



TMX Group Limited

First Quarter 2026 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:**

Welcome to the TMX Group Limited First Quarter 2026 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, Vasilis, and good morning, everyone.

We join you today to discuss the 2026 first quarter results for TMX Group. We announce our results for another outstanding quarter, highlighting double-digit revenue growth across all of our segments. Copies of our press release and MD&A are available on 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'll 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 the 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, before I turn the call over, I want to take a moment to acknowledge a significant milestone. Today marks John's fortieth quarterly earnings call, representing almost an even split between his current tenure as CEO and his former role as Chief Financial Officer. As those of you who have been following us long are aware, our Company has evolved into a global enterprise in 10 years since John's first broadcast, building on a track record of strategic execution and achieving impressive growth, including

more than doubling our top line, more than tripling our income from operations, driving a margin expansion of over 1,000 basis points, and a 10-year total Shareholder return of over 800%. It's been a remarkable decade, and while he would never say it, the marked success of this period in TMX Group's history stands a testament to John's leadership acumen and the purpose-driven vision he has instilled across our organization.

Now I'll turn the call over to John.

John McKenzie:

Thank you, Amin. This is a good testament to why I don't get to review your remarks in advance when we do these calls. Thank you very much. It's much appreciated.

As a massive baseball fan myself, I will remind everyone it's not the number of innings that are pitched, it's the number of times the team wins when you're on the mound. This team has done exceptionally well over those 10 years, and I'm proud of everyone in it. Thank you.

Good morning, everyone. Thank you for joining the call today. This is a very big day on our annual calendar. As Amin mentioned, we announced results for the first quarter last night, and our annual Shareholder meeting takes place this afternoon in our market center. We've already got a lot going on this year, both across the enterprise and around the world, and while we all collectively live through a very interesting point in time for TMX, for the exchange sector, and for the global finance industry.

This morning I want to cover off some of the key Q1 performance highlights and the progress we have made in our global strategy to accelerate growth. I will close my remarks on a couple of important new near-term initiatives.

Turning to the results, by all measures TMX delivered excellent results in the first quarter of 2026, generating record revenue and outstanding year-over-year growth in income from operations and earnings per share. Overall revenue grew by 16% compared with the first quarter of 2025, including increases across the enterprise from transactional and recurring sources, core businesses, and areas of recent expansion. Organic revenue, excluding last year's global insights acquisitions, bond indices, ETF stream, verity, and nuclear sector indices, increased by 14%. Adjusted diluting earnings per share increased by 33% from the first quarter of 2025.

Total expenses increased compared to last year reflecting the inclusion of operating expenses related to recent acquisitions and partially offset by the strategic realignment costs incurred in Q1 of 2025.

David will take a closer look at these expenses in his remarks to follow.

Moving now to the Q1 highlights across our business areas. Revenue from capital formation increased 28% compared to Q1 2025 due to higher revenue from additional listing fees and TSX trust. On the listing side, strong performance in the quarter was driven by increased financing activity on both TSX and TSX Venture, including \$4.2 billion in equity capital raised on TSX Venture and \$6.4 billion on TSX.

In March, we welcomed a number of new listings to market, a positive signal for our pipeline and go public prospects, including Xanadu Quantum Technologies, a quantum computing developer, AGT Food and Ingredients, a globally diversified food company based in Regina, Saskatchewan, and Meditech Group, a UK-based provider of geophysical survey and data services for resource exploration.

At the same time, we are seeing signs of renewal in corporates and continual momentum in financing on our market, and Canada's ETF industry continues to grow at a record pace. Q1 total net inflows surpassed \$60 billion, nearly double the amount last year, and assets under Management increased more than 40%, topping \$800 billion in the first quarter.

Now I'd like to turn to trading. Q1 was marked by very strong activity across our equities and derivatives markets as investors reacted to global volatility and geopolitical uncertainty. In equities markets, Q1 revenue from equities and fixed income trading increased by 34% over 2025, largely due to a 50% year-over-year increase in combined volumes on TSX, TSX Venture, and Alpha. Derivatives trading and clearing revenue, excluding BOX, increased 28% compared to the first quarter of last year, driven by record activity as investors looked to derivative strategies to hedge against risk.

MX average daily volume reached an all-time high of 1.1 million contracts in Q1, and overall open interest was 12% higher at the end of March than at the same point last year. Other MX activity highlights included record volumes across our interest rate products, including a 38% increase in volumes in the three month CORRA Futures Contract, or CRA, record volumes in bond futures,

highlighted by 30% growth in volumes in the CGZ, or Two-Year Government Canada Bond Future, and open interest in ETF options hit a new high mark of 22.6 million contracts in mid-March.

In a record-setting period, we also made important progress on growing MX's product suite. In early April, we launched a new tool designed to help investors manage Canadian credit spread risk, the FTSE Canada Bank Credit Index Future, or BCS. Initial client response has been positive in terms of open interest development, with market makers providing trading opportunities via tight liquidity.

