



NEWS RELEASE

TMX Group Announces Agreement to Acquire AST Trust Company (Canada)

9/25/2020

Canada's premier exchange group to expand its presence in the Transfer Agency and Corporate Trust business

September 25, 2020 (TORONTO) – TMX Group Limited (TMX Group) today announced it has entered into an agreement to acquire AST Investor Services Inc. (Canada), and its subsidiary AST Trust Company (Canada), a leading provider of transfer agency, corporate trust and related services to Canadian public and private companies from a subsidiary of Armor Holdco, Inc. (Armor), a portfolio company of Pacific Equity Partners (PEP), for \$165 million in total consideration, which includes \$30 million of cash for regulatory and non-regulatory purposes, subject to customary closing conditions and working capital adjustments.

"The acquisition of AST Trust Company (Canada) will significantly strengthen TMX's ability to serve the needs of companies across the marketplace by bringing to our TSX Trust business a proven team of industry professionals, and a wider range of products and technology capabilities," said John McKenzie, Chief Executive Officer, TMX Group. "From a strategic perspective, this transaction will help to accelerate TSX Trust's growth and enhance its competitive position, deepening relationships with existing clients and broadening the scope and scale of its service offerings."

AST Investor Services Inc. (Canada) and AST Trust Company (Canada) offer a comprehensive portfolio of products and services, currently including transfer agency services, equity plan solutions, corporate trust, structured finance

and proxy related services. AST Investor Services Inc. (Canada) and AST Trust Company (Canada) have approximately 150 employees in offices in Toronto, Montreal, Calgary and Vancouver. Armor's U.S. operations, including American Stock Transfer & Trust Company, LLC and D.F. King & Co., Inc., are not a part of this transaction.

"I am very confident that the Canadian business will continue its record of success going forward under TMX ownership," said Marty Flanigan, Chairman of AST Trust Company (Canada) and President and CEO of Armor. "This transaction provides scale and creates value for our clients, partners and employees."

"We are excited to see the business transition into the hands of a respected Canadian financial institution, and we look forward to seeing the business grow under TMX's direction," said Alex Ovchar, Associate Director at PEP and AST Trust Company (Canada) Board Member.

Summary details:

- AST Trust Company (Canada)'s last twelve months (LTM) unaudited revenue through June 30, 2020 was \$46.5 million (including \$8.0 million of margin income) and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)[1] was \$11.6 million, excluding indirect corporate allocations from the parent company.[2]
- Over 50%[2] recurring revenue for the year ended June 30, 2020.
- The transaction is expected to have a positive impact on TMX Group's adjusted earnings per share (EPS)[1] (excluding amortization of acquired intangibles and integration costs) in the first full year of ownership, before expected synergies.
- We expect to realize combined revenue and technology cost synergies of approximately \$8.0 million over the first two years, following acquisition.[3]
- The transaction is expected to be financed with a combination of cash and debt capacity.
- The transaction is expected to close within 6 to 12 months, subject to receipt of regulatory approvals under the Competition Act (Canada) and Trust and Loan Companies Act (Canada).

National Bank Financial Inc. is acting as the exclusive financial advisor to TMX Group on the transaction. Torys LLP is acting as the legal advisor.

Macquarie Capital is acting as financial advisor and Blake, Cassels & Graydon LLP (Blakes) is acting as legal advisor to AST Trust Company (Canada) on the transaction.

[1] Adjusted EBITDA and adjusted EPS provided above are Non-IFRS measures and do not have a standardized

meaning prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other companies. TMX Group presents adjusted EBITDA and adjusted EPS to indicate operating and financial performance exclusive of the items shown above and other items as disclosed in our Q2 2020 MD&A, because these adjustments are not indicative of underlying business performance. Management uses this measure because it believes doing so results in a more effective analysis of underlying financial performance, including in some cases, our ability to generate cash. Excluding these items also enables comparability across periods. The exclusion of certain items does not imply that they are non-recurring. Adjusted EBITDA as calculated for the purposes of this acquisition excludes indirect corporate overhead.

[2]Revenue, adjusted EBITDA and recurring revenue are compilations of financial information provided to us by AST Trust Company (Canada). This information is unaudited and may not be prepared in accordance with IFRS for public companies.

[3]Based on internal analysis.

Caution Regarding Forward-Looking Information

This press release of TMX Group contains "forward-looking information" (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be reasonable as of the date of this press release. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "budget", "scheduled", "targeted", "estimates", "forecasts", "intends", "anticipates", "believes", or variations or the negatives of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved or not be taken, occur or be achieved. Examples of forward-looking information in this press release include, but are not limited to: factors relating to capital market condition, financial condition, operations and prospects of TMX Group, the proposed timing for the completion of the acquisition of AST Trust Company (Canada), the anticipated benefits and synergies from the acquisition of AST Trust Company (Canada), the ability to obtain required regulatory approvals, financing, the expected benefits of the acquisition to TMX Group's earnings and adjusted earnings per share, the composition of AST Trust Company Canada's client base and the products and services it will provide, each of which are subject to significant risks and uncertainties.

Forward-looking information, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct. Such factors include, but are not limited to: market competition; economic conditions generally; adverse effects on our results caused by global economic uncertainties

(including Covid-19); regulatory constraints; the level of activity on our markets, and particularly the level of trading in TMX Group's key products; the amount of revenue and cost synergies resulting from the acquisition of AST Trust Company (Canada) and the continued availability of financing on appropriate terms for future projects, including the acquisition of AST Trust Company (Canada). A description of the above-mentioned items is contained in the section Enterprise Risk Management of our 2019 Annual MD&A and also in the section Update to Enterprise Risk Management in our Q2 2020 Interim MD&A.

We have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this press release. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

About TMX Group (TSX:X)

TMX Group operates global markets, and builds digital communities and analytic solutions that facilitate the funding, growth and success of businesses, traders and investors. TMX Group's key operations include **Toronto Stock Exchange, TSX Venture Exchange, TSX Alpha Exchange, The Canadian Depository for Securities, Montréal Exchange, Canadian Derivatives Clearing Corporation, and Trayport** which provide listing markets, trading markets, clearing facilities, depository services, technology solutions, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across North America (Montréal, Calgary, Vancouver and New York), as well as in key international markets including London and Singapore. For more information about TMX Group, visit our website at www.tmx.com. Follow TMX Group on Twitter: **@TMXGroup**.

For more information please contact:

Shane Quinn
Head of Communications and Public Affairs
TMX Group
416-947-4609
shane.quinn@tmx.com

Paul Malcolmson
Managing Director, Investor Relations
TMX Group

647-297-8924

paul.malcolmson@tmx.com