used for the full repayment of Term B and C Facilities. For additional details, see discussion under **Results of Operations - Revenue** for a description of TMX VettaFi's service offerings, and **Debentures, Credit and Liquidity Facilities** for additional details on the financing arrangement.

Prior to the acquisition in January 2024, TMX Group held 22.3% of the common units in VettaFi. The fair value of TMX Group's previously-held interest in VettaFi was remeasured on the acquisition date, resulting in a gain of US\$43.1 million (\$57.1 million) in Q1/24, recognized in the consolidated income statement as *Other income*.

### ***INDEX Research and Development Acquisition***

On October 15, 2024, we completed the acquisition of iINDEX Research and Development Indices Ltd. (iINDEX Research) an end-to-end index provider that designs, calculates, and manages indexes across global equities and fixed income markets for US\$21.9 million (\$30.2 million) in cash, subject to working capital and other adjustments, and inclusive of US\$8.0 million (\$11.0 million) in prepaid compensation subject to claw-back service conditions. The acquisition of iINDEX Research adds new talent as well as operational and client service capabilities focused on European time zones.

TMX Group also agreed to pay additional cash consideration of up to US\$6.3 million (\$8.6 million) and US\$3.8 million (\$5.2 million) to iINDEX Research's selling shareholder and key management employees, respectively, if iINDEX Research achieves certain revenue targets through 2026. The additional cash consideration to the selling shareholder is accounted for as part of the purchase consideration (contingent consideration), with an estimated fair value of US\$5.6 million (\$7.7 million) as of the acquisition date. The additional cash consideration to key management employees is accounted for separately, as compensation and benefit costs in the consolidated income statement, as they fulfill certain service conditions.

iINDEX Research was established in 2015 and it features US\$10B in linked assets across equity and fixed income exposures, including more than 200 ETFs/index funds, 20 passive pension and study funds, and quantitative investments models for hedge funds. Had the acquisition of iINDEX Research occurred on January 1, 2024, iINDEX Research would have contributed revenue and income from operations for the year ended December 31, 2024 of approximately US\$5.2 million and US\$3.1 million, respectively<sup>15</sup>.

### **Pricing Changes**

#### ***Capital Formation***

In December 2024, we received regulatory approval for price changes on TSX listing fees, including changing the maximum sustaining fee to \$150,000, and increasing additional listing fees on TSX by \$2,000 for transactions below the maximum fee. Taking into account the market capitalization of our listed issuers as at December 31, 2024, we expect these price changes to have a positive impact of approximately 1% from 2024 revenue in Capital Formation, excluding Other Issuer Services on an annualized basis. Actual revenue for future periods will also depend on activity in those quarters.

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<sup>15</sup> Excludes any contingent payments agreed upon as part of the acquisition, as well as any prepaid compensation amortization.

## **TMX Trayport**

In the fourth quarter of 2024, we notified clients of our annual price changes across TMX Trayport products in line with CPI of the contracting country, with an expected aggregate positive impact of approximately 2% to 3% of TMX Trayport's 2024 revenue on a constant currency annualized basis.

## **TMX Datalinx**

As of December 2024, we received regulatory approval for pricing changes on the following TMX Datalinx products: real time equities and derivatives data, select historical and reference data, and Co-location. TMX Datalinx has also informed our clients of revisions to 2025 prices for unregulated data products effective Q1/25, in line with our ongoing investments in these areas and associated market value. The aggregate positive impact of these pricing changes is expected to be approximately 1% to 2% from 2024 TMX Datalinx including Co-location revenue on a constant currency annualized basis.

## **Summary of 2025 Pricing Changes**

The following table<sup>16</sup> presents a summary of the pricing changes that will take effect in 2025:

<b>Segment</b>	<b>2024 Revenue</b>	<b>% Change from 2024</b>	<b>Description</b>
Capital Formation (excl. Other Issuer Services)	157.0	1%	TSX maximum sustaining fees, and TSX additional listing fees below the max
TMX Trayport	235.0	2 - 3%	CPI annual update
TMX Datalinx including Co-location	231.1	1%	Multiple TMX Datalinx products
<b>TMX Group</b>	<b>1,460.1</b>	<b>1%</b>	Includes all TMX price changes including other changes below 1% not listed above

## **Update on Modernization of CDS Clearing Platform<sup>17</sup>**

The CDS modernization project involves the replacement of certain legacy systems at CDS including those related to clearing and settlement, as well as entitlement payment systems. Since the commencement of the modernization project we have capitalized a total of \$144.0 million to December 31, 2024, including \$15.2 million in 2023, and \$16.7 million in 2024. These project costs are included in *Additions to premises and equipment and intangible assets* on the Consolidated Statements of Cash Flows in the periods from 2019 to 2023 and 2024.

We have completed all testing and dress rehearsal stages with our participants and are initiating roll out activities with an expectation to go live by the end of Q1/25, pending industry readiness and regulatory approvals. Overall, we expect to incur approximately \$145 to \$150 million in capital expenditures related to the CDS modernization project. We will continue to provide updates on estimates for capital expenditures and timing as this complex project progresses.

Following the launch of the Post Trade Modernization project, we expect amortization and depreciation expenses of approximately \$2.5 million per quarter beginning in Q2/25.

<sup>16</sup> Table shows rows for pricing changes with an impact equal or greater than 1% from 2024 revenue for each segment

<sup>17</sup> The "Update on Modernization of CDS Clearing Platform" 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.

## Corporate<sup>18</sup>

### **Investor Day - TM2X**

On June 20th, TMX Group hosted its 2024 Investor Day titled *Xccelerating Growth*. The event featured presentations from TMX Group's senior leadership team, including John McKenzie, CEO of TMX Group. Mr. McKenzie discussed TMX's enterprise strategy and how consistent growth from the strong core will be accelerated by four distinct strategies to move TMX Group faster into new spaces: private markets, post-trade services, ETF and benchmark services, and new geographies. We have doubled our revenue to surpass \$1B in 2022 and are targeting \$2B of revenue at 2x the speed<sup>19</sup> ("TM2X"). For additional information, visit [investorday.tmx.com](https://investorday.tmx.com).

## MARKET CONDITIONS AND OUTLOOK<sup>20</sup>

Monetary policy tightening to rein in inflation pressures continued to have a lagged impact in 2024. The average CBOE Volatility Index (VIX) was 15.6 in 2024, compared with 16.9 in 2023. Overall, Canadian equities trading volumes were up 9% in 2024 compared with 2023.<sup>21</sup> Across all of our equities markets, overall trading volumes were up 7% in 2024 compared with 2023 with trading volumes on TSX, TSXV and Alpha increasing 6%, 13% and 4%, respectively. In Canadian derivatives trading, the volume of contracts traded on MX was up 14% in 2024 compared to 2023.

Market uncertainty led by geopolitical conflict and the threat of a global recession led to mixed results for capital raising in 2024. On TSX, the total amount of financing dollars raised decreased by 6% from 2023 to 2024, while the total number of financings increased by 3% over the same period. On TSXV (including NEX) there was an 8% increase in the total amount of financing dollars raised, and the total number of financings increased by 2% in 2024 over 2023.

On January 29, 2025, the Bank of Canada (the Bank) announced that it was reducing its target for the overnight rate to 3%, with the Bank Rate at 3.25% and the deposit rate at 2.95%. The Bank also announced its plan to complete the normalization of its balance sheet, ending quantitative tightening. The Bank will restart asset purchases in early March, beginning gradually so that its balance sheet stabilizes and then grows modestly, in line with growth in the economy.<sup>22</sup>

The Bank forecasts GDP growth will strengthen in 2025. However, with slower population growth because of reduced immigration targets, both GDP and potential growth will be more moderate than was expected in October. Following growth of 1.3% in 2024, the Bank now projects GDP will grow by 1.8% in both 2025 and 2026, somewhat higher than potential growth. As a result, excess supply in the economy is gradually absorbed over the projection horizon.<sup>23</sup>

CPI inflation remains close to 2%, with some volatility due to the temporary suspension of the GST/HST on some consumer products. Shelter price inflation is still elevated but it is easing gradually, as expected. A broad range of indicators, including surveys of inflation expectations and the distribution of price changes among components of the CPI, suggests that underlying inflation is close to 2%. The Bank forecasts CPI inflation will be around the 2% target over the next two years.<sup>24</sup>

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<sup>18</sup> The "Corporate" 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.

<sup>19</sup> 14 years to double revenue from 2008-2022 to the first \$1B in revenue. Please refer to "Caution Regarding Forward-Looking Information".

<sup>20</sup> 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.

<sup>21</sup> Source: CIRO (excluding intentional crosses, includes all Canadian equities).

<sup>22</sup> Source: Extracted from the Bank of Canada press release, January 29, 2025.

<sup>23</sup> Source: Extracted from the Bank of Canada press release, January 29, 2025.

<sup>24</sup> Source: Extracted from the Bank of Canada press release, January 29, 2025.

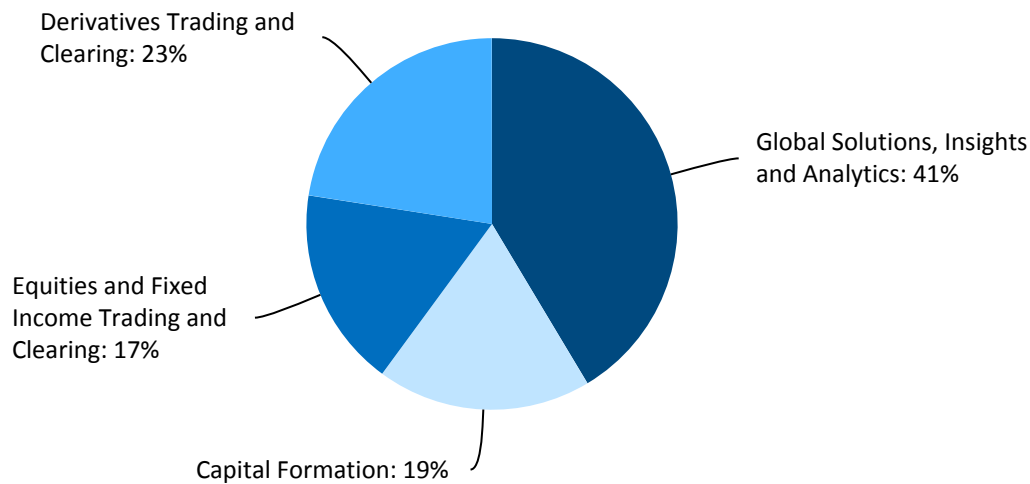
## OUR BUSINESS

On the following pages, we provide an overview and description of products and services, strategy and revenue description for each of our segments as outlined below:

1. Capital Formation
2. Equities and Fixed Income Trading and Clearing
3. Derivatives Trading and Clearing
4. Global Solutions, Insights and Analytics
  - i. TMX Datalinx including Co-location services
  - iii. TMX Trayport
  - iv. TMX VettaFi (acquired January 2, 2024)

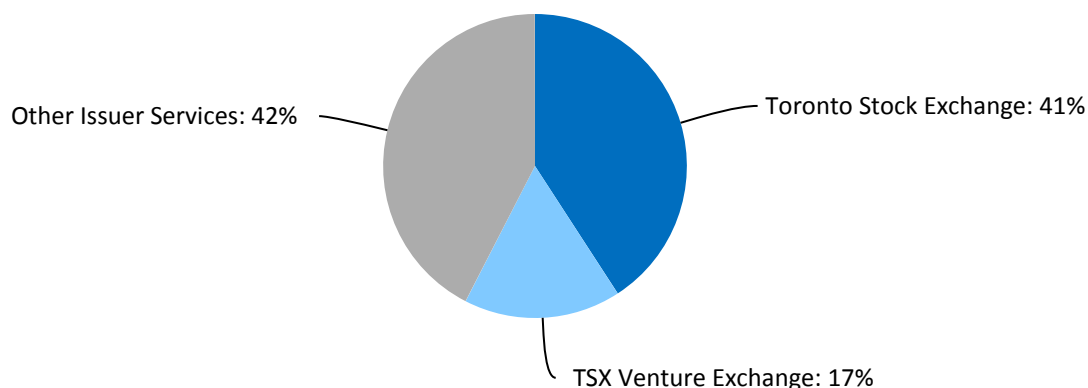
For key statistics related to each business above, please see **Results of Operations**.

### TMX 2024 Revenue: \$1,460.1 million



## Capital Formation

Year Ended December 31, 2024  
Capital Formation revenue of \$272.8 million



### Overview and Description of Products and Services

*Our goals are to provide solutions for corporate clients in need of growth capital and liquidity, and to provide services that support the evolving needs of public and private companies.*

TMX Group operates a unique two-tiered ecosystem, comprised of TSX and TSXV, to help companies access the public markets, raise capital and provide liquidity to shareholders. TSX is a leading listings venue for established domestic and international issuers. TSXV is the pre-eminent global platform for facilitating venture stage capital formation.

In general, established issuers initially list on TSX through an Initial Public Offering (IPO), by graduating from TSXV, or by seeking a secondary listing (to complement an existing listing on another listing venue). Venture stage companies generally list on TSXV either in connection with an IPO, or through alternative methods such as TSXV's Capital Pool Company program or a reverse takeover. We also operate NEX, a market for issuers that have fallen below the listing standards of TSXV.

Issuers list a number of different types of securities including conventional securities such as common shares, preferred shares, rights and warrants; and a variety of alternative types of structures such as exchangeable shares, debt or convertible debt instruments, limited partnership units, ETFs, and structured products such as investment funds.

We are a global leader in listing small and medium-sized businesses with concentration in resource sector listings and a growing number of innovation companies, including those in the technology, clean technology, renewable energy and life science sectors. In 2024, we welcomed 224 new listings, of which 20 were innovation companies and 12 were international (non-Canadian) companies. Issuers listed on TSX and TSXV raised a combined \$20.9 billion in 2024 (\$16.2 billion on TSX and \$4.7 billion on TSXV).

In addition to our listing facilities, we offer other services focused on supporting the funding, growth, and success of our listed companies as well as the evolving needs of public and private companies. Within Capital Formation is Other Issuer Services which includes TSX Trust and Newsfile. TSX Trust supports over 2,000 equity and debt issuers and private companies with corporate trust, transfer agent, registrar, registered and non-registered plan services, and employee plan services, of which some subscribe to multiple services. Newsfile was acquired in August 2024 and

services over 2,500 public and private clients globally by providing news release distribution and SEDAR+, EDGAR, and XBRL filing solutions (see discussion under *Initiatives and Accomplishments - Capital Formation - Newsfile Acquisition*).

## **Strategy**

Our strategic objectives in the Capital Formation business (excluding Other Issuer Services) to deliver long term Strong Growth<sup>25</sup> as laid out under *Purpose, Mission, Client First Vision, Sustainable Growth and Financial Objectives - Financial Objectives* focus on:

- **Global expansion:** leverage our global presence and channel partners to attract international listings across all sectors
- **Sector development:** accelerate growth and deploy development strategies in targeted sectors to support the growth of new and emerging sectors
- **Market modernization:** accelerate our policy development, regulatory advocacy and thought leadership efforts to stimulate investment in the public markets, ease regulatory burdens, transform user experience and deliver operational excellence

For Other Issuer Services, our objective to deliver long term High Growth<sup>26</sup> encompasses the following:

- **Growth from the core:** accelerated growth of our transfer agent, corporate trust, news distribution and regulatory filing services
- **Automation and integration:** transform business operations through automation and integration to achieve top client retention and experience
- **Sales and strategic partnerships:** unlock scale and accelerate growth and contribution to the total portfolio through our dedicated sales force, technological capabilities and execution of strategic partnerships
- **Private markets:** continue to expand the service offering to meet the unique needs of the market.
- **Product expansion:** build product and services offerings to increase share-of-wallet

## **Revenue Description**

We generate Capital Formation revenue from several fees and services, including:

### Initial Listing Fees

TSX and TSXV issuers pay initial listing fees based on the value of the securities to be listed or reserved, subject to minimum and maximum fees. Initial listing fees fluctuate with the value of securities being listed or reserved at the time of listing. Revenues from initial listing fees are deferred over a 12-month period from the date of listing.

### Additional Listing Fees

Issuers already listed on one of our equity exchanges pay fees in connection with subsequent capital market transactions, such as the raising of new capital through the sale of additional securities and reserving additional shares

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<sup>25</sup> Strong Growth is defined as 5% plus revenue CAGR

<sup>26</sup> High Growth is defined as high-single to double digit revenue CAGR

to be issued under stock option plans. Additional listing fees are based on the value of the securities to be listed or reserved, subject to minimum and maximum fees and are recognized in the period the transaction occurred.

### Sustaining Listing Fees<sup>27</sup>

Issuers listed on one of our equity exchanges pay annual fees to maintain their listing, based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. Sustaining listing fees for existing issuers are billed during the first quarter of the year, recorded as deferred revenue and amortized over the year on a straight-line basis. Sustaining listing fees for new issuers are billed in the quarter after the new listing takes place, based on their market capitalization on the date of listing, and are amortized over the remainder of the year on a straight-line basis.

Fees charged to issuers vary based on the type of issuer (corporate, structured product or ETF).

The aggregate market capitalization of issuers listed on TSX increased from \$4.2 trillion at the end of 2023 to \$4.9 trillion at the end of 2024. The market capitalization of issuers listed on TSXV, including NEX, increased from \$71.0 billion at the end of 2023 to \$88.8 billion at the end of 2024. These increases in market capitalization for TSX and TSXV were largely attributable to issuers who were already at the maximum fee in 2024. For issuers below the maximum fee, the market capitalization on TSX increased in 2024 compared with 2023, while the market capitalization on TSXV decreased. We estimate that the change in the total market capitalization on TSX and TSXV along with the price changes (see discussion under *Initiatives and Accomplishments - Capital Formation - Pricing*) should result in a net increase in sustaining listing fee revenue of approximately \$1.4 million in 2025.

### Other Issuer Services

Other Issuer Services includes TSX Trust and Newsfile. TSX Trust has over 1,700 transfer agent clients, and revenue is primarily derived from recurring monthly fees, related products, and net interest income on cash balances. Corporate trust fees relate to services for approximately 600 clients that include acting as trustee for debt instruments, depository for takeover bid offers, warrant agent, subscription receipt agent, and agent for voluntary escrow arrangements. TSX Trust launched a new business line in 2020 with its introduction of a Registered Plans custody service to non-bank broker dealers that continues to gather assets. In 2021, TSX Trust launched a virtual AGM product. The additional products and services that have come through the acquisition of AST Canada in 2021 includes Employee Plan Services and Structured Finance. Other services are offered through TMX Investor Solutions. TSX Trust benefits from periodic and large cash balances that are held in its trust account, which results in net interest income. Based on CAD and USD year end balances at December 31, 2024, a 25 basis points movement in the interest rate corresponds to approximately \$2.0 million of revenue in TSX Trust. Actual revenue for future periods will also depend on activity in those quarters.

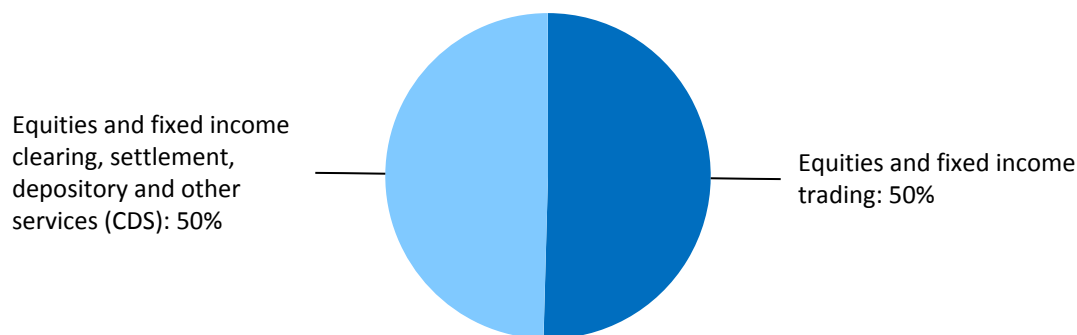
Newsfile services over 2,500 public and private clients globally by providing news release distribution and SEDAR+, EDGAR, and XBRL filing solutions. Revenue is derived in a number of ways, including from contracts (for services provided to clients over the term of the contracts) and pay-as-you-go arrangements (where clients pay for services as they are provided).

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<sup>27</sup> The "Sustaining Listing" 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.

## Equities and Fixed Income Trading & Clearing

Year ended December 31, 2024  
Equities and Fixed Income Trading and Clearing revenue of \$253.8 million



### Equities and Fixed Income Trading – TSX, TSXV, Alpha, TSX Alpha U.S., and Shorcan

#### ***Overview and Description of Products and Services***

*We operate innovative, efficient, reliable, high performance platforms for trading and clearing.*

#### **Equities Trading**

TSX, TSXV and Alpha operate fully electronic exchanges that facilitate secondary trading in TSX and TSXV-listed securities on a continuous auction basis throughout the trading day.

Retail, institutional and other proprietary investors and traders place orders to buy or sell securities through Participating Organizations (POs)/Members of the exchanges. In addition to continuous trading throughout the day, TSX and TSXV also operate opening and closing auctions, which are central sources of liquidity for trading in Canada during those times. The closing auctions also establish the industry benchmark closing price for our listed securities. A post-closing trading session on TSX and TSXV allows for further opportunity to trade at the closing price. Additional trading features and functionalities are offered to accommodate a range of trading strategies and provide flexibility and optionality to clients. Each of TSX, TSXV and Alpha also allow POs to report their internally matched orders, by printing them as crosses on the exchanges at no cost.

In Q4/23, Alpha launched a "lit order book" (Alpha-X) and a "dark order book" (Alpha DRK). The introduction of the new order books provides platforms on which TMX Group can introduce innovative trading solutions, such as Smart Limit and Smart Peg orders, that help clients optimize their trading. In 2024, approximately 145.9 million shares were traded on Alpha-X and Alpha DRK.

AlphaX US, a registered broker-dealer based in the U.S., has recently obtained the necessary regulatory approvals to commence operations as a U.S. equities alternative trading system (ATS). On January 22, 2025, AlphaX US commenced trading activities.

### Fixed Income Trading

Shorcan acts as an Inter-Dealer Bond Broker (IDBB) that specializes in the Canadian fixed income market, brokering products that include Government of Canada, Provincial, Corporate and Canadian Mortgage Bonds along with Repurchase Agreements (repos) and Swaps. Shorcan's core clients are broker-dealers, all of whom are registered with the Canadian Investment Regulatory Organization (CIRO), and many that are also CDCC members. Shorcan operates a hybrid trading platform allowing clients access to trade via voice lines or electronically; the buy-side does not participate.

### **Strategy**

Our strong competitive position in the equities and fixed income trading businesses complements our portfolio as we look to deliver and maintain long term Market Growth<sup>28</sup> in these businesses. Our strategic focus is on:

### Equities Trading

- Building innovative and premium market solutions focused on solving client needs in Canada and around the world
- Continuing to maintain leading market share in Canadian Trading

### Fixed income Trading

- Maintaining market leading position in Canada trading of fixed income products

### **Revenue Description**

#### Equities Trading

Most of the fees on TSX, TSXV and Alpha are volume-based. These fees are applied to traded shares, and in most cases, involve one side of the trade being charged a per share fee and the other side being provided with a per share rebate. The excess of the fee over the rebate represents the exchanges' net fee per share traded. These types of models are intended to incent different types of customers and behaviors. The primary fee structure on TSX, TSXV, and Alpha-X is a maker-taker model that pays a rebate to the liquidity providing side of the trade so that market participants have an incentive to enter passive orders into the central limit order book, while the liquidity taking side of the trade pays a fee. Alpha supports an inverted pricing model which is intended to provide incentives to take liquidity by providing a rebate, with the liquidity providing side of the trade paying the fee. Alpha DRK has a take-take pricing model that charges both the buyer and seller a fee per transaction. Regardless of the fee structure applied, trading revenue is recognized in the month in which the trade is executed.

#### Fixed Income Trading

Shorcan charges broker commissions on both sides of the trade upon execution. Shorcan broker commission varies by instrument, duration, size and execution method (voice or electronic).

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<sup>28</sup> Market Growth is defined as revenue CAGR in line with GDP

## Equities and Fixed Income Clearing, Settlement, Depository and Other Services - CDS

### **Overview and Description of Products and Services**

CDS is Canada's national securities depository, clearing and settlement hub for domestic and cross-border depository-eligible securities. CDS supports Canada's equities, fixed income and money markets and is accountable for the safe custody and movement of securities, the processing of post-trade transactions, and the collection and distribution of entitlements relating to securities deposited by participants.

CDS's domestic clearing and settlement services enable participants to report, confirm or match, reconcile, net and settle exchange and OTC traded equity, debt and money market transactions, as well as derivative transactions in depository-eligible securities (e.g., the processing of rights and warrants and the settlement of exercised options). CDS also offers related services such as buy-ins, risk controls and reporting, and facilitates trading in CDSX (CDS's multilateral clearing and settlement system) eligible securities before they are publicly distributed (trades in these securities settle after public distribution). CDSX is designated by the Bank of Canada as being systemically important, under the *Payment Clearing and Settlement Act (Canada)*.

CDS Depository is accountable for the safe custody and movement of depository-eligible domestic and international securities, accurate record-keeping, processing post-trade transactions, and collecting and distributing entitlements arising from securities deposited by participants.

Other CDS services include, the issuance of International Security Identification Numbers (ISINs), depository eligibility, securities registration as well as entitlement and corporate action (E&CA) event management.

### **Strategy**

TMX Group is implementing a post-trade services strategy to replace the existing clearing, settlement and custody system at CDS. In 2021, the development and internal testing of the system was substantially completed. Scripted testing with participants completed in January 2023 and unscripted testing was largely completed in July 2023. Following completion of the move to T+1 in Q2/24, the majority of participants resumed their testing in Q3/24. Incorporating the subsequent phases leading to the launch, we now expect to go live by the end of Q1/25. Under this strategy, TMX Group will continue to invest in modernizing core technology and developing growth opportunities for the business to deliver long term Market Growth<sup>29</sup> under these main focuses:

- **Clearing and depository:** Develop and migrate to an advanced clearing, settlement, and risk management platform, to deliver enhanced client experiences at higher efficiency (see **INITIATIVES AND ACCOMPLISHMENTS - Update on Modernization of CDS Clearing Platform**).
- **Global connectivity solutions:** Support access gateways that connect global clients within an increasingly global marketplace such as the CDS-DTCC (The Depository Trust & Clearing Corporation) link and collateral optimization opportunities in conjunction with the CDS participant base and their clients.
- **Collateral and funding:** Support our clients to do more business by making more efficient use of their capital with new collateral management services.

### **Revenue Description**

For reported trades, both exchange traded and OTC trades, CDS charges clearing fees to participants on a per trade basis. Clearing fees are recognized as follows:

- Reporting fees are recognized when the trades are delivered to CDS.

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<sup>29</sup> Market Growth is defined as revenue CAGR in line with GDP.

- Netting/novation fees are recognized when the trades are netted and novated.