Now, turning to our Global Insights pillar. Revenue in Global Insights increased 13% compared to the first quarter of 2025, reflecting higher revenue from all three components of the business, TMX Trayport, TMX VettaFi, and TMX Datalinx. Q1 revenue from TMX Trayport grew 9% compared to last year, or 8% in pound sterling, largely due to an increase in the number of licensees. TMX Trayport continues to invest in advancing and evolving our technology and our products and services to ensure we deliver an unparalleled client experience across our European energy network.

Revenue from TMX VettaFi increased 10% year-over-year, or 15% in U.S. dollars. Increased revenue was driven by higher indexing revenue reflecting organic growth in assets under indexing, as well as revenue from three 2025 acquisitions, Bond Indices, ETF Stream, and the Nuclear Sector Indices.

Looking beyond the core market, TMX Trayport and TMX VettaFi remain in pursuit of expansion opportunities across geographies and asset classes. While we're proud of the milestone accomplishments and records set in the first quarter, the context is important. We didn't do this alone. Canada's capital markets are best in the world, deep and liquid, fair and transparent, responsive and resilient. What sets our markets apart, what makes them unique and formidable and world-class and capable of so much more, is the commitment and partnership with our stakeholders.

At the center of this powerful ecosystem, TMX's focus is where it needs to be, on what comes next. Because making markets better and empowering bold ideas is our purpose, guiding our decisions and emboldening our forward steps. The most exciting thing about the work we've done to build the high-performance TMX today is what it means in terms of those building blocks for tomorrow.

With the future in sight, I want to close with some details around important initiatives that we have undertaken here in Canada and around the world. One of those initiatives is the one we announced a

couple of short weeks ago, the agreement to acquire Cboe Australia and Cboe Canada. This transaction is designed to expand our presence in Australia, a region we are well familiar with and where we see significant growth potential. Also to strengthen our domestic markets to create an even more competitive Canadian champion on the world stage. We are excited about the opportunities in front of us, and most of all, we look forward to partnering with clients to identify ways to build on the unique strength of these ecosystems to better serve in both regions.

Another initiative, which we haven't discussed publicly yet prior to this morning, is our extended hours project. TMX is deeply engaged in a proposal to operationalize extended trading hours in Canadian equities. This has been a hot-button industry topic, of course, and one we've discussed on previously quarter calls and investor meetings. We've had many discussions with our clients and stakeholders to solicit their input and feedback on how to get this right. Quite frankly, with the largest and most competitive market in the world at our border, we've got a responsibility to closely examine the potential impacts on transformative developments stirring in their marketplace.

For Canada, this is not a single venue proposition. It's an ecosystem undertaking. Canada's markets have unique attributes that need to be taken into consideration in any such plan. We are well along the process of scoping a proposed extended hours model taking into account the potential impacts, benefits, challenges, opportunities, and risks. These important stakeholder discussions are ongoing, and it will be a focused topic at next week's annual TMX Equities Trading Conference.

Now, our country's collaborative approach to moving markets forward has proven successful over time. Whatever forward path that we choose, we have some great examples of executing game-changing marketplace projects, including the overhaul of our market-on-close facility, the transition to T+1 settlement, and the implementation of post-trade modernization. These are all actually recent initiatives. In fact, last week marked the one-year anniversary of the launch of PTM. We recognize that making investments in upgrades to critical infrastructure components won't generate the headlines, but when done right, they do make markets better for all.

In terms of the extended hours proposal, we look forward to working with our constituents and our regulators to drive a conversation about what is right for participants, investors, and issuers, and determine together what works best for Canada.

In closing today, I want to thank our employees around the world for your commitment to the Company and your commitment to our clients and for bringing our purpose to life in your work every day. Your contributions are vital to TMX's success and our winning edge.

With that, thank you, and I will turn the call over to David.

David Arnold:

Thank you, John.

Good morning, everyone.

I'm pleased to report that the TMX Group has once again delivered outstanding financial results for the first quarter of 2026, highlighted by record revenue and record income from operations. We saw growth across all our segments with pronounced growth in transactional businesses as well as recent expansion areas.

Looking at our results sequentially, we carried strong momentum from Q4 2025 into Q1 of 2026. This positive trajectory continued with enterprise-wide revenue reaching a new high of \$488.2 million. Revenue grew \$30.4 million, or 7%, from the fourth quarter, reflecting revenue growth in our global inside segment fueled by growth across, first, TMX Datalinx, including Verity, which was acquired in October 2025. Second, TMX VettaFi, driven by a 10% increase in average assets under index, or AUI, compared to Q4 of 2025. Finally, TMX Trayport, reflecting a 5% increase in ARR sequentially. Volume growth of 16% in derivatives trading and clearing and 12% in equities and fixed income trading and clearing drove revenue increases in both segments. Increased capital formation revenue, reflecting higher sustaining fees, as well as increased TSX Trust transfer agency fees compared with Q4.

