



## TMX Group Limited

# Q4 2025 Financial Results Conference Call Transcript

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**Speakers:** **John McKenzie**  
Chief Executive Officer

**David Arnold**  
Chief Financial Officer

**Amin Mousavian**  
VP of Investor Relations, Treasury and Interim Chief Risk Officer

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**Operator:**

This is the conference Operator. Welcome to the TMX Group Limited Fourth Quarter 2025 Results Conference Call.

As a reminder, all participants are in listen-only mode, and the conference is being recorded. Following prepared remarks, there will be an opportunity for analysts to ask questions. To join the question queue, you may press star then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star then zero.

I would now like to turn the conference over to Amin Mousavian, Vice President of Investor Relations and Treasury and Interim Chief Risk Officer. Please go ahead, Mr. Mousavian.

**Amin Mousavian:**

Thank you, Drew, and good morning, everyone.

We join you today to discuss the 2025 fourth quarter results for TMX Group. We announced our results for another outstanding quarter and our sixth consecutive double-digit revenue growth, highlighting strong performance across all of our business units last night. Copies of our press release and MD&A are available on [tmx.com](https://tmx.com) under Investor Relations.

This morning, we have with us John McKenzie, our Chief Executive Officer, and David Arnold, our Chief Financial Officer. Following the opening remarks, we will have a question-and-answer session.

Before we begin, let's cover our forward-looking legal disclosure. Certain statements made during this call may relate to future events and expectations and constitute forward-looking information within the meaning of Canadian Securities law. Actual results may differ materially from these expectations, and additional information is contained in our press release and periodic reports that we have filed with the regulatory authorities.

Now I will turn the call over to John.

**John McKenzie:**

Thanks, Amin, and good morning, everyone. Thank you for joining us on the call this morning.

As Amin mentioned, last night we released our Q4 financial results, and I am very, very proud to report that we finished 2025 on a high note by every measure. Delivering excellent results for each quarter of 2025 with strong increases in revenue, including 15% higher organic revenue compared to 2024, as well as record adjusted earnings per share and operating income. We'll turn it over to David in just a few minutes to talk you through the quarter in details.

Now looking back, and although it only ended six weeks ago, 2025 already seems like a distant memory as it's been a very eventful six weeks. Importantly, as we discussed what went right in 2025, the key contributing factors to our best year ever, we're not talking about standalone achievements. The success of 2025 reflect an adaptive high-performance business model and the benefits of adhering to a consistent growth strategy. Market activity in 2025 surged, fueled by macroeconomic forces, ongoing volatility. As we continue to build TMX ever stronger for the future, more innovative, more global, more essential to our clients and stakeholders all across the vital capital markets ecosystem.

Now turning to these 2025 results. Overall revenue increased 18% compared to 2024, reflecting strong performances across the enterprise, including double-digit revenue growth from derivatives trading and clearing, equity trading, TMX Trayport, TMX VettaFi. We were also encouraged by a 9% increase in capital formation revenue due to strength and additional financings in the second half of the year as listed companies of all sizes on TSX and TSX Venture increasingly turned to the proven public market ecosystem to fund their growth plans. Organic revenue, excluding those recent acquisitions, increased 15%, and adjusted diluting earnings per share increased 25% compared to last year.

Overall, operating expenses increased 16% year-over-year, largely as a result of acquisition-related expenses and continued investment in organic growth, as well as some BOX costs related to the SEC's mandated consolidated audit trail and some increased litigation costs. David will discuss these expenses in more detail following my comments this morning.

Now, moving to highlights from our business areas. Activity remains strong across our core domestic markets through the fourth quarter, capping off a tremendous year. Derivatives trading and clearing revenue, excluding BOX, increased 31% compared to 2024, driven by pronounced activity growth and the success of recent product initiatives to address client demand.

MX 2025 year-over-year activity highlights include 80% growth in ETF option volume double-digit growth on volumes across our expanded bond futures offering and record-breaking performances in our fixed income suite, specifically the three-month CORRA Futures Contract, or CRA, which replaced the BAX in mid-2024. The CRA surpassed all-time BAX daily volume records and open interest levels in December.

Similarly, in equity markets, sustained volatility drove higher activity. On a combined basis, TSX, TSX Venture and Alpha Volumes increased 27% when compared to 2024, highlighted by a 45% gain in volume traded on TSX Venture Exchange. Our markets stood tall amongst our peers. The benchmark S&P TSX Composite Index broke through the 30,000 mark for the first time in September, and the S&P TSX Venture Composite Index increased 60% compared to 2024, outperforming major global indices. Overall revenue from equities and fixed income trading and clearing increased 12% year-over-year due to higher volumes and higher yields on premium products.

The successes of 2025 extend beyond our more traditional marketplaces and, candidly, beyond our borders. AlphaX US, our U.S. equity trading venue, just celebrated its first anniversary last month. It has been a fantastic inaugural year in terms of volume traded and participant sign-ons and engagement. Following TMX's strong tradition of leadership and exchange technology, the AlphaX US team was recognized with two prestigious industry awards for innovation and alternative trading systems by the trade and for most innovative third-party technology vendor trading risk and compliance by Waters Technology.

Now I'd like to turn over to Global Insights. Revenue here increased 16% compared to 2024, led by double-digit increases from TMX Trayport and TMX VettaFi. TMX Trayport's powerful and dynamic network plays an essential role at the heart of European energy trading ecosystem. Revenue grew 18% year-over-year, or 12% in pound sterling, driven by a number of factors, primarily an increase in the number of licensees and increased adoption of analytics and other trade products.