Other clearing-related fees are recognized when services are performed.

For those trades that are netted in Continuous Net Settlement (CNS), settlement fees are charged on the basis of the number of netted trades settled. Settlement fees for those trades that are not netted (i.e., trades that are settled individually on a trade-for-trade (TFT) basis) are charged on a per transaction basis. Settlement-related fees are recognized when the trades are settled.

Depository fees are charged per transaction and custody fees are charged based on a daily average of volume (i.e., number of shares held for equity securities and nominal value held for fixed income securities) and positions held. Depository fees are charged for custody of securities, depository related activities, and processing of entitlement and corporate actions, and are recognized when the services are performed.

International revenue consists of revenue generated through offering links as channels to participants to effect cross-border transactions and custodial relationships with other international organizations. The related fees are recognized as follows:

- Fees are charged to participants based on participant usage of National Securities Clearing Corporation (NSCC) and Depository Trust Company (DTC) services. Participants are sponsored into NSCC and DTC services via the New York Link service and the DTC Direct Link service respectively.
- Custodial fees and other international services related revenues are recognized when the services are performed.

Issuer services fees are fees levied to issuers and/or their agents for ISIN, and entitlements and corporate actions management services for which they benefit.

#### 50:50 Rebates on Core CDS Services

CDS shares with participants, on a 50:50 basis, any annual increases in revenue on clearing and other core CDS Clearing services, as compared with revenues in fiscal year 2012 (the 12-month period ending October 31, 2012). Rebates are paid on a pro rata basis to participants in accordance with the fees paid by such participants for these services.

#### Additional Rebates

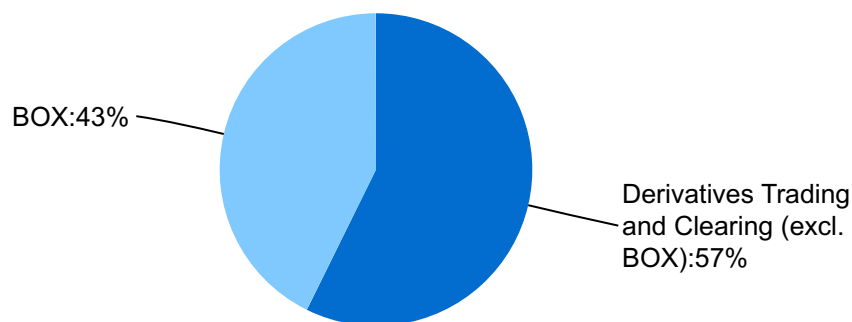
In addition, CDS must rebate an additional \$4.0 million annually to participants in respect of exchange clearing services for trades conducted on an exchange or ATS.

Efforts to update the existing fee model are in progress and an amended proposal is on track to be submitted to regulators in 2025. We will provide updates on timing and estimates as it becomes subject to public comment.

For the five-year period from 2019 to 2024 inclusive, CDS rebated an average of approximately \$17.5 million annually. In 2024, CDS rebated \$19.5 million reflecting increased volumes.

## Derivatives Trading and Clearing

Year ended December 31, 2024  
Derivatives Trading and Clearing revenue of \$329.0 million



### Derivatives Trading and Clearing – MX, CDCC and BOX

#### *Overview and Description of Products and Services*

Our domestic financial derivatives trading is conducted through MX, Canada's standardized financial derivatives exchange. Headquartered in Montréal, MX offers trading in interest rate, index, equity and currency derivatives. BOX is an equity options market located in the U.S and as at December 31, 2024, MX held approximately 47.9% economic interest and 51.4% voting interest in BOX. Effective January 3, 2022, TMX Group obtained voting control over BOX and commenced consolidating the entity. Non-controlling interests ("NCI") related to BOX (52.1%), including net income and equity attributable to NCI are reported in our financial statements.

#### Derivatives - Trading

##### **MX**

MX offers interest rate, index, equity and currency derivatives to Canadian and international market participants. MX connects participants to its derivatives markets, builds business relationships with them and works with them to ensure that the derivatives offerings meet investor needs. In 2024, approximately 55% of MX's volume was represented by four futures contracts – the Three-Months CORRA Futures contract (CRA), the 10-Year Government of Canada Bond Futures contract (CGB), the 5-Year Government of Canada Bond Futures contract (CGF) and the 2-Year Government of Canada Bond Futures contract (CGZ) – with the balance largely represented by our equity and ETF options market, as well as the S&P/TSX 60 Standard Futures contract (SXF).

## **BOX**

BOX (BOX Options Market LLC, and when the context requires, BOX includes its parent BOX Holdings Group LLC) is an equity options market and is one of a number of equity options markets in the U.S. All options traded on BOX are cleared through The Options Clearing Corporation.

### Derivatives – Clearing

CDCC acts as the central clearing counterparty for exchange-traded derivative products in Canada and for a growing range of customized financial instruments. CDCC's role is to ensure the integrity and stability of the markets that it supports. CDCC provides central clearing counterparty (CCP) clearing and settlement services for all MX transactions and certain over-the-counter (OTC) derivatives, including fixed income repurchase and reverse repurchase agreement (REPO) transactions. In addition, CDCC is the issuer of options traded on MX markets.

CDCC is an integrated central clearing counterparty in North America that clears and settles futures, options and options on futures. The Canadian Derivatives Clearing Service (CDCS) operated by CDCC has been designated by the Bank of Canada as being a systemically important financial market infrastructure under the *Payment Clearing and Settlement Act* (Canada).

CDCC generates revenue from clearing and settlement activities (see **Revenue Description** section below).

### Derivatives – Regulatory Division

MX is recognized by the Autorité des marchés financiers (AMF) as a Self-Regulatory Organization (SRO) that has responsibility for maintaining the transparency, credibility and integrity of its exchange-traded derivatives market. MX's Regulatory Division oversees the regulatory functions. It is responsible for the regulation of MX's markets and trading participants.

The Regulatory Division operates as a separate and independent unit of MX. It is subject to the oversight of the MX Self-Regulatory Oversight Committee of MX's board of directors (SROC). The SROC, which is appointed by the Board of Directors of MX, must be composed of at least two-thirds independent members. The Regulatory Division operations are self-funded and are carried out on a not-for-profit basis.

The Regulatory Division generates revenue from regulatory fees principally comprised of market surveillance fees collected by MX on behalf of its Regulatory Division. Market regulation fees are recognized in the month in which the services are provided.

Any surplus in the budget of the Regulatory Division after allowing for an appropriate operating reserve must be redistributed to MX's approved participants and any shortfall must be made up by a special assessment imposed on MX's participants or by MX, in both cases upon recommendation of the SROC to the MX board. Regulatory fines are accounted for separately from regulatory fees revenue. The regulatory fines can be used only for specifically approved purposes, as described in the recognition order, such as educational initiatives.

## **Strategy**

Growth drivers in our Derivatives Trading and Clearing segment contributing to the business unit's long term High Growth<sup>30</sup> revenue objective are as follows:

### MX

- Continuation of global expansion through trading hours and access expansion
- Introduction of new client-focused products and services with new offerings to unlock the yield curve and further build out the equities derivatives complex

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<sup>30</sup> High Growth is defined as high-single to double digit revenue CAGR

## CDCC

CDCC strengthens and supports Derivatives markets growth with trusted, deep post-trade capabilities. Enhancements of CDCC's products and services will focus on:

- Supporting a vertically-integrated introduction of new derivatives products and services
- Providing efficient international access to bulge bracket clearing brokers while accessing new distribution networks and reaching new clients
- Upgrading operational, risk and regulatory compliance capabilities
- Complementing the Derivatives ecosystem with an expanded REPO facility

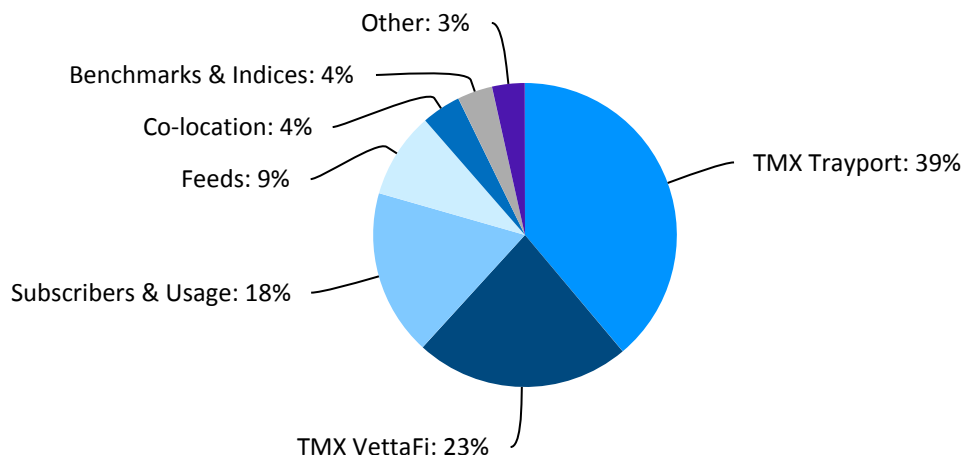
### ***Revenue Description***

Those who trade on MX and BOX are charged fees for buying and selling derivatives products on a per transaction basis, determined by factors that include contract type and volume of contracts traded. Since trading fee rates are charged on each transaction based on the number of contracts included in each transaction, MX and BOX trading revenue is largely correlated to the volume of contracts traded on the derivatives market, but may be impacted by variations in client mix and product mix. Derivatives trading revenue is recognized in the month in which the trade is executed.

CDCC clearing members (Clearing Members) pay fees for clearing and settlement, including OTC fixed income and REPO transactions, on a per transaction basis. Fees for fixed income transactions are based on the size and term of the original agreement. A number of Clearing Members are also eligible for a revenue sharing arrangement based on annual cleared volumes of REPO transactions. Clearing and settlement revenues other than for REPO transactions are correlated to the trading volume of such products and therefore fluctuate based on the same factors that affect our derivatives trading volume. Revenue is recognized as performance obligations are satisfied; this occurs within a short period of time. Clearing revenue for fixed income REPO agreements is recognized on the novation date of the related transaction.

## Global Solutions, Insights, and Analytics (GSIA)

Year ended December 31, 2024  
GSIA revenue \$604.5 million



### Overview and Description of Products and Services

*We deliver data to fuel high-value proprietary and third party analytics to help clients make better trading and investment decisions, and provide solutions to European wholesale energy markets for price discovery, trade execution, post-trade transparency, and post-trade straight through processing. TMX VettaFi is a provider of indexing, data analytics, industry leading conferences, and digital distribution services to ETF issuers and fund managers.*

#### **TMX Datalinx**

##### Real-Time Equity Market Data Products – TSX and TSXV Level 1 and Level 2 and Alpha Feeds

Trading activity on TSX, TSXV and Alpha produces a stream of real-time data reflecting orders and executed transactions. This stream of data is supplemented with value-added content (e.g. dividends, earnings) and packaged by TMX Datalinx into real-time market data products and delivered to end users directly or via Canadian and global redistributors that sell data as feeds and for desktop product use. Our market data is available globally through a large number of network carriers and extranets.

We offer our subscribers Level 1, and Level 2 real-time services for TSX, TSXV and Alpha. Level 1 provides trades, quotes, corporate actions and index level information. Level 2 provides a more in-depth look at the order book and allows distributors to obtain Market Book for TSX, TSXV and Alpha. Market Book is an end-user display service that includes Market-by-Price, Market-by-Order and Market Depth by Broker for all committed orders and trades.

We also provide market participants with low-latency access to real-time Level 1 and Level 2 market data consolidated to include all domestic equities marketplaces, by way of our TMX Information Processor Consolidated Data Feed (CDF), Canadian Best Bid and Offer (CBBO), Consolidated Last Sale (CLS), and Consolidated Depth of Book (CDB) services. Our Information Processor mandate from securities regulators was approved in July 2022 for an additional four year period.

### Real-Time Derivative Market Data Products

We also derive data revenue from MX. Similarly to equities markets, we distribute MX real-time Level 1, and Level 2 trading data to market participants on a global basis directly and through data distributors.

### Historical, Online, and Other Market Data Products

Historical market data products include market information such as historical tick data, official market statistics and close prices and corporate information such as dividends and corporate actions, including the expanded data sets from Wall Street Horizon, Inc. (a U.S.-based company that provides traders, portfolio managers, academics and others an ever-expanding set of forward-looking and historical corporate event datasets), used in research, analysis and trade clearing, including via TMX Analytics product suites to enable increased usability for clients.

### Equities and Derivatives - Index Products

We have an arrangement with S&P Dow Jones Indices (S&P DJI) under which we share license fees received from organizations that create products, such as mutual funds and ETFs, based on the S&P/TSX indices<sup>31</sup>. In general, these license fees are based on a percentage of funds under management in respect of these proprietary products. The multi-year Index Operation and License Agreement between TSX Inc. and S&P DJI covers the creation and publication of all S&P/TSX indices, while also providing MX with the rights to list futures and options on the S&P/TSX indices. We fully own data subscription revenue. In 2024 we continued to see growth in this segment through new product development, sales and repricing.

### Enterprise non-professional (non-pro) fee discount program

Under this program we introduced tiered discounts for clients based on the total amount spent on all non-pro TSX and TSXV products and a fee cap after a specific spend limit has been reached. As of December 31, 2024, we have 11 clients in the program including the six largest Canadian banks.

### Co-location Services

We provide co-location services to a broad range of domestic and international market participants. Our co-location services clients benefit from stable, low-latency access to TSX, TSXV, Alpha, and MX trading engines and market data feeds, as well as access to other capital market clients, financial content providers, and technology providers.

### Benchmarks and Indices

#### *Term CORRA*

In September 2023, the Term CORRA benchmark was launched. Term CORRA, a forward looking term rate, replaces CDOR in loans and associated derivative hedges and is derived from transactions and executable bids and offers from CORRA interest rate futures traded on MX. Term CORRA is produced and managed by CanDeal Benchmark Administration Services Inc. as the benchmark administrator and with TMX Datalinx providing the licensing and distribution capabilities. Since the launch, we have onboarded 160 global clients including major Canadian banks, global financial institutions and corporate clients.

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<sup>31</sup> The S&P/TSX indices are a product of S&P Dow Jones Indices LLC (“SPDJI”) and TSX Inc. (“TSX”). Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC and TSX® is a registered trademark of TSX. Dow Jones, S&P, their respective affiliates and TSX do not sponsor, endorse, sell or promote any products based on the Index and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions or interruptions of the Index or any data related thereto.

### Enhanced Content

TMX Datalinx onboarded two additional partners to the TMX ESG Data Hub in support of ESG integration in investment decision-making processes. New content sets include physical asset data, climate analytics and environmental data. The pipeline is progressing, consisting of investment banks, asset managers, asset owners, and pension plans.

### **TMX Trayport**

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

### **TMX VettaFi**

TMX VettaFi (acquired January 2, 2024) is a US-based provider of indexing, data analytics, industry leading conferences, and digital distribution services to ETF issuers and fund managers. Through its websites and analytics platform it engages millions of investors annually - empowering and educating the modern financial advisor and institutional investor. TMX VettaFi adds new global index products to our offerings, including in Energy Master Limited Partnerships (MLPs), thematic, factor-based indices, notably Robotics and AI. The broadened product scope increases our outreach in both asset-based revenue and data subscription revenue. In October 2024, we acquired iINDEX Research (see discussion under *Initiatives and Accomplishments - Global Solutions, Insights and Analytics (GSIA) - iINDEX Research and Development Acquisition*).

## **Strategy**

Continued execution of our strategy positions TMX Datalinx for Strong Growth<sup>32</sup> in our long term revenue objectives.

### **TMX Datalinx**

Our core strategy consists of:

- Go to market with innovations in product pricing and packaging and secure multiple-year pricing agreements
- Expanding our suite of multi-asset class, real time and historical data and analytics products
- Capturing the global addressable market for TMX Group content and products
- Providing new distribution platforms for TMX Group proprietary content

The acceleration of our strategy consists of the following:

- **Protect and grow our core business:** continuously invest in client driven new content and product innovation to protect and grow our core data offering and enhance our pricing model
- **Extend and transform our product offering:**
  - Expand our asset class and geographic coverage in benchmarks and indices
  - Expand our current corporate and reference data products through organic builds, partnerships and acquisitions
  - Continue to add complementary, unique and enhanced content

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<sup>32</sup> Strong Growth is defined as 5% plus revenue CAGR

## ***TMX Trayport***

TMX Trayport continues to focus on capitalizing on macro themes in the global energy markets that present growth opportunities in both new markets and in new services to existing clients, and accelerating revenue generation potential to target High Growth<sup>33</sup> in our long term revenue objectives.

- **Expand product offering**
  - Enhance our core market offering through continuous innovation and investment, with a focus on performance, reliability and security
  - Bolster data driven trading to add value through data, advanced visualization and artificial intelligence
- **Expand into new asset classes and geographies through:**
  - Digitalization of voice brokered markets
  - Capturing opportunities driven by the deregulation and changing dynamics of global energy markets along with increased demand for new trading products driven by the energy transition

## ***TMX VettaFi***

TMX VettaFi continues to deepen and broaden relationships with issuers of ETFs, mutual funds, and other financial products by offering innovative services that map to issuers' product life cycles. Our core products comprise indexing solutions, utilizing our nimble and scalable 'index factory', as well as behavioral analytics, leveraging our strong connectivity with the investor community. We deploy digital marketing capabilities and events services to accelerate growth in core products.

Key strategic growth drivers include:

- **Expand product offering**
  - Expand asset class coverage of our indexing platform beyond equities to more holistically serve exposure needs of our clients, including fixed income capabilities
  - Develop additional behavioral analytics products to address incremental use cases and improve product delivery
- **Expand into new markets**
  - Continue to accelerate business development in Canada, leveraging existing relationships
  - Build out our existing footprint in EMEA, focusing on innovative indexing solutions

## **Revenue Description**

### ***TMX Datalinx***

Subscribers generally pay fixed monthly rates for access to real-time streaming data, which differ depending on the depth of information accessed. In addition to streaming data, many individual investors consume real-time quote data,

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<sup>33</sup> High Growth is defined as high-single to double digit revenue CAGR

for which we charge on a per quote basis. We charge market data vendors and direct feed clients a fixed monthly fee for access to data feeds.

Real-time market data revenue is recognized based on usage as reported by customers and vendors, less a provision for sales allowances from the same customers. Other Global Solutions, Insights and Analytics revenue is recognized when the services are provided.

Generally, we sell historical data products for a fixed amount per product accessed. Fees vary depending on the type of end use.

### ***Co-location Services***

Subscribers to TMX Group's co-location services, pay a fixed monthly fee depending on the number of cabinets and other related services they receive. Co-location services are normally contracted for a period of one to five years.

### ***TMX Trayport***

TMX Trayport subscribers pay a monthly rate for access to the platform. While some customers are on multi-year contracts, the average term is about one year.

### ***TMX VettaFi***

Index licensing revenue is generally based on a percentage of assets under management within the products (exchange traded funds (ETFs), exchange traded notes (ETNs), mutual funds, separately managed accounts) linked to TMX VettaFi indices. Other indexing clients pay a fixed monthly subscription fee to access index data (index levels and constituent data).

Digital distribution and analytics revenue is primarily subscription-based and customers are billed on a monthly basis, with the terms of the contracts varying from customer to customer. Event revenue is recognized as the service is provided.

In 2024, approximately 55% of our TMX Datalinx revenue was billed in U.S. dollars, approximately 90% of our TMX Trayport revenue was billed in British Pound Sterling, and approximately 90% of our TMX VettaFi revenue was billed in U.S. dollars. For more information regarding foreign currency risk, see **Financial Risk Management - Market Risk - Foreign Currency Risk**.

## RESULTS OF OPERATIONS

### Non-GAAP Measures

Adjusted net income is a non-GAAP measure<sup>34</sup>, and adjusted earnings per share, adjusted diluted earnings per share, and adjusted earnings per share CAGR are non-GAAP ratios<sup>35</sup>, and do not have standardized meanings prescribed by GAAP and are, therefore, unlikely to be comparable to similar measures presented by other companies.

Management uses these measures, and excludes certain items, because it believes doing so provides investors a more effective analysis of underlying operating and financial performance, including, in some cases, our ability to generate cash. Management also uses these measures to more effectively measure performance over time, and excluding these items increases comparability across periods. The exclusion of certain items does not imply that they are non-recurring or not useful to investors.

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 as outlined under the heading "Adjusted Net Income attributable to equity holders of TMX Group and Adjusted Earnings Per Share Reconciliation for 2024 and 2023".

We have also presented long term adjusted EPS CAGR as a financial objective which is the growth rate in adjusted diluted earnings per share over time, exclusive of adjustments that impact the comparability of adjusted EPS from period to period, including those outlined under the heading "Adjusted Net Income attributable to equity holders of TMX Group and Adjusted Earnings Per Share Reconciliation for 2024 and 2023". The adjusted EPS CAGR is based on the assumptions outlined under the heading "Caution Regarding Forward Looking Information - Assumptions related to long term financial objectives".

Similarly, we present the dividend payout ratio based on dividends paid divided by adjusted earnings per share as a measure of TMX Group's ability to make dividend payments, exclusive of a number of adjustments as outlined under the heading "Adjusted Net Income attributable to equity holders of TMX Group and Adjusted Earnings Per Share Reconciliation for 2024 and 2023".

Debt to adjusted EBITDA ratio is a non-GAAP measure defined as total non-current debt and current debt divided by adjusted EBITDA. Adjusted EBITDA is calculated as net income excluding interest expense, income tax expense, depreciation and amortization, transaction related costs, integration costs, one-time income (loss), and other significant items that are not reflective of TMX Group's underlying business operations.

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<sup>34</sup> As defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.

<sup>35</sup> As defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.

## Year ended December 31, 2024 (2024) Compared with the Year ended December 31, 2023 (2023)<sup>36</sup>

The information below is derived from the financial statements of TMX Group for 2024 compared with 2023.

(in millions of dollars, except per share amounts)	2024	2023	\$ increase	% increase
Revenue	<b>\$1,460.1</b>	\$1,194.1	\$266.0	22%
Operating expenses	<b>817.8</b>	654.1	163.7	25%
Income from operations	<b>642.3</b>	540.0	102.3	19%
Net income attributable to equity holders of TMX Group	<b>481.5</b>	356.0	125.5	35%
Adjusted net income attributable to equity holders of TMX Group <sup>37,38</sup>	<b>473.0</b>	407.8	65.2	16%
Earnings per share attributable to equity holders of TMX Group				
Basic	<b>1.74</b>	1.28	0.46	36%
Diluted	<b>1.73</b>	1.28	0.45	35%
Adjusted Earnings per share attributable to equity holders of TMX Group <sup>39</sup>				
Basic	<b>1.70</b>	1.47	0.23	16%
Diluted	<b>1.70</b>	1.46	0.24	16%
Cash flows from operating activities	<b>623.4</b>	524.9	98.5	19%

### Net Income attributable to equity holders of TMX Group and Earnings per Share

Net income attributable to equity holders of TMX Group in 2024 was \$481.5 million, or \$1.74 per common share on a basic and \$1.73 on a diluted basis, compared with \$356.0 million, or \$1.28 per common share on a basic and diluted basis for 2023. The increase in net income attributable to equity holders of TMX Group reflected an increase in income from operations of \$102.3 million, a non-cash gain of \$57.1 million being recognized in 2024 resulting from the fair value remeasurement of our previously held minority interest in VettaFi (equity-accounted January 9, 2023 prior to the acquisition of control January 2, 2024), and higher net finance costs of \$4.4 million mainly reflecting higher interest expense of \$61.3 million driven by increased debt levels following the VettaFi acquisition, partially offset by a net foreign exchange gain of \$41.2 million on USD-denominated intercompany loans. The increase in income from operations from 2023 to 2024 was driven by an increase in revenue of \$266.0 million, largely attributable to increases in revenue from *Global Solutions, Insights and Analytics*, of which \$138.4 million reflects the inclusion of revenue from TMX VettaFi (fully acquired January 2, 2024) and iINDEX Research (acquired October 15, 2024), as well as increases from

<sup>36</sup> TMX Group completed a five-for-one split of its common shares outstanding (the Stock Split) effective at the close of business on June 13, 2023. All common share numbers and per share amounts in this MD&A, including comparative figures, have been adjusted to reflect the Stock Split.

<sup>37</sup> Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

<sup>38</sup> 2023 has been restated to be consistent with current quarter methodology.

<sup>39</sup> Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".

*Derivatives Trading and Clearing, Equities and Fixed Income Trading and Clearing, and Capital Formation.* Revenue for 2024 also included \$5.5 million related to Newsfile (acquired August 7, 2024).

There was also an increase in operating expenses of \$163.7 million, of which approximately \$60.6 million of operating expenses related to TMX VettaFi (equity accounted since January 9, 2023, prior to acquisition of control on January 2, 2024), Newsfile (acquired August 7, 2024) and iINDEX Research (acquired October 15, 2024), \$47.2 million related to amortization of 2024 acquired intangibles (TMX VettaFi, Newsfile, and iINDEX Research), as well as a \$2.3 million increase in acquisition and related expenses. There were also increases of \$7.9 million in integration costs, approximately \$7.0 million related to our U.S. expansion initiative, and \$4.4 million in contingent payments related to Newsfile and iINDEX Research, and \$1.3 million relating to an onerous contract provision true-up. Partially offsetting these increases in operating expenses were lower expenses of \$5.6 million related to strategic re-alignment costs, a one-time write off of receivables of approximately \$2.2 million, and \$1.0 million related to SigmaLogic recorded in 2023.

### **Adjusted Net Income<sup>40</sup> attributable to equity holders of TMX Group and Adjusted Earnings per Share<sup>41</sup> Reconciliation for 2024 and 2023**

The following tables present reconciliations of net income attributable to equity holders of TMX Group to adjusted net income attributable to equity holders of TMX Group and earnings per share to adjusted earnings per share. The financial results have been adjusted for the following:

1. The amortization expenses of intangible assets in 2023 and 2024 related to the 2012 Maple transaction (TSX, TSXV, MX, Alpha, Shorcan), TSX Trust, TMX Trayport (including VisoTech and Tradesignal), AST Canada, BOX, and Wall Street Horizon (WSH), and the amortization of intangibles related to TMX VettaFi, Newsfile and iINDEX Research in 2024. These costs are a component of *Depreciation and amortization*.
2. Acquisition and related costs in 2023 and 2024 related to VettaFi (equity-accounted on January 9, 2023 prior to the acquisition of control on January 2, 2024). 2024 also includes acquisition related costs for Newsfile (acquired August 7, 2024) and iINDEX Research (acquired October 15, 2024). 2023 includes acquisition related costs for SigmaLogic (equity-accounted prior to the acquisition of control on February 16, 2023 and divested on April 21, 2023) and WSH (acquired November 9, 2022). These costs are included in *Compensation and benefits* (iINDEX Research), *Selling, general and administration* (VettaFi, Newsfile and iINDEX Research) and *Net Finance Costs* (VettaFi).
3. Integration costs related to integrating the VettaFi, Newsfile and iINDEX Research acquisitions in 2024. 2023 also includes integration costs for WSH. These costs are included in *Compensation and benefits* (VettaFi, Newsfile, iINDEX Research and WSH), *Selling, general and administration* (VettaFi, Newsfile and iINDEX Research), *Information and trading systems* (VettaFi, Newsfile and WSH), and *Depreciation and Amortization and Net Finance Income (Costs)* (VettaFi).
4. 2024 includes a true-up of an onerous contract provision for our AST facilities, which is included in *Selling, general and administration*.
5. Change in fair value related to contingent considerations, reflecting a reduction in the earn-out liability in 2023 assumed as part of the WSH acquisition. 2024 includes a reduction related to a prior earn-out liability assumed as part of the VettaFi acquisition, and an increase in the accrual of the contingent payments agreed upon as part of the Newsfile and iINDEX Research acquisitions. These changes are included in *Compensation and benefits* (Newsfile and iINDEX Research), and *Net Finance Income (Costs)* (VettaFi and WSH).