Now turning to our expenses, as John indicated I would. Operating expenses in Q1 decreased \$2.5 million, or 1%, from Q4, reflecting lower litigation, dispute, and related items, totaling \$15.3 million of BOX Consolidated Audit Trail, or CAT for short, related expenses incurred in Q4, partially offset by higher acquisition, integration, and related items. Excluding the impacts of acquisition, integration, litigation, dispute, and related items, operating expenses increased by 4% sequentially, driven by the following.

Approximately 3% increase related to TMX VettaFi's exchange conference that occurred in Q1. I will come back to this in a minute. A 4% increase in payroll taxes and merit increases, which is typical in the first quarter, driven by the annual reset and bonus payments, offset by a 3% decrease related to lower employee performance incentive plan costs. After factoring in these items, our costs are largely unchanged from Q4.

Following client feedback, TMX VettaFi's exchange conference is evolving in 2027. We are pivoting from a single large-scale event to a series of more focused, curated events to allow more meaningful engagement and in-depth conversations. This approach has proven successful in Europe following our acquisition of ETF Stream last June. We look forward to bringing this concept to North America. As a result, there will be less seasonality in this part of the business going forward.

Earlier, John covered the highlights of our year-over-year revenue performance. Now let's take a look at our expenses compared with the prior year. Our operating expenses increased by 5% in Q1. Combined with the 16% top-line growth this quarter, this translates to double-digit positive operating leverage and a 6% operating margin expansion, reaching 49% in the first quarter of 2026.

The increase in expenses included three items. First, we incurred \$11.9 million of additional expenses related to new acquisitions, namely \$7.7 million of operating expenses excluding depreciation and amortization related to bond indices, ETF Stream, Verity, and nuclear sector indices. Three point two million higher amortization related to acquired intangibles, and finally \$1 million of higher acquisition, integration, and related items for these new acquisitions.

Second, we incurred \$3.7 million of higher litigation, dispute, and related items. Third, partially offsetting these increases was approximately \$4.6 million related to strategic realignment expenses in Q1 of last year. Excluding these items, our operating expenses were largely unchanged on a comparable basis, primarily reflecting, first, roughly 3% higher expenses related to higher headcount, annual merit increases, and higher severance. Second, approximately 1% increased IT costs related to software license subscriptions and cloud services. Third, around 1% across other cost categories, including higher depreciation and amortization related to our post-trade modernization project, which went live on April 28 of last year. Lastly, these costs were offset by 5% lower employee incentive plan costs driven by our lower share price in the first quarter.

Now, as mentioned in prior quarters, the performance of our shares relative to the S&P TSX Composite Index is a factor in our performance share unit multiplier. The lower share price as of March 31 contributed to a lower long-term incentive plan expense for the quarter. Depending on the share price movement from April to June of this year, our long-term incentive plan expense may have a different impact on our expenses in Q2.

We have a Shareholder vote for the implementation of an Omnibus Equity Incentive Plan at this afternoon's Annual General Meeting. If the required approvals are obtained, this plan will, among other things, enable an accounting treatment that is expected to significantly reduce P&L volatility for future grants that are subject to the performance share unit multiplier.

Moving now to our reported diluted earnings per share, which was up 111% compared with Q1 of last year. This increase includes \$0.21 per share of litigation dispute and related items in Q1 of this year, reflecting a net cash settlement payment received as part of a legal dispute. A more meaningful comparison of our adjusted diluted earnings per share yields an increase of 33% from \$0.49 in Q1 of last year to \$0.65 this quarter, mainly driven by a 32% increase in income from operations and lower net finance costs.

On the balance sheet front, in the first quarter of 2026, we spent \$57.5 million, repurchasing almost \$1.2 million, or 0.4% of our common shares under our 1% normal course issuer bid program from launch on February 27 to March 31 of this year. Our debt to Adjusted EBITDA ratio at March 31 was two times, which is squarely within our target leverage range of 1.5 to 2.5 times. As of March 31, we also held over \$500 million in cash and marketable securities, which is more than \$285 million in excess of the approximately \$215 million we target to retain for regulatory purposes. Net of excess cash, our leverage was 1.8 times.

As a reminder, on April 22, we announced our plans to expand into Australia and strengthen markets in Canada. We plan to fund this acquisition through cash and debt.

Lastly, I'm pleased to announce that last night, our Board of Directors approved a quarterly dividend of \$0.24 per common share, payable on June 5 to Shareholders of record as of May 22. This represents the dividend payout ratio for the last 12 months of approximately 40%. TMX Group's performance in the first quarter is a reflection of the continued execution of our TM2X strategy, our ability to capitalize on

market opportunities and our commitment to operational efficiency. Our diversified revenue streams, highlighted by 16% year-over-year revenue growth that significantly outpaces expense growth, and this positions us really well for success in 2026 and beyond.

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

Amin Mousavian:

Thank you, David. Vasilis, could you please outline the process for the Q&A session?

Operator:

We will now begin the analyst 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 the keys. To withdraw your question, please press star, then two. Please limit yourself to two questions.

