



NEWS RELEASE

# TMX Group Limited Reports Results for Second Quarter of 2023

7/27/2023

- Another record revenue quarter of \$306.2 million, up 7% from \$285.1 million in Q2/22
- Diluted earnings per share of \$0.35, up 6% from \$0.33 in Q2/22
- Adjusted diluted earnings per share<sup>1</sup> remained unchanged at \$0.38 from Q2/22

TORONTO, July 27, 2023 /CNW/ - TMX Group Limited (TSX: X) ("TMX Group") today announced results for the second quarter ended June 30, 2023.

Commenting on results for the first six month of 2023, John McKenzie, Chief Executive Officer of TMX Group, said:

"TMX's strong performance during the first half of the year was marked by consecutive quarters of record overall revenue, and important progress in our enterprise initiatives to advance the evolution of our business, and better serve our stakeholders and growing, global client base. Revenue growth was highlighted by year-over-year increases in Global Solutions, Insights and Analytics, including Trayport and TMX Datalinx, and Derivatives Trading and Clearing, excluding BOX. Partially offsetting these increases, revenue from Equities and Fixed Income Trading, as well as capital raising activity, decreased compared to the first six months of 2022, due to challenging market conditions. We look to the future with an adaptive and innovative mindset, committed to building on our track record of success, executing our long-term global growth strategy, and fulfilling our purpose to make markets better and empower bold ideas."

Commenting on TMX Group's performance in the second quarter of 2023, David Arnold, Chief Financial Officer of TMX Group, said:

"TMX continued to deliver solid financial results in the second quarter, with 7% growth in revenue, and 6% growth in diluted earnings per share year-over-year. Higher overall revenue was led by double-digit increases in both Trayport and TMX Datalinx, partially offset by the negative impacts of lower capital raising and equities trading activity. Along with positive momentum in our overall business, second quarter results reflect continued growth in the proportion of TMX's revenue derived from recurring sources. Following our recent five-for-one stock split, our Board increased the quarterly dividend by 3%, to 18 cents per common share."

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<sup>1</sup> Adjusted diluted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".

## RESULTS OF OPERATIONS<sup>2</sup>

### Non-GAAP Measures

Adjusted net income is a non-GAAP measure<sup>3</sup>, and adjusted earnings per share, adjusted diluted earnings per share, and adjusted earnings per share CAGR are non-GAAP ratios<sup>4</sup>, and do not have standardized meanings prescribed by GAAP and are, therefore, unlikely to be comparable to similar measures presented by other companies.

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

We present adjusted earnings per share, adjusted diluted earnings per share, and adjusted net income to indicate ongoing financial performance from period to period, exclusive of a number of adjustments as outlined under the headings "Adjusted Net Income and Adjusted Earnings Per Share Reconciliation for Q2/23 and Q2/22" and "Adjusted Net Income and Adjusted Earnings Per Share Reconciliation for 1H/23 and 1H/22".

We have also presented long term adjusted EPS CAGR as a financial objective which is the growth rate in adjusted

diluted earnings per share over time, exclusive of adjustments that impact the comparability of adjusted EPS from period to period, including those outlined under the headings "Adjusted Earnings Per Share Reconciliation for Q2/23 and Q2/22" and "Adjusted Net Income and Adjusted Earnings Per Share Reconciliation for 1H/23 and 1H/22". The adjusted EPS CAGR is based on the assumptions outlined under the heading "Caution Regarding Forward Looking Information - Assumptions related to long term financial objectives".

Similarly, we present the dividend payout ratio based on dividends paid divided by adjusted earnings per share as a measure of TMX Group's ability to make dividend payments, exclusive of a number of adjustments as outlined under the heading "Adjusted Net Income and Adjusted Earnings Per Share Reconciliation for Q2/23 and Q2/22" and "Adjusted Net Income and Adjusted Earnings Per Share Reconciliation for 1H/23 and 1H/22".

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

<sup>2</sup> TMX Group completed a five-for-one split of its common shares outstanding (the Stock Split) effective at the close of business on June 13, 2023. All common share numbers and per share amounts in this release, including comparative figures, have been adjusted to reflect the Stock Split.