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<sup>40</sup>Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

<sup>41</sup>Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".

6. Net gain on foreign exchange (FX) forwards and translation of monetary assets and liabilities denominated in foreign currencies, including USD-denominated debt raised to facilitate the VettaFi acquisition in 2024. These changes are included in *Net Finance Income (Costs)*.
7. Gain on VettaFi resulting from the remeasurement of our previously held minority interest in VettaFi (fully acquired January 2, 2024), included in *Other income in 2024*.
8. 2023 includes strategic re-alignment expenses related to organizational changes. These costs are primarily included in *Compensation and benefits*.
9. Gain resulting from the sale of 100% of our interest in SigmaLogic to VettaFi (effective April 21, 2023), net of divestiture costs. This gain is included in *Other Income* while the costs are included in *Selling, general and administration*.

(in millions of dollars) (unaudited)	Pre-tax		Tax		After-tax			
	2024	2023	2024	2023	2024	2023	\$ increase / (decrease)	% increase / (decrease)
Net income attributable to equity holders of TMX Group					<b>\$481.5</b>	\$356.0	\$125.5	35%
Adjustments related to:								
Amortization of intangibles related to acquisitions	<b>107.8</b>	60.4	<b>30.0</b>	18.1	<b>77.8</b>	42.3	35.5	84%
Acquisition and related costs	<b>9.4</b>	5.8	<b>1.6</b>	—	<b>7.8</b>	5.8	2.0	34%
Integration costs	<b>8.6</b>	0.3	<b>2.3</b>	0.1	<b>6.3</b>	0.2	6.1	3,050%
True-up of onerous contract provision	<b>1.3</b>	—	<b>0.4</b>	—	<b>1.0</b>	—	1.0	n/a
Contingent payments accrual and fair value adjustment	<b>(0.5)</b>	(2.8)	—	—	<b>(0.5)</b>	(2.8)	2.3	(82)%
Net loss (gain) from FX forwards and translation of monetary assets and liabilities denominated in foreign currencies	<b>(50.8)</b>	3.2	<b>(6.9)</b>	—	<b>(43.9)</b>	3.2	(47.1)	(1,472)%
Fair value gain on VettaFi	<b>(57.1)</b>	—	—	—	<b>(57.1)</b>	—	(57.1)	n/a
Strategic re-alignment costs	—	5.7	—	1.5	—	4.2	(4.2)	(100)%
Gain on sale of SigmaLogic, net of divestiture costs	—	(1.2)	—	0.2	—	(1.0)	1.0	(100)%
Adjusted net income attributable to equity holders of TMX Group <sup>42,43,44</sup>					<b>\$473.0</b>	\$407.8	65.2	16%

<sup>42</sup> Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

<sup>43</sup> The reconciliation for adjusted net income in 2024 and 2023 is presented without a rounding adjustment for better accuracy.

<sup>44</sup> 2023 presentation has been updated to be consistent with current quarter methodology.

Adjusted net income attributable to equity holders of TMX Group increased by 16% from \$407.8 million in 2023 to \$473.0 million in 2024 driven by an increase in income from operations, partially offset by higher net finance costs.

(unaudited)	2024		2023	
	Basic	Diluted	Basic	Diluted
Earnings per share attributable to equity holders of TMX Group	<b>\$1.74</b>	<b>\$1.73</b>	\$1.28	\$1.28
Adjustments related to:				
Amortization of intangibles related to acquisitions	<b>0.28</b>	<b>0.28</b>	0.15	0.15
Acquisition and related costs	<b>0.03</b>	<b>0.03</b>	0.03	0.03
Integration costs	<b>0.02</b>	<b>0.02</b>	—	—
Contingent payments accrual and fair value adjustment	—	—	(0.01)	(0.01)
Net gain from FX forwards and translation of monetary assets and liabilities denominated in foreign currencies	<b>(0.16)</b>	<b>(0.16)</b>	—	—
Fair value gain on VettaFi	<b>(0.21)</b>	<b>(0.20)</b>	—	—
Strategic re-alignment costs	—	—	0.02	0.01
Adjusted earnings per share attributable to equity holders of TMX Group <sup>45</sup>	<b>1.70</b>	<b>1.70</b>	\$1.47	\$1.46
Weighted average number of common shares outstanding	<b>277,417,579</b>	<b>278,717,460</b>	278,154,881	279,043,599

Adjusted diluted earnings per share increased by 24 cents from \$1.46 in 2023 to \$1.70 in 2024 primarily reflecting an increase in income from operations from 2023 to 2024, partially offset by higher net finance costs.

<sup>45</sup> Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures". "Gain on sale of SigmaLogic, net of divestiture costs" and "True-up of onerous contract provision" are not presented in the reconciliation due to the size of the adjustment being less than a penny.

## Revenue

(in millions of dollars)	2024	2023	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$272.8	\$268.2	\$4.6	2%
Equities and Fixed Income Trading and Clearing	253.8	232.6	21.2	9%
Derivatives Trading and Clearing	329.0	274.2	54.8	20%
Global Solutions, Insights and Analytics	604.5	419.0	185.5	44%
Other	—	0.1	(0.1)	(100)%
	<b>1,460.1</b>	<b>\$1,194.1</b>	<b>\$266.0</b>	<b>22%</b>

Revenue was \$1,460.1 million in 2024, up \$266.0 million or 22% compared with \$1,194.1 million in 2023 largely attributable to increases in revenue from *Global Solutions, Insights and Analytics*, of which \$138.4 million reflects the inclusion of revenue from TMX VettaFi (fully acquired January 2, 2024) including iINDEX Research (acquired October 15, 2024), as well as increases from *Derivatives Trading and Clearing, Equities and Fixed Income Trading and Clearing, and Capital Formation*. Revenue for 2024 also included \$5.5 million related to Newsfile (acquired August 7, 2024). Excluding revenue from TMX VettaFi, Newsfile, and iINDEX Research, revenue was up 10% in 2024 compared with 2023.

## Capital Formation

(in millions of dollars)	2024	2023	\$ increase / (decrease)	% increase / (decrease)
Initial listing fees	\$7.9	\$8.8	\$(0.9)	(10)%
Additional listing fees	69.8	71.3	(1.5)	(2)%
Sustaining listing fees	79.3	80.1	(0.8)	(1)%
Other issuer services	115.8	108.0	7.8	7%
	<b>\$272.8</b>	<b>\$268.2</b>	<b>\$4.6</b>	<b>2%</b>

- *Initial listing fees* in 2024 decreased from 2023 reflecting lower revenue in TSX and TSXV. We recognized *initial listing fees* received in 2023 and 2024 of \$6.8 million in 2024 compared with *initial listing fees* received in 2022 and 2023 of \$7.8 million in 2023.
- Based on *initial listing fees* billed in 2024, the following amounts have been deferred to be recognized in Q1/25, Q2/25, Q3/25, and Q4/25: \$1.3 million, \$1.0 million, \$0.6 million and \$0.2 million respectively. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.
- *Additional listing fees* in 2024 decreased compared to 2023 reflecting a decrease in both the number of financings and the total financing dollars raised on TSX, partially offset by an increase in both the number of financings and the total financing dollars raised on TSXV. The decrease in *additional listing fees* on TSX reflected an 8% decrease in the number transactions billed below the maximum fee, and a 4% decrease in the number of transactions billed at

the maximum listing fee of \$250,000 compared with 2023. Additional listing revenue for 2024 included \$42.9 million for TSX and \$26.9 million for TSXV, compared with \$44.7 million for TSX and \$26.5 million for TSXV in 2023.

- 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. There was a decrease in *Sustaining listing fees* on TSXV and a slight increase on TSX from 2023 to 2024, largely reflecting lower TSXV issuers billed below the maximum fee, and higher client discounts and credits in 2024 compared with 2023. The decrease in *sustaining listing fees* were partially offset by price changes.
- *Other issuer services* revenue which includes TSX Trust and Newsfile, was higher in 2024 compared to 2023 reflecting the inclusion of Newsfile of \$5.5 million, higher net interest income from TSX Trust driven by higher balances, including corporate actions, and higher registered and non-registered plan services, equity plan solutions, and corporate trust revenue, partially offset by lower transfer agency fees.

## Equities and Fixed Income Trading and Clearing

(in millions of dollars)	2024	2023	\$ increase	% increase
Equities and fixed income trading	\$128.0	\$114.1	\$13.9	12%
Equities and fixed Income clearing, settlement, depository and other services (CDS)	125.8	118.5	7.3	6%
	<b>\$253.8</b>	<b>\$232.6</b>	<b>\$21.2</b>	<b>9%</b>

- *Equities Trading* revenue increased in 2024 compared with 2023 reflecting higher volumes and a favourable product mix. The overall volume of securities traded on our equities marketplaces increased by 7% (132.5 billion securities in 2024 versus 123.4 billion securities in 2023). There were volume increases of 6% on TSX, 13% on TSXV, and 4% on Alpha in 2024 compared with 2023.
- *Fixed income trading* revenue increased from 2023 to 2024 primarily reflecting increased activity in Government of Canada bonds driven by interest rate cuts by the Bank of Canada.
- CDS revenue increased from 2023 to 2024 mainly due to higher issuers event management fees, interest on short-term deposits, account transfer online notification fees, increased eligibility volumes and exchange traded volumes, partially offset by higher rebates.
- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 63% in 2024, down 2% from approximately 65% in 2023.<sup>46</sup> We only trade securities that are listed on TSX or TSXV.
- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was approximately 57% in 2024, down 1% from approximately 58% in 2023<sup>47</sup>.

<sup>46</sup> Source: CIRO.

<sup>47</sup> Source: CIRO.

## Derivatives Trading and Clearing

(in millions of dollars)	2024	2023	\$ increase	% increase
Derivatives Trading and Clearing (excl. BOX)	\$188.6	\$161.0	\$27.6	17%
BOX	140.4	113.2	27.2	24%
	\$329.0	\$274.2	\$54.8	20%

### *Derivatives Trading and Clearing (excl. BOX)*

The increase in revenue in *Derivatives Trading and Clearing (excl. BOX)* was driven by a 12% increase in MX and a 29% increase in CDCC revenue. The MX revenue increase was primarily driven by an increase in volumes from 2023 to 2024 of 14% (196.5 million contracts traded in 2024 versus 172.3 million contracts traded in 2023), partially offset by an unfavourable product mix. The increase in CDCC revenue reflected positive impact from pricing changes on interest rate and index derivatives and REPO clearing fees, which came into effect in January 2024, higher clearing volumes, as well as higher REPO volumes.

### **BOX**

BOX revenue increased by \$27.2 million or 24% in 2024 compared to 2023, reflecting higher volumes and a higher rate per contract driven by a favourable product mix. Volumes on BOX were up approximately 10% from 2023 to 2024 (763.2 million contracts traded in 2024 versus 693.2 million contracts traded in 2023), and BOX market share in equity options was 7% in 2024, unchanged from 2023.

The following table summarizes the BOX volume and the equity option market over the last eight quarters:

	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
Volume (million contracts)	212	186	186	179	201	177	155	160
Market Share (equity options)	7%	7%	7%	7%	8%	7%	6%	6%
Revenue (in millions of CAD)	\$42.1	\$35.3	\$32.8	\$30.2	\$31.5	\$28.7	\$25.4	\$27.7
Average USD-CAD FX rate	1.40	1.36	1.37	1.35	1.36	1.34	1.34	1.35
Revenue (in millions of USD)	\$30.1	\$25.9	\$24.0	\$22.4	\$23.1	\$21.4	\$18.9	\$20.5

## Global Solutions, Insights and Analytics

(in millions of dollars)	2024	2023	\$ increase	% increase
TMX Trayport	\$235.0	\$193.2	\$41.8	22%
TMX Datalinx including Co-location	231.1	225.8	5.3	2%
TMX VettaFi	138.4	—	138.4	n/a
	\$604.5	\$419.0	\$185.5	44%

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in 2024 compared with 2023 reflects \$138.4 million in revenue recognized for TMX VettaFi (fully acquired January 2, 2024), of which \$1.7 million related to the inclusion of iINDEX Research (acquired October 15, 2024), a 22% increase from TMX Trayport, as well as a 2% increase from TMX Datalinx including Co-location. There was also a favourable FX impact from a stronger U.S. dollar relative to the Canadian dollar on TMX Datalinx revenue and a stronger GBP relative to the Canadian dollar on TMX Trayport revenue.

### TMX Trayport

The following table summarizes the average number of TMX Trayport licencees, connections, Annual Recurring Revenue (ARR), and average Net Revenue Retention (NRR) over the last eight quarters<sup>48</sup>:

	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
Total Licencees	9,769	9,541	9,239	9,107	7,831	7,502	7,440	7,350
Total Connections	27,507	26,383	26,362	26,431	26,101	25,558	24,040	24,422
ARR (in millions of CAD)	\$236.0	\$234.5	\$220.1	\$215.1	\$195.0	\$190.3	\$187.3	\$180.0
ARR (in millions of GBP)	£131.1	£131.0	£127.2	£125.8	£114.7	£112.6	£110.2	£109.1
Average Net Revenue Retention	103%	103%	101%	110%	102%	102%	101%	110%
Revenue (in millions of CAD)	\$63.4	\$60.0	\$56.4	\$55.2	\$50.4	\$49.0	\$47.9	\$45.8
Revenue (in millions of GBP)	£35.3	£33.5	£32.6	£32.2	£29.6	£29.0	£28.2	£27.8
Average GBP-CAD FX rate	1.80	1.79	1.73	1.71	1.70	1.69	1.70	1.65

Revenue from TMX Trayport increased by 22% from 2023 to 2024. In GBP, revenue from TMX Trayport, was £133.6 million (based on GBP-CAD FX rate of 1.76) in 2024, up 17% compared to 2023. The increase in TMX Trayport revenue from 2023 to 2024 was primarily driven by a 25% increase in total licensees, annual price adjustments, higher revenue from data analytics and other trader products, and a favourable FX impact of \$9.2 million due to a stronger GBP compared to Canadian dollar.

Total Licencees represent the count of unique chargeable licenses of core TMX Trayport products across customer segments including Traders, Brokers and Exchanges. Total Connections represents the number of connections to the Trayport network. While not every individual connection is tied to revenue, it demonstrates the power of the overall Trayport network. The previously disclosed metric of Total Subscribers is the aggregate of Total Licencees and Total Connections.

ARR is calculated as the average recurring revenue for the quarter multiplied by four. Average NRR represents the percentage of recurring revenue generated from existing clients over a set period. Revenue from new clients is excluded in the calculation. A NRR of 100% reflects the same spend by existing clients from one period to the next.

<sup>48</sup> Prior quarters have been updated to be consistent with current quarter methodology.

### TMX Datalinx including Co-location

Revenue from TMX Datalinx including Co-location increased by 2% from 2023 to 2024, reflecting higher revenues related to increases in data feeds, benchmark and indices driven by Term CORRA, co-location, and the impact of price adjustments in 2024 compared with 2023, partially offset by lower subscriber and usage based revenue due to a client-specific reduction in enterprise agreement renewals. There was a favourable FX impact of approximately \$2.3 million from a stronger U.S. dollar relative to the Canadian dollar in 2024 compared with 2023.

- The average number of professional market data subscriptions for TSX and TSXV products was down 4% in 2024 compared to 2023 (97,064 professional market data subscriptions in 2024 compared with 100,865 in 2023.)
- The average number of MX professional market data subscriptions was up 1% from 2023 to 2024 (21,144 MX professional market data subscriptions in 2024 compared with 20,844 in 2023).

### TMX VettaFi

Revenue from TMX VettaFi (equity-accounted January 9, 2023 prior to the acquisition of control January 2, 2024) was \$138.4 million in 2024 (based on USD-CAD FX rate of 1.37). Revenue was up 18% in USD compared to 2023. The revenue increase was primarily driven by higher indexing revenue reflecting organic growth in assets under management (AUM), the inclusion of ROBO Global LLC (acquired in April 2023), EQM Indexes LLC (acquired in September 2023), and \$1.7 million related to iINDEX Research (acquired October 15, 2024). There were also higher revenues related to events including the annual Exchange conference, and higher analytics revenue, partially offset by lower revenue from digital distribution.

The following table summarizes the revenue for the last eight quarters<sup>49</sup>:

	Q4/24	Q3/24	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23
AUM (average, in billions of USD)	51.7	36.6	35.5	34.2	23.6	19.3	16.9	13.6
AUM (end of period, in billions of USD)	51.9	37.8	35.9	35.7	32.9	19.1	17.9	13.4
Revenue (in millions of CAD)	\$37.4	\$31.1	\$32.0	\$37.9	\$30.8	\$29.2	\$27.2	\$28.7
Average USD-CAD FX rate	1.40	1.36	1.37	1.35	1.36	1.34	1.34	1.35
Revenue (in millions of USD)	\$26.6	\$23.0	\$23.3	\$28.2	\$22.6	\$21.8	\$20.3	\$21.2

<sup>49</sup> Prior quarters have been updated to be consistent with current quarter methodology. Amounts prior to the acquisition date of January 2, 2024 are pro-forma and non-GAAP.

## Operating expenses

(in millions of dollars)	2024	2023	\$ increase	% increase
Compensation and benefits	389.1	\$321.9	\$67.2	21%
Information and trading systems	112.2	92.1	20.1	22%
Selling, general and administration	150.9	127.6	23.3	18%
Depreciation and amortization	165.6	112.5	53.1	47%
	<b>\$817.8</b>	<b>\$654.1</b>	<b>\$163.7</b>	<b>25%</b>

Operating expenses in 2024 were \$817.8 million, up \$163.7 million or 25%, from \$654.1 million in 2023. The increase from 2023 to 2024 reflected approximately \$60.6 million of operating expenses related to TMX VettaFi (equity accounted since January 9, 2023, prior to acquisition of control on January 2, 2024), Newsfile (acquired August 7, 2024), and iNDEX Research (acquired October 15, 2024), \$47.2 million related to amortization of 2024 acquired intangibles (VettaFi, Newsfile, and iNDEX Research), as well as a \$2.3 million increase in acquisition and related expenses. There were also increases of \$7.9 million in integration costs, approximately \$7.0 million related to our U.S. expansion initiative, \$4.4 million in contingent payments related to Newsfile and iNDEX Research, and \$1.3 million relating to an onerous contract provision true-up. Somewhat offsetting these increases was a \$5.6 million decrease in strategic re-alignment costs, a one-time write off of receivables in 2023 of approximately \$2.2 million, as well as \$1.0 million related to SigmaLogic (control acquired February 16, 2023 and divested April 21, 2023) in 2023.

Excluding the above mentioned expenses for TMX VettaFi, Newsfile, iNDEX Research, acquisition and related costs, integration costs, the U.S. expansion initiative, the onerous contract provision true-up, strategic re-alignment costs, one-time receivables write-off and SigmaLogic, comparable operating expenses increased by approximately 7% in 2024 compared with 2023.

The comparable operating expense increase of 7% reflects higher headcount and payroll costs, employee performance incentive plan costs largely driven by the increase in our share price, increased IT operating costs, and higher legal fees somewhat offset by lower project spend, severance, and marketing spend.

## Compensation and benefits

(in millions of dollars)	2024	2023	\$ increase	% increase
	<b>\$389.1</b>	<b>\$321.9</b>	<b>\$67.2</b>	<b>21%</b>

- The increase in *Compensation and benefits* expenses from 2023 to 2024 reflected approximately \$36.7 million of operating expenses related to TMX VettaFi, Newsfile and iNDEX Research, \$4.6 million in integration costs, approximately \$3.2 million increase related to our U.S. expansion initiative, and \$4.4 million in contingent payments related to Newsfile and iNDEX Research. There were higher headcount and payroll costs, including increased employee performance incentive plan costs of approximately \$13.3 million largely driven by the increase in our share price, and merit increases of \$6.6 million. These increases were somewhat offset by \$5.6 million lower strategic re-alignment costs in 2024 compared to 2023, as well as approximately \$0.6 million in expenses incurred in 2023 related to SigmaLogic.
- There were 2,014 TMX Group full-time equivalent employees<sup>50</sup> at December 31, 2024 versus 1,803 employees at December 31, 2023, excluding BOX, reflecting a 12% increase in headcount of which 9% or 167 full-time equivalent employees related to TMX VettaFi (fully acquired January 2, 2024), iNDEX Research (acquired October 15, 2024), and

<sup>50</sup> A measure that normalizes the number of full-time and part-time employees into equivalent full-time units based on actual hours of paid work.

Newsfile (acquired August 7, 2024). 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)	2024	2023	\$ increase	% increase
	\$112.2	\$92.1	\$20.1	22%

- The increase in *Information and trading systems* expenses from 2023 to 2024 reflected approximately \$6.7 million of operating expenses related to TMX VettaFi, Newsfile and iNDEX Research, \$0.9 million in integration costs, \$1.3 million increase related to our U.S. expansion initiative in 2024, as well as increased software related costs and license subscription fees. Somewhat offsetting these increases was \$0.2 million in expenses incurred in 2023 related to SigmaLogic.

### Selling, general and administration

(in millions of dollars)	2024	2023	\$ increase	% increase
	\$150.9	\$127.6	\$23.3	18%

- The increase in *Selling, general and administration* expenses from 2023 to 2024 reflected approximately \$16.5 million of operating expenses related to TMX VettaFi, Newsfile and iNDEX Research, \$2.0 million in acquisition and related costs, \$2.2 million in integration costs, \$1.3 million related to an onerous contract provision true-up in 2024, and approximately \$1.6 million related to our U.S. expansion initiative. There were also higher legal fees in 2024 compared to 2023. These increases were partially offset by a one-time write off of receivables in 2023 of approximately \$2.2 million, as well as lower project spend, and marketing spend in 2024 compared to 2023.

### Depreciation and amortization

(in millions of dollars)	2024	2023	\$ increase	% increase
	\$165.6	\$112.5	\$53.1	47%

- Depreciation and amortization* expenses increased in 2024 compared with 2023 primarily reflecting increased amortization related to TMX VettaFi, Newsfile and iNDEX Research of approximately \$48.1 million, including \$47.2 million related to the amortization of 2024 acquired intangibles (VettaFi, Newsfile, and iNDEX Research), \$1.1 million of operating expenses, and \$0.2 million in integration costs. There was also \$0.8 million related to our U.S. Expansion Initiative, as well as increased amortization on new intangible assets.
- The *Depreciation and amortization* costs in 2024 of \$165.6 million included \$107.8 million, net of NCI, related to amortization of intangible assets related to acquisitions (28 cents per basic and diluted share).
- The *Depreciation and amortization* costs in 2023 of \$112.5 million included \$60.4 million, net of NCI, related to amortization of intangible assets related to acquisitions (15 cents per basic and diluted share).

## **Additional Information**

### **Share of income (loss) from equity-accounted investments**

(in millions of dollars)	<b>2024</b>	2023	<b>\$ (decrease)</b>	<b>% (decrease)</b>
	<b>\$(1.1)</b>	\$0.4	\$(1.5)	(375)%

- In 2024, our share of loss from equity-accounted investments was \$1.1 million compared with share of income from equity-accounted investments of \$0.4 million in 2023. Our share of loss from equity-accounted investments includes Ventriks and other equity accounted investments in 2024 compared with 2023, which included VettaFi<sup>51</sup>, SigmaLogic<sup>52</sup>, Ventriks, and other equity accounted investments.

### **Other income**

(in millions of dollars)	<b>2024</b>	2023	<b>\$ increase</b>	<b>% increase</b>
	<b>\$57.1</b>	\$1.3	\$55.8	4,292%

- In 2024, we recognized a non-cash gain of \$57.1 million from the remeasurement of our previously held minority interest in TMX VettaFi (equity-accounted from January 9, 2023 to the acquisition of control on January 2, 2024).
- In 2023, we recognized a non-cash gain of \$1.3 million resulting from the sale of 100% of our interest in SigmaLogic to VettaFi in exchange for additional common units in VettaFi.

### **Net finance costs**

(in millions of dollars)	<b>2024</b>	2023	<b>\$ increase</b>	<b>% increase</b>
	<b>\$28.7</b>	\$24.3	\$4.4	18%

- The increase in net finance costs for 2024 compared to 2023 was driven by higher interest expense of \$61.3 million mainly due to increased debt levels following the VettaFi acquisition. This increase was somewhat offset by a net foreign exchange gain of \$41.2 million in 2024 reflecting FX gains on USD-denominated intercompany loans, as well as a \$10.8 million fair value gain on foreign exchange forwards<sup>53</sup> and higher interest income on funds invested of \$1.7 million driven by higher balances in 2024.

<sup>51</sup> Equity-accounted January 9, 2023 prior to the acquisition of control January 2, 2024.

<sup>52</sup> Consolidated February 16, 2023 and divested April 21, 2023. For additional information, see discussion under the heading "Initiatives and Accomplishments - VettaFi Acquisition".

<sup>53</sup> For additional information, see discussion under the heading "Financial Instruments".

## Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%) <sup>54</sup>	
2024	2023	2024	2023
\$142.7	\$129.2	23%	27%

The effective tax rate excluding below adjustments would have been approximately 27% for 2024, unchanged from 2023.

### 2024

- In 2024, there was a fair value gain from the remeasurement of our previously held minority interest in VettaFi (Equity-accounted January 9, 2023 prior to the acquisition of control January 2, 2024) that resulted in a non-taxable gain of \$57.1 million which decreased our effective tax rate by approximately 3%.
- In 2024, there was an adjustment for FX gains on account of capital that are taxable at a 50% inclusion rate, which decreased our effective tax rate by approximately 1%.

### 2023

- In 2023, Massachusetts enacted a change in their corporate tax effective 2025. This change resulted in a decrease in net deferred income tax liabilities and a corresponding decrease in income tax expense on intangibles related to acquisitions. In 2023, there was also a decrease in income tax expense due to a prior year tax adjustment related to TMX Trayport. The combined impact of these two items decreased our effective tax rate by approximately 1%.
- In 2023, there were acquisition costs primarily related to VettaFi that are non-deductible for tax purposes which increased income tax expense. In 2023, we also wrote-down deferred tax assets relating to non-capital losses related to TMX Investor Solutions which increased income tax expense. The combined impact of these two items increased our effective tax rate by approximately 1%.