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

Chris O'Brien:

Hi. This is Chris O'Brien on for Ben. Thank you for taking the question. I wanted to ask about Trayport. When we look at year-over-year ARR growth, it looks like it's slowed down to the high single-digit range after being in the mid-teens in 2025. I was wondering if you could help unpack some of the drivers behind what's going on there and then if you could make any comments on the revenue retention within Trayport as well. It's up sequentially, but versus the average that we've seen over 2024 and 2025, it's down a bit too. Any colour would be helpful. Thanks.

David Arnold:

Hey, Chris. It's good to take a question from you and send my regards to Ben. Let me start with our overarching view. We continue to expect high growth for our Trayport business. The definition of high growth for us is high single- to double-digit growth. This is really part of our long-term growth aspirations, and that hasn't changed. We tend to not focus on quarterly or even small annual variances. It's a high-growth business. It's a proven track record. Ever since we've acquired and invested in the

growth of the business, yes, we've been able to deliver some of the returns that you mentioned, i.e. in the low teens, but it's still squarely within our long-term growth aspirations.

Now, in Q1, recurring revenues were 9% higher year-over-year and 5% sequentially. The growth in ARR was driven by continued signing and onboarding of new clients and sales of additional products from both the suite in our core European and markets globally. We continue to see good expansion well within our long-term objectives. Remember, growth in recurring revenue is really influenced by trends in client usage and also seasonality, which impacts variable revenues. That also is a function of both timing and the renewal schedule for those that are on site licenses, which are longer term.

As we've said many, many times before, we're continuing to develop our product offering. We're going to expand into new markets and asset classes to unlock further growth opportunities for the long term. As my late father used to say to me, when you get an A-plus every day at school and you come home with an A, there's an area for improvement. I guess high single digits is really what you're knocking at.

Chris O'Brien:

Great. That's really helpful. Thanks so much for taking the question.

Operator:

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

Étienne Ricard:

Thank you and good morning, team. On capital allocation, you announced two weeks ago the transactions with Cboe. I presume the focus of the Management team is on closing and integrating these businesses over the short term. How do you think about the potential for M&A during this period? I presume maybe some deals at VettaFi could be interesting, or are you also contemplating larger transactions?

John McKenzie:

Thank you for the question. It's such a good question and it really is core to continuing to focus on adding capabilities that allow us to continue with the long term growth trajectory. You're absolutely right. There is some short term focus around bringing these in, moving them through their process, getting them to closing. But if you recall, the total capital we're deploying for this at \$300 million U.S. or slightly over \$400 million Canadian really doesn't tax our capability. The capability of either our balance sheet

or of our team to execute. We remain committed to looking at opportunities to deploy capital further to continue to accelerate the growth strategy.

To your point, as we have in the past, adding in new capabilities to help build us out in index data spaces, support for issuers, both domestically and globally, are all areas that we are continuing to focus on. We have both operational capacity and balance sheet capacity to do both small tuck-ins as we have done throughout the last year, but also larger, more transformational initiatives as well. Everything is on the table, and they will be governed mostly by, again, that commitment to driving the strategy and ensuring that every transaction we look at has got the right Shareholder fundamentals in terms of return to Shareholders, return on investment, et cetera, et cetera. No change in strategy going forward. We have both the capacity and balance sheet to continue to do more.

Étienne Ricard:

John, how are you thinking about the chain of reporting to you given the increasingly global presence of TMX to make sure that everyone is aligned on the relevant goals?

John McKenzie:

I mean, actually, that's the piece I worry about the least because from a leadership team standpoint, we have a highly aligned leadership team. Having our three core business areas under the leadership of Luke, Louis, and Peter, they are very focused in terms of what we're doing from a growth standpoint. Interesting enough, though, a lot of these initiatives actually work across the organization.

When you see the way we structure our team, the way that we work together, the way that we review performance, the way we compensate the team, it is designed around TMX objectives. It's designed around the long-term performance of TMX. Everything we've tilted to over time has reinforced that. I'm very comfortable we've got a team that's all anchored in terms of the same strategy and rowing in the same direction.

Étienne Ricard:

Thank you very much. I'm looking forward to the forty-first call.

John McKenzie:

Thank you. I'm not yet. I'd like to just finish this one first. Thank you.

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 to the team on another very solid quarter. I did want to follow up a little bit on the Trayport question earlier. Perhaps, John or David, could you give us a little bit of an update with respect to sort of Trayport's initiatives on diversification? I know that diversifying outside of Europe, Japan, U.S., and so forth are very much on the agenda. Perhaps an update as to how that's been tracking in the last several quarters.

Secondly, on the M&A front, I know you said that sort of there's no major change in plans, but I was just wondering, the Cboe acquisition obviously makes a lot of sense, but given what we see in the markets in terms of software and the sell-off there, does that kind of cause you to take a pause and wait and see what happens in the private markets before taking actions on that side of the aisle? Any sort of thoughts there would be helpful. Thank you.