TMX's Trayport strategy is rooted in client-centric approach to serving the needs of new and existing clients, investing in continuous innovation in our core market offering to deliver performance, reliability, and security, while supporting advanced capabilities, products, and services, and expanding into new asset classes and geographies, targeting opportunities to apply proven expertise in markets around the

world. That includes introducing digitized solutions to voice-brokered markets and capitalizing on shifting dynamics and increased demand for modern trading products in transition markets.

Now, with TMX VettaFi, revenue increased 24% year-over-year, or 21% in U.S. dollars due to higher indexing revenue driven by organic growth in assets under management and recent acquisitions. A relative upstart among our deep and diverse set of business areas, the team continued to execute against an opportunistic strategy in 2025, with three new acquisitions, the Credit Suisse Bond Indices in February, ETF Stream in June, and a set of Nuclear Energy Indices in October. These latest additions enhanced TMX VettaFi's diverse product suite while growing our presence in targeted regions. Next month, TMX VettaFi hosts Exchange, our marquee event, and the premier gathering of ETF and wealth management community in Las Vegas.

Now, on to capital formation. As I mentioned earlier, revenue increased 9% year-over-year, primarily due to higher volume, sorry, higher revenue from additional listing fee and the inclusion of a full year of Newsfile revenue. Now, in a year clouded by economic uncertainty and headline disruption, the signature strength of public markets shone brightly, providing stakeholders with critical resiliency and an opportunity for growth. Our pledge to serve the evolving needs of this powerful interconnected ecosystem of companies, participants, and investors remains firm. We saw a surge in financing dollars raised by issuers listed on both TSX and TSX Venture, particularly in the second half of the year, including a 44% increase in the number of transactions that we bill at the maximum fee threshold at TSX.

Now, big financing deals don't capture the same headlines as IPOs, but they are the clear indicators of the health and vitality of the market. These transactions highlight the key role the exchange network plays in helping companies fund their growth throughout their life cycle. Twenty-twenty-five features some game-changing deals. In September, RFA and Artis REIT announced a business combination through a share exchange transaction to form RFI Financial, a more diversified financial services platform. On October 1, Maple Leaf Foods completed the spinoff of Canada Packers Inc as an independent public company. In November, TSX Venture listed Carcetti Capital, completed the acquisition of Hemlo Gold Mine and via reverse takeover emerged as Hemlo Mining Corp, a new mid-tier gold producer trading on the venture exchange, and there were many more.

Now, as many of you listening this morning are aware, Toronto Stock Exchange and TSX Venture Exchange are home to almost 50% of the world's public mining companies. The industry is vital to our markets, vital to Canada's economy, and vital to the country's global competitive prospects. The mining sector is thriving. Financing dollars have increased 53% when compared to 2024. Mining sector surpassed a trillion dollars in overall market capitalization in 2025. Of the 11 companies to graduate from TSX Venture Exchange to the senior market in 2025, 10 of these were mining companies.

Looking more broadly across the marketplace ecosystem, it was also a stellar year for Canada's ETF industry with over \$125.8 billion in net inflows. We welcomed 239 new ETFs to Toronto Stock Exchange during 2025, surpassing the all-time record of 127 set just last year. TSX is now also the market of choice for Canadian depository receipts with 116 new CDRs coming to our market last year. Our pipeline of new issuer prospects is also strong, and our business development team is as busy as ever, with all signs pointing to a very active 2026 in terms of potential IPOs.

Now, as I said in the opening remarks, a lot went right in 2025. It's our best year ever. But always our focus is always on what comes next, and at no time in my 25 years here, including six years leading TMX, have we had so many immediate and potentially impactful trends pushing the pace of change in our global environment, including AI adoption, tokenization, 24-hour trading, and the rise of private markets. There is no denying that there are areas across the finance sector that are due for modernization. But the truth is that the traditional finance industry, as it's been called, has been continuously evolving over the past hundred plus years, reshaping and transforming many times over, paced by advances in technology.

Canada's markets have long stood at the forefront of industry progress. TSX was actually the first fully electronic exchange in North America. It was the birthplace of the exchange-traded fund. It should come as no surprise that TMX is actively pursuing client-driven solutions to build on this proud history of innovation. Today, public markets trading is a hyper-efficient, connected digital ecosystem. Our approach is to seek out purpose-driven innovation, measures that make markets better, rather than innovation for innovation's sake. Necessarily, our next steps are rooted in a commitment to preserving the core capital markets principles of market integrity, fairness, and transparency.

Tokenization of public assets is a headline topic right now in the exchange industry. While it may prove to be transformative in the long run, there are hurdles to clear yet in moving toward a broad market

adoption, including defining an appropriate regulatory framework and operating standardization. It is the next evolution of blockchain, and we've explored any potential use cases for blockchain technology for more than 15 years, including in the early stages of developing our game-changing post-trade modernization program, which we delivered in 2025. We see promise in near-term opportunities emerging on the clearing side, including the tokenization of collateral management, which could allow collateral to move between accounts and even different clearinghouses fluidly and more efficiently.

We continue to assess the client demand for things like 24-hour trading. Round-the-clock trading is not a new concept for us. Montreal Exchange introduced extended hours trading for derivatives to sync with the Asia-Pacific markets in 2021 to support growing investor demand. The current push for 24-hour equity trading is driven by a global appetite, but primarily for major U.S. stocks. Our forward strategy includes gauging client needs, as well as a full consideration of the ecosystem impacts.

An important stakeholder not often mentioned in this discussion of either 24-hour trading or tokenization is the listed issuer. Two-thirds of the public companies on TSX and TSX Venture are small or medium enterprises. Our public venture market is the bedrock of our two-tiered ecosystem. Small issuers and their investors would not necessarily see a benefit of further diluting their liquidity over an extended trading venue.