<sup>3</sup> As defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.

<sup>4</sup> As defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.

## Quarter ended June 30, 2023 (Q2/23) Compared with Quarter ended June 30, 2022 (Q2/22)<sup>5</sup>

The information below reflects the financial statements of TMX Group for Q2/23 compared with Q2/22.

(in millions of dollars, except per share amounts)	Q2/23	Q2/22	\$ increase	% increase
Revenue	\$306.2	\$285.1	\$21.1	7 %
Operating expenses	159.4	147.8	11.6	8 %
Income from operations	146.8	137.3	9.5	7 %
Net income attributable to equity holders of TMX Group	97.3	92.1	5.2	6 %
Adjusted net income attributable to equity holders of TMX Group <sup>6</sup>	107.1	105.3	1.8	2 %
Earnings per share				
Basic	0.35	0.33	0.02	6 %
Diluted	0.35	0.33	0.02	6 %
Adjusted Earnings per share <sup>7</sup>				
Basic	0.38	0.38	0.00	0 %
Diluted	0.38	0.38	0.00	0 %

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

Net income attributable to equity holders of TMX Group in Q2/23 was \$97.3 million, or \$0.35 per common share on a basic and diluted basis, compared with a net income attributable to equity holders of TMX Group of \$92.1 million, or \$0.33 per common share on a basic and diluted basis for Q2/22. The increase in net income attributable to equity holders of TMX Group reflects an increase in Income from operations of \$9.5 million from Q2/22 to Q2/23 driven by an increase in revenue of \$21.1 million partially offset by an increase in operating expenses of \$11.6 million. The increase in revenue from Q2/22 to Q2/23 included \$1.8 million related to WSH, as well as higher revenue from Global Solutions, Insights and Analytics, Capital Formation, and Derivatives Trading and Clearing (excl. BOX), partially offset by lower Listings, Equity Trading, and BOX revenue. The increased expenses included approximately \$2.6 million of expenses related to SigmaLogic (control acquired February 16, 2023 and divested April 21, 2023) and WSH (acquired November 9, 2022), of which there was approximately \$0.4 million related to amortization of acquired intangibles for WSH, as well as approximately \$0.1 million related to acquisition and related expenses for SigmaLogic. There were also higher expenses reflecting higher headcount and payroll costs, legal fees, and marketing and sponsorship costs. Somewhat offsetting these increases were \$5.0 million incurred in Q2/22 related to AST Canada and Ventriks, of which there was approximately \$4.9 million in integration costs related to AST Canada, and \$0.1 million in acquisition and related expenses for Ventriks.

The increase in earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from Q2/22 to Q2/23.

<sup>5</sup> TMX Group completed a five-for-one split of its common shares outstanding (the Stock Split) effective at the close of business on June 13, 2023.

All common share numbers and per share amounts in this release, including comparative figures, have been adjusted to reflect the Stock Split.

<sup>6</sup> Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

<sup>7</sup> Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".

## Adjusted Net Income attributable to equity holders of TMX Group<sup>8</sup> and Adjusted Earnings per Share<sup>9</sup> Reconciliation for Q2/23 and Q2/22<sup>10</sup>

The following tables present reconciliations of net income attributable to equity holders of TMX Group to adjusted net income attributable to equity holders of TMX Group and earnings per share to adjusted earnings per share. The

financial results have been adjusted for the following:

The amortization expenses of intangible assets in Q2/22 and Q2/23 related to the 2012 Maple transaction (TSX, TSXV, MX, CDS, Alpha, Shorcan), TSX Trust, Trayport (including VisoTech and Tradesignal), AST Canada, and BOX, and the amortization of intangibles related to WSH in Q2/23. These costs are a component of Depreciation and amortization expenses.

Integration costs related to integrating the AST Canada acquisition in Q2/22. These costs are included in Depreciation and amortization, Compensation and benefits and Selling, general and administration.