John McKenzie:

Okay, that's great. I'm going to try to tackle both. If I miss some of the second part as I'm going through, please jump back in there. With respect to Trayport, we are continuing to develop into the new regions. The regions that we've talked about in the past in terms of the U.S., in terms of Japan, that is still progressing quarter by quarter. We've been adding additional clients in both those regions.

The Japanese market, it's more difficult to get to a projection as to where you start to see that become more material because it really has to do with the development of the market itself. We are in there in an early stage. The secondary market is developing. You've got new players that are coming in. As that evolves, you will start to see more than the actual impact on volumes, on revenue picking up on actually having more participation like we are doing in the U.S. where we're actually adding more participants all the time.

Those continue to progress on an add basis. We are also looking from an exploration standpoint at some other regions as well. As we get some traction on those, as those markets evolve around the world, we also will continue to update the analysts and the investors in terms of how those progress. But on each of these cases, we're continuing to grow.

In addition to those, we are continuing to grow different strategies on how to bring more asset classes on platform. That strategy around things like oil market continues to evolve and we've got different approaches this year we're going to look at to accelerate that. Because again, we're trying to break into markets that haven't traditionally been traded electronically.

Secondly, so to your question around—oh sorry, David's just notified me. With that, good opportunity for me to announce actually that we actually do have a new lead in Trayport. With Peter taking on the larger global role in terms of global insights, we've hired an exceptional new lead in Matt Brief, who comes to us in the London market to lead our Trayport operation. It's going to give me an opportunity for him to look at the strategy as well, see what he thinks from an outsider lens looking in is working, what we can do to accelerate even farther. There will be more for us to report as we get Matt up and running in the business as he comes on in the next month.

Now, I knew I would do this, Aravinda. You've got to remind me of your second question again because I went too far down the Trayport hole.

Aravinda Galappaththige:

No, that's okay. It was on the M&A question. I know that you had said that your plans there haven't really changed even following the Cboe acquisition announcement. But I was wondering on the other side of the aisle with respect to software or analytics and that side of the equation, given what's happened in the public markets, is there a sense that you perhaps want to pause and see what happens on the private market side before sort of taking any action? I know that longer term it probably means even better opportunities for you, but just sort of high-level thoughts as we sort of digest sort of the movement over the last three or four months.

John McKenzie:

I mean, the fundamental piece is always to remind folks that we're actually not in the software business. We're an applied technology business. Technology is core to what we do, but our technology is largely proprietary. Our networks are proprietary. Our data sets are proprietary. When we are looking to bring new things in, it's largely not software, even though some of our business is delivered in the style of software as a service.

Trayport, for example, billing as a subscription basis, it's a deployed technology, but it's not a software sales business. The types of things we are looking at are really not in that lens. They're really not in the lens of things that are kind of AI-disrupted or disruptible. Continuing to look at index opportunities that we can tuck in and scale up that have proprietary capabilities in them, that have unique investor followings will continue to be a priority. If those happen to be on sale now because of this disruption on pricing, I think that's opportunistic for us to potentially take advantage of the opportunity to bring things in at different price points than we could have in the past. No change in our strategy. We would never want it to be dictated by those kind of market forces.

Aravinda Galappatthige:

Thank you. I'll pass the line.

Operator:

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

Jaeme Gloyn:

Yeah, thanks. First question just on VettaFi. As we see a step back in the exchange conference this quarter, I guess, and a shift in that strategy longer term, can you talk a little bit about maybe what's what happened in Q1? What was the feedback to drive that shift? Then more broadly on the VettaFi, just talk through some of what would be the, let's say, non-recurring revenues that drive that business.

John McKenzie:

One of our takeaways as we were looking at some of the questions coming in today is we've got to almost do a better job explaining what's in there because the first quarter for VettaFi was fantastic and we didn't write it that way. Like when you actually look at the comparable businesses on the core of what matters in terms of kind of indexing revenue, the core products and services, that was up 21% in the quarter year-over-year. Fifteen percent U.S. dollars overall in terms of growth, 21% when you exclude things like acquisitions and the exchange conference. The core of the business that we're trying to build with client ads, AUM growth, new index opportunities.

But to your point, there's a lot of noise in Q1 and the biggest thing that's driving that noise, one, beyond the exchange rate impacts on the year-over-year comparison, is the change in strategy around what we're doing around the conferencing component. As David mentioned in earlier remarks, is moving

away from doing this one big bang show to doing things more on a regular basis that gets more engaged in the community, more engaged in the geographies. This is a strategy we've been building on since also we brought in the ETF Stream piece in the U.K. market last year that does many more kind of micro-conferences, things to get people to get investors and IAs engaged on a more regular basis.

To David's point, it's going to take some of the lumpiness out of the business as well where we have this big event that's conference related revenue that as people have noted, it's not high margin revenue but it's really important from building pipeline. That's going to get more normalized into the year. But as we've been transitioning that, it's a step down in the revenue for that event year-over-year in terms of that Q1 comparison to last year.

That's the way to think about it. The core business in terms of indices, assets under indices, products and services related to that had an exceptional Q1 and we expect that strength to continue going forward.