Our commitment remains to making markets better, and that extends beyond public markets. Over the past two years, we have also continued to build out new capabilities and solutions for serving private companies. TMX Corporate Solutions provides end-to-end services to private as well as public companies through all of their capital raising activities and all stages of evolution. Market Ventures, a joint venture with Canaccord Genuity to digitize and streamline the private placement process and improve investor access, was just launched this last year.

In closing today, as always, I want to thank our team of employees around the world. This is the engine of TMX success last year, this year, and every year. In considering each of our milestones and recent accomplishments, I am most encouraged by the progress we have made and continue to make in preparing for the future with a focus on accelerating growth and fulfilling our purpose to make markets better and empower bold ideas. I have tremendous confidence in our organization that it is well-equipped to tackle near and long-term challenges and capitalize on the exciting opportunities and transformation in front of us.

With that, I'll pass the call over to you, David.

**David Arnold:**

Thank you very much, John.

Good morning, everyone, and thank you for joining us today. I'm pleased to report that the TMX Group delivered outstanding financial results in the fourth quarter of 2025, capping off an exceptional year. This quarter, we achieved double-digit revenue growth across the enterprise and coupled with our disciplined approach to cost management delivered record income from operations. The strong financial performance reflects the successful execution of our diversification strategy and our team's commitment to operational excellence.

We achieved record quarterly revenue of \$457.8 million in Q4, representing a robust 16% year-over-year growth. This outstanding performance was driven by strength across all of our business segments with particularly strong contributions from our derivatives, trading and clearing, TMX VettaFi, TMX Datalinx, and capital formation businesses.

The 2025 fourth quarter diluted EPS of \$0.41 was 29% lower than Q4 of last year. This decrease in reported diluted earnings per share included \$0.19 per share decrease related to the net non-cash foreign exchange accounting losses on our U.S. dollar denominated intercompany loans in Q4 of 2025 compared with non-cash accounting gains in Q4 of last year. Notwithstanding, our adjusted diluted earnings per share increased 22% from Q4 of last year, reflecting a 14% growth in income from operations.

Turning now to our businesses, beginning with the segments that saw the largest year-over-year increases. Global Insights revenue grew by 16% this quarter, reflecting double digit increases across all three businesses in the segment. Revenue from TMX Datalinx grew 18% from Q4 last year, which includes \$7.9 million from the inclusion of Verity, which was acquired on October 1, as well as an increase in subscribers and usage, data feeds, and also higher revenue in co-location. Excluding Verity, TMX Datalinx grew 5% organically.

Revenue from TMX VettaFi grew 23% in Canadian dollars and 25% in U.S. dollars this quarter. This growth included \$3.7 million of revenue from recent acquisitions, namely bond indices, ETF stream,

and the addition of nuclear sector indices. Revenue excluding these three acquisitions increased 13% in the fourth quarter, reflecting strong organic growth in assets under management and higher revenue from digital distribution. TMX VettaFi's assets under management grew 49% from December 31, 2024, to over \$77 billion U.S. dollars at December 31, 2025.

Revenue from Trayport grew 11% in Canadian dollars or 8% in pound sterling this quarter, primarily driven by a 6% increase in total licensees, annual price adjustments, and incremental revenue from data analytics and other trader products compared with last year. TMX Trayport's average recurring revenue for the quarter on an annualized basis was approximately CAD\$276 million or \$150 million in pound sterling, up 17% and 14% respectively compared with the same period last year. Trayport continues to grow in line with our expectation of high growth over the long term. As our core European market matures, we are actively developing Trayport's product offerings, expanding into new geographies and asset classes to unlock further growth opportunities.

Revenue in our derivatives, trading and clearing businesses excluding box was up 27% from Q4 of last year. The strong performance was driven by 32% growth in Montreal Exchange and a 17% growth in CDCC revenue, reflecting both higher rate per contract and a 10% increase in derivatives volumes. The increase in average rate per contract this quarter reflects the sunset of the CORRA market making program at the end of Q2 of 2025 and the sunset of the two-year government of Canada bond futures market making program at the end of November of 2025. Our derivatives business maintained its strong trajectory through 2025 and open interest at the end of December was up a staggering 33%.

Revenue from BOX increased 16% this quarter driven by a 17% growth in volumes compared with Q4 of last year. In our capital formation business, we saw an increase in capital raising activities this quarter, which translated into a 13% year-over-year revenue growth. Additional listing fees grew 53% from Q4 of last year, reflecting an increase in the number of transactions billed at the maximum fee on both TSX and TSX Venture Exchange or TSXV for short. Sustaining listing fees and initial listing fees also grew compared to last year driven by continued growth in ETFs. The increased revenue in listings was partially offset by a 5% decrease in TMX Corporate Solutions revenue in Q4, mainly reflecting lower net interest income revenue due to lower yields and lower balances compared with Q4 of last year.

Turning now to our equities and fixed income trading and clearing segment, revenue is up 13% in the quarter driven by growth in equities trading. The increase in equities and fixed income trading reflected a 38% volume growth in our equities marketplaces, including 24% on TSX, 74% on TSX Venture and 35% on Alpha exchange X and DRK combined.

Our combined equities trading market share for TSX and TSXV listed issues was approximately 61% this quarter, down a minor 2% from the same period last year. We saw a modest 2% growth from our clearing business this quarter. In our fixed income trading business, revenue in the quarter decreased from last year, primarily reflecting lower credit and swap activity.

Now taking a closer look at our expenses, operating costs in the fourth quarter increased by 19% and included the following notable items. First, we accounted for a \$15.3 million regulatory charge passed through to BOX by its self regulatory organization in Q4, resulting from the impairment of an asset related to the Consolidated Audit Trail or CAT for short, the system the SEC requires marketplaces to track U.S. equity and options trading. Second, we incurred \$8.9 million of additional operating expenses related to new acquisitions. Third, a \$3.3 million increase in dispute and litigation costs compared with Q4 of last year.