## Net income attributable to non-controlling interests

(in millions of dollars)	2024	2023	\$ increase
	\$45.4	\$32.2	\$13.2

- The increase in net income attributable to non-controlling interests for 2024 compared to 2023 is primarily due to higher net income in BOX driven by higher revenue.

## Total equity attributable to equity holders of TMX Group

(in millions of dollars)	As at December 31, 2024	As at December 31, 2023	\$ increase
	\$4,577.4	\$4,107.6	\$469.8

<sup>54</sup> Effective Tax Rate is based on *Income tax expense* divided by *Income before income tax expense less Non-controlling interests*. Effective tax rate, including NCI, calculated from total *Income before Income Tax Expense* was 21% in 2024 and 25% in 2023.

- As at December 31, 2024, there were 277,815,490 common shares issued and outstanding and 3,269,590 options outstanding under the share option plan.
- As at January 28, 2025, there were 277,828,755 common shares issued and outstanding and 3,256,325 options outstanding under the share option plan.
- The increase in *Total equity attributable to equity holders of TMX Group* is primarily due to the inclusion of net income attributable to equity holders of TMX Group of \$481.5 million, an unrealized gain on translating financial statements of foreign operations of \$144.9 million, fair value gains relating to cash flow hedges of \$9.1 million, proceeds received on the exercise of options of \$24.2 million, less dividend payments to shareholders of TMX Group of \$208.1 million.

## Segments

The following information reflects TMX Group's segment results for 2024 compared with 2023.

### 2024

(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	\$ 272.8	\$ 253.8	\$ 329.0	\$ 604.5	\$ —	\$ 1,460.1
Inter-segment revenue	0.2	2.2	—	0.4	(2.8)	—
Total revenue	273.0	256.0	329.0	604.9	(2.8)	1,460.1
Income (loss) from operations	106.3	105.7	195.5	367.3	(132.5)	642.3

### 2023

(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	\$ 268.2	\$ 232.6	\$ 274.2	\$ 419.0	\$ 0.1	\$ 1,194.1
Inter-segment revenue	0.2	2.0	—	0.2	(2.4)	—
Total revenue	268.4	234.6	274.2	419.2	(2.3)	1,194.1
Income (loss) from operations	104.8	102.5	147.4	262.9	(77.6)	540.0

### Income (loss) from operations

The increase in *Income from operations* from *Capital Formation* reflected higher revenue in 2024 compared with 2023 driven by the inclusion of Newsfile (acquired August 7, 2024) and higher net interest income from TSX Trust, partially offset by lower *additional listing fees* due to a decrease in both the number of financings and the total financing dollars raised on TSX, lower *initial listing fees* reflecting lower revenue in TSX and TSXV, and lower *sustaining listing fees* reflecting a decrease on TSXV issuers billed below the maximum fee in 2024 compared with 2023. The increases were somewhat offset by higher expenses in 2024 compared with 2023, including expenses related to Newsfile.

The increase in *Income from operations* from *Equities and Fixed Income Trading and Clearing* in 2024 compared with 2023 was driven by higher revenue reflecting higher equity and fixed income trading and clearing volumes, higher issuers event management fees and interest on short-term deposits, somewhat offset by higher operating expenses, including costs related to the U.S. expansion initiative.

The increase in *Income from operations* from *Derivatives Trading and Clearing* reflected higher revenue from BOX in 2024 compared to 2023 reflecting higher volumes and a higher rate per contract, as well as increased revenue from MX

and CDCC driven by higher volumes and impact from pricing changes in CDCC effective January 2024. The higher revenue was partially offset by higher operating expenses in 2024 compared with 2023.

The increase in *Income from operations* from *Global Solutions, Insights and Analytics* reflected higher revenue including TMX VettaFi (fully acquired January 2, 2024) and iNDEX Research (acquired October 15, 2024), as well as increased revenue from TMX Trayport and TMX Datalinx including Co-location. The increase in TMX Trayport revenue was primarily driven by increased total licensees, and higher revenue from data analytics and other trader products, as well as favourable FX impact from Canadian dollar relative to a stronger GBP. Within TMX Datalinx, there were higher revenues related to increases in data feeds, benchmark and indices driven by Term CORRA, and co-location in 2024 compared with 2023, as well as favourable FX impact from Canadian dollar relative to a stronger USD, partially offset by lower subscription and usage revenue due to a client-specific reduction in enterprise agreement renewals. There were also favourable impact from pricing changes in both TMX Trayport and TMX Datalinx. The increases were partially offset by higher operating expenses in 2024 compared with 2023, which reflected expenses related to TMX VettaFi (fully acquired January 2, 2024) and iNDEX Research (acquired October 15, 2024).

*Other* includes *inter-segment* revenue as well as corporate and other costs related to initiatives, not allocated to the operating segments. 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* in the *Other* segment was higher in 2024 compared to 2023 primarily reflecting an increase in unallocated costs, including amortization of acquired intangibles related to VettaFi, iNDEX Research and Newsfile, increased acquisition related expenses, and higher integration costs.

## LIQUIDITY AND CAPITAL RESOURCES

### Summary of Cash Flows

#### 2024 compared with 2023

(in millions of dollars)	2024	2023	\$ increase / (decrease) in cash
Cash flows from operating activities	\$623.4	\$524.9	\$98.5
Cash flows from (used in) financing activities	562.6	(309.2)	871.8
Cash flows used in investing activities	(1,170.6)	(289.3)	(881.3)

- In 2024, *Cash flows from operating activities* increased compared with 2023 reflecting higher income from operations (excluding depreciation and amortization), partially offset by decreases in cash related to trade and other payables, higher income taxes paid, lower deferred revenue, and higher net finance costs.
- In 2024, there were increases in *Cash flows from financing activities* of \$562.6 million compared with decreases from *Cash flows used in financing activities* of \$309.2 million in 2023. In 2024, we received an increase in cash flows from the issuance of our Series G, H, I, and J Debentures of \$1,400.0 million in aggregate, somewhat offset by a decrease related to net outflows of Commercial Paper of \$370.4 million (\$76.2 million repaid in 2024, compared to \$294.2 million drawn in 2023), a repayment of acquired long-term loans (related to VettaFi) of \$122.5 million, and an increase in repayment of debentures of \$50.0 million (\$300.0 million related to Series D debentures that matured on December 11, 2024, compared to \$250.0 million related to Series B debentures that matured on October 3, 2023). In addition, there was a decrease in shares repurchased under our normal course issuer bid program of \$79.9 million, and an increase in proceeds from exercised options of \$8.1 million. These increases in cash were somewhat offset by an increase in interest paid of \$36.7 million, dividends paid to equity holders of \$11.2 million and dividends paid to non-controlling interests of \$5.2 million. There was also a decrease in cash from net credit and liquidity facilities drawn in 2024 compared with 2023.
- In 2024, *Cash flows used in investing activities* increased to \$1,170.6 million compared with \$289.3 million in 2023. This was largely attributable to \$1,126.5 million of cash outflows relating to the acquisitions of the remaining common units of VettaFi, Newsfile and iNDEX Research, net of cash acquired in 2024, as well as an increase in cash outflow related to additions to premises, equipment and intangible assets. Partially offsetting this decrease was cash outflows of \$239.8 million in 2023 related to the acquisition of equity-accounted investment for the initial investment in VettaFi, and an increase in cash relating to the net sale of marketable securities in 2024 compared with net purchases in 2023.

## Summary of Cash Position and Other Matters<sup>55</sup>

### Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	As at December 31, 2024	As at December 31, 2023	\$ increase / (decrease)
Cash and cash equivalents	\$325.0	\$301.1	\$23.9
Marketable securities	\$108.4	\$118.5	\$(10.1)
Cash, cash equivalents and marketable securities	\$433.4	\$419.6	\$13.8

We had \$433.4 million of cash, cash equivalents and marketable securities as at December 31, 2024 compared to \$419.6 million at December 31, 2023, reflecting an increase in cash and cash equivalents, partially offset by a decrease in marketable securities. The increase in cash and cash equivalents primarily reflects proceeds from the issuance of Series G, H, I, and J Debentures of \$1,400.0 million in aggregate, cash flows from operating activities of \$623.4 million, and proceeds from exercised options of \$24.2 million. Partially offsetting these increases in cash and cash equivalents were cash outflows, net of cash acquired, relating to the acquisitions of the remaining common units of VettaFi, Newsfile and iNDEX Research of \$1,126.5 million, cash outflows for the repayment of debenture of \$300.0 million relating to the Series D debenture that matured on December 11, 2024, dividends paid to our shareholders of \$208.1 million, dividends paid to non-controlling interests of \$38.5 million, cash outflows relating to the repayment of acquired long-term loans related to VettaFi of \$122.5 million, a net decrease in Commercial Paper of \$76.2 million, interest paid, net of interest received of \$63.4 million, and additions to premises, equipment, and intangible assets of \$73.7 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 financial covenants of the TMX Group revolving credit facility (the "Credit Agreement"), and commercial paper program (Commercial Paper Program) (see **LIQUIDITY AND CAPITAL RESOURCES - 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 CDS Clearing Platform**).

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 December 31, 2024, there was \$224.7 million in Commercial Paper outstanding.

### Total Assets

(in millions of dollars)	As at December 31, 2024	As at December 31, 2023	\$ (decrease)
	\$40,209.9	\$64,337.4	(\$24,127.5)

- Our consolidated balance sheet as at December 31, 2024 includes *Balances of Participants and Clearing Members* related to our clearing operations. These balances have equal amounts included within *Total Liabilities*. The decrease in *Total Assets* of \$24,127.5 million from December 31, 2023 reflected lower amounts received on REPO and lower collateral balances in both CDCC and CDS of \$25,831.9 million at December 31, 2024, partially offset by increased goodwill and intangible assets of \$1,815.7 million.

<sup>55</sup> 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.

## Defined Benefits Pension Plan

Based on the most recent actuarial valuations (as at May 31, 2022, December 31, 2023 or January 1, 2024 depending on the plan), we estimate a net deficit of approximately \$0.3 million for the MX SERP that is funded by a letter of credit. All other plans are in a surplus position. We contributed \$0.7 million in 2024 representing the benefit payments paid from the MX Supplementary Employee Retirement Plan (SERP) and the current service cost contributions for the TMX registered pension plan (TMX RPP). The next required triennial valuation for the TMX RPP will be as at May 31, 2025, as an off-cycle valuation was completed as at May 31, 2022.

## Commercial Paper, Debentures, Credit and Liquidity Facilities

### Commercial Paper

(in millions of dollars)	As at December 31, 2024	As at December 31, 2023	\$ (decrease)
	\$224.7	\$294.2	\$(69.5)

There was \$224.7 million in Commercial Paper outstanding, including accrued interest, at interest rates ranging from 3.22% - 3.58% under the program at December 31, 2024 reflecting a net reduction of \$69.5 million from December 31, 2023. The Commercial Paper Program is fully backstopped by the TMX Group Credit Agreement governing the revolving credit facility (see **LIQUIDITY AND CAPITAL RESOURCES - Revolving Credit Facilities**).

### Debentures

As of December 31, 2024, TMX Group had the following Debentures outstanding:

Debenture	Principal Amount (\$ millions)	Coupon	Maturity Date
Series E	200.0	3.779% per annum, payable in arrears in equal semi-annual installments	June 5, 2028
Series F	250.0	2.016% per annum, payable in arrears in equal semi-annual installments	February 12, 2031
Series G	350.0	4.678% per annum, payable in arrears in equal semi-annual installments	August 16, 2029
Series H	300.0	4.836% per annum, payable in arrears in equal semi-annual installments	February 18, 2032
Series I	450.0	4.970% per annum, payable in arrears in equal semi-annual installments	February 16, 2034
Series J	300.0	4.747% per annum, payable in arrears in equal semi-annual installments	May 26, 2026

On February 16, 2024, TMX Group completed Canadian private placement offerings of \$350.0 million aggregate principal amount of senior unsecured debentures ("Series G Debentures"), \$300.0 million aggregate principal amount of senior unsecured debentures ("Series H Debentures") and \$450.0 million aggregate principal amount of senior unsecured debentures ("Series I Debentures") to accredited investors in Canada. The Series G, Series H and Series I Debentures are direct senior unsecured and unsubordinated obligations of TMX Group and rank pari passu with all other senior unsecured and unsubordinated indebtedness of TMX Group. The net proceeds were mainly used to repay Term A Facility, and our outstanding Commercial Paper.

On May 24, 2024, TMX Group completed a Canadian private placement offering of \$300.0 million aggregate principal amount of senior unsecured debentures ("Series J Debentures") to accredited investors in Canada. The Series J Debentures are direct senior unsecured and unsubordinated obligations of TMX Group and rank pari passu with all other senior unsecured and unsubordinated indebtedness of TMX Group.

TMX Group has the right, at its option, to redeem, in whole or in part, each of the Series E and Series F Debentures at any time prior to their respective maturities. The redemption price is equal to the greater of the applicable Canada Yield Price (as defined in the relevant Indenture) and 100% of the principal amount of the debentures being redeemed, together with accrued and unpaid interest to the date fixed for redemption. If redeemed on or after the date that is three months prior to the maturity date for the Series E and Series F, the redemption price is equal to 100% of the aggregate principal amount outstanding on the series being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

The Series G, Series H, Series I and Series J Debentures may be redeemed, in whole or in part, at any time prior to their respective maturities, at the option of TMX Group, at the redemption price together with accrued and unpaid interest to the date fixed for redemption. The redemption price is equal to the greater of the Canada Yield Price (as defined in the relevant indenture) and 100% of the principal amount of the Series G, Series H, Series I and Series J Debentures being redeemed plus accrued and unpaid interest to the date of the redemption. If redeemed on or after the date that is one month (for Series G) and three months (for Series H and Series I) prior to the maturity date, the redemption price will be equal to 100% of the aggregate principal amount outstanding on the debentures, together with accrued and unpaid interest to the date of such redemption.

TMX Group incurred financing costs of \$1.5 million on the issuance of the Series G Debentures, \$1.5 million on the issuance of the Series H Debentures, \$2.2 million on the issuance of the Series I Debentures and \$1.0 million on the issuance of the Series J Debentures, recognized in the carrying value of the Debentures in the *Debt* caption of the consolidated balance sheet under *non-current liabilities* and amortized over the term of the debt. Additional financing fees amounting to \$0.2 million were recognized within net finance costs in the income statements.

In May 2024, as part of converting proceeds from the issuance of Canadian dollar (CAD) Series J debentures into USD for the repayment of the Term B Facility and Term C Facility on May 24, 2024, TMX Group entered into short-dated FX forward agreements with counterparties in Canada. TMX Group purchased USD 213.0 million against CAD, generating a gain of \$1.7 million, which is included within net finance costs. The FX forward contracts were held as economic hedges for accounting purposes and were not designated in a hedging relationship. All of the FX forward contracts were settled on May 24, 2024, there were no outstanding FX forward contracts as at December 31, 2024.

The debentures have received a rating of AA (low) with Negative trend from Morningstar DBRS ("DBRS"). On October 23, 2024, Morningstar DBRS confirmed the Long-Term Issuer Rating and the Senior Unsecured Debt rating of TMX Group as AA (low), as well as our Commercial Paper (CP) rating at R-1 (middle) and reaffirmed the Negative trend.

(in millions of dollars)	As at December 31, 2024	As at December 31, 2023	\$ increase / (decrease)
Series D - Current Debentures	\$0.0	\$299.8	\$(299.8)
Series E - Non-Current Debentures	\$199.6	\$199.5	\$0.1
Series F - Non-Current Debentures	\$249.2	\$249.0	\$0.2
Series G - Non-Current Debentures	\$348.7	\$—	\$348.7
Series H - Non-Current Debentures	\$298.7	\$—	\$298.7
Series I - Non-Current Debentures	\$448.0	\$—	\$448.0
Series J - Non-Current Debentures	\$299.3	\$—	\$299.3
	<b>\$1,843.5</b>	<b>\$748.3</b>	<b>\$1,095.2</b>

The Series D Debentures matured on December 11, 2024. The outstanding amount of \$300.0 million and the accrued interest of \$4.5 million were repaid in full with a combination of cash and commercial paper on the maturity date.

Total debt including debentures and commercial paper was \$2,068.2 million with a weighted average cost of debt of 4.23% as at December 31, 2024. As at December 31, 2024, all covenants were met under the agreement governing the base and supplemental indentures.

### TMX Group Limited Revolving Credit Facility

TMX Group has entered the Credit Agreement with a syndicate of lenders to provide 100% backstop to the commercial paper program as well as for general corporate purposes. The Credit Agreement is to mitigate TMX Group's exposure to specific liquidity risk should it be unable to borrow under a new Commercial Paper issuance in order to pay for Commercial Paper that is coming due because of a lack of liquidity or demand for TMX Group's Commercial Paper in the market.

The amount available to be drawn under this revolving credit facility is limited to \$400.0 million less the aggregate amount of Commercial Paper outstanding (December 31, 2024 – \$224.7). The Credit Agreement matures on May 2, 2027.

Under the terms of the Credit Agreement:

- Total Leverage Ratio shall not exceed 4.0:1 (4.5:1 if certain conditions are met). Total Leverage Ratio at any time is the ratio of consolidated debt as at such time to EBITDA as defined in the Credit Agreement for the period comprised of the four most recently completed financial quarters.
- Interest Coverage ratio: there is no requirement with respect to the Interest Coverage ratio, unless certain conditions are met (in which case the Interest Coverage Ratio shall be at least 3.5:1). The Interest Coverage Ratio is the ratio of EBITDA as defined in the Credit Agreement for the period comprised of the four most recently completed financial quarters to the consolidated interest expense for such four financial quarters;

As at December 31, 2024, all covenants were met under the Credit Agreement governing the TMX Group revolving credit facility.

The following table summarizes the Applicable Rates and Fee Rates and corresponding Total Leverage Ratios under the Credit Agreement. The Standby Fee is charged on the unutilized portion of the revolving facility. The Applicable Rate represents the corporate spread that is included in the interest rate that is applied to the drawn portion of the facility.

<b>Applicable Margin Pricing Matrix</b>			
<b>Total Leverage Ratio (x)</b>	<b>Standby Fee for undrawn portion of Revolving Facility</b>	<b>Prime Rate Loans and US Base Rate Loans</b>	<b>CORRA Instruments/ SOFR Loans / Letters of Credit</b>
≤ 2.0	21.5 bps	7.5 bps	107.5 bps
> 2.0 and ≤ 2.5	24.5 bps	22.5 bps	122.5 bps
> 2.5 and ≤ 3.0	27.5 bps	37.5 bps	137.5 bps
> 3.0 and ≤ 3.5	32.5 bps	62.5 bps	162.5 bps
> 3.5 and ≤ 4.0	37.5 bps	87.5 bps	187.5 bps
> 4.0	42.5 bps	112.5 bps	212.5 bps

## **Other Credit and Liquidity Facilities**

### ***CDCC Facilities***

CDCC maintains daylight liquidity facilities for a total of \$1.2 billion to provide liquidity on the basis of collateral in the form of securities that have been received by, or pledged to, CDCC. The daylight liquidity facilities must be cleared to zero at the end of each day.

CDCC maintains a \$33.3 billion REPO uncommitted facility (\$33.3 billion at December 31, 2023) 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 23, 2024, CDCC extended this facility to February 21, 2025.

CDCC maintains a \$100.0 million syndicated revolving standby liquidity facility (\$100.0 million at December 31, 2023) 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. The borrowing rate on this facility is prime rate less 1.75%. On February 23, 2024, CDCC extended this facility to February 21, 2025.

CDCC maintains a \$60.0 million uncommitted Master Call Loan facility to provide overnight liquidity in Canadian dollars or US dollars equivalent to support the settlement. Advances under the facility are secured by collateral in the form of securities that have been received by, or pledged to CDCC. As at December 31, 2024, CDCC had drawn \$0.8 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.

CDCC maintains a \$100.0 million foreign currency liquidity facility to provide access to US dollars or Canadian dollars in the event of a Clearing Member default and CDCC is unable to readily settle transactions in US dollars or Canadian dollars while in possession of certain foreign currency equivalents, namely British Pound Sterling, Euros, Hong Kong dollars, or US dollars. The facility renews automatically, and is successively extended on a daily basis until the date on which either party to the agreement provides six months' advance notice to the termination date.

In addition, CDCC has signed an agreement that would allow the Bank of Canada to provide emergency last-resort liquidity to CDCC at the discretion of the Bank of Canada. This liquidity facility is intended to provide end of day liquidity only in the event that CDCC is unable to access liquidity from the revolving standby liquidity facility and the syndicated REPO facility or in the event that the liquidity under such facilities is insufficient. Use of this facility would be on a fully collateralized basis.

### ***CDS Facilities***

CDS Clearing maintains a \$5.0 million unsecured overdraft facility and US\$5.5 million overnight facility to support short term operating requirements, including processing and settlement activities of Participants. The borrowing rates for these facilities, if drawn, are the Canadian prime or the US base rate, depending on the currency drawn.

CDS Clearing maintains a secured standby liquidity facility of US\$1.5 billion (December 31, 2023 – US\$1.5 billion), or Canadian dollar equivalent, that can be drawn in either United States (US) or Canadian currency. On March 19, 2024, CDS Clearing extended the maturity date to March 18, 2025.

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 19, 2024, CDS Clearing extended the maturity date to March 18, 2025.

On March 10, 2023, CDS Clearing established an agreement that would allow the Bank of New York Mellon to provide last-resort liquidity in the event that CDS Clearing is unable to cover the collateral payment obligation to the participants with the standby liquidity facility and cash on hand. This loan facility would provide liquidity in exchange for securities that have been pledged to CDS Clearing via the Tri-party Reverse Repo program.

In addition, CDS has signed agreements that would allow the Bank of Canada to provide emergency last-resort liquidity to CDS at the discretion of the Bank of Canada. This liquidity facility is intended to provide end of day liquidity for payment obligations arising from CDSX, and only in the event that CDS Clearing is unable to access liquidity from its standby liquidity facility or in the event that the liquidity under such facilities is insufficient. Use of this facility would be on a fully collateralized basis.

## Contractual Obligations

(in millions of dollars)

	Total	Less than 1 year	December 31, 2024	
			Between 1 and 5 years	Greater than 5 years
Participants' tax withholdings*	236.5	236.5	—	—
Accrued interest payable	23.8	23.8	—	—
Other trade and other payables	127.0	127.0	—	—
Deferred and contingent consideration	22.5	1.5	21.0	—
Provisions	9.3	4.5	3.1	1.7
Lease liabilities	104.7	10.1	44.9	49.7
Balances with Participants and Clearing Members*	31,666.9	31,666.9	—	—
Credit and liquidity facilities drawn	0.8	0.8	—	—
Commercial Paper	224.7	224.7	—	—
Debentures	1,843.5	—	498.9	1,344.6

\*The above financial liabilities are covered by assets that are restricted from use in the ordinary course of business.

In January 2025, subsequent to the reporting date, TMX Group entered into a lease agreement for office premises. The lease is scheduled to commence on or before July 31, 2025. The future undiscounted lease payments for the lease are as follows: within one year \$nil; later than one year but less than five years \$6.9 million; later than five years \$12.7 million.

TMX Group has other commitments in the form of long term contracts related to technology in the amount of \$42.3 million of which \$31.9 million is payable in one year.

## MANAGING CAPITAL

TMX Group's primary objectives in managing capital, which it defines as including its cash and cash equivalents, marketable securities, share capital, debentures, commercial paper, and various credit facilities, include:

- Maintaining sufficient capital for operations to ensure market confidence, access to capital markets, and to meet regulatory requirements and various credit and liquidity facility requirements;
- Maintaining debt levels that support credit ratings in a range consistent with TMX Group's current ratings of AA (low) and R1 (middle) from Morningstar DBRS;
- Using excess cash to invest in and continue to grow the business;
- Returning capital to shareholders through methods such as dividends paid to shareholders and purchasing shares for cancellation pursuant to normal course issuer bids; and
- Maintaining debt levels below the total leverage ratios as discussed in (a) below.

TMX Group aims to achieve the above objectives while managing its capital subject to capital maintenance requirements imposed on TMX Group and certain subsidiaries as follows:

- a. In respect of the TMX Group Limited revolving credit facility that requires TMX Group to maintain:
  - i. a total leverage ratio of not more than 4.0:1 (and up to 4.5:1 if certain conditions are met), and if certain other conditions are met, to maintain an interest coverage ratio of at least 3.5:1.;
- b. In respect of each of TSX and Alpha, to maintain the following requirements, on both a consolidated and non-consolidated basis, as set out in the amended and restated recognition order issued by the Ontario Securities Commission ("OSC"):
  - i. maintain sufficient financial resources for the proper performance of its functions and to meet its responsibilities; and
  - ii. calculate on a monthly basis:
    - a current ratio;
    - a debt to cash flow ratio; and
    - a financial leverage ratio.
- c. In respect of TSXV, as required by certain provincial securities commissions, to maintain sufficient financial resources to perform its functions.
- d. In respect of MX, to maintain the following financial ratios as set out in the recognition order issued by the AMF:
  - i. a working capital ratio of more than 1.5:1;
  - ii. a cash flow to total debt outstanding ratio of more than 20%; and
  - iii. a financial leverage ratio of less than 4.0.
- e. In respect of CDCC, to maintain certain amounts, as set out in the amended and restated recognition order issued by the OSC, effective June 15, 2023:
  - i. maintain sufficient financial resources as required by the OSC and AMF;

- ii. \$5.0 million cash and cash equivalents or marketable securities as part of the Clearing Member default recovery process plus an additional \$5.0 million in the event that the initial \$5.0 million is fully utilized during a default;
- iii. sufficient cash, cash equivalents and marketable securities to cover 12 months of operating expenses, excluding amortization and depreciation; and
- iv. \$30.0 million total shareholder's equity.

In December 2024, the OSC and AMF approved the amendments to the Default Manual of TMX Group regarding CDCC's default risk capital amount available during a default management process. Effective February 3rd, 2025, CDCC will maintain a total of \$15.0 million cash and cash equivalents or marketable securities as the default capital, replacing the existing requirements of (i) and (ii) above.

- f. In respect of CDS and CDS Clearing, as required by the AMF, must maintain certain financial ratios as defined in the recognition order, as follows:
  - i. a debt to cash flow ratio of less than or equal to 4:1; and
  - ii. a financial leverage ratio of less than or equal to 4:1.

In addition, the OSC requires CDS and CDS Clearing to maintain working capital to cover 6 months of operating expenses (excluding, in the case of CDS, the amount of shared services fees charged to CDS Clearing).

CDS is required to dedicate a portion of its own resources in the CNS default waterfall for the CNS function. CDS maintains \$1.0 million in cash and cash equivalents or marketable securities to cover potential losses incurred as a result of a Participant default.