Jaeme Gloyn:

Okay, so the organic growth in the business, did you say it was 21%? Because you're right, as it's written, it looks like organic growth was like sub-10%.

John McKenzie:

Yeah, organic growth in U.S. dollars. Taking out the conference and taking out acquisitions, because I don't want to credit those, was 21% year-over-year in U.S. dollars. Then you include the flows from the new acquisitions, it's higher than that.

Jaeme Gloyn:

Right, taking out acquisitions and conference. Okay, that's the piece that I just missed on that comment. Thank you. Then second question, just listening to some of the global peers talk about tokenization, it sounds like it's a lot further along in their strategic plans than maybe the U.S. dollars. Or maybe this is kind of what you're going to talk about next week at that equities trading conference and move into extended hours. Can you talk through where you're at on the tokenization strategy and implementing that in Canada?

John McKenzie:

Yeah, I'm happy to. I'm going to talk a bit more from a process standpoint of what we're doing, what we're working on because I never like to be in the announcement of intentions business. Unfortunately, I'm finding there is a bit too much of that in this space that's speculating on intentions. We've actually been quite active through the end of last year and into this year on developing roadmap and strategy around blockchain adaptation and tokenization. That's really exploring everything through the value chain.

The unique thing to us versus say some of the U.S. peers that you've talked about is we actually have all the components of the value chain in our ecosystem right from issuance and listing through trading, through clearing settlement, corporate actions, depository, custody, the whole work. We really have a unique view on how to bring forth these capabilities and create value for the industry but with a mindset of how do you make sure that things are standardized and interoperable. That's a really important piece because you can't simply tokenize the market and it just goes there. You need to do it in a way that's interoperable. It's certainly part of the conversation that we're going to be having at the equities trading conference next week.

Early stage in terms of work we're done and we're actually having this conversation with our Board yesterday as well as the Board today is really about where is, for lack of a better word, kind of the low hanging fruit in terms of where opportunities are to create value. That really is around how do you tokenize the assets that are in the depository. This is the fixed income assets, the collateral assets, and to a lesser priority the equities themselves. But by focusing on those earlier ones, you can start to unlock value for users to make collateral more mobile, to make it more efficient in the system, to reduce cost and reduce frictions.

We do see that there's some real opportunities there as Canada and other players in Canada look to do more around things like stable coins, as we launch things like secure general collateral notes. Those are all things that actually can be facilitated even better in a tokenized regime where we can use the capabilities of depository to really customize the assets behind it to make them more mobile. We do see that as kind of being the priority edge where there's going to be value for the industry.

At the same time, like the U.S. market is, we are looking at the application of what does tokenization of equities look like. I'm going to be candid, there is not material demand that we're seeing for that application because it actually is not as efficient as the core application of the centralized order book in

terms of both liquidity, transparency and ease of execution. The Canadian market is not as liquid as the U.S. market. If you start to tokenize that and you fragment and have fractured even more, the investor experience can be deteriorated. There's not a reason for us to be at the front end of that, but we are doing the work to ensure that Canada can move in lockstep if that's the right move for the Canadian market.

That's very consistent with the way I talked about round-the-clock trading. We're right next door to the U.S. We need to make sure the Canadian market remains competitive. Again, at our conference next week, we're going to talk about the right way to move to round-the-clock trading in a way that's both smart, thinks about the system impacts, thinks about the stakeholders, minimizes the execution costs and risk of making a change where there may not be a lot of liquidity earlier on. These are areas that are near, kind of near to our hearts. They are priority areas from us. As they turn into products or things that we need regulatory approval with, then we will actually make announcements in the public domain to that regard.

Jaeme Gloyn:

Thank you very much.

John McKenzie:

You're welcome.

Operator:

The next question comes from Steve Boland with Raymond James. Please go ahead.

Steve Boland:

Thanks. Just the first question, and I apologize if this is in the disclosure somewhere, but the litigation, can you talk about what that was related to? Is that \$80 million plus, is that actually cash in the door at this point?

David Arnold:

Hi, Steven. It's David. Yeah, so regarding the reported settlement and really the related provision, these figures do reflect the conclusion of a confidential legal dispute, right? While the specific terms of the agreement remain confidential, I can confirm that the settlement represents full and final resolution of

the dispute. The \$7.3 million provision we noted specifically covers the remaining obligations we have in connection with this matter. Obviously, it's a non-recurring event. Consequently, we don't anticipate any disruption to our ongoing business operations or further impact to future financial performance. Yes, the amounts are received. Really, that just assists us in, obviously, cash flow management going forward.

Steve Boland:

Okay. Gentlemen, you turned out pretty good about talking about the pipeline. Obviously, capital markets continues to be very, very healthy. Maybe you could just talk a little bit about the IPO pipeline, additional listings. I mean, April was a busy month. Is there the same sort of outlook that you had maybe last quarter as well?