Now excluding these items, our operating expenses increased by approximately 6% on a comparable basis, largely due to three key drivers. First, roughly two thirds of this increase or \$8.4 million is driven by higher headcount, year-over-year merit increases and severance costs. Second, approximately a quarter of this increase or \$3 million relates to IT operating costs reflecting higher licensing and subscription fees and cloud services compared to last year. The remaining increase relates to higher amortization related to the launch of our post-trade system earlier this year, partially offset by savings from the strategic realignment updates completed earlier in 2025.

On a reported basis, we had slightly negative operating leverage of 2% in the fourth quarter. However, excluding the three items I discussed a few minutes ago, namely first, the CAT related fees, second, recent acquisitions, and finally dispute and litigations costs, I'm pleased to report we produced positive operating leverage of 7% in the fourth quarter, which is a direct result of our focus strategy with our robust 13% organic revenue growth outpacing a well-managed 6% increase in operating expenses on a comparable basis.

Now looking at our results sequentially, our revenue increased by \$39.2 million or 9% from the third quarter. Reflecting increases from first, higher revenue from our global insight segment driven by TMX Datalinx, which included revenue from Verity in Q4 and VettaFi AUM growth I spoke to earlier. Higher revenue from capital formation driven by higher additional listings. Finally, higher revenue for both our equities and fixed income trading and clearing and our derivatives trading and clearing businesses reflecting higher trading volumes.

Turning to our sequential expense analysis, operating expenses in Q4 increased \$25.3 million or 11% from the third quarter. Primarily reflecting \$15.3 million of CAT related regulatory fees passed through to BOX, 5.5 million of operating expenses related to Verity and higher employee incentive plan costs and higher software license and subscription costs.

On the balance sheet front, our debt to Adjusted EBITDA ratio at December 31 was 2.2 times, which is within our target leverage range of 1.5 to 2.5 times. We continue to maintain a disciplined approach to capital deployment and prioritize driving shareholder value.

Turning now to our cash and marketable securities financial position. As of December 31, we hold approximately \$513 million in cash and marketable securities, which is approximately \$273 million in excess of the approximate \$240 million we target to retain for regulatory purposes. Net of excess cash, our leverage ratio was 1.9 times at December 31, 2025.

I'm pleased to announce that last night our board of directors approved a 9% increase to our quarterly dividend to \$0.24 per common share. Payable on March 6 to shareholders on record as of February 20, and this positions our last 12 month dividend payout ratio at 42%, consistent with our target payout range of 40% to 50%.

Now, as we look to 2026 and beyond, we remain focused on building on this momentum and continued execution of our TM2X strategy to accelerate our growth. Our robust cash generation capabilities, our strong balance sheet, and our diverse portfolio of interconnected global businesses positions us well for continued success.

With that, I'll turn the call back to you, Amin, for our Q&A period.

**Amin Mousavian:**

Thank you, David. Drew, would you please outline the process for the Q&A session?

**Operator:**

Yes, sir. We will now begin the question-and-answer session. To join the question queue, you may press star then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star then two.

The first question comes from Benjamin Budish with Barclays. Please go ahead.

**Benjamin Budish:**

Hi, good morning, and thank you for taking the question. Maybe just to start out on Trayport. I know your ARR was up a little bit. It looks like the revenue trend has been a little bit more flattish over the last couple of quarters. Just curious, maybe a two-parter, if you could remind us, how do you think about energy price volatility translating into revenue growth, subscription growth? I imagine there's a little bit of a lag. How are you thinking about the recent volatility and how that could translate into growth going into next year? The first question, thank you.

**David Arnold:**

Thank you very much, Ben. It's David here. I'll deal with the last part of your question first and then hand it over to John, and we can talk a little bit about our overarching Trayport strategy. I mean, yes, I mean, if there is more volatility and activity in the energy markets in Europe and various trading houses decide to either expand their operating desks, then obviously that would have a potential uplift for us as they subscribe to additional licenses or seek to renew, let's say, an enterprise site license if they have that with us. But it goes without saying, as we've said many times before, we don't directly benefit from energy market trading. Our billing process and site license agreement is really based on subscribers.

Then maybe, I'll just hand it back to John, and we'll talk a little bit about our overarching long-term strategy with Trayport and our long-term growth objectives.

**John McKenzie:**

Yeah, thanks, David. Thanks for the question, Ben. Yeah, and one of the pieces, as I just do that, I do want to iterate, we've had this conversation in previous calls as well. As we bring clients in over time, that can be lumpy. Clients will come in, they will take a number of seats, they renew at different times. It's very difficult to look at that quarter by quarter to create the trend. That's why we always guide towards the long-term guidance on this business in terms of that high single, low double-digit growth, which we continue to be just as bullish on as we have been in the past. There is no change in outlook for us in terms of what we can do with this business.

As David said, you continue to have upside in the European market as volatility does come back, as you start to see other people coming into the market, as the market demand expands, because it is still a growth market from an energy usage standpoint, you've got long-term tailwinds there. But what we're really looking to do to create that long-term growth curve is what I talked about in my earlier comments as well, is the continued build-out of new asset classes and new geographies. While the European market is well-developed, we are not the same degree of development in the U.S. and Asia, and we're continuing to build that out. We are looking at how do we bring other commodities on, and we are in discussions in terms of particularly the refined oil market. That is a long-term program to bring those additional commodities on. We see this as a business that has got a lot of white space for growth, and that's why we're able to continue to iterate that long-term guidance.

**Benjamin Budish:**

All right; I appreciate that. Maybe just a follow-up. The Montreal Exchange has seen very robust growth over the last several years. Some of that is market-driven, but some of it is driven by TMX's various initiatives. As you look into '26, '27, what other levers or initiatives do you have in the works that might either continue or accelerate or sustain that growth, sort of X whatever market volatility does? Thank you.