- g. In respect of Shorcan:
  - i. by CIRO which requires Shorcan to maintain a minimum level of shareholders' equity of \$0.5 million;
  - ii. by the National Futures Association which requires Shorcan to maintain a minimum level of net capital; and
  - iii. by applicable Canadian securities commissions, which require Shorcan to maintain a minimum level of excess working capital.

- h. In respect of TSX Trust:
  - i. as required by the Office of the Superintendent of Financial Institutions, to maintain the following minimum capital ratios:
    - 1. common equity tier 1 capital ratio of 7%;
    - 2. tier 1 capital ratio of 8.5%; and
    - 3. total capital ratio of 10.5%.
  - ii. as required by CIRO, to maintain in excess of \$100.0 million of paid up capital and surplus on the last audited balance sheet for the acceptable institution designation.
- i. In respect of AlphaX US, as a broker-dealer, is subject to the U.S. Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, and is required to maintain a minimum net capital of the greater of US\$5,000 or 12% of aggregate indebtedness.

As at December 31, 2024 and 2023, TMX Group complied with each of the externally imposed capital requirements in effect at the applicable year-end.

## FINANCIAL INSTRUMENTS

### Bond Forward

Bond Forwards are initially recognized at fair value with effective changes in fair value, net of taxes, recognized in other comprehensive income and ineffective changes are recognized immediately in the consolidated income statement within net finance costs. The fair value of the hedging derivative is transferred from accumulated other comprehensive income within equity to interest expense on borrowings within net finance costs in the consolidated income statement as interest is incurred on the hedged item.

On January 10, 2024, TMX Group entered into the following Government of Canada Bond Forward agreements to partially manage its exposure to interest rate fluctuations associated with the highly probable anticipated issuance of the Series G, H, and I debentures on February 16, 2024.

(in millions of dollars)	Bond Forward I		Bond Forward II		Bond Forward III	
Notional amount	\$	150.0	\$	200.0	\$	200.0
Start date		January 10, 2024		January 10, 2024		January 10, 2024
Hedge designation		Cash flow hedge		Cash flow hedge		Cash flow hedge
Hedged item		Series G debentures		Series H debentures		Series I debentures
Termination date		February 12, 2024		February 12, 2024		February 12, 2024
Settlement amount (in OCI)	\$	2.5	\$	3.9	\$	5.9

The total fair value gain on cash flow hedges of \$12.3 million (before taxes) was initially recognized in other comprehensive income, then reclassified to the consolidated income statements over the term of the hedged items on a straight-line basis. During the year ended December 31, 2024, the pre-tax amount of \$1.3 million was reclassified to net finance costs for the three cash flow hedges.

The primary risk related to bond forwards are market risks. For a description of these risks, please refer to **Enterprise Risk Management - Financial Risks**.

### Foreign Exchange Forward

On January 2, 2024, TMX Group entered into foreign exchange (FX) forward agreements with counterparties in Canada for risk management purposes, to manage its exposure to movement in foreign exchange rates associated with the anticipated refinancing of the Term A Credit Facility. The FX forwards were held as economic hedges and were not designated in a hedging relationship. All of the FX forward contracts were settled during the first quarter, and there were no outstanding FX forward contracts as at December 31, 2024.

(in millions of dollars)	FX Forward I		FX Forward II		FX Forward III	
Notional amount (USD)	\$	200.0	\$	200.0	\$	200.0
Start date		January 2, 2024		January 2, 2024		January 2, 2024
Termination date		February 16, 2024		February 16, 2024		February 16, 2024
Fair value gain	\$	3.0	\$	2.9	\$	3.2

On May 13, 2024, as part of converting proceeds from the issuance of Canadian dollar (CAD) Series J Debentures into USD, for the repayment of the Term B Facility and Term C Facility on May 24, 2024, TMX Group entered into short-dated FX forward agreements with counterparties in Canada between May 13, 2024 and May 15, 2024. TMX Group purchased USD 213.0 million against CAD, generating a gain of \$1.7 million, which is included within net finance costs. The FX forward contracts were held as economic hedges for accounting purposes and were not designated in a hedging relationship. All of the FX forward contracts were settled on May 24, 2024, there were no outstanding FX forward contracts as at December 31, 2024.

## **Cash, Cash Equivalents and Marketable Securities**

Our financial instruments include cash, cash equivalents and investments in marketable securities which are held to earn investment income. Marketable securities consist of Federal and Provincial treasury bills and Deposit Notes.

We have designated our marketable securities as fair value through profit and loss. Fair values have been determined by reference to quoted market prices.

The primary risks related to cash, cash equivalents and marketable securities are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Enterprise Risk Management - Financial Risks**.

## **Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents contains tax withheld by CDS on entitlement payments made by CDS on behalf of CDS participants. The restricted cash and cash equivalents related to this withheld tax is ultimately under the control of CDS; however, the amount is payable to various taxation authorities within a relatively short period of time and so is restricted from use in normal operations. An equivalent and offsetting amount is included in the consolidated balance sheet under the caption Participants' tax withholdings. At December 31, 2024, we had restricted cash and cash equivalents of \$236.6 million.

The primary risks related to restricted cash and cash equivalents are credit risk and liquidity risk. For a description of these risks, please refer to **Enterprise Risk Management - Financial Risks**.

## **Trade Receivables**

Our financial instruments include accounts receivable, which represents amounts that our customers owe us. The carrying value is based on the actual amounts owed by the customers, net of loss allowances for trade receivables measured at an amount equal to lifetime expected credit losses, calculated using historical credit loss experience taking into account current observable data at the reporting date to reflect the effects of any relevant current market conditions and forecasts of future economic conditions.

The primary risks related to trade receivables are credit risk and market risk. For a description of these risks, please refer to **Enterprise Risk Management - Financial Risks**.

## **CDS – Participant cash collateral and entitlements and other funds**

As part of CDS's clearing operations, CDS Participant Rules require participants to pledge collateral to CDS in the form of cash or securities in amounts calculated in relation to their activities. Cash pledged and deposited with CDS is recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the participants. There is no impact on the consolidated income statement. Securities pledged do not result in an economic inflow to CDS, and therefore, are not recognized.

The primary risks associated with these financial instruments are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Enterprise Risk Management - Financial Risks**.

## **CDCC – Daily Settlements due to and due from Clearing Members**

As part of CDCC's clearing operations, amounts due from and to Clearing Members as a result of marking to market open futures positions and settling options transactions each day are required to be collected from or paid to Clearing Members prior to the commencement of trading the next day. The amounts due from and due to Clearing Members are recognized in the consolidated assets and liabilities as Balances with Participants and Clearing Members. There is no impact on the consolidated statements of income.

## **CDCC – Clearing Members’ cash margin deposits and clearing fund cash deposits**

These balances represent the cash deposits of Clearing Members held in the name of CDCC as margins against open positions and as part of the clearing fund. The cash held is recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the Clearing Members. There is no impact on the consolidated income statement.

## **CDCC – Net amounts receivable/payable on open REPO agreements**

CDCC clears fixed income REPO agreements. OTC REPO agreements between buying and selling Clearing Members are novated to CDCC whereby the rights and obligations of the Clearing Members under the REPO agreements are cancelled and replaced by new agreements with CDCC. Once novation occurs, CDCC becomes the counterparty to both the buying and selling Clearing Member. As a result, the contractual right to receive and return the principal amount of the REPO as well as the contractual right to receive and pay interest on the REPO is thus transferred to CDCC. These balances represent outstanding balances on open REPO agreements. Receivable and payable balances outstanding with the same Clearing Member are offset when they are in the same currency and are to be settled on the same day, as CDCC has a legally enforceable right to offset and the intention to net settle. The balances include both the original principal amount of the REPO and the accrued interest, both of which are carried at amortized cost. As CDCC is the central counterparty, an equivalent amount is recognized in both TMX Group's assets and liabilities.

The primary risks associated with these financial instruments are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Enterprise Risk Management - Financial Risks**.

## **Commercial Paper**

TMX Group maintains a Commercial Paper Program to offer potential investors up to \$400.0 million (or the equivalent U.S. dollars) of Commercial Paper to be issued in various maturities of up to one year from the date of issue. The Commercial Paper bears interest rates based on the prevailing market conditions at the time of issuance. The Commercial Paper Program is supported by the Credit Agreement. The Commercial Paper issued represents an unsecured obligation and ranks equally with all other senior unsecured obligations of TMX Group. The Commercial Paper has been assigned a rating of R-1 (middle) with a Negative trend by Morningstar DBRS.

The Commercial Paper is subject to market risk and liquidity risk. For a description of these risks, please refer to **Enterprise Risk Management - Financial Risks**.

## **Debentures**

TMX Group has the following Debentures outstanding: a \$200.0 million Series E Debentures with a 3.779% coupon maturing on June 5, 2028, a \$250.0 million Series F Debentures with a 2.016% coupon maturing on February 12, 2031, a \$350.0 million Series G Debentures with a 4.678% coupon maturing on August 16, 2029, a \$300.0 million Series H Debentures with a 4.836% coupon maturing on February 18, 2032, a \$450.0 million Series I Debentures with a 4.970% coupon maturing on February 16, 2034, and a \$300.0 million Series J Debentures with a 4.747% coupon maturing on May 26, 2026. The Debentures received a credit rating of AA (low) with a Negative trend from Morningstar DBRS.

The Debentures are subject to market risk and liquidity risk. For a description of these risks, please refer to **Enterprise Risk Management - Financial Risks**.

## **Total Return Swaps (TRS)**

We have entered into a series of TRSs, which synthetically replicate the economics of purchasing our shares as a partial economic hedge to the share appreciation rights of the RSUs, PSUs, and DSUs.

We have classified our series of TRSs as fair value through profit and loss and mark to market the fair value of the TRSs as an adjustment to income. We also simultaneously mark to market the liability to holders of the units as an adjustment to income. Fair value is based on the share price of our common shares at the end of the reporting period. The fair value of the TRSs and the obligation to unit holders are reflected on the consolidated balance sheet. The contracts are settled in cash on a quarterly basis and upon maturity.

For the year ended December 31, 2024, unrealized loss of \$1.9 million and realized gains of \$25.4 million related to TRSs, respectively have been reflected in the consolidated income statement (2023 – unrealized gains of \$1.7 million and realized gains of \$2.1 million, respectively).

TRSs are subject to credit risk and market risk. For a description of this risk, please refer to **Enterprise Risk Management - Financial Risks**.

## CRITICAL ACCOUNTING ESTIMATES

### *Goodwill and Intangible Assets – Valuation and Impairment Testing*

We recorded goodwill and intangible assets valued at \$7,315.2 million as at December 31, 2024, up \$1,815.7 million from \$5,499.5 million at December 31, 2023, largely reflecting the acquisition of goodwill and intangible assets associated with TMX VettaFi (fully acquired January 2, 2024). Management has determined that the testing for impairment of goodwill and intangible assets involves making critical accounting estimates.

Goodwill is recognized at cost on acquisition less any subsequent impairment in value. We measure goodwill arising on a business combination as the fair value of the consideration transferred less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Definite life intangible assets are measured at cost less accumulated amortization, where applicable, and any impairment in value. Cost includes any expenditure that is directly attributable to the acquisition of the asset. The cost of internally developed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Assets are considered to have indefinite lives where management believes that there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

We test for impairment as follows:

The carrying amounts of our non-financial assets, other than deferred income tax assets and employee future benefit assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, are tested for impairment at least annually even if there is no indication of impairment, and the recoverable amount is estimated each year at the same time. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The recoverable amounts of each CGU are determined based on value-in-use calculations, using management's discounted cash flow projections over a period of 5 - 8 years, along with a terminal value. The terminal value is the value attributed to the CGUs' operations beyond the projected time period. The terminal value for the CGUs is determined using estimated long-term growth rates of 2.0% for all significant CGUs, except for MX/CDCC and TMX Trayport which used 4.5% and VettaFi which used 2.5%. The estimated long-term growth rate is based on TMX's estimates of expected future operating results, future business plans, economic conditions and a general outlook for the industry in which the CGU operates. In calculating the recoverable amount of these CGUs, a pre-tax discount rate is used. The pre-tax discount rate applied was 9.9% to 23.8%, which was set considering the weighted average cost of capital of TMX Group and certain risk premiums, based on management's past experience.

These assumptions are subjective judgements based on TMX's experience, knowledge of operations and knowledge of the economic environment in which it operates. If future cash flow projections, long-term growth rates or pre-tax discount rates are different to those used, it is possible that the outcome of future impairment tests could result in a different outcome with a CGU's goodwill and/or intangible assets being impaired.

An impairment loss is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount, which is the higher of CGU's fair value less costs of disposal and its value-in-use. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment losses along with any related deferred income tax effects are recognized in the consolidated income statement.

There was no impairment charge for 2023 and 2024.

Considerable judgement is required to predict future operating performance and to estimate cash flows. Economic weakness due to macroeconomic factors moderating activity and heightening risks may impact our business. Such factors include geopolitical conflict, inflationary pressures, labour shortages in some sectors, disruptions to global supply chains, a slowdown on international trade and investment, potential debt crisis in the US, the impact of economic recovery and timing of recovery, and financial market pressures. These factors could result in future impairment charges related to goodwill and intangible assets. A significant impairment charge in the future could have a significant impact on our reported net income.

At December 31, 2024, management has determined that the TMX VettaFi CGU may be subject to reasonably possible changes to one or more of the key assumptions used to determine its recoverable amount, which could cause the CGU to become impaired. For the TMX VettaFi CGU, a decrease of 8.5% in annual cash flows, a decrease of 1.7% in the terminal growth rate, or an increase of 0.9% in the discount rate could cause the recoverable amount to equal the carrying value.

### ***Business Combinations***

Fair values of purchase consideration, assets acquired, and liabilities assumed in business combinations – for the acquisitions of subsidiaries, the fair values under the acquisition method are based on management's best estimates using established methodologies of the fair value of the assets and liabilities acquired and disposed.

For acquired customer relationships, trade names, and technology in particular, TMX Group estimates the fair value based on the income approach. The income approach is a valuation technique that calculates the fair value of an intangible asset based on the present value of future cash flows that the asset can be expected to generate over its remaining useful life. This valuation involves significant subjectivity and estimation uncertainty, including assumptions related to the future revenues (including those attributable to acquired customer relationships, trade names, or technology), customer attrition rates, royalty rate, future expenses, and discount rates.

## SELECT ANNUAL INFORMATION

(in millions of dollars except per share amounts)	2024	2023	2022
Revenue	\$ 1,460.1	\$ 1,194.1	\$ 1,114.9
Net income attributable to equity holders of TMX Group	481.5	356.0	542.7
Total Assets (as at December 31)	40,209.9	64,337.4	55,983.1
Non-Current Liabilities (as at December 31)	2,931.7	1,451.0	1,763.3
Earnings per share (attributable to equity holders of TMX Group): <sup>56</sup>			
Basic	1.74	1.28	1.95
Diluted	1.73	1.28	1.94
Cash dividends declared per common share	0.75	0.71	0.66

### 2024 compared with 2023

(See **RESULTS OF OPERATIONS** and **LIQUIDITY AND CAPITAL RESOURCES - year ended December 31, 2024 (2024) compared with year ended December 31, 2023 (2023)**).

### 2023 compared with 2022

#### **Revenue**

Revenue was \$1,194.1 million in 2023 up \$79.2 million or 7% compared with \$1,114.9 million in 2022 attributable to increases in revenue from Global Solutions, Insights and Analytics, TSX Trust, Derivatives Trading and Clearing (excl. BOX), and CDS, partially offset by decreases in Listings, Equities and Fixed Income Trading, and a \$5.3 million decrease in BOX revenue. The increase in revenue from 2022 to 2023 included \$7.3 million of revenue for WSH, and \$0.2 million of revenue for SigmaLogic (acquired control on February 16, 2023 and divested on April 21, 2023). Excluding revenue from WSH and SigmaLogic, revenue was up 6% in 2023 compared with 2022.

#### **Net income attributable to equity holders and Earnings per share**

Net income attributable to equity holders of TMX Group in 2023 was \$356.0 million, or \$1.28 per common share on a basic and diluted basis, compared with \$542.7 million, or \$1.95 per common share on a basic and \$1.94 on a diluted basis for 2022. The decrease in net income attributable to equity holders of TMX Group is largely due to a non-cash gain of \$177.9 million being recognized in Q1/22 resulting from the remeasurement of our interest in BOX upon acquisition of voting control and a decrease of \$20.4 million in income tax expense in 2022 from the reversal of a prior year tax provision, somewhat offsetting these decreases was an increase in income from operations of \$17.2 million. The increase in income from operations from 2022 to 2023 was driven by an increase in revenue of \$79.2 million, reflecting higher revenue from Global Solutions, Insights and Analytics, TSX Trust, Derivatives Trading and Clearing (excl. BOX), and CDS, partially offset by lower Listing fees, Equity and Fixed Income trading, and BOX revenue. The revenue increase also included \$7.3 million related to WSH, and \$0.2 million for SigmaLogic. There was also an increase in operating expenses of \$62.0 million, which included \$13.4 million of expenses related to VettaFi, SigmaLogic, and WSH, of which approximately \$4.1 million related to acquisition and related costs for VettaFi, SigmaLogic, and WSH, \$1.9 million related to amortization of acquired intangibles for WSH, and \$0.2 million related to WSH integration costs. The increase from 2022 to 2023 also included \$10.1 million related to BOX's estimate of increased expenses for services provided by BOX Exchange LLC, an increase of approximately

<sup>56</sup> Prior years' earnings per share and cash dividends declared have been adjusted to reflect the Stock Split completed on June 13, 2023.

\$5.7 million related to strategic re-alignment, as well as higher expenses related to higher headcount and payroll costs, employee performance incentive plan costs, increased IT operating costs, revenue related expenses and legal fees.

The increase in earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from 2022 to 2023, as well as lower net finance costs.

### ***Total Assets***

Our consolidated balance sheet as at December 31, 2023 includes Balances of Participants and Clearing Members related to our clearing operations. These balances have equal amounts included within Total Liabilities. The increase in Total Assets of \$8,354.3 million from December 31, 2022 reflected higher amounts received on REPO and higher collateral balances in CDCC, partially offset by lower collateral balances in CDS at December 31, 2023.

### ***Non-Current Liabilities***

Non-current liabilities as at December 31, 2023 were \$312.3 million lower than as at December 31, 2022, primarily reflecting lower debt related to the repayment of the Series B Debentures which matured October 2023.

## QUARTERLY FINANCIAL INFORMATION

(in millions of dollars except per share amounts - unaudited)	Dec 31 2024	Sep 30 2024	Jun 30 2024	Mar 31 2024	Dec 31 2023	Sep 30 2023	Jun 30 2023	Mar 31 2023
Capital Formation	\$72.5	\$61.9	\$77.8	\$60.6	\$63.1	\$60.4	\$81.1	\$63.5
Equities and Fixed Income Trading & Clearing	67.0	61.8	64.4	60.6	59.7	54.9	56.6	61.5
Derivatives Trading & Clearing	94.4	83.2	78.8	72.6	71.3	67.6	63.8	71.5
Global Solutions, Insights and Analytics	159.4	146.9	146.1	152.1	107.4	104.3	104.7	102.6
Other	—	—	—	—	—	0.1	—	—
Revenue	393.3	353.8	367.1	345.9	301.5	287.3	306.2	299.1
Operating expenses	212.1	198.3	203.2	204.2	173.3	162.0	159.4	159.4
Income from operations	181.2	155.5	163.9	141.7	128.2	125.3	146.8	139.7
Net income attributable to equity holders of TMX Group	159.3	82.7	100.0	139.5	84.4	85.3	97.3	89.0
Earnings per share <sup>57</sup>								
Basic	0.58	0.30	0.36	0.50	0.31	0.31	0.35	0.32
Diluted	0.58	0.30	0.36	0.50	0.31	0.31	0.35	0.32

### Q4/24 compared with Q4/23

- Revenue was \$393.3 million in Q4/24 up \$91.8 million or 30% from \$301.5 million in Q4/23 largely attributable to increases in revenue from *Global Solutions, Insights and Analytics*, of which \$37.4 million reflects the inclusion of revenue from TMX VettaFi (fully acquired January 2, 2024) including iINDEX Research (acquired October 15, 2024), as well as increases from *Derivatives Trading and Clearing, Capital Formation, and Equities and Fixed Income Trading and Clearing*. Revenue for Q4/24 included \$3.8 million related to Newsfile (acquired August 7, 2024). Excluding revenue from TMX VettaFi, Newsfile, and iINDEX Research, revenue was up 17% in Q4/24 compared to Q4/23.
- Operating Expense in Q4/24 were \$212.1 million, up \$38.8 million or 22%, from \$173.3 million in Q4/23. The increase reflected \$15.1 million of operating expenses related to TMX VettaFi (equity accounted since January 9, 2023, prior to acquisition of control on January 2, 2024), Newsfile (acquired August 7, 2024) and iINDEX Research, \$11.7 million related to amortization of 2024 acquired intangibles (VettaFi, Newsfile, and iINDEX Research), as well as a \$0.3 million increase related to acquisition and related expenses. There were also increases of \$2.3 million related to our U.S. expansion initiative, \$1.3 million in integration costs, and \$3.5 million in contingent payments related to Newsfile and iINDEX Research. Somewhat offsetting these increases were lower expenses of \$5.7 million related to strategic re-alignment costs and \$5.1 million of acquisition costs in Q4/23.

Excluding the above mentioned expenses for TMX VettaFi, Newsfile, iINDEX Research, acquisition and related expenses, integration costs, the U.S. expansion initiative, contingent payments, and strategic re-alignment costs, comparable operating expenses increased by approximately 9% in Q4/24 compared with Q4/23. The comparable operating expense increase of 9% reflects higher expenses due to higher employee performance incentive plan

<sup>57</sup> Prior quarters' earnings per share have been adjusted to reflect the Stock Split.

costs, higher severance, increased IT operating costs, higher legal fees, higher project spend, and an onerous contract provision true-up in Q4/24.

- *Income from operations* increased from Q4/23 to Q4/24 driven by higher revenue, partially offset by higher operating expenses.
- *Net income attributable to equity holders of TMX Group* in Q4/24 was \$159.3 million, or \$0.57 per common share on a basic and diluted basis, compared with a net income attributable to equity holders of TMX Group of \$84.4 million, or \$0.31 per common share on a basic and diluted basis for Q4/23. The increase in net income attributable to equity holders of TMX Group reflects net finance income of \$40.0 million in Q4/24 compared with net finance costs of \$4.6 million in Q4/23, as well as an increase in Income from operations of \$53.0 million from Q4/23 to Q4/24 driven by an increase in revenue of \$91.8 million, partially offset by an increase in operating expenses of \$38.8 million.

#### **Q4/24 compared with Q3/24**

- Revenue was \$393.3 million in Q4/24, up \$39.5 million or 11% from \$353.8 million in Q3/24 reflecting increases in revenue from Capital Formation, Equities and Fixed Income Trading and Clearing, Derivatives Trading and Clearing, and Global Solutions, Insights and Analytics driven by TMX VettaFi including iINDEX Research (acquired October 15, 2024).
- Operating Expenses in Q4/24 were \$212.1 million, up \$13.8 million or 7% from Q3/24 reflecting \$3.7 million higher operating expenses related to TMX VettaFi, Newsfile and iINDEX Research, \$2.5 million higher contingent compensation costs related to Newsfile and iINDEX Research, \$0.8 million higher integration expenses, \$1.5 million higher expenses related to the U.S. expansion initiative, and \$1.3 million related to an onerous contract provision true-up in Q4/24. There was also higher IT operating costs and higher project spend. These increases were partially offset by \$1.4 million lower acquisition and related expenses as well as lower employee performance incentive plan costs.
- *Income from operations* increased from Q3/24 to Q4/24 driven by higher revenue, partially offset by higher operating expenses.
- *Net income attributable to equity holders of TMX Group* in Q4/24 was \$159.3 million, or \$0.58 per common share on a basic and diluted basis, compared with \$82.7 million, or \$0.30 per common share on a basic and diluted basis for Q3/24. The increase in *net income attributable to equity holders of TMX Group* and earnings per share was primarily driven by \$40.0 million of net finance income in Q4/24 compared with \$29.1 million of net finance costs in Q3/24, as well as higher income from operations.

#### **Q3/24 compared with Q2/24**

- Revenue was \$353.8 million in Q3/24, down \$13.3 million or 4% from \$367.1 million in Q2/24 reflecting decreases in revenue from Capital Formation, Equities and Fixed Income Trading and Clearing, partially offset by revenue increases from Derivatives Trading and Clearing, and Global Solutions, Insights and Analytics driven by TMX Trayport.
- Operating Expenses in Q3/24 were \$198.3 million, down \$4.9 million from Q2/24, primarily driven by lower integration expenses of \$3.0 million, lower operating expenses related to TMX VettaFi, lower project spend and director fees. These decreases were somewhat offset by higher acquisition related costs, and higher employee incentive plan costs.
- *Income from operations* decreased from Q2/24 to Q3/24 due to lower revenue, somewhat offset by lower operating expenses.
- *Net income attributable to equity holders of TMX Group* in Q3/24 was \$82.7 million, or \$0.30 per common share on a basic and diluted basis, compared with \$100.0 million, or \$0.36 per common share on a basic and diluted basis for Q2/24. The decrease in *net income attributable to equity holders of TMX Group* and earnings per share

was primarily driven by lower income from operations, higher financing costs, and partially offset by lower income tax expense.

#### **Q2/24 compared with Q1/24**

- Revenue was \$367.1 million in Q2/24, up \$21.2 million or 6% from \$345.9 million in Q1/24 reflecting increases in revenue from Capital Formation, Derivatives Trading & Clearing, Equities and Fixed Income Trading and Clearing, partially offset by a decrease in revenue from Global Solutions, Insights and Analytics which included revenue from TMX VettaFi's annual Exchange conference in Q1/24.
- Operating expenses in Q2/24 were \$203.2 million, down \$1.0 million from Q1/24. The decrease reflected approximately \$7.2 million lower operating expenses related to TMX VettaFi largely driven by the annual Exchange conference in Q1/24, lower acquisition and related expenses of \$6.0 million, and lower payroll costs. These decreases were somewhat offset by higher BOX related expenses of \$2.5 million, higher integration costs of \$2.1 million, higher employee incentive plan costs, higher IT operating costs, revenue related expenses and director fees.
- *Income from operations* increased from Q1/24 to Q2/24 driven by higher revenue and lower operating expenses.
- *Net income attributable to equity holders of TMX Group* in Q2/24 was \$100.0 million, or \$0.36 per common share on a basic and diluted basis, compared with \$139.5 million, or \$0.50 per common share on a basic and diluted basis for Q1/24. The decrease in *net income attributable to equity holders of TMX Group* and earnings per share largely reflect a non-cash gain of \$57.1 million recognized in Q1/24 resulting from the fair value remeasurement of our previously held minority interest in VettaFi (equity-accounted January 9, 2023 prior to the acquisition of control January 2, 2024).