Acquisition and related costs in Q2/22 and Q2/23 related to the SigmaLogic transaction (equity-accounted prior to the acquisition of control in February 2023 and divested in April 2023). Q2/22 also includes acquisition related costs for the equity investment in Ventriks (June 2022). These costs are included in Selling, general and administration and Compensation and benefits.

Gain resulting from the sale of 100% of our interest in SigmaLogic to VettaFi (effective April 21, 2023), net of divestiture costs. This gain is included in Other Income while the costs are included in Selling, general and administration.

Fair value gain on contingent consideration, reflecting a reduction in the earn-out liability assumed as part of the WSH acquisition. This gain is included in Net Finance Costs.

8 Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

9 Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".

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

(in millions of dollars) (unaudited)	Pre-tax		Tax		After-tax			
	Q2/23	Q2/22	Q2/23	Q2/22	Q2/23	Q2/22	\$ increase / (decrease)	% increase / (decrease)
Net income attributable to equity holders of TMX Group					\$97.3	\$92.1	\$5.2	6 %
Adjustments related to:								
Amortization of intangibles related to acquisitions <sup>11</sup>	15.0	14.2	3.2	4.7	11.8	9.5	2.3	24 %
Integration costs <sup>12</sup>	—	4.9	—	1.3	—	3.6	(3.6)	(100) %
Acquisition and related costs <sup>13</sup>	0.1	0.1	—	—	0.1	0.1	—	0 %
Gain on sale of SigmaLogic, net of divestiture costs <sup>14</sup>	(1.2)	—	0.2	—	(1.0)	0.0	(1.0)	n/a
Fair value gain on contingent consideration <sup>15</sup>	(1.1)	—	—	—	(1.1)	—	(1.1)	n/a
Adjusted net income attributable to equity holders of TMX Group <sup>16</sup>					\$107.1	\$105.3	\$1.8	2 %

Adjusted net income attributable to equity holders of TMX Group increased by 2% from \$105.3 million in Q2/22 to \$107.1 million in Q2/23 largely driven by higher revenue partially offset by higher operating expenses, and higher income tax expense.

<sup>11</sup> Includes amortization expense of acquired intangibles including BOX, AST Canada, and Tradesignal in Q2/22 and Q2/23 and WSH in Q2/23

<sup>12</sup> Includes costs related to the integration of AST Canada (acquired August 12, 2021) in Q2/22.

<sup>13</sup> Q2/22 and Q2/23 includes transaction costs for SigmaLogic (equity-accounted prior to the acquisition of control in February 2023 and divested April 21, 2023). Q2/22 includes acquisition related costs of Ventriks. See Initiatives and Accomplishments for more details.

<sup>14</sup> Gain resulting from the sale of SigmaLogic (effective April 21, 2023). See Initiatives and Accomplishments - GSIA - SigmaLogic Transaction for more details.

<sup>15</sup> For additional information, see discussion under the heading "Additional Information - Net Finance Costs".

<sup>16</sup> Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

(unaudited)	Q2/23		Q2/22	
	Basic	Diluted	Basic	Diluted
Earnings per share attributable to equity holders of TMX Group	\$0.35	\$0.35	\$0.33	\$0.33
Adjustments related to:				
Amortization of intangibles related to acquisitions <sup>17</sup>	0.04	0.04	0.04	0.04
Fair value gain on contingent consideration <sup>18</sup>	(0.01)	(0.01)	—	—
Integration costs <sup>19</sup>	—	—	0.01	0.01
Adjusted earnings per share attributable to equity holders of TMX Group <sup>20</sup>	\$0.38	\$0.38	\$0.38	\$0.38
Weighted average number of common shares outstanding	278,562,112	279,435,541	279,328,560	280,620,575

Adjusted diluted earnings per share remained flat at \$0.38 in Q2/23 compared to Q2/22 reflecting an increase in income from operations and a decrease in the number of weighted average common shares outstanding from Q2/22 to Q2/23, offset by higher income tax expense.

<sup>17</sup> Includes amortization expense of acquired intangibles including BOX, AST Canada, and Tradesignal in Q2/22 and Q2/23, and WSH in Q2/23.