**John McKenzie:**

Yeah, happy to. I mean, as you're right, we are really happy with how that business is performing, and I always equate it to a bit of a large sailing ship, which is you don't have the ability to catch all that wind unless you've put up all the right sails, which our team has been continuing to do in terms of product innovation, operating hour innovation, et cetera, et cetera. Even in the things that we've launched, we have room to grow and mature in them. We have the market-making agreements that are rolling off for potential upside in the revenue side.

But to your question around go forward, I really put it into two categories. One, we are continuing to look at a product roadmap of new and enhanced products. You'll continue to see us bring out new things that will give new on-exchange things for people to trade. We are also looking at new product expansion on the clearing side, so that the unique vertical we have with MX and CDCC means we can do more on the cleared product side like we do with repo when there's opportunity to do more there.

Then the other piece of this is continued market reforms. As the market has grown, we've identified areas where there are some limitations on market-making that have made it difficult for people to do more on the market. We are making changes there that'll allow more expansion in things like ETF options and otherwise, so that our participants can do more within the ecosystem. It's product introductions, it's clearing capabilities and new clearing over counter product and marketplace reforms that allow for more activity.

**Benjamin Budish:**

Okay, great, thank you very much.

**John McKenzie:**

You're welcome.

**Operator:**

The next question comes from Etienne Ricard with BMO Capital Markets. Please go ahead.

**Etienne Ricard:**

Thank you and good morning. Just to circle back on Trayport, can you remind us what the long-term growth algorithm for this business is between volume and price? Specific to volume, should we expect the new connection growth going forward to be largely driven by non-European clients?

**David Arnold:**

Thanks so much, Etienne, it's David. Let me talk a little bit about the algorithm for growth in Trayport and it's a bit of a refresher. As you know, I mean, in Trayport, it's a software as a service business, which is really subscriber driven, really have two types of subscribers. We have enterprise site license subscribers and then effectively shorter term pay as you go, if you will, site licenses. Really the growth

algorithm there is pricing which effectively automatically resets every year in December. All of our agreements have a consumer price index which is pegged to Bank of England's published consumer price index. In and around early December each year, we do reach out to all of our clients, notify them as to what pricing changes are going to occur in the next year. As you can see in our disclosure, we've indicated what that is for 2026 for Trayport.

Then the second piece is really as our clients grow, right? What that really means is in the European market is, do they, as I mentioned, when I was answering Ben's question, do they expand the usage, i.e., do they have a trading desk of four that now becomes a trading desk of eight? If it is a trading desk of eight and they need a Trayport screen, then if they're on a pay as you go approach, they'll approach us and they'll purchase additional licenses. If they're on a site license, they won't have an immediate revenue impact because we'll wait until we renew the agreement with them to actually upsell. But the second part is really what we would refer to as our premium products, right? Whether it be algorithmic trading, charting and analytics, our team in Trayport are constantly working with our clients on how to enhance the platform. In doing that, they're adding features, that upon renewal, enable upsell with our clients. Really, it's meeting a client-driven need as opposed to something that we've thought of and have offered. It's really listening to our clients and building the capabilities that they would like. For example, one we've spoke about at our Investor Day is the chat capability, which is something that we're working on actively.

Then as John said, and that's the most important one is how do we expand into other asset classes and other geographies? That really, when put all together is the long-term algorithm. John, do you want to add anything?

**John McKenzie:**

Yeah, the only thing I'll add is this is the interesting, continued transformation of the business that even the marketplaces themselves in some cases are becoming less geographic. While this business was largely built in the European marketplace, areas like natural gas are very much becoming a globally priced market, especially if you have the more advent of LNG. Things like Japan, the trade reporting facility, things like that are getting much more global pricing. You've got the ability not just to continue to grow in Europe, but to grow beyond it because these asset classes are becoming more global.

**Etienne Ricard:**

Very helpful. Then switching on VettaFi. I know you've talked about more M&A opportunities to continue scaling the business. VettaFi has had a lot of success with thematic and factor-based products. As you look at some new acquisitions here, would you prefer to continue acquiring more thematic indices or maybe look at more diversified products?

**John McKenzie:**

We're actually not limited to either one. What the team has built out and the scalability of the VettaFi platform and now a proven track record that our team has had on being able to bring in new product and build it onto the platform and distribute it to the audience is not limited. When we are looking at new opportunities, we are more looking at, okay, what is the unique opportunity of those assets and indices and our ability to scale them? They could be thematic, but we want thematic that has potential like the investment in the nuclear indices because we saw the long-term potential for increased investor demand in those interest areas. It really can be across the spectrum.

We are also continuing to look for more geographic distribution. That's why we've done some more work in the European sphere. That's why we brought the index research team on, if you remember just over a year ago. Expect that to be the continued approach. Candidly though, we look at far more than we will execute on because we continue to be very disciplined about what are the products, the ability to scale up, the interest level to the investor audience and the ability for us to integrate it in. That's really a critical touch point in terms of how we do these things is we want to be able to scale it up on the platform in a way that's really efficient.

**Operator:**

The next question comes from Aravinda Galappaththige with Canaccord Genuity. Please go ahead.

**Aravinda Galappaththige:**

Good morning. Thanks for taking my questions and congrats on another excellent quarter. I wanted to maybe just picking up on the M&A question, talk about, ask you about your thoughts with respect to the M&A market in general. Obviously in the last couple of days, we've seen an extension of the sell-off in software with obviously the analytics and data businesses getting hit in multiple industries, including financial. I guess on one hand, as your balance sheet gets better, these potentially opens up interesting opportunities for you, if this sort of extends into the private markets. Then on the other hand though, perhaps you can talk about sort of the moats that you have with respect to your existing businesses in terms of sort of addressing the potential threats from some of the emerging technologies.