#### **Q1/24 compared with Q4/23**

- Revenue was \$345.9 million in Q1/24, up \$44.4 million or 15% from \$301.5 million in Q4/23 largely attributable to increases in revenue from Global Solutions, Insight and Analytics, of which \$37.9 million reflects the inclusion of revenue from TMX VettaFi (fully acquired January 2024), as well as increases in Derivatives Trading and Clearing and Equities and Fixed Income Trading and Clearing, somewhat offset by decreases in Capital Formation. Excluding TMX VettaFi, revenue was up 2% in Q1/24 compared to Q4/23.
- Operating expenses in Q1/24 were \$204.2 million, up \$30.9 million or 18% from Q4/23. The increase reflected approximately \$20.0 million of operating expenses related to TMX VettaFi (equity accounted since January 9, 2023, prior to acquisition of control on January 2, 2024), \$11.8 million related to amortization of acquired VettaFi intangibles, \$1.0 million in acquisition and related expenses, and \$1.2 million in integration costs. The increase from Q4/23 to Q1/24 also included higher payroll and IT operating costs, partially offset by a decrease of approximately \$5.7 million related to strategic re-alignment in Q4/23, savings related to the strategic re-alignment, and a decrease of \$1.8 million related to BOX's estimate of expenses for services provided by BOX Exchange LLC. Excluding the expenses mentioned above related to VettaFi, BOX, WSH, and strategic re-alignment, operating expenses were up 3% in Q1/24 compared with Q4/23.
- *Income from operations* increased from Q4/23 to Q1/24 driven by higher revenue, partially offset by higher operating expenses.
- *Net income attributable to equity holders of TMX Group* in Q1/24 was \$139.5 million, or \$0.50 per common share on a basic and diluted basis, compared with \$84.4 million, or \$0.31 per common share on a basic and diluted basis for Q4/23. The increase in *net income attributable to equity holders of TMX Group* and earnings per share largely reflect a non-cash gain of \$57.1 million recognized in Q1/24 resulting from the fair value remeasurement of our previously held minority interest in VettaFi (equity-accounted January 9, 2023 prior to the acquisition of control January 2, 2024).

### **Q4/23 compared with Q3/23**

- *Revenue* was \$301.5 million in Q4/23, up \$14.2 million or 5% from \$287.3 million in Q3/23 reflecting higher revenue across all of our operating segments, other than *Other* revenue.
- *Operating expenses* in Q4/23 were \$173.3 million, up \$11.3 million or 7% from Q3/23. The increase in costs included an increase of approximately \$5.7 million related to strategic re-alignment in Q4/23, as well as an increase of \$5.1 million related to acquisition and related costs, \$0.3 million related to integration costs, and increased costs related to employee performance incentive plan costs in Q4/23. These were partially offset by a decrease of \$3.3 million related to BOX's estimate of expenses for services provided by BOX Exchange LLC due to a catch-up that took place in Q3/23.
- *Income from operations* increased from Q3/23 to Q4/23 driven by higher revenue, partially offset by higher operating expenses.
- *Net income attributable to equity holders of TMX Group* in Q4/23 was \$84.4 million, or \$0.31 per common share on a basic and \$0.30 on a diluted basis, compared with \$85.3 million, or \$0.31 per common share on a basic and diluted basis for Q3/23. The decrease in *net income attributable to equity holders of TMX Group* was primarily due to higher financing costs in Q4/23.

### **Q3/23 compared with Q2/23**

- *Revenue* was \$287.3 million in Q3/23, down \$18.9 million or 6% from \$306.2 million in Q2/23 reflecting lower Capital Formation revenue, which was primarily due to lower TSX Trust revenue and additional listing fee revenue, as well as lower *Equities and Fixed Income Trading & Clearing* revenue. This was partially offset by higher *Derivatives Trading & Clearing* revenue.
- *Operating expenses* in Q3/23 were \$162.0 million, up \$2.6 million or 2% from Q2/23, primarily driven by a catch-up of \$6.7 million related to BOX's estimate of increased expenses for services provided by BOX Exchange LLC, as well as increased consulting and legal fees. This was partially offset by lower revenue related expenses, director fees, decreased employee performance incentive plan costs of approximately \$1.0 million, and marketing and sponsorship costs.
- *Income from operations* decreased from Q2/23 to Q3/23 due to lower revenue and higher operating expenses.
- *Net income attributable to equity holders of TMX Group* in Q3/23 was \$85.3 million, or \$0.31 per common share on a basic and diluted basis, compared with \$97.3 million, or \$0.35 per common share on a basic and diluted basis for Q2/23. The decrease in *net income attributable to equity holders of TMX Group* and earnings per share was primarily driven by lower income from operations and partially offset by lower income tax expense and financing costs in Q3/23 compared to Q2/23.

### **Q2/23 compared with Q1/23**

- *Revenue* was \$306.2 million in Q2/23, up \$7.1 million or 2% from \$299.1 million in Q1/23 reflecting higher *Capital Formation* and *Global Solutions, Insights and Analytics* revenue. The increase in revenue from Q1/23 to Q2/23 included \$0.1 million of revenue for WSH, offset by a \$0.2 million decrease in revenue for SigmaLogic (control acquired February 16, 2023 and divested April 21, 2023). Revenue excluding WSH and SigmaLogic was up 2% in Q2/23 compared with Q1/23.
- *Operating expenses* in Q2/23 were \$159.4 million, flat from Q1/23, reflecting increased employee performance incentive plan costs of approximately \$2.6 million, director fees, IT operating spend, and marketing and sponsorship costs. These were offset by lower acquisition related costs of \$0.5 million in Q2/23, as well as lower salaries and payroll taxes of approximately \$1.6 million, and \$2.2 million related to a one-time write off of receivables in Q1/23.
- *Income from operations* increased from Q1/23 to Q2/23 due to higher revenue while maintaining a flat expense base.

- *Net income attributable to equity holders of TMX Group* in Q2/23 was \$97.3 million, or 0.35 per common share on a basic and diluted basis, compared with \$89.0 million, or \$0.32 per common share on a basic and diluted basis for Q1/23. The increase in *net income attributable to equity holders of TMX Group* and earnings per share was primarily driven by higher income from operations and lower financing costs, partially offset by higher income tax expense in Q2/23 compared to Q1/23.

#### **Q1/23 compared with Q4/22**

- *Revenue* was \$299.1 million in Q1/23, up \$23.4 million or 8% from \$275.7 million in Q4/22 attributable to increases in revenue across all our operating segments. The increase in revenue from Q4/22 to Q1/23 included \$0.7 million of revenue for WSH (acquired November 9, 2022), and \$0.2 million of revenue for SigmaLogic (control acquired February 16, 2023). Revenue excluding WSH and SigmaLogic was up 8% in Q1/23 compared with Q4/22.
- *Operating expenses* in Q1/23 were \$159.4 million, up \$4.6 million or 3%, from \$154.8 million in Q4/22. The increase in expenses from Q4/22 to Q1/23 was primarily attributable to increased headcount and payroll costs, and short term employee performance incentive plan costs of approximately \$8.9 million, as well as higher expenses related to SigmaLogic, WSH and VettaFi of approximately \$1.1 million. There were also higher revenue related expenses, charitable donations and regulatory filing fees. Partially offsetting these increases were lower IT operating spend, legal fees, and travel and entertainment costs. In addition, we also incurred \$4.0 million in integration costs related to AST Canada in Q4/22. Excluding expenses from SigmaLogic, WSH, AST Canada, and VettaFi, operating expenses increased by 5% in Q1/23 compared with Q4/22.
- *Income from operations* (includes 100% income from operations of BOX (consolidated January 3, 2022) of which 52.1% relates to non-controlling interests) increased from Q4/22 to Q1/23 due to higher revenue, partially offset by higher expenses.
- *Net income attributable to equity holders of TMX Group* in Q1/23 was \$89.0 million, or \$0.32 per common share on a basic and diluted basis, compared with \$102.2 million, or \$0.37 per common share on a basic and diluted basis for Q4/22. The decrease in *net income attributable to equity holders of TMX Group* and earnings per share was primarily driven by lower income tax expense of \$22.3 million in Q4/22 primarily related to a reversal of a prior year tax provision, as well as higher financing costs in Q1/23 compared with Q4/22.

# ENTERPRISE RISK MANAGEMENT

## Executive Summary

TMX Group provides essential services to the Canadian capital and global commodity markets and effectively managing risks and objective certainty is fundamental to our ability to execute on our enterprise and business strategies. The purpose of enterprise risk management (ERM) is to help the organization identify, assess, manage, monitor and report on key risks to achieving our strategic and operational objectives and to provide a holistic view of risk across TMX Group and its subsidiaries. ERM facilitates and supports the businesses in their pursuit of their objectives to ensure the outcomes of these activities are transparent and understood, consistent with our risk appetite, appropriately balance risk and reward, and serve as inputs into the enterprise strategy formulation process.

We have identified a number of principles which guide our management of risks, including the following:

- We promote and maintain an enterprise-wide ethical culture that values the importance of effective risk management in day-to-day business activities and decision making, and encourages frank and open communication.
- Our business units and corporate functions own the objectives, and therefore the risks assumed in their activities and are accountable for the effective management of those risks, supported by the risk management and internal audit functions. TMX Group uses Five Lines of Accountability (see below) which enhances the Three Lines model while recognizing the role of senior management and the Board in risk management. We define these roles and responsibilities and associated levels of authority for risk-taking across the enterprise.
- We employ effective and consistent risk management processes across the enterprise to ensure that objectives and risks are transparent, well understood, and remain within an accepted and approved level of risk appetite.
- We employ sufficient resources and effective tools, methods, models and technology to support our risk management processes.
- Our ERM framework reflects industry standards and legal and regulatory requirements, and is regularly reassessed.

Effective risk management is fundamental to our ability to drive long-term sustainable growth through the execution of our strategic and operational objectives. Our Objective Centric Risk Management (“OCRM”) approach to risk management addresses opportunities, uncertainties and threats to the successful achievement of our objectives rather than managing our risks in isolation. This OCRM approach to risk management does not change the risks faced by our organization. Instead, it anchors the risk management process to our objectives which supports the proper allocation of resources across the enterprise. As illustrated in the diagram below, using OCRM requires senior management, under the supervision of the Board, to (i) clearly define roles across the businesses; (ii) explicitly specify risk and assurance requirements; and (iii) determine the business objectives that warrant more formal and visible risk assessment processes. This ensures the integration of the enterprise's objectives, risks, risk treatments, and performance. The Board has established a set of enterprise objectives and the Senior Management Team, determines the key risks to the successful achievement of our objectives, identifies new or emerging risks, evaluates our execution strategy and allocates resources as required.

The Objective Centric Risk Management (“OCRM”) Methodology is for assessing and communicating the risks that could impact achievement of TMX’s strategic and operational objectives, and is consistent with the “Five Lines of Accountability”, as set out below:



Outlined below are some of the top risks that could materially adversely affect TMX Group, including our business, operating results, long term financial objectives, cash flows, or financial condition. We continue to assess, manage, and monitor these risks effectively on a day-to-day basis.

**Market, Geopolitical & Economic Risk:** A portion of our revenue comes from trading revenue. Similar to other exchanges, this is highly sensitive to macroeconomic conditions. Canada is our largest geographic concentration of revenue. Given that just over half of our business is conducted domestically, macroeconomic factors such as GDP growth, regulations, interest rates, volatility, tariffs, and market activity, can impact our business.

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, client hosting revenue, and sales of market data across our markets. This can also 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, or financial condition could be materially adversely affected.

A large portion of the Canadian economy is based in natural resources and energy related business and as such, we are exposed to downturns in these sectors, including a downturn if those businesses fail to transition to greener undertakings as quickly as the market demands, as they can impact capital formation business and the trading and clearing activity.

**Competition Risk:** We compete with other exchanges domestically and internationally on listings, cash equities, equity option trading and trade matching and execution vendors. Muted capital markets activity may result in lower revenue related to capital raising activities. Additionally, competing vendors could reduce the number of venue customers, subscribers and our ability to enter new markets.

**Cyber & Information Security Risk:** Our networks and those of our third-party service providers may be vulnerable to risks, including unauthorized access, computer viruses, denial of service attacks, and other security vulnerabilities issues. Remote working has placed a greater emphasis on the availability and capacity of our networks. Attempted cyber attacks continued to increase in 2024 and a successful cyber scam or attack could adversely impact our business. The increasing use of Artificial Intelligence (“AI”), both by threat actors seeking to exploit vulnerabilities and by our own employees, presents a new and evolving challenge. We have designed procedures to mitigate these risks, including those associated with the use of generative AI tools. While we continue to monitor the risks as this technology evolves,

given the speed and global nature of the evolution in this area our efforts may not be sufficient to fully mitigate the risks.

**Change Management Risk:** We are exposed to the risk that we lack capabilities or fail to prioritize initiatives to deliver against our strategy and objectives in an efficient and effective manner. Additionally, if we do not engage external stakeholders sufficiently we may fail to ensure alignment and readiness on key initiatives. Should we fail to integrate acquisitions or significant internal projects there is a risk we will not achieve the planned economic benefits.

**Strategic Execution Risk:** Although we carry out a thorough analysis of the business environment we operate in, it is possible that we may not identify or respond to all significant opportunities and threats that may impact our industry.

**Talent Risk:** Should key management positions become vacant there could be a loss of knowledge and expertise resulting in risk to executing our strategy. Additionally, if there is an increase in employee turnover or we receive fewer candidates for open positions there may be a need for some businesses to adjust initiatives or there may be an increase in operational incidents.

**Sustainability and Climate Risk<sup>58</sup>:** Sustainability is a key pillar of TMX Group's business strategy and we continue to integrate related objectives and initiatives into TMX Group's core objectives in order to manage and respond to key and emerging sustainability and climate risks and opportunities on a long and short-term basis. Key sustainability and ESG related risks include those relating to the resilience of our critical business functions, climate-related risks (physical and transition), information technology and cybersecurity, talent attraction and retention. There is also a risk that the timelines associated with the implementation of sustainability-related initiatives and products are inadequate and that the market segment is fully serviced by our competitors.

An additional risk we face is our ability to adapt given the complex evolution and accelerated pace of change in today's society, business environment and disclosure landscape and the resulting impacts on our ability to attract and retain listings. This requires us to proactively identify issues most relevant to TMX Group and engage with stakeholders to respond and plan appropriately to address these risks.

These risks and uncertainties are further expanded upon below. The risks and uncertainties discussed in this section are not the only ones facing TMX Group. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. If any of the following risks actually occur, our reputation, business, financial condition, or operating results could be adversely affected.

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<sup>58</sup> For additional information, see further discussion in our Annual Sustainability Report.

## **Geopolitical & Economic Risk**

We are exposed to the risk that the macroeconomic and industry conditions (including, among others, the commodity cycle and economic growth) will challenge our business model and objectives.

### ***We depend on the economy of Canada***

Our financial results are, and will continue to be, affected by the Canadian economy, including by commodity prices in the resource sector, interest rates, foreign exchange rates, and broad levels of economic activity. Any prolonged economic downturn could have a significant negative impact on our business. A large portion of the Canadian economy is based in natural resources and energy related businesses. As such, we are exposed to macroeconomic factors that impact these sectors, including those driven by environmental regulations and the growth of sustainable investing. A prolonged economic downturn may have a negative impact on investment performance, which could materially adversely affect the number of issuers and newly listed issuers, the market capitalization of our listed issuers, additional securities being listed or reserved, trading volumes across our markets, the number of transactions related to our equity and fixed income clearing and settlement, depository, custodial and entitlement services and market data sales.

### ***Our operating results may be adversely impacted by global economic and geopolitical conditions***

The economic and market conditions in Canada, the United States, Europe, Asia and the rest of the world impact the different aspects of our business and our revenue drivers. In particular, lower commodity prices, can, and have in the past, negatively impacted our business. Changes in the economy, including inflation and the political climate could impact our business. In addition, increased uncertainty in Europe and the Middle East, including the wars in Ukraine and Israel, and the possibility of sovereign defaults on debt, may also impact our business, including that of TMX Trayport. Because listing, initial and additional financing, trading and clearing activities are significantly affected by economic, political and market conditions and the overall level of investor confidence, they impact the level of listing activity (including IPOs), the market capitalization of our issuers, trading and clearing volumes and sales of data across our markets. In addition, our clearing customers face higher credit costs associated with complying with margining regimes which could result in lower volumes.

Global market and economic conditions have fluctuated in recent years, and we have witnessed both high and low levels of volatility. While higher volatility in markets can generate increased transaction volume, when coupled with prolonged negative economic conditions higher volatility can adversely affect trading volumes and the demand for market data and can lead to slower collections of accounts receivable as well as increased counterparty risk which, in turn, could adversely affect our business, financial condition, and operating results. A low-volatility environment can result in lower levels of trading and clearing, particularly for derivative products, placing downward pressure on operating results.

### ***We depend on market activity that is outside of our control***

Our revenue is highly dependent upon the level of activity on our exchanges and clearing houses, including: the volume of securities traded on our cash markets; the number of transactions, volume of contracts or products traded and cleared on our derivatives markets; the number and market capitalization of listed issuers; the number of new listings and additional financings; the number of active traders and brokerage firms; the number of transactions related to our equity and fixed income clearing and settlement, depository services; and the number of subscribers to market data and TMX Trayport services.

We do not have direct control over these variables. Among other things, these variables depend upon the attractiveness of securities listed and traded on our exchanges and the attractiveness of our exchanges as a place to list and trade those securities as compared to other exchanges and other trading mechanisms. Those variables are in turn influenced by:

- the overall economic conditions and monetary policies in Canada, the United States, Europe, Asia, and in the world in general (especially growth levels, political stability and debt crisis);
- broad trends in business and corporate finance, including trends in the exchange industry, capital market trends and the mergers and acquisitions environment;

- geopolitical conditions, including trade relations between countries, wars, and political unrest;
- the economic health of the resource sector;
- the level and volatility of interest rates and resulting attractiveness of alternative asset classes;
- the regulatory environment for investment in securities and derivatives, including the regulation of marketplaces and other market participants, both in Canada and other jurisdictions;
- the activity and performance of global capital markets;
- investor confidence in the prospects and integrity of our listed issuers, and the prospects of Canadian-based listed issuers in general;
- pricing volatility of global commodities and energy markets; and
- changes in tax legislation that would impact the relative attractiveness of certain types of securities or derivatives, or listing in certain countries.

We may be able to indirectly influence the volume of trading and clearing by providing efficient, reliable and cost effective trading and clearing; maximizing the availability of timely, reliable information upon which research, advice and investment decisions can be based; and maximizing the ease of access to listings, trading and clearing facilities. However, those activities may not have a positive effect on or effectively counteract the factors that are outside of our control. We face a risk that regulators may impose higher burdens on our clients that could impinge on their ability to invest.

## **Strategic & Business Risk**

We are exposed to the risk of attaining sub-optimal enterprise business performance due to:

**Geopolitical & Economic Risk:** Failure to develop, assess and select optimal pathways for enterprise-level success in the context of enterprise capabilities, resources, and the external environment.

**Change Management Risk:** Failure to define clear goals and actions and execute committed plans, and/or identify changes in the strategic context of the business with sufficient foresight to develop, select and execute effective responses could impact our operations. We are exposed to the risk that we lack capabilities or fail to prioritize initiatives to deliver against our strategy and objectives in an efficient and effective manner.

As our business evolves, including through inorganic growth, there may be changes that will impact our talent, processes, and supporting technology. While we will provide the requisite training and support to enable our teams, the transition may take time.

***Our strategic planning process may not enable us to identify and properly respond to opportunities or threats resulting in our inability to develop new products and services that meet our clients' evolving needs***

Our strategic planning process includes a thorough analysis of the business context in which we operate as well as comprehensive peer and competitive analyses. While we regularly test the key assumptions underlying our strategic plan, it is possible that we may not identify or respond to opportunities or threats in our industry despite the investment of time and resources to this process. It is possible that our capital allocation decisions may be sub-optimal.

***We may not be successful in executing our strategy***

We invest significant resources in the development and execution of our corporate strategy to grow profitability and maximize shareholder value. We may not succeed in executing our strategy effectively because of, among other things, overall economic conditions, increased global or domestic competition, inability to mobilize or co-ordinate internal resources on a timely basis, inability to attract and retain talent with the right capabilities including succession planning, difficulty developing and launching new products and services, and/or regulatory restrictions. In addition, we may have difficulty obtaining financing for new business opportunities, due to financial restrictions that currently or may in the future be placed on TMX Group under our Commercial Paper Program, Debentures, Credit Agreement, Recognition Orders and under our regulatory oversight agreements. While we have established processes and tools for

effective and rigorous oversight of our key initiatives, any of these factors could materially adversely affect the successful execution of our strategy.

### ***New business activities may adversely affect income***

We may enter into new business activities which, while they could provide opportunities for us, may also impose restrictions on us and/or have an adverse effect on our existing profitability. While we would expect to realize incremental revenue from these new activities, there is a risk that this new revenue would not be greater than the associated costs or any related decline in existing revenue sources.

### ***Expansion of our operations internationally involves unique challenges that we may not be able to meet***

We continue to expand our operations internationally, including making acquisitions, opening offices and acquiring distribution, implementing technology and other systems in foreign jurisdictions, and obtaining regulatory authorizations or exemptions to allow remote access to our markets by approved participants outside Canada. We expect that the expansion of access to our electronic markets and entrance into adjacent businesses will continue to increase the portion of our business that is generated from outside Canada. We face certain risks inherent in doing business in international markets, particularly in the regulated exchange and clearing businesses. These risks include, but are not limited to:

- restrictions on the use of trading terminals' direct connectivity to our marketplace or the contracts that may be traded;
- geopolitical unrest;
- reduced protection for intellectual property rights and/or increased risk of intellectual property claims;
- difficulties in staffing and managing foreign operations;
- potentially adverse tax consequences;
- enforcing agreements and collecting receivables through certain foreign legal systems; and
- foreign currency fluctuations associated with our international operations.

We would be required to comply with the laws and regulations of foreign governmental and regulatory authorities of each country in which we need to obtain authorizations or exemptions for remote access to our markets. These may include laws, rules and regulations relating to any aspect of the business. In many cases, the additional costs related to compliance can be substantial, and could outweigh the potential benefits. International expansion may also expose TMX Group to geographic regions that may be subject to greater political, economic and social uncertainties than countries with developed economies.

Any of these factors could have a material adverse effect on the success of our plans to grow our international presence and market products and services and consequently impact our business, financial condition and results of operations.

## **Change Management Risk**

We are exposed to the risk that we fail to integrate acquisitions to achieve the planned economics or divest underperforming businesses effectively.

### ***We face risks associated with integrating key talent, clients, operations, and systems related to acquisitions***

As part of our strategy to sustain growth, we have and expect to continue to pursue appropriate acquisitions of other companies and/or assets and technologies. An acquisition will only be successful if we can integrate the acquired business' talent (including retaining key individuals), clients, operations, and systems; and expand our financial and management controls and our reporting systems and procedures to accommodate the acquired business. It is possible that integrating an acquisition could result in management time being diverted away from our core business. In cases where multiple integrations are ongoing at the same time, there may be a strain on overlapping resources.

In addition, pursuant to the Final Recognition Orders, prior regulatory approval is required before TMX Group can implement significant integration, combination or reorganization of businesses, operations or corporate functions among TMX Group entities. The requirement to obtain these approvals may restrict or delay TMX Group's ability to make planned changes to these aspects of its operations in the future which could have a material adverse effect on TMX Group's business, financial condition and results of operations. If an investment, acquisition or other transaction does not fulfill expectations, we may have to write down its value in the future and/or sell at a loss.

### ***We face risks associated with not being able to divest under-performing businesses***

As part of our normal course of operations and strategy review process, we may from time to time identify under-performing assets or businesses that we choose to divest.

We face the risks of not divesting under-performing businesses in a timely and effective manner to enable better utilization of our capital and other resources.

### **Competition Risk**

We are exposed to the risk that established and new competitors, including disruptive technology providers, will challenge our business model and objectives.

### ***Our Capital Formation business competes with other exchanges, financing platforms, and providers of capital***

We compete against various North American and international exchanges for listings of Canadian and international companies. Domestically, we currently compete for listings with two other exchanges.

We also compete with platforms and various market participants that offer access to alternative forms of financing including private equity, venture capital and various forms of debt financing. Many of these alternative forms of financing and our traditional domestic competitors may subject issuers to different regulatory rules and oversight and different obligations from those associated with being listed on our markets.

### ***TSX, TSXV and Alpha face competition from other exchanges, other marketplaces and trading mechanisms***

We face competition for business from other exchanges, especially those in the U.S. as investing has become more global. In particular, these competitors look to attract Canadian issuers that are listed on one of our exchanges. For example, two of our U.S.-based competitors operate a Canadian market. It is possible that these competitors could, in addition to competing for listing and trading of Canadian issuers, enter into other business areas in which we currently operate.

In addition, the variety of other marketplaces and trading venues in the U.S. that trade Canadian securities, including dark markets and internalization facilities, places increasing competitive pressure on our business. For example, some market participants in the U.S., known as wholesalers, are currently able to pay our customers for order flow under U.S. securities laws and regulations. This practice is not permitted in Canada, and therefore puts us at a competitive disadvantage. CIRO published guidance and a technical notice to clarify the requirements for investment dealers when orders in Canadian-listed securities are executed away from Canadian markets, an important step in CIRO's approach to addressing concerns about the routing of orders to the U.S. If we are unable to continue to provide competitive trade execution, the volume traded in all interlisted issuers on our equity exchanges could decrease in the future and adversely affect our operating results. Our cash equities sales team is focused on attracting more foreign participants and order flow by raising the level of awareness of the benefits of trading on TSX, TSXV and Alpha.

Domestic competition in our cash equities trading business has intensified over the last few years, namely with US operator CBOE acquiring key assets in Canada. There are currently 15 Canadian equity marketplaces which trade TSX and/or TSXV listed securities, including dark and visible trading venues. There are also sophisticated mechanisms to internalize order flow, liquidity aggregators and smart order routers that facilitate trading on other venues. New market entrants have fragmented domestic equities market share and we continue to face significant competitive pressure from existing venues, and potential new entrants. Excluding intentional crosses, in the issues we trade, our

combined domestic equities trading market share was 63% in 2024, which is the same as 2023. We only trade securities that are listed on TSX or TSXV. Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was 56% in 2024, down 1% from 57% in 2023.

These trading venues may, among other things, respond more quickly to competitive pressures, develop similar or alternative products and services to those that TSX, TSXV and Alpha offer that are preferred by customers, develop and expand their network infrastructures and offerings more efficiently, adapt more swiftly to new or emerging technologies and changes in customer requirements, and adopt better, more user friendly and reliable technology. If these trading venues attract significant order flow, or other market structure changes occur in the marketplace which negatively impacts our ability to effectively compete, our listing, trading and TMX Datalinx revenue could be materially adversely affected.