<sup>18</sup> For additional information, see discussion under the heading "Additional Information - Net Finance Costs".

<sup>19</sup> Includes costs related to the integration of AST Canada (acquired August 12, 2021) in Q2/22.

<sup>20</sup> Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures". Acquisition and Related Costs and Gain on Sale of SigmaLogic, Net of Divestiture Costs are not presented in the reconciliation due to the size of the adjustment being less than a penny.

## Revenue

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(in millions of dollars)	Q2/23	Q2/22	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$81.1	\$73.4	\$7.7	10 %
Equities and Fixed Income Trading and Clearing	56.6	58.8	(2.2)	(4) %
Derivatives Trading and Clearing	63.8	64.1	(0.3)	0 %
Global Solutions, Insights and Analytics	104.7	88.8	15.9	18 %
	<u>\$306.2</u>	<u>\$285.1</u>	<u>\$21.1</u>	<u>7 %</u>

Revenue was \$306.2 million in Q2/23, up \$21.1 million or 7% from \$285.1 million in Q2/22 attributable to increases in revenue from Global Solutions, Insights and Analytics, Capital Formation, and Derivatives Trading and Clearing (excl. BOX), partially offset by decreases in Equities and Fixed Income Trading and Clearing, and a \$1.9 million decrease in BOX revenue. The increase in revenue from Q2/22 to Q2/23 included \$1.8 million of revenue for WSH (acquired November 9, 2022). Excluding revenue from WSH, revenue was up 7% in Q2/23 compared to Q2/22.

## Operating expenses

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(in millions of dollars)	Q2/23	Q2/22	\$ increase/ (decrease)	% increase/ (decrease)
Compensation and benefits	\$80.5	\$66.4	\$14.1	21 %
Information and trading systems	21.4	21.6	(0.2)	(1) %
Selling, general and administration	29.6	32.1	(2.5)	(8) %
Depreciation and amortization	27.9	27.7	0.2	1 %
	<u>\$159.4</u>	<u>\$147.8</u>	<u>\$11.6</u>	<u>8 %</u>

Operating expenses in Q2/23 were \$159.4 million, up \$11.6 million or 8%, from \$147.8 million in Q2/22. The increase from Q2/22 to Q2/23 included approximately \$2.6 million of expenses related to SigmaLogic (control acquired February 16, 2023 and divested April 21, 2023) and WSH (acquired November 9, 2022), of which there was approximately \$0.4 million related to amortization of acquired intangibles for WSH, as well as approximately \$0.1 million related to acquisition and related expenses for SigmaLogic. There were also higher expenses reflecting higher headcount and payroll costs, legal fees, and marketing and sponsorship costs.

Somewhat offsetting these increases was \$5.0 million incurred in Q2/22 related to AST Canada and Ventriks, of which there was approximately \$4.9 million in integration costs related to AST Canada, and \$0.1 million in acquisition and related expenses for Ventriks. Excluding expenses from SigmaLogic, WSH, AST Canada, and Ventriks, operating expenses increased by 10% in Q2/23 compared with Q2/22.

## Additional Information

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

(in millions of dollars)	Q2/23	Q2/22	\$ increase	% increase
	\$(0.4)	\$(0.3)	\$(0.1)	(33) %

- In Q2/23, our share of loss from equity-accounted investments increased by \$0.1 million. For Q2/23, our share of (loss) income from equity-accounted investments includes VettaFi and Ventriks compared with Q2/22, which included SigmaLogic.

### Other Income

(in millions of dollars)	Q2/23	Q2/22	\$ increase	% increase
	\$1.3	—	\$1.3	n/a

- In Q2/23, we recognized a non-cash gain of \$1.3 million resulting from the sale of 100% of our interest in SigmaLogic to VettaFi in exchange for additional common shares in VettaFi.

### Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Q2/23	Q2/22	Q2/23	Q2/22
\$35.1	\$28.8	25 %	22 %

- The effective tax rate would have been approximately 27