**John McKenzie:**

Yeah, I'm so glad you asked that question because it's so timely and thoughtful for where we are in terms of this point in history. Our strategy is unchanged. I'll get to that in terms of the defensive moats in a little bit, but our strategy is unchanged. The areas we are looking to invest are unchanged. If anything happened this week, things went on sale and maybe that'll create different opportunities for us to bring things in at valuations that make sense because there's always been a sector where valuation has been challenging in terms of ensuring that you can get good return for the investors to bringing things in.

Candidly, to your point, our strategy has been to bring in things that we can integrate and scale as part of our ecosystem. That really gets to the heart of the defensive moat pieces we'll bring it in. As you saw recently, the pieces that we brought in around data, the Verity team, which actually does have AI enhanced data capabilities in it is designed to integrate with our Datalinx business, which uses a lot of proprietary data and creates unique opportunities that you can't create necessarily just as an AI agent outside. That's the real reminder that we want to make sure that people understand about our business and particularly about our global insights businesses that are very much proprietary based.

Datalinx, very much proprietary data, Trayport, proprietary networks that you need to be connected to be able to get the visibility and the activity on. The VettaFi applications, those benchmarks, proprietary benchmarks that are integrated in products that are in investors' hands. These are very difficult to disrupt with the types of technology advancements we're being talked about in the AI market these days. Candidly, I think this reaction was an overreaction and I don't think it's particularly appropriate for a company like us.

**Aravinda Galappathige:**

Thank you. Just a quick follow up, perhaps for David, great analysis of the OpEx piece as usual. Looking forward, obviously a lot depends on the growth trajectory we see in '26. How should we think about the organic OpEx inflation from here on? Any components we should be aware of as we sort of model through?

**David Arnold:**

Yeah, that's a great question, Aravinda, and pleased to actually take it. I mean, we continue, and this echoes what John said about our strategy, right, which is unchanged, is we continue to invest in growth in 2026. The thing that is the biggest guidepost for both the Management team and when we review with our Board of Directors is being focused on positive operating leverage, right? As I've said before, it's less about the quarter, it's really about the full year and the multi-year. This quarter, obviously it was an outstanding performance at 7% operating leverage, generated obviously through '25. Now, as you know, I don't traditionally provide expense guidance, but there are two things that I can share with you, right?

First, looking at our most current quarter's expenses, really using Q4 as kind of a jumping off point, I would use the comparable basis as kind of the best jumping off point. Then from there, as you look to the next quarter, I would adjust for what you would typically expect are pluses and minuses, right? The best way to look at that is to say, okay, as we head into Q1, we typically have higher payroll expenses as things reset at the end of the year, as well as we typically have the VettaFi Exchange Conference, right? Those would be the two things that you would look at.

Then secondly, as I've said in the past, right? We try and maintain expense growth to inflation and really inflation is on an annual basis. But as we've noted in the past, we have various expense categories that are subject to different types of inflation. For example, compensation and benefits, it really tracks more as wage inflation in the various countries in which we operate. Dare I say inflation is not quite similar in some of these jurisdictions. That's number one.

Then number two, we factor in obviously movements in total shareholder return relative to the S&P Composite Index, because that changes the valuation of our performance share units and the multiplier, which we don't hedge, as I've spoken in the past. That's really kind of on the salaries and benefits, which is about half of our expense base.

Then on the technology front, the rate of inflation, Aravinda, as you know best, differs from general wage rate inflation. Then we move to SG&A, right? That really is moving more on some part of the Consumer Price Index, but other parts like travel and entertainment seem to be somewhat disconnected from the typical Consumer Price Index. We factor that all in, but we go back to the most important guide point, which is positive operating leverage and investing for growth. Go ahead, John.

**John McKenzie:**

I want to add in one piece, because it actually then circles back to your first question. I don't want to lose sight in the discussion about the AI opportunity here for us and the work we are doing there. That is actually integral to how we see the future state of how we manage the investment, the talent base in the organization. We are already seeing some early wins. We have AI adoption within some of our development teams. That's actually allowed us for the first time in the time that we've actually owned Trayport to essentially hold our development team flat year-over-year because of the additional productivity we're getting out of that tool deployment. We can get more with the team that we have in terms of developing more product, more software.

We're looking into this year in terms of actually how do we scale that up, move it across more of the divisions. We're actually deploying tools across the entire population base to improve productivity throughout the firm. That's part of then what the tool base is for help us to maintain that cost discipline going forward by using these things smartly in terms of how we do work every day.

**Operator:**

The next question comes from Jaeme Gloyn with National Bank Financial. Please go ahead.

**Jaeme Gloyn:**

Yeah, thanks. Good morning. Just want to go back to the AI risks and opportunities as well. As we look at some of the companies in your peer group or adjacent peer group, like an LSEG or a FactSet, getting hit a little bit harder than yourselves. It seems to be maybe perhaps focused on some of these data and analytic screens or tools that would maybe be comparable to like a Trayport. I appreciate your commentary around the proprietary network and difficulty to disrupt that network. I would agree with that. I'm just wondering, are there other strategies or other projects underway to reaffirm that moat you have in the Trayport business as it relates to potential threats?

**John McKenzie:**

Yeah, and Jaeme, thank you for that. I think we've actually talked about this in the past, that we've actually been on a continuous investment program within Trayport. We're actually just reaching the end of an investment period, which we call Joule 2.0, which is an entire re-platforming of the Trayport system, which actually then makes it even easier and quicker for us to bring new features and capabilities to the user base to keep them connected.

That's like the value of a really strong network is you can only get that value by being connected to it. The data that goes through a Trayport screen is not publicly available data. You can build any AI agent you want, but the data is not available for it to do anything with. That's what I mean by it being a proprietary network. The users on it don't want that data exposed in a public way because it's their value added data as well in terms of how they act with other participants. That's the nature of the business.