There is also intense price competition in the cash equities markets where competitors may price their trading and data products more attractively. While we have developed a pricing mix to attract greater liquidity to our markets, the competitive environment in which we operate places significant pricing pressures on our trading and market data offerings. Some competitors may seek to increase their share of trading by reducing their transaction fees, by offering larger liquidity payments, by offering inverted pricing and/or by offering other forms of financial or other incentives. We have in the past lowered our equity trading fees and we may, in the future, be required to adjust our pricing to respond to competitive pricing pressure. If we are unable to compete successfully with respect to the pricing of our offerings, our business, financial condition and results of operations could be materially adversely affected.

### ***MX and CDCC face competition from other venues and OTC markets***

While MX is the only Canadian financial derivatives exchange offering standardized products and CDCC the only clearing house headquartered in Canada clearing such products, their various component activities are exposed to competitors. MX already competes with, among others, cross-listed options and other derivatives exchanges as well as the OTC market. This competition from other exchanges exists particularly in the US, but also in Europe and Asia. For example, in the U.S., MX competes for market share of trading single stock options on Canadian-based inter-listings, or dual listings. However, options traded in the U.S. are not fungible with those traded in Canada. In addition, OTC regulatory reform that is underway in Canada could encourage the entry of new competition within the Canadian clearing space. OTC inter-dealer and dealer-to-client trading platforms represent increased competitive risk to MX with their lookalike and substitute products. We may, in the future, also face competition from other Canadian marketplaces. These competitors may, among other things, respond more quickly to competitive pressures, develop similar products to those MX offers that are preferred by customers or they may develop alternative competitive products. Furthermore, they may price their products more competitively, develop and expand their network infrastructures and offerings more efficiently, adapt more swiftly to new or emerging technologies and changes in customer requirements and use better, more user friendly and reliable technology. Increased competition could lead to reduced interest in MX's products which could materially adversely affect our business and operating results.

The Canadian clearing services market may become more competitive as some competitors receive recognition or exemption orders from regulators to operate as clearing agencies. Provincial regulators have also exempted from recognition in their respective province a number of foreign clearing agencies, allowing those exempted clearing agencies to provide clearing services to participants in the province under the terms of the applicable exemption orders, including Eurex Clearing AG and Chicago Mercantile Exchange Inc.

Increasing regulatory requirements imposed upon banks through higher capital requirements imposed under the Basel regulatory framework, which increase the costs of acting as a futures clearing agent on behalf of end customers may make clearing services more challenging for end customers to obtain, which could limit growth in the futures clearing business. Other major competitors may gain some of this business as they have started to offer clearing services directly to end customers, attenuating challenges end customers may face in obtaining clearing agent services from banks.

The derivatives trading industry is characterized by intense price competition. While our derivatives markets have developed a pricing mix to attract greater liquidity to these markets, market conditions may result in increased competition which, in turn, may place significant pricing pressures in the future. Some competitors may seek to increase their share of trading by reducing their transaction fees, by offering larger liquidity payments or by offering

other forms of financial or other incentives. Our business, financial condition and results of operations could be materially adversely affected as a result of these developments.

***Shorcan faces competition from OTC markets and other sources***

Shorcan has several competitors in the Canadian fixed income Inter-Dealer Broker ("IDB") market. If Shorcan fails to attract institutional dealer order flow from this market, it could adversely affect its business and operating results.

***TMX Datalinx faces competition in bringing products to market***

We face competition in market data, from other trading venues and vendors who aggregate and consolidate data. Market data is generated from trading activity and the success of certain data products is linked to maintaining order flow and majority market share. With the entry of new participants offering discounted market data products, we face risks to our client base which may adversely impact revenue. We also see a shift in demand towards real-time analytics which requires more sophisticated data and analytics infrastructure in order to maintain our competitive edge.

Further, the majority of our pricing is subject to regulatory oversight, and pricing changes are subject to approval. Pricing changes are dependent on a number of factors including market share, inflationary factors, market capacity, and value to clients.

A portion of the fees charged by Global Solutions, Insights and Analytics for services are priced in U.S. dollars, and may be impacted by foreign exchange movements.

Competition in analytics is extremely fierce and we face competition with traditional channel partners who distribute our data, fintechs, startups and as well as with our end consumers who choose to build their own analytics internally. It is important to protect our intellectual property around the content we generate while maintaining flexibility in users' approaches to maintain growth.

***TMX VettaFi faces competitive and pricing pressures, its results are sensitive to market moves***

A significant portion of TMX VettaFi's indexing revenues is tied to the growth of assets under management (AUM) in index-linked products. As such, revenues are sensitive to market performance and the ability of product issuers to attract net new flows. A market downturn or sector-specific decline could adversely impact TMX VettaFi's operating results.

The ongoing trend among ETF issuers to prioritize active ETFs, which do not require an index, presents a challenge. Reduced demand for passive products in the ETF space increases competitive and pricing pressure for TMX VettaFi, requiring a strategic focus on innovation and differentiation.

Certain index competitors have adopted low flat-fee licensing models, diverging from the traditional asset-based pricing structure. While pricing is only one consideration for clients, this trend amplifies the need for TMX VettaFi to provide additional value and justify its pricing framework.

The rise of new entrants in the digital distribution space has intensified competition and pricing pressure across several product lines. Additionally, some clients have opted to in-source part or all of their digital distribution needs, potentially reducing reliance on external providers like TMX VettaFi.

***TMX Trayport faces competition from other software companies, trade matching and execution vendors***

TMX Trayport has competition from other vendors who offer matching and execution tools for brokers, exchanges and traders in its core European energy markets and in new global markets and asset classes TMX Trayport looks to enter. Success of these competitor vendors could reduce the number of TMX Trayport venue customers and total subscribers, and limit the ability for TMX Trayport to enter new markets.

TMX Trayport's venue customers face competition from other venues or trading platforms and a reduction in TMX Trayport's customers' market share or liquidity could lead to a reduction in TMX Trayport subscriber numbers.

TMX Trayport also faces competition from venues who may attempt to make it more difficult for TMX Trayport's customers to access venue data via the TMX Trayport platform in an attempt to prioritize trade execution directly on their venue platform or away from TMX Trayport. This could lead to a reduction in subscriber numbers, more difficulty in converting sales opportunities and expanding into new geographies.

TMX Trayport is indirectly affected by the ongoing war in Ukraine and the resulting implications on European and to a lesser extent global energy markets. The war may negatively affect a number of TMX Trayport's clients, which could lead to a reduction in subscriber numbers, more difficulty in converting sales opportunities and expanding into new geographies.

## **Operational Risks**

### ***We depend on an adequate number of clients***

If we determine that there is not a fair market, the markets will be shut down. There will not be a fair market if too few POs, or approved participants are able to access our cash equity or derivatives exchanges, including market data information generated from these exchanges. If trading on our exchanges is interrupted or ceases, it could materially adversely affect our equity or derivatives operations, our financial condition and our operating results.

### ***Our trading and clearing operations depend primarily on a small number of clients***

During 2024, approximately 86% of our trading and related revenue, net of rebates, on TSX and approximately 60% of our trading and related revenue on TSXV were accounted for by the top ten POs on each exchange based on volumes traded.

Approximately 54% of CDS's revenue, net of rebates, in 2024 was accounted for by the top ten customers (excluding securities regulators).

Approximately 76% of MX and CDCC's trading and clearing revenue, net of rebates, in 2024 was accounted for by the top ten participants based on volume of contracts traded.

If there was a significant decrease in revenue from several of these customers, there could be a negative impact on our business.

## **Technologies Risk**

We are exposed to technology risk which could impede our ability to develop and/or deliver our products and services effectively.

### ***We depend heavily on information technology, which could fail or be subject to disruptions***

We are extremely dependent on our information technology systems. Trading and data on our cash equities markets, data on energy markets, trading, clearing and data on our derivatives markets and clearing, settlement and depository activity for equities and fixed income securities are conducted exclusively on an electronic basis.

We have incident disaster recovery and contingency plans as well as back-up procedures to mitigate the risk of an interruption, failure or disruption, including those due to cyber attacks on our critical information technology including that of TSX, TSXV, Alpha, MX, TMX Trayport, CDCC and CDS. We also test and exercise our disaster recovery plans. However, depending on an actual failure or disruption, those plans may not be adequate as it is difficult to foresee every possible scenario and therefore, we cannot entirely eliminate the risk of a system failure or interruption. We have seldom experienced information technology failures and delays in the past, but we could experience future information technology failures, delays or other interruptions.

The current technological architecture for our CDS clearing system may not effectively or efficiently support our changing business requirements. We are heavily invested in a Post Trade Modernization project; the significant delay, material increase of costs or failure of which may impact participant, regulator or market confidence.

We are continually improving our information technology systems so that we can accommodate increases and changes in our trading, clearing, settlement and depository activities and market data volumes to respond to customer demand for improved performance. This requires ongoing analysis and expenditures, and may require us to expend significant amounts of resources in the future. System changes, including the introduction of new technologies, may introduce risk; while we have and continue to follow standard deployment processes for managing and testing these changes, we cannot entirely eliminate the risk of a system failure or interruption.

If the TMX Quantum XA trading enterprise, the SOLA derivatives trading enterprise, the SOLA Clearing platform, or CDS's CDSX system fail to perform in accordance with expectations, our business, financial condition and operating results may be materially adversely affected.

## **Cyber & Information Security Risk**

We are exposed to the risk that information security breaches will adversely affect the operations, intellectual property and reputation of TMX Group.

Cyber threats continue to evolve and increase around the world. Notably, the emergence of generative AI has escalated the sophistication of and amplified cyber threats. In addition to the growing threat posed by ransomware, double-extortion schemes, and the withdrawal of insurance coverage for increasingly costly ransom payments, state-sponsored actors are now more involved in cyber-attacks and cyber espionage. These sophisticated attacks target supply chains, cloud infrastructure or weak public facing applications and, in many cases, leave little behind in the way of footprints to be identified by traditional computer forensic analysis. Finally, insider threats can be malicious or unintended, the latter typically originating from lack of awareness or improper operationalization of security policies.

Defense in depth is a crucial security strategy where we employ multiple layers of security measures to protect assets and mitigate risks. By implementing overlapping controls, organizations create a robust security posture that makes it significantly harder for attackers to penetrate defenses. Even if one layer is compromised, other layers act as compensating controls to prevent or minimize the impact of a breach. This approach combines preventative, detective, and corrective measures, such as firewalls, intrusion detection systems, access controls, encryption, and regular security assessments. Compensating controls, specifically, address weaknesses in existing security measures or provide alternative safeguards when primary controls are insufficient or unavailable. This layered approach ensures that security breaches are effectively managed, limiting damage and ensuring business continuity.

### ***Our processes and networks and those of our third-party service providers may be vulnerable to data security risks, including cyber attack***

Our processes and networks and those of our third-party service providers, our POs, approved participants, clearing members and our customers may be vulnerable to information security risks, including unauthorized access, computer viruses, theft of data, denial of service attacks, and other security issues. Persons who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations which could damage the integrity of our markets and data provision, any of which could have a material adverse effect on our business, financial condition and results of operations. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. Although we continue to implement industry-standard security measures, these measures may prove to be inadequate and result in system failures and delays that could lower trading volume and have a material adverse effect on our business, financial condition and results of operations.

## Geopolitical & Economic Risks

We are exposed to the risks that geopolitical upheavals (e.g. increased geopolitical tensions between Canada and other countries) or non-political external events (e.g. extreme weather, pandemics) will affect the provision of our critical services or impede our global growth strategy.

### ***Geopolitical, climate change and other factors could interrupt our critical business functions or impede our global growth strategy***

The continuity of our critical business functions or our global growth strategy could be interrupted by geopolitical upheaval, including terrorist, criminal and political, or other types of external disruptions, including pandemics, human error, natural disasters, extreme weather, power loss, telecommunication failures, theft, sabotage and vandalism. Given our position in the Canadian capital markets, we may be more likely than other companies to be a target of such activities.

Our Business Resilience program includes a comprehensive set of interconnected functions for crisis management, disaster recovery, pandemic, cyber security and business continuity plans for critical business functions designed to mitigate the risk of an interruption. Within these plans, leaders and managers have identified critical roles and critical processes that we are ready to maintain should a situation worsen.

All critical operations maintain a split operation for both data centres and office space, to provide redundancy and back-up in terms of technology, infrastructure and personnel, in the event of a disruption. This strategy aims to minimize any interruption to our key services that could harm our reputation, damage our brand name, and negatively impact our financial condition and operating results.

## Talent Risk

We are exposed to the risk that we are unable to attract and/or retain talented employees, which adversely affects the achievement of our objectives.

### ***We need to retain and attract qualified talent***

Our success depends to a significant extent upon the continued employment and performance of a number of key management talent whose compensation is partially tied to long-term incentive plans that mature over time. The value of this compensation is dependent, in part, upon total shareholder return performance factors, which includes appreciation in our share price. The loss of the services of key talent could materially adversely affect our business and operating results.

We also believe that our future success will depend in large part on our ability to attract and retain highly skilled technical and leadership talent. Macroeconomic factors, including changes in the labour market and work environments present additional risks including: (i) a shortage of qualified talent in areas that are critical to our operations, (ii) rapidly shifting employee or candidate expectations regarding pay and benefits, work location or other work attributes which hinders our ability to source required talent quickly, and (iii) ability to meet individual employee needs across a diverse, multi-generational global workforce. Each of these risks could negatively affect our business and operational results. To mitigate these risks, we are conducting annual talent and succession reviews to identify potential skill gaps and development opportunities, investing in talent assessment and development programs to ensure we retain top talent and develop future leaders, and incorporating flexibility in our programs and policies (where possible) to accommodate diverse employee needs and preferences. Further, we regularly survey all employees globally to gather feedback and better understand evolving employee sentiments.

Evolving social conditions have also heightened employee expectations regarding diversity, equity and inclusion (ED&I) practices, which contribute to an employee's desire to join or stay with an organization. In response, we developed a global employee-led ED&I Council to oversee the execution of our ED&I strategy and continue to gather self-disclosed employee demographic information and sentiments regarding workplace inclusion. Our ED&I strategy aligns with our organizational values and promotes an inclusive culture of belonging for all.

If there is an increase in employee turnover or we receive fewer candidates for open positions there may be a need for some businesses to adjust initiatives or there may be an increase in operational incidents which may negatively impact our business, operations, financial condition and performance.

### ***Business Resilience Risk***

We may be exposed to a threat where an authorized employee may take unintentional/accidental or intentional actions towards our employee base, technology, information or operations. We conduct background checks prior to the offer of employment and throughout the individual's employment; the frequency of which is based on their level of access. We conduct mandatory awareness training focusing on health, safety, information security and code of conduct on a regular basis. Access levels are reviewed on a regular basis and all access changes/terminations are communicated in a timely manner. All access is logged by Security on a continuous basis and requires multi factor authentication (MFA). TMX Group networks, endpoints and user's behaviour are monitored by leveraging systems that trigger on use-cases and anomalies, to identify rogue users or compromised accounts.

We provide a Whistleblower program that allows employees to report anonymously any suspicious behaviour or policy non-compliance by other employees. This program is administered by a third party provider that activates the investigative process.

### ***Our trading, clearing and depository businesses could be exposed to loss due to operational failures***

If our systems are significantly compromised or disrupted or if we suffer repeated failures, this could interrupt our cash equities trading services, MX's trading and CDCC's clearing services, CDS' clearing, settlement and depository services; cause delays in settlement; cause us to lose data; corrupt our trading and clearing operations, data and records; or disrupt our business operations. This could undermine confidence in our exchanges and clearinghouses, materially adversely affect our reputation or operating results, and may lead to customer claims, litigation and regulatory sanctions. Failure of CDS' systems could also affect other systemically important financial infrastructures such as the Lynx, High-Value Payment (LVTS) system operated by Payments Canada.

CDS holds securities on behalf of its participants in safe keeping. A small portion of this securities inventory is held in physical form. This risk is mitigated through layers of physical security arrangements as well as insurance coverage. However, CDS may be exposed to the risk of the loss or theft of these securities.

The operational processes at CDS and CDCC which provide clearing and central-counterparty services, are subject to the risk of failure for which they may be held liable. These process failures may result in material financial losses. To mitigate this risk, CDS and CDCC have instituted a comprehensive set of internal controls, which are audited by an external party on at least an annual basis. CDS and CDCC are the sole clearers for the transactions they process.

### ***Operations Risk relating to Transfer Agent and Corporate Trust, and Registered Plan Trustee Services Business***

#### ***Our transfer agent and corporate trust services business could be exposed to losses due to operational, regulatory and interest rate risks***

The principal risks associated with the services and products offered by TSX Trust are operational in nature as TSX Trust is not involved in deposit taking and lending activities, nor does it trade in marketable securities. The most significant operational risks stem from the following: securities issuance and transfers, corporate actions processing, disbursements, escrows, corporate trust, segregated finance, equity plan solutions, structured finance and segregated accounts reconciliation activities. TSX Trust is also impacted by Cyber & Information Security Risk and Third Party & Outsourcing Risk. To mitigate these risks, management has instituted a comprehensive set of internal controls, which are audited by an external party on at least an annual basis in addition to the ongoing internal audit reviews.

The ongoing integration of TSX Trust and AST Trust Company (Canada), exposes TSX Trust to integration risks, including resourcing capacity, increases in associated costs or key client attrition. The materialization of these risks may impact TSX Trust's ability to meet its objectives and the realization of expected synergies. This may also present operational challenges and impact regulator or market confidence in TSX Trust. To mitigate these risks, TSX Trust has instituted a

comprehensive set of integration controls that are closely managed by TSX Trust Senior Management, with oversight from the TSX Trust Board, to help ensure that TSX Trust's objectives are achieved.

TSX Trust is exposed to significant regulatory risk as a Federally Regulated Financial Institution under OSFI and subject to money laundering and terrorist financing law, under FINTRAC supervision, as well as privacy (federal and provincial) legislation. TSX Trust is also registered as a transfer agent in the U.S. and is subject to SEC oversight. While the entity's products and services are inherently lower risk, they are required to document and implement regulatory programs and controls across a range of requirements, which are subject to regulatory reviews, and internal testing and monitoring.

TSX Trust is also exposed to interest rate risk on the funds held and administered by TSX Trust on behalf of its clients. Volatility in interest rates may adversely impact interest revenue earned on the funds.

### ***Model Risk***

We are exposed to the risk that our clearing and settlement risk models used within our clearing houses are not designed or operating effectively, thereby exposing us to systemic failure.

#### ***We are dependent on the accuracy and effective implementation of risk models***

CDS and CDCC use financial models to estimate risk exposures and the value of margin and collateral to mitigate those exposures. These models are subject to risks including the incorrect use of variables input into the models, the misspecification of the model or errors in the implementation and/or use of models and their results which could result in the risks resulting from a clearing member failure being inadequately collateralized. The model risks are mitigated through model testing prior to implementation and the existence of a risk management framework with necessary governance to regularly assess the adequacy of the models. In addition, our clearinghouse risk models are subject to independent vetting and validation thereby ensuring that those models continue to perform as they were originally designed to do. Failure of the models may result in under or over estimation of financial risk exposures and may create systemic risks.

### **Third Party Risk & Outsourcing Risk**

We are exposed to the risk that the use of third party vendors or outsourcing service providers for technology and/or business processes will result in loss of critical business data and/or compromise controls.

#### ***We depend on third-party suppliers and service providers***

We depend on a number of third parties, such as CISO, cloud services, data processors, software and hardware suppliers, communication and network suppliers, suppliers of electricity, and many other vendors, for elements of our businesses including trading, clearing, routing, providing market data and other products and services. These third parties may not be able to provide their services without interruption, or in an efficient, cost-effective manner. In addition, we may not be able to renew our agreements with these third parties on favourable terms or at all. These third parties also may not be able to adequately expand their services to meet our needs. We have established a central procurement function focused on vendor selection and management. However, if a third party suffers an interruption in or stops providing services and we cannot make suitable alternative arrangements, or if we fail to renew certain of our agreements on favourable terms or at all, our business, financial condition or operating results could be materially adversely affected.

Within TMX Group, there is a reliance on shared services to support key business functions and subsidiaries. If these are not adequately resourced and maintained, functionality and deliverables may be impacted. Key strategies, operations and objectives are budgeted, resourced and planned for along with fully tested Business Continuity plans and Disaster Recovery plans to minimize the impact of a disruption.

## **Legal, Regulatory & Compliance Risk**

### ***Regulatory Climate & Compliance***

We are exposed to the risks that are associated with the complexity and unpredictability of our legal and regulatory environment, including legislation and regulations that impact our listed issuers. Our response to regulatory requirements could result in higher operating costs. Moreover, we are also exposed to the risk that we fail to comply with laws and regulations, resulting in financial and reputational loss.

### ***Cost of Regulation***

We incur costs to comply with the regulatory requirements that are imposed pursuant to the Recognition Orders.

For more information on the regulatory impact on our business, please see the TMX Group Annual Information Form, dated March 15, 2024.

### ***We operate in a highly regulated industry and are subject to extensive regulation and could be subject to increased regulatory scrutiny in the future***

We are subject to significant regulatory constraints. We operate in a highly regulated industry and are subject to extensive government regulation and we could be subject to increased regulatory scrutiny in the future. Regulators in Canada, as well as regulators in other jurisdictions where we do business, such as the U.S., may regulate us, our exchanges, our clearing houses and certain of our other businesses. Regulators in other jurisdictions may impose new laws to regulate our current or future operations, and we may expand our operations to new regulated jurisdictions.

Our regulators have broad powers over the entities they regulate to audit, investigate and enforce compliance with applicable regulations and impose sanctions for non-compliance.

Our regulators are vested with broad powers to prohibit us from engaging in certain business activities and to suspend or revoke existing approval to engage in certain business activities, including exchange, clearing agency and SRO related activities. In the case of actual or alleged non-compliance with legal or regulatory requirements, our regulated entities could be subject to investigations and administrative or judicial proceedings that may result in substantial penalties, including the suspension or revocation of approval to operate as an exchange, clearing agency or SRO, as applicable. Any such investigation or proceeding, whether successful or not, would result in substantial costs and diversions of resources and might also harm our reputation, any of which may have a material adverse effect on our business, financial condition and results of operations.

The regulation of our businesses and industry may impose barriers or constraints which limit our ability to build an efficient, competitive organization and may also limit our ability to expand global operations. Securities and other regulators also impose financial and corporate governance restrictions on us and our equity and derivatives exchanges and clearing agencies and operations. Some of our regulators must approve or review our regulated entities' listing rules, trading rules, clearing, settlement and depository rules, fee structures and features and operations of, or changes to, our systems. These approvals or reviews may increase our costs and delay our plans for implementation. There could also be regulatory changes that impact our customers and that could materially adversely affect our business, financial condition and results of operations.

We could be subject to increased regulatory scrutiny in the future. The multi-market environment in Canada and the impact of global economic conditions continue to lead to more aggressive regulation of our businesses by securities and other regulatory agencies in Canada, the U.S. and abroad and could extend to areas of our businesses that to date have not been regulated.

There may be a conflict of interest, real or perceived, between our regulatory responsibilities and our own business activities. While we have implemented stringent governance measures and have and will continue to put into place policies and procedures to manage such conflicts, any failure to diligently and fairly manage such conflicts may

significantly harm our reputation, prompt regulatory action and could materially adversely affect our business, financial condition and results of operations.

***New regulatory requirements may make it more costly to comply with applicable regulation, to operate our existing businesses or to enter into new business areas***

A number of regulatory initiatives and changes have been identified or proposed or are being implemented by regulators, including in Canada, the U.S. and Europe. We cannot be certain whether, or in what form, regulatory changes will take place, and cannot predict with certainty the impact of such changes, if any, on our businesses and operations. Changes in, and additions to, the rules affecting our exchanges, clearing houses, SRO activities or any of our other business activities could require us to change the manner in which we and our customers conduct business or govern ourselves. Failure to make the required changes and comply on a timely basis could result in material reductions to activity or revenue, sanctions and/or restrictions by the applicable regulatory authorities.

Unexpected and new regulatory requirements could make it more costly to comply with relevant regulations and for affected entities to operate their existing businesses, to enter into new business areas or to expand their existing businesses to new jurisdictions. In addition, high levels of regulation may stifle growth and innovation in capital markets generally and may adversely affect our business, financial condition and results of operations.

CDS Clearing and CDCC operate financial market infrastructures, including as central counterparties for cash and derivative markets, a securities settlement system and a central securities depository, that are subject to the CPMI-IOSCO Principles for Financial Market Infrastructure (PFMIs) for these types of services. The PFMIs are reflected in the requirements of such entities' regulators and applicable securities law including National Instrument 24-102 Clearing Agency Requirements. Adherence to the PFMIs by these businesses will continue to impact the cost of regulatory compliance.

***Our Recognition Orders impose significant regulatory constraints***

Under the Recognition Orders, we are subject to extensive regulation and regulatory oversight with respect to, among other things, fees, fee models, discounts and incentives. The Recognition Orders also impose significant regulatory constraints on our ongoing business. The additional regulatory and oversight provisions provided for in the Recognition Orders provide the applicable regulators with broad powers that could, depending on how such powers are exercised in the future, impose barriers or constraints that limit our ability to build an efficient, competitive organization, which could have a material adverse effect on our business, financial condition and results of operations.

With respect to the fees charged by all of our equity exchanges (TSX, Alpha, and TSXV), the Recognition Orders impose restrictions or prohibitions on certain types of fee discounts or incentives that such exchanges may provide, including discounts or incentives that are accessible only to a particular marketplace participant or class of marketplace participants. Such prohibitions or restrictions may limit the ability of our equity exchanges to introduce new products in the future or to introduce them on a timely basis, or if introduced, may limit the use and adoption of such products by our customers, any or all of which could materially adversely affect the success of our future strategies, financial condition and results of operations. In addition, under the Recognition Orders the OSC has the right to require TSX and Alpha to submit a fee, fee model or incentive that has previously been approved by the OSC for re-approval. In such circumstances, if the OSC decides not to re-approve the fee, fee model or incentive, it could be revoked or amended.

We incur costs to comply with the regulatory requirements that are imposed pursuant to the Recognition Orders. In addition, we and certain of our businesses are subject to participation and activity fees imposed by provincial securities regulators. The overall scope of the additional regulatory costs may have a material adverse effect on our business, financial condition, and results of operations.

Pursuant to certain of the Recognition Orders, prior regulatory approval is also required before we can implement changes to a number of aspects of our operations. This includes prior regulatory approval of (a) changes to internal cost allocation models and any transfer pricing between affiliated entities, (b) material integration, combination or reorganization of businesses, operations or corporate functions between TMX Group entities, (c) non-ordinary course changes to TSXV's operations, and (d) any outsourcing of key services or systems. The requirement to obtain approvals

may restrict or delay our ability to make planned changes to these aspects of our operations in the future which could have a material adverse effect on our business, financial condition and results of operations.

### ***Our Recognition Orders impose ownership restrictions on our voting shares***

Under the OSC and AMF Recognition Orders, no person or combination of persons, acting jointly or in concert, is permitted to beneficially own or exercise control or direction over more than 10% of any class or series of voting shares of TMX Group without prior approval of the OSC and the AMF. Should a person or combination of persons, acting jointly or in concert, beneficially own or exercise control or direction over more than 10% of any class or series of voting shares of TMX Group without prior approval of the OSC and the AMF, in accordance with the constating documents of TMX Group, among other things, their respective voting rights may be limited to no more than 10% until such time as approval has been granted by the OSC and the AMF in accordance with the constating documents of TMX Group.