John McKenzie:

Yeah, it continues to be really robust. Pipeline still has 1,500-plus companies in it. You know, in addition to the IPOs that we actually talked about in the call, there were actually 32 new corporate listings that came on in the first quarter of 2026. Because there's a lot more ways to come on to our marketplaces than just IPOs that can be through capital companies, qualifying transactions, things like that. There is some very strong sectors that are driving some capital raising in terms of mining. There is potential in the Energy market with all the energy dislocation in the world that we haven't seen that translate yet in terms of actual financing and capital raised.

All the core indicators are for continued strength going forward. You're seeing it exactly right. We're seeing a lot of early dialogue on new issues coming to market both from a new issue standpoint and, again, from existing companies raising net new capital standpoint. That \$10 billion plus that was raised in the first quarter of this year would be a combination of both of those.

Steve Boland:

That's great. Thanks very much.

Operator:

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

Graham Ryding:

Oh, hi. Good morning. John, if I could just sort of follow on in that tokenization discussion, that was helpful what you provided earlier. Are you in a position yet sort of given the work you've done and what you've seen evolving in the other markets, U.S. in particular, to give us a sense of what part of your business you think could benefit if the market does move towards tokenization? It sounds like post-trade you could be well-positioned. Is that the right way to think about it? Are there some other areas of your business where there could be some attrition? I'm thinking maybe either some trading volume moves on chain or what is the need for your clearing services if the market moves to an instant settlement model?

John McKenzie:

Yeah, that's such an important question. Canada, we don't really see this as a material plus minus. We can go through some of those pieces, but it's more of a how does the technology that underpins the market continue to transition and evolve?

Keep in mind that this has been a constantly evolving technology stack for decades in terms of how you trade and how you bring this to market, including the replatforming of clearing that we just completed. There are different views in terms of what it means from a settlement standpoint in terms of whether you move to an atomic or a real-time settlement.

The challenge with those models is they actually have real efficiency costs to the industry as well. When you start to move into an atomic settlement, you lose the ability to net. That actually makes the capital less efficient in the marketplace. It raises the cost for players. It's not necessarily the right outcome. The blockchain or tokenized technology, it actually isn't necessary to move to a real-time clearing model. The reason we settle at T+1 is because the industry convention actually makes the industry work better and more efficient. You could actually go to a real-time settlement today. I believe actually in our trade-for-trade capability in the clearinghouse, people could adopt a same-day settlement if they chose to. That functionality exists already.

But again, it's less efficient. In terms of trading, whether or not you tokenize or not, whether you tokenize and take assets off exchange, if you want to have those assets integrate, then with the biggest pool of liquidity, they integrate back in from a trading standpoint. Because if you tokenize an equity, for example, and move it off on-chain and then trade it chain to chain, is that investor still getting best

execution? Are they still getting full price visibility? Are they still getting the liquidity of the central market and the ability to interact with the bulk of it?

These are actually the kind of things that we need to think about as we look to how do you tokenize is how do you bring the next generation capability in but make it interoperable with the existing capabilities so it's got the best experience for the investor base and we still care about things like best execution, investor protection, disclosure for public companies, those types of things. That's why we're trying to be thoughtful on the approach to doing it. In all these cases, we do see them more as transformation of the underlying capabilities over time in a way that also interacts with existing capabilities but not material changes to the underlying components of the franchise.

Graham Ryding:

Okay. Helpful. One more if I could. Can't have a conference call without talking about AI. Can you share with us an update of just how you're incorporating AI or agentic AI both internally from an operations perspective but also perhaps just within your products and your market solutions? Any development there?

John McKenzie:

Yeah, I mean this is an area we continue to be very active on, and we actually just recently stood up our new AI and enterprise data management team. An engineering team that is actually focused on developing use cases in the firm and helping the firm to adopt different capabilities. We've made available essentially all the major AI tools around software development in a box basis so it can be used appropriately, and you can use it in a risk management basis so you're not actually doing it in live production systems. We're making that available and we're using it in the development environments on multiple parts of the franchise.

We've got unique pieces of actual development going forward and transformation of some of our businesses where we're actually using these tools in. I'm not going to actually talk to you about which specific technology pieces. I don't think that would be appropriate to do but they are being used in multiple development teams. In addition, we also have it in some of our data areas where we're using agentic AI to actually create unique data sets from underlying source data and then the general AI tools we have deployed throughout the firm with over 90% participation from the employee base in terms of using productivity tools. That is a big piece we continue to deploy, continue to make the right tools

available and prototyping around different parts of the franchise including things like corporate actions on the CDS side as we were just talking about post-trade recently.

The other piece that's really top of mind and I think you're going to hear this from more institutions as we go forward, particularly the ones that are big technology stacks like we do and especially around financial services, is one of the real priorities around AI this year is going to be around more cyber defense. The biggest changes in terms of the AI world is in terms of things that are being done that are developing or identifying cyber vulnerabilities in software like things like Anthropic Mythos and et cetera, et cetera. We are looking at and we're in industry as well is that focal point of how do you actually then patch all the different pieces of third party software that make up part of the franchise that have vulnerabilities that are being identified. How do we look at our own software stack in terms of legacy technologies that may be out of service, out of support.