Our job is to compete, is to continue to innovate around it. There have been folks building competitive alternatives the entirety of the time we've been in this business and before we owned it. The strength in it continues to be building that value-add network that has the best price discovery in that closed market. That's what we're going to continue to do. It really isn't comparable to those other organizations you talk to. Those are really about screens that are actually aggregating public data that's otherwise readily available. That really is the differentiating point.

Now, the second piece on that, in all of our data businesses, we are looking at where do we actually incorporate AI capabilities to both make them more efficient, but also potentially create more data insight sets on top of them. That is what we're doing in terms of Verity Team that's using public information with an AI component on top of it to create investor signals on that that you wouldn't otherwise have. We're similarly doing that with what we can potentially do in the data sets, and our analytics sets around Trayport, around Datalinx as well.

You are going to see more of that coming forward in terms of the areas where we invest. We're focusing on areas where it makes the data sets more efficient and helps to create more information and useful investor site signals to the investor audience. But I always want to remind people the underlying proprietary data comes from us. That is a really strong asset as this industry evolves.

### **Jaeme Gloyn:**

Okay, thank you for that. Then still in Trayport, it looks like there were some lower non-recurring consulting fees this quarter. Not something I think I've seen called out in the past that perhaps is what's driving maybe organic revenue growth a little bit slower this quarter than what we're used to seeing. Is that the driver or is there something else that we should be thinking about here in terms of that organic revenue growth number? I mean, you spoke very convincingly of the high single, low double-digit target

in the near term as well, but maybe talk through some of those consulting fees and what kind of movement it can have from a quarter to quarter, a year-to-year basis.

**David Arnold:**

Yeah, I appreciate that, Jaeme. Yes, I mean, effectively what it was is, it's less than a half a million pounds year-over-year delta, but it was meaningful for us just to call out because it was a variance year-over-year. That's kind of why we did it, because it was notable. But typically, as you know, in many of our quarters, we don't call that out because the year-over-year variances is kind of not material. This time it was just slightly on the material side on that not material, material kind of judgment. We thought it would be good to provide that color.

But yeah, that is something that is also a really good harbinger of new client kind of growth, because typically the non-recurring projects are us helping onboard either a broker or a trading desk and so on and so forth. But it's not the big driver of our results, but in this particular quarter, it just was notable to call it out.

**Operator:**

The next question comes from Graham Ryding with TD Securities. Please go ahead.

**Graham Ryding:**

Hi, good morning. Maybe we could jump to equity tokenization. The SEC in the U.S. seems to be encouraging the development of platforms to trade and settle tokenized equities. We're also seeing some initiatives here from some of your peers like NASDAQ, NYSE, and I guess the clearing corporate in the U.S., DTCC. They've all sort of rolled out some new initiatives or announced new initiatives. Maybe you could just comment on what do you expect from the Canadian regulators here? Should they be following the lead of the U.S. to some extent? Then should we be expecting some announcement or initiatives from you on this front in 2026?

**John McKenzie:**

Yeah, it's a great question and it's so timely, so thank you. Let me start with in terms of where the transformation is coming from. This transformation, again, we had talked about it in some of the comments is a technology capability that has the potential to make markets more efficient in some

ways, but in some ways, less efficient than they are today. The marketplaces, particularly around equity trading throughout North America are some of the most liquid, deep and effective markets in the world. When we think about how we tokenize and we think about what is the value add and what is the way to do that constructively.

Actually, I really applaud the work that NASDAQ and NYSE are doing in terms of the leadership position in the U.S. where the activity on this is the highest to try to chart out what is the way to do it appropriately so that you continue to have the benefit of price discovery, deep liquid markets, fungibility, standardization. That's what they're looking to do in conjunction with DTCC in terms of their applications.

From a Canadian standpoint, we do have a bit of a benefit of the ability to be observing and participating in this to see how it can standardize and be part of that discussion. We've got our team engaged on that as well. One of the unique advantages we bring to the equation is that we actually have the entirety of the ecosystem to work with. Unlike in other markets, we've got exchanges and clearinghouses that are separate. The fact that we have both the primary exchanges, CDS in terms of the depository and clearing, the trust and transfer agent capability, we have that full value chain. We can actually explore where we can see the abilities to innovate through this and actually create value.

What we're really encouraging in our discussions with industry and with regulators is that we do this in a way that thinks about the industry itself. How do you standardize and ensure that the efficiency we've collectively created isn't lost as part of the innovation? That, again, that idea of how do you standardize? How do you make sure things are fungible? Now in that, I'll be candid, we've had actually discussions with companies for years that have considered bringing their issue to market in a tokenized form as opposed to a security form. It's actually not materially different in terms of the security itself because any security that's listed today is a fully digitized product, digitized from the front end all the way through trading and clearing. It's the question of whether or not you want it centralized or decentralized.

The model that the U.S. is pursuing is a way to potentially still have it as the same vehicle, but decentralized so you can remove the token from the depository and take it in the old wallet, which is a question in terms of the benefit, in terms of for some large users, they may see a benefit in that

because they can use it for other things. But for some small users, there actually may security concerns around it.

These are all the things that we're considering. We think it's our role as the leading marketplace to take a lead role in helping to identify the best way to adopt innovation for the marketplace, so it benefits all the various parties as opposed to just adopting for adopting. You will see announcements from us as we see practical applications that can be utilized. But we won't be doing it's kind of what I'll call announcement for the sake of announcing. We're doing the work and we want to see how we can get it right.