### ***Litigation Risk***

We are exposed to the risk that litigation or other legal proceedings are launched against us.

### ***We are subject to risks of litigation and other legal proceedings***

Some aspects of our business involve risks of litigation. Dissatisfied customers or vendors, among others, may make claims with respect to, among other things, the manner in which we operate or they may challenge our regulatory actions, decisions or jurisdiction. We could also be exposed to liability resulting from disputes over the terms of a trade, or claims that a system delay or failure caused a customer to suffer a financial loss. Although we may benefit from certain contractual indemnities and limitations on liabilities, these rights may not be sufficient. In addition, we are exposed to civil liability for misrepresentations in our continuous disclosure documents and public oral statements and for the failure to make timely disclosures of material changes in most Canadian jurisdictions. Investors have a statutory right of action where they acquired or disposed of securities while there was an uncorrected misrepresentation in a document or a public oral statement or while there was a failure to make timely disclosure of a material change. We could incur significant legal expenses defending claims, even those without merit. If a lawsuit or claim is resolved against us, it could materially adversely affect our reputation, business, financial condition and operating results.

### **Intellectual Property Risk**

We are exposed to the risk that we fail to protect our intellectual property resulting in material financial loss to us. We are exposed to the risk that an infringement claim may be asserted against us.

### ***We may be unable to protect our intellectual property***

To protect our intellectual property rights, we rely on a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements, and other contractual arrangements with our affiliates, customers, strategic partners, and others. This protection may not be adequate to deter others from misappropriating our proprietary rights. We may not be able to detect the unauthorized use of, or take adequate steps to enforce, our intellectual property rights. If we are unable to protect our intellectual property adequately, it could harm our brand, affect our ability to compete effectively and may limit our ability to maintain or increase revenue. It could also take significant time and money to defend our intellectual property rights, which could adversely affect our business, financial condition, and operating results.

The legal and regulatory landscape surrounding artificial intelligence (AI) is rapidly evolving, including issues related to AI-generated content and the use of data in AI development. These changes may present new and complex challenges to protecting our intellectual property. We have implemented a governance framework to monitor these developments, assess their potential impact, and implement measures designed to protect against these risks. However, the rapid pace of change in this area and the novel legal questions presented may mean that these efforts may not fully mitigate these risks.

### ***We are subject to risks of intellectual property claims***

We license a variety of intellectual property from third parties. Others may bring infringement claims against us or our customers in the future because of an alleged breach of such a license. We may also be subject to claims, including novel claims which result from the rapidly evolving nature of AI, alleging that we are infringing on a third party's intellectual property rights without a license. If someone successfully asserts an infringement claim, we may be required to spend significant time and money to develop or license intellectual property that does not infringe upon the rights of that other person or to obtain a license for the intellectual property from the owner. We may not succeed in developing or obtaining a license on commercially acceptable terms, if at all. In addition, any litigation could be lengthy and costly and could adversely affect us even if we are successful.

## **Financial Risks**

### ***Operational Risk***

Most of our expenses are fixed and cannot be easily lowered in the short-term if our revenue decreases, which could have an adverse effect on our operating results and financial condition. We are exposed to the risk that we fail to develop, implement and maintain the appropriate corporate finance model and capital structure. The Trust Indentures governing the Debentures impose various restrictions on TMX Group and its subsidiaries, including restrictions on the ability of TMX Group and each of its material subsidiaries (as defined in the Trust Indentures) to create a lien on these entities' assets, limitations on the ability of material subsidiaries of TMX Group to enter into certain types of indebtedness, and requirements to repurchase outstanding Debentures on change of control of TSX Inc. or MX coupled with a triggering event (i.e., rating of the Debentures is lowered to below investment grade). Notwithstanding our treasury and capital allocation programs which include leverage ratio and dividend payout ratio analysis, some, or all, of these restrictions could limit our flexibility to change our capital structure.

Our Credit Agreement requires us to satisfy and maintain certain financial ratios, among other covenants, including the timely payment of principal and interest when due. It is important that we meet all of the terms under the Credit Agreement since it provides a 100% backstop to our Commercial Paper Program. Based on the current level of operations and anticipated growth, we believe that our cash flows from operations and our available cash are adequate to meet our current liquidity needs. However, we cannot guarantee that our businesses will generate sufficient earnings or cash flows from operations or that anticipated growth will be realized or that we will be able to control our expenses in an amount sufficient to enable us to satisfy the financial ratios and other covenants, or pay our indebtedness or fund our other liquidity needs. If we do not have sufficient funds, we may be required to renegotiate the terms of, restructure, or refinance all or a portion of our indebtedness on or before the stated maturity, reduce or delay capital investments and acquisitions, reduce or eliminate our dividends, or sell assets. Our ability to renegotiate, restructure, or refinance our indebtedness would depend on the condition of the financial markets and our financial condition at that time. Failure to comply with the financial ratios as well as covenants of the Credit Agreement could result in a default under the Trust Indentures, which, if not cured or waived, could result in TMX Group being required to repay outstanding borrowings under both the Credit Agreement and the Debentures before their due dates. In addition, an event of default under the Trust Indentures governing the Debentures that would result in an acceleration of maturity of the applicable series of Debentures could lead to an acceleration of the maturity of the Credit Agreement.

In addition, if we fail to comply or are reasonably likely to fail to comply with any financial covenant or ratio contained in any Final Recognition Order, such failure could result in a default under the Credit Agreement as well, if a governmental authority issues a decision or orders restrictions on us or any of our subsidiaries as a result of the non-compliance where a requisite majority of the lenders determine that the restrictions have or will have a material adverse effect as defined in the Credit Agreement. It will also be a default under the Credit Agreement if a governmental authority issues a decision or orders restrictions on our or any of our subsidiaries' ability to move cash or cash equivalents among TMX Group and our subsidiaries, where a requisite majority of the lenders determine that the restrictions have or will have a material adverse effect. If these events of default under the Credit Agreements were to

result in an acceleration of maturity under the Credit Agreement, the event(s) could constitute an event of default under the Trust Indentures, which in turn would result in the acceleration of maturity of the outstanding Debentures. If we are forced to refinance these borrowings on less favourable terms or cannot refinance these borrowings, our business, results of operations, and financial condition would be adversely affected. Borrowings under the Commercial Paper Program and Credit Agreement incur interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing the indebtedness, would correspondingly decrease.

DBRS Limited (Morningstar DBRS) regularly evaluates and monitors the rating of our Commercial Paper and the rating of our Debentures outstanding. A downgrade from our existing rating could adversely affect our cost of borrowing and/or our ability to access sources of liquidity and capital and reduce financing options available to us. On October 5, 2023, Morningstar DBRS, our rating agency, confirmed their AA (low) rating on TMX Group Limited and on our Senior Unsecured Debentures, as well as their R-1 (middle) on our Commercial Paper. On December 13, 2023, following the acquisition announcement for VettaFi, the trend for all ratings was changed from Stable to Negative. On October 1, 2024, they reaffirmed the ratings and trends.

### ***Credit Risk***

This is defined as a loss due to the failure of a borrower, counterparty, Clearing Member, or Participant to fulfill their financial obligations, or unanticipated deterioration of the creditworthiness of a client. It arises principally from the clearing operations of CDS Clearing and CDCC, the brokerage operations of Shorcan, cash and cash equivalents, restricted cash and cash equivalents, marketable securities, trade receivables, and total return swaps.

#### ***Credit Risk – Clearing Houses***

##### ***Credit Risk - CDS***

CDS Clearing is exposed to the risk of loss due to the failure of a Participant in CDS Clearing's clearing and settlement services to honour its financial obligations. To a lesser extent, CDS Clearing is exposed to credit risk through the performance of services in advance of payment.

Through the clearing and settlement services operated by CDS Clearing, credit risk exposures are created. During the course of each business day, transaction settlements can result in a net payment obligation of a Participant to CDS Clearing or the obligation of CDS Clearing to pay a Participant. The potential failure of the Participant to meet its payment obligation to CDS Clearing results in payment risk, a specific form of credit risk. Payment risk is a form of credit risk in securities settlement whereby a seller will deliver securities and not receive payment, or that a buyer will make payment and not receive the purchased securities. Payment risk is mitigated by delivery payment finality in CDSX, CDS' multilateral clearing and settlement system, as set out in the CDS Participant Rules.

In the settlement services offered by CDS Clearing, payment risk is transferred entirely from CDS Clearing to Participants who accept this risk pursuant to the contractual rules for the settlement services. This transfer of payment risk occurs primarily by means of Participants acting as extenders of credit to other Participants through lines of credit managed within the settlement system or, alternatively, by means of risk-sharing arrangements whereby groups of Participants cross-guarantee the payment obligations of other members of the group. Should a Participant be unable to meet its payment obligations to CDS Clearing, these surviving Participants are required to make the payment. Payment risk is mitigated on behalf of Participants through the enforcement of limits on the magnitude of payment obligations of each Participant and the requirement of each Participant to collateralize its payment obligation. Both of these mitigants are enforced in real time in the settlement system.

The risk exposure of CDS Clearing in its central counterparty services offered through Continuous Net Settlement (CNS) is mitigated through a daily mark-to-market of each Participant's obligations as well as risk-based collateral requirements calculated daily. These mitigants are intended to cover the vast majority of market changes and are tested against actual price changes on a regular basis. This testing is supplemented with analysis of the effects of extreme market conditions on a collateral valuation and market risk measurements which are used to determine

additional collateral requirements of Participants to a default fund established in 2015. Should the collateral of a defaulter in a central counterparty service be insufficient, either because the value of the collateral has declined or the loss to be covered by the collateral exceeded the collateral requirement, the surviving participants in the service are required to cover any residual losses.

### ***Credit Risk – CDCC***

As the clearing house of the Canadian Derivatives Clearing System (CDCCS), CDCC is exposed to loss in the event that Clearing Members fail to satisfy any of the contractual obligations as stipulated within CDCC's rules.

CDCC is exposed to the credit risk of its Clearing Members since it acts as the central counterparty for all transactions carried out on MX's markets and on certain OTC markets which are serviced by CDCC. As such, in the event of a Clearing Member default, the obligations of those defaulting counterparties would become the responsibility of CDCC. CDCC manages these risks by using robust and comprehensive frameworks overseen by the Bank of Canada.

The first defense in CDCC's credit risk management process is the adoption of strict membership criteria which include both financial and regulatory requirements. In addition, CDCC performs on-going monitoring of the financial viability of its Clearing Members against the relevant criteria as a means of ensuring the on-going compliance of its Clearing Members. In the event that a Clearing Member fails to continue to satisfy any of its membership criteria, CDCC has the right through its rules, to impose various sanctions on such Clearing Members.

One of CDCC's principal risk management practices with regard to counterparty credit risk is the collection of risk-based margin deposits in the form of cash, equities and liquid government securities. Should a Clearing Member fail to meet settlements and/or daily margin calls or otherwise not honour its obligations under open futures, options contracts and REPO agreements, margin deposits would be seized and would then be available to apply against the potential losses incurred through the liquidation of the Clearing Member's positions.

CDCC's margining system is complemented by a Daily Capital Margin Monitoring process that evaluates the financial strength of a Clearing Member against its margin requirements. CDCC monitors the margin requirement of a Clearing Member as a percentage of its capital (net allowable assets). CDCC will make additional margin calls when the ratio of margin requirement/net allowable assets exceeds 100%. The additional margin is equal to the excess of the ratio over 100% and is meant to ensure that Clearing Member leverage in the clearing activities does not exceed the value of the firm. CDCC also has additional margin surcharges to manage the risk exposures associated with certain idiosyncratic risks. These include: concentration charges for Clearing Members that are overly concentrated in certain positions, wrong-way risk charges for those Clearing Members holding positions which are highly correlated with their own credit risk profile, mismatched settlement surcharges which are meant to mitigate the risk of cherry-picking by a potential defaulter in the settlement process.

### ***Credit Risk – Shorcan***

Shorcan is exposed to credit risk in the event that customers fail to settle on the contracted settlement date. This risk is limited by their status as agents, in that they do not purchase or sell securities for their own account. As agents, in the event of a failed trade, Shorcan has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

### ***Credit Risk – All Other***

We manage our exposure to credit risk on our cash and cash equivalents and restricted cash and cash equivalents by holding the majority of our cash and cash equivalents with commercial banks with a credit rating of A/R1-low or better in Government of Canada and provincial treasury bills and US treasury bills. We manage exposure to credit risk arising from investments in marketable securities by holding high-grade individual fixed income securities with credit ratings of A/R1-low or better.

Our exposure to credit risk resulting from uncollectible accounts is influenced by the individual characteristics of our customers, many of whom are banks and financial institutions. We invoice our customers on a regular basis and maintain a collections team to monitor customer accounts and minimize the amount of overdue receivables. Due to

the bilateral nature of the Total Return Swaps, we are exposed to counterparty credit risk. To manage this credit risk, we only enter into the TRSs with major Canadian chartered banks.

### **Foreign Currency Risk**

We are exposed to foreign currency market risk on revenue and expenses where we invoice or procure in a foreign currency, principally in U.S. Dollars and Pound Sterling (GBP).

Based on 2024 revenue and operating expenses, the approximate impact of a 10% rise or a 10% decline in the Canadian dollar compared with the U.S. dollar on revenue, net of operating expenses, is approximately \$20.7 million (including 100% of BOX).

Based on 2024 revenue and operating expenses, the approximate impact of a 10% rise or a 10% decline in the Canadian dollar compared with GBP on revenue, net of operating expenses, is approximately \$9.7 million.

We are also exposed to market risk relating to foreign currency rates applicable to our cash and cash equivalents, trade receivables and trade payables, principally denominated in U.S. dollars. At December 31, 2024, cash and cash equivalents and trade receivables, net of current liabilities, include US\$20.1, which are exposed to changes in the U.S.-Canadian dollar exchange rate (2023 – US\$12.8 million), less than £0.1 million which are exposed to changes in the GBP-Canadian dollar exchange rate (2023 - £0.5 million), and €4,948 million which are exposed to changes in the Euro-Canadian dollar exchange rate (2023 - less than €0.1 million). The approximate impact of a 10% rise or a 10% decline in the Canadian dollar compared with the U.S. dollar, GBP and Euro on these balances as at December 31, 2024 is a \$6.5 million decrease or increase in income before income taxes, respectively.

We may employ currency hedging strategies to mitigate foreign currency risk. However, with respect to unhedged exposures, significant moves in exchange rates, specifically a strengthening of the Canadian dollar against the U.S. dollar or GBP can have an adverse effect on the value of our revenue, costs, assets and liabilities denominated in currencies other than the Canadian dollars.

Settlements in the clearing and settlement services offered by CDS occur in both Canadian and U.S. dollars. Market risk relating to foreign exchange rates could be created if there is a default and the currency of the payment obligation is different from the currency of the collateral supporting that payment obligation. This risk is mitigated by discounting the collateral value of securities where these mismatches occur.

### **Market Risk**

Market risk is the risk of loss due to changes in market prices and rates, such as foreign exchange rates (discussed in more details above under the heading "Foreign Currency Risk"), interest rates, commodity prices and equity prices. We are exposed to market risk relating to equity prices when we grant DSUs, RSUs and PSUs to our directors and employees, as our obligations under these arrangements are partly based on our share price. We have entered into Total Return Swaps as a partial fair value hedge to the share appreciation rights of RSUs, DSUs, and PSUs.

We are exposed to market risk on interest earned on our cash, cash equivalents and marketable securities. This risk is partially mitigated by having variable interest rates on our short-term debt (Commercial Paper). We are exposed to market risk relating to interest paid on our Commercial Paper.

TMX Group is also exposed to interest rate risk on the funds held and administered by TSX Trust on behalf of its clients. Volatility in interest rates may positively or adversely impact interest revenue earned on the funds.

### **Other Market Price Risk – CDS, CDCC, TSX, TSXV and Shorcan**

We are exposed to market risk factors from the activities of CDS Clearing, CDCC, TSX, TSXV, and Shorcan if a Participant, Clearing Member, or Client, as the case may be, fails to take or deliver either securities or derivatives products on the contracted settlement or delivery date where the contracted price is less favourable than the current market price.

## **CDS**

CDS is exposed to market risk through its Central Counterparty function in the event a participant defaults as it becomes the legal counterparty to all of the defaulters' novated transactions and must honour the financial obligations that arise from those novated transactions. Adverse changes to market prices and rates would expose CDS to credit risk losses.

The principal mitigation of this credit risk exposure post default is the default management process. CDS has developed default management processes that would enable it to neutralize the market exposures via open market operations within prescribed time periods. Any losses from such operations would be set-off against the collateral contributions of the defaulting participant to the Participant Fund and Default Fund for the CCP service, thereby minimizing credit losses.

## **CDCC**

CDCC is exposed to market risk through its CCP functions in the event of a Clearing Member default as it becomes the legal counterparty to all of the defaulter's novated transactions and must honour the financial obligations that arise from those novated transactions. Adverse changes to market prices and rates would expose CDCC to credit risk losses.

The principal mitigation of this credit risk exposure post default is the default management process. CDCC has developed detailed default management processes that would enable it to neutralize the market exposures through either its auction process or via open market operations within prescribed time periods. Any losses from such operations would be set-off against the margin and clearing fund (if necessary) collateral that are pre-funded by all Clearing Members for these purposes, thereby minimizing the credit losses.

## **TSX and TSXV**

We are exposed to market price risk on a portion of our sustaining services revenue, which is based on quoted market values of listed issuers as at December 31 of the previous year.

## **Shorcan**

Shorcan's market risk is limited by its status as an agent, in that it does not purchase or sell securities for its own account, the short period of time between trade date and settlement date, and the defaulting customer's liability for any difference between the amounts received upon sale of, and the amount paid to acquire, the securities.

## **Funding & Liquidity Risk - Operations**

Funding and Liquidity risk is the risk of loss due to the inability of TMX Group, counterparties, or Participants to meet their financial obligations in a timely manner or at reasonable prices. We manage liquidity risk through the management of our cash and cash equivalents and marketable securities, all of which are held in short term instruments, and our Debentures, Commercial Paper as well as credit and liquidity facilities.

Cash and cash equivalents and restricted cash and cash equivalents consist of cash and highly liquid investments. Our investment policy will only allow excess cash to be invested within money market securities or fixed income securities. Individual fixed income securities held have credit ratings of A/R1-low or better and are highly liquid.

## **Funding & Liquidity Risk - Clearing Houses**

CDCC and CDS both cover the financial exposure arising from their domestic central counterparty services through the collection of margin fund, supplemental liquidity fund and default fund contributions from their respective participants. On the CDCC side, cash margin deposits from Clearing Members, which are recognized on the consolidated balance sheet, are held by CDCC with the Bank of Canada and commercial banks with a credit rating of A/R1-low or better and are highly liquid. Non-cash margin deposits pledged to CDCC under irrevocable agreements are in government

securities and other securities and are held with approved depositories. On the CDS side, participants' cash contributions related to margin, liquidity and default, recognized on the consolidated balance sheet, are held by CDS at the Bank of Canada and commercial banks with a credit rating of A/R1-low or better. Non-cash collateral, which is not recognized on the consolidated balance sheet, pledged by participants under Participant Rules is held by CDS in liquid government and fixed income securities. In clearing and depository services, liquidity risk results from the requirement to convert collateral to cash in the event of the default of a participant/customer.

## **CDS**

The design of CDS's New York Link (NYL) service does not apply strict limits to a Participant's end-of-day payment obligation, creating the potential for unlimited liquidity risk exposure if a user of the service were to default on its obligation. CDS manages this risk through active monitoring of payment obligations pre-funded USD which is sized to cover the largest default scenario under extreme market conditions and committed and syndicated credit facilities. Contributions to the CDS NYL Participant Fund are USD cash only. USD cash collateral requirements are deposited through a large network of commercial banks with a credit rating of A/R1-low or better.

There is a risk in placing funds at U.S. commercial banks should they experience capacity constraints, leaving us in a position where we are challenged to place funds. This risk is mitigated through established procedures to counter this scenario.

CDS maintains secured standby liquidity facilities that can be drawn in either U.S. or Canadian currency. These arrangements are available to support processing and settlement activities in the event of a participant default in either the CNS or NYL service lines. Borrowings under the secured facilities are obtained by pledging securities that are settled through CNS or NYL services or providing collateral pledged by participants primarily in the form of debt instruments issued or guaranteed by federal, provincial and/or municipal governments in Canada or U.S. treasury instruments.

## **CDCC**

The syndicated revolving standby liquidity facility is also in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero as well as to provide a source of overnight funding for securities that are not eligible to be pledged at the Bank of Canada or for emergency liquidity needs in the event of a Clearing Member default. Advances under the facility will be secured by collateral in the form of securities that have been received by CDCC. The syndicated REPO facility is also in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero or for emergency liquidity needs in the event of a Clearing Member default. It will provide liquidity in exchange for securities that have been pledged to or received by CDCC.

## ***Commercial Paper Program***

We rely on our Commercial Paper Program, and the TMX Group Credit Agreement as a source of financing. The specific liquidity risk related to Commercial Paper is that we are unable to borrow under a new Commercial Paper issuance in order to pay for Commercial Paper that is coming due because of a lack of liquidity or demand for our Commercial Paper in the market. To mitigate this risk, we maintain the Credit Agreement (which is a revolving facility) that provides 100% coverage or backstop to the Commercial Paper Program.

## Accounting and Control Matters

### Changes in accounting policies

The following amendments were effective for TMX Group from January 1, 2024:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1, *Presentation of Financial Statements*)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16, *Leases*)
- Supplier Finance Arrangements (Amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments).

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

## Disclosure Controls and Procedures and Internal Control over Financial Reporting

### Disclosure Controls and Procedures

TMX Group's disclosure controls and procedures (DCP), as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) are designed to provide reasonable assurance that information required to be disclosed in our filings under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They are also designed to provide reasonable assurance that all information required to be disclosed in these filings is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as appropriate, to allow timely decisions regarding public disclosure. We regularly review our disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud.

Our management, including the CEO and CFO, conducted an evaluation of the effectiveness of our DCP as of December 31, 2024. Based on this evaluation, the CEO and CFO have concluded that our DCP were effective as of December 31, 2024.

### Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (ICFR), as defined in NI 52-109. ICFR means a process designed by or under the supervision of the CEO and CFO, and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of TMX Group; (2) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of TMX Group are being made only in accordance with authorizations of management and directors of TMX Group; and (3) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of TMX Group's assets that could have a material effect on the financial statements.

All internal control systems have inherent limitations and therefore our ICFR can only provide reasonable assurance and may not prevent or detect misstatements due to error or fraud.

Our management, including the CEO and CFO, subject to the limitation on scope of design as discussed below, conducted an evaluation of the effectiveness of our ICFR as of December 31, 2024 using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework (2013). Based on this evaluation, the CEO and CFO have concluded that our ICFR were effective as of December 31, 2024.

### **Limitation on Scope of Design**

TMX Group has limited the scope of design of DCP and our ICFR to exclude controls, policies and procedures of VettaFi which was acquired on January 2, 2024, the financial performance of which is included in our December 31, 2024 financial statements. The scope limitation is in accordance with section 3.3(1)(b) of NI 52-109 which allows an issuer to limit its design of DCP and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not more than 365 days before the end of the fiscal period to which the CEO and CFO certificates relate.

The tables below presents the summary financial information of VettaFi:

(in millions of dollars)	<b>As at December 31, 2024</b>
Current assets	57.1
Non-current assets <sup>59</sup>	1,686.3
Current liabilities	27.8
Non-current liabilities	55.7

(in millions of dollars)	<b>2024</b>
Revenue	136.7
Operating expenses detail:	
Operating expense (excl. amortization of intangibles and integration costs)	56.7
Amortization of intangibles	46.5
Integration costs	5.0
Operating expenses total	108.2
Income from operations	28.5

### **Changes in Internal Control over Financial Reporting**

There were no changes to internal control over financial reporting (ICFR) during the quarter ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, our ICFR.

<sup>59</sup>Non-current assets as at December 31, 2024 includes \$1,683.7 million of goodwill and intangibles related to the acquisition of VettaFi.

## Related Party Relationships and Transactions

### Parent

The shares of TMX Group are widely held and, as such, there is no ultimate controlling party of TMX Group. Under the OSC and AMF Recognition Orders, no person or combination of persons, acting jointly or in concert, is permitted to beneficially own or exercise control or direction over more than 10% of any class or series of voting shares of TMX Group without prior approval of the OSC and the AMF.

### Key management personnel compensation

Compensation for key management personnel, including TMX Group's Board of Directors, was as follows for the year:

(in millions of dollars)	2024	2023
Salaries and other short-term employee benefits	\$10.5	\$10.2
Post-employment benefits	0.6	0.6
Share-based payments	28.0	11.5
	39.1	22.3

The key management personnel compensation increased in 2024 compared with 2023, primarily reflecting higher *Share-based payments* driven by the increase in our share price.

## 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, our long-term revenue growth CAGR and adjusted EPS CAGR objectives; our target dividend payout ratio; our target debt to adjusted EBITDA ratio; our objectives regarding growing recurring revenue, revenue outside Canada and the percentage of GSIA revenue as a percentage of total TMX Group revenue; our objectives related to the acquisition of VettaFi; our objectives related to the acquisition of Newsfile; our objectives related to the acquisition of iNDEX Research; the modernization of clearing platforms, including the expected cash expenditures related to the modernization of our clearing platforms and the timing of the implementation of the modernization project; the timing on the cessation of market-making programs and the subsequent impact on rate per contract; other statements related to cost reductions; the ability to and the timing of achieving our targeted leverage range; the impact of the market capitalization of TSX and TSXV issuers overall (from 2023 to 2024); future changes to TMX Group's anticipated statutory income tax rate for 2025; factors relating to stock, and derivatives exchanges and clearing houses and the business, strategic goals and priorities, market conditions, pricing, proposed technology and other business initiatives and the timing and implementation thereof, financial results or financial condition, operations and prospects of TMX Group which are subject to significant risks and uncertainties.

These risks include, but are not limited to: competition from other exchanges or marketplaces, including alternative trading systems and new technologies and alternative sources of financing, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic conditions (including geopolitical events, interest rate movements, threat of recession) 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; dependence on information technology; significant delays in the Post Trade Modernization project which could lead to increased implementation costs and could negatively impact our operating results; 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 close and effectively integrate acquisitions to achieve planned economics, including TMX VettaFi, 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 inter-corporate 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 the resulting impact on 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 and other venues; 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; changes to interest rates and the timing thereof; 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 and services; 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.

### **Assumptions related to long term financial objectives**

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 technology and systems;
- no significant changes to our effective tax rate, and number of shares outstanding;
- organic and inorganic growth in recurring revenue
- moderate levels of market volatility over the long term;
- 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 inflation, rising interest rates and supply chain constraints 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 this MD&A.