There are actually AI tools that we can use to identify what some of those are and actually bring them into next gen or potentially replace them. Then also which is what are the other components of our environment that are insulated from this and ensure that we've got the right kind of doorways and locks in front of them to continue to make sure they're protected as this change happens. This is both to your point the offensive strategy around how we do more, do faster, develop more, deploy tools but also the defensive strategy to make sure critical infrastructure that we've got is real time up to date to ensure it's well defended against the evolving cyber landscape that's now AI influenced.

Graham Ryder:

That's it for me. Thank you.

Operator:

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

Bart Dziarski:

Great. Thanks for taking the questions and good morning, everyone. I wanted to touch on Datalinx. It sounds like you're getting pretty good traction there in terms of monetizing your existing data sets so just help us understand what's driving that. Then maybe more broadly as you build this mindset of finding an energy transition ecosystem post Cboe Australia, how does that expand the Datalinx TAM if you will?

David Arnold:

Thanks so much Bart. I'll take the first part of your question then I'll let John touch on kind of what the acquisition of Cboe Canada and Australia would do for our data business but really yeah, you're right Bart. I mean it was a very strong quarter for Datalinx right? You know professional subscribers grew by about 2.4% and that was really driven by a 1.4% increase on both TSX and TSX Venture professional subscribers. We also saw 3.3% in the Montreal Exchange and 4.5% in Alpha, so really reflects the strong demand across the board given the current market environment. The growth comes from both existing clients increasing their subscribers but also new logos looking for our proprietary data. That's the best colour that I can give you and then John maybe want to talk about the expansion?

John McKenzie:

The expansion, particularly when we talk about Australia, it's really an ecosystem expansion. Let me come to the data piece along the way there. Part of our hypothesis is that the ability for us to assist in terms of the capital raising regime globally, particularly around the resource sector, when we've got combination of the two largest resource markets in the world and the ability to serve both. We're already getting the right response from clients that kind of validates that proposition of clients that have come to us and say, "We need to be financing in that market as well. How can you help us? How can we be involved in what you're doing?"

As we build out and we work with the marketplace participants in Australia, we believe there's a lot we can bring to bear there in terms of product and innovation that would be unique to the market. Our strength in junior capital around mining, the ability to do things like capital company, junior issuances that grow and graduate, are unique capabilities that we're looking to see if there's an opportunity there for. In that, as the marketplace builds, there's already actually a strong data stream that's generated in the Australian market from this asset. We think there's opportunity for upside there and opportunity, quite frankly, to kind of essentially co-distribute around the world.

As it gets more scale and the data sets get more interesting, the opportunity to start commingling that data with data that we've got here to do things that are sector-specific to a global audience, to take advantage of the really broad distribution capabilities that TMX has for data distribution globally are all part of those additive pieces that we looked at when we looked at this transaction of things that we can build to make the market stronger and more robust. Your question is bang on. It's right in the wheelhouse of what we're working on. In the near term, the priority though is actually moving through

the regulatory process, having the deal approved and closed so we can start to move ahead with the great team there.

Bart Dziarski:

Got it. Thanks for that. Very helpful. Just on capital allocation and the buyback. Great to see you guys stepping in and buying the stock this quarter. I think you're halfway through the program now. Just stepping back, when I think about the core business, the free cash flow generation's strong, the leverage is in a good spot, and even on M&A, you delever quite fast. More longer term, how should we think about the potential for that buyback program to ramp up over time?

David Arnold:

That's a great question there, Bart. The way we think about share buybacks, and if you, if you call into our Annual General Meeting today, I'll actually spend a bit of time, as I do each year, kind of on our capital allocation philosophy. Really the share buybacks are right at the bottom of the capital deployment philosophy, right? First, it's invest in the organic growth of the business and so on and so forth. Return capital to Shareholders through our dividend program. Then really, we have an opportunity to organically, or to inorganically accelerate our strategy, and that obviously would be capital deployed through M&A, but also to be opportunistic on a share buyback program.

Historically, our philosophy has been that we'd like to participate in a share buyback program to, at a minimum, offset the dilution of the options that might get exercised during any kind of period. As you noted in this first quarter, we're close to halfway through the 1% normal course issuer bid or share buyback program. We reserve the right to increase the ability to do other share buybacks later in the year or in future years, right? At the end of the day, it's just another method for us to deploy capital if we feel that a share buyback is actually the best method to return returns to our Shareholders, right? Stay tuned.

I mean, we continue to debate with our Board and as a Management team, kind of what's a normal course, normal course issuer bid, if you will. Something in that kind of 2% range seems about right for a Company of our size. We'll see. It really is a factor of deployment opportunities and kind of the environment.

Bart Dziarski:

Thanks for that. John congrats on 40 and here's to 40 more quarters.

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 very much for joining our call today. As a reminder again we have our AGM at 2:00 P.M. this afternoon and we welcome you to join us. We know your valuable time is finite and thank you for spending with us and 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.