I mentioned my comments; we've been actually been working on blockchain solutions and tokenization use cases for about 15 years. Do believe that the real biggest potential in the near term is going to be around large capital moves, collateralization. The Bank of Canada stablecoin legislation is an enabler of that because it allowed the development of stablecoins in a way that candidly to be candid, are stable. But that also means you have to have liquid assets behind them, you have to have them property custody, and we can be part of that solution set. Those are the things that we're working on exploring and we'll be active in the conversation going forward.

#### **Graham Ryding:**

Great, thanks for the thorough answer. Is it fair to say that there may be some areas of your business at risk, but there also could be some areas of sort of new market opportunities if the market structure does move in some extent towards blockchain and tokenized securities?

#### **John McKenzie:**

Yeah, what I think is that there'd be some areas of business that would change. If—I don't see where we're going to move to what I would call 100% on chain market because these markets are going to have to integrate. Even in the existing market today for equities, as I mentioned, everything that's been listed in the last 20 plus years is fully digital, but everything that was listed before that is a hybrid of digital and quite candidly, papers and grandma safes.

What we do is we actually make all that work and integrate together. As we move down the world of potentially tokenizing things along the side, we want to make sure that it all integrates together so that it can be fungible, not just through a marketplace standpoint, seamless from a user experience

standpoint, seamless from a bank or dealer to be able to connect to all of these things at the same time. I think it's more about how does that ecosystem transform over time in terms of how you support it. For example, a transfer agent today maintains a register of both the centralized security that's on the centralized book and the decentralized security that's sitting on certificates. This would be another leg of that that needs to be integrated together for it to be effective.

I will be candid. The one place I do not think is an effective solution is the solutions that are more about creating a token on top of an existing equity. That's a big question mark for me because it actually doesn't confer the rights back to the user. It's not fungible. It impacts price discovery and capital formation in a way that's not necessarily positive. I'm not sure the actual investor at the end of the day understands what they're buying or has the same liquidity when they choose to sell it. Those are the things we want to make sure we're very thoughtful about in terms of how we do market structure.

**Operator:**

The next question comes from Bart Dziarski with RBC Capital Markets. Please go ahead.

**Bart Dziarski:**

Hi, good morning. Thanks for taking my question and lots of good discussion around AI and tokenization. Maybe I'll ask about the capital formation business, seeing really good growth there, momentum. Just can you give us an update on what you're seeing early days to start 2026 and how you expect the rest of the year to play out on that front? Thanks.

**John McKenzie:**

Yeah, thank you for the question. I mean, early '26 really flows from the end of 2025. You mentioned in my comments that the financing activity in the back half of '25 was outstanding. If you actually look at the financing activity for all of the totality of 2025 now was up 60% year-over-year, 44% in the senior market, over 100% in the junior market, multi-sector behind it in terms of resources, financials, technology. That is a very strong leading indicator. We're seeing that strength continue into 2026.

Then in terms of the new issue pipeline, it's always conversation based because we can never give actual visibility to when a company will choose to go public. But we have one of the deepest IPO

pipelines that we are engaged with. If you talk to the investment banking community, they would tell you the same thing. One of the deepest pipelines we've seen in a number of years. Again, multi-sector in terms of companies that could be coming to market. You're seeing a return of technology companies interested in raising public money, which we haven't seen over the last number of years since basically 2021.

We're pretty excited about the potential. I always use the word potential because global events can be disruptive as we have seen in the past, but the potential is there. Market values are strong. Liquidity is very deep. The liquidity in the marketplace is the strongest it's been in decades. The conditions are good for companies that want to go forward. Now it's a question of which ones go when.

**Bart Dziarski:**

Great, thanks for that. Then just wanted to ask around the corporate solutions business you're building out. You're tapping into private markets. It's a new asset class. How should we think about that in terms of the opportunity for you over call it the next three to five years as you address that asset class for new growth?

**John McKenzie:**

Yeah, I mean, one of the simple ways we've thought about it in terms of how we've kind of set of our objectives internally is when we think about the whole capital formation space in terms of capital formation and corporate solutions, capital formation being very much the capital raising activities of the exchanges and corporate solutions being all the solution sets of public and private issuers. Right now, the corporate solution is about 44%, I think of the total revenue of that division. We're looking for that to be actually the larger piece. More than 50% of the capital formation overall business, which actually means we have to grow even faster when the capital raising activity is strong in that piece.

The reason we believe that that has potential is because those solutions, they are not limited to public companies. The ecosystem, the client base is capital raisers. Whether you're raising from a private source or a public source, that transfer agency, that trustee capability, that employee plan, the disclosure tools are useful for all of them. We've really seen this through our expansion of the trust business, the Newsfile business when we came in, had hundreds of clients that were in the private space as well. All those ones have a lot of growth space to get deeper relationships.

The unique piece around as we build this out is it allows us to have multi-solution conversations with clients that we didn't have the ability to do in the past. When we can talk to a client about not just the transfer agency capability, but the disclosure as well, or vice versa. That applies not just to private companies, but candidly, it applies to some of our largest blue chip companies as well that use other providers that now we can have discussions with. That's why we get really excited about that solution space, because it's not bound by public. It's capital raisers in general. As we sell into private companies, either through solutions or through the Marquette initiative I mentioned earlier, it allows us to build that relationship deeper with a company that has a go public potential in the future.

Again, when you build your pipeline for who can go public, we're starting that relationship earlier in the lifecycle by being able to serve them in their capital raising activities while they're still private.

**Operator:**

This concludes the question-and-answer session. I would like to turn the conference back over to Mr. Mousavian for closing remarks.

**Amin Mousavian:**

Thank you, Drew.

If you have any further questions, contact information for Investor Relations as well as media is in our press release, and we'd be more than happy to get back to you. I know your valuable time is finite and we thank you for spending with us this morning. Until next time, goodbye.

**Operator:**

This brings to a close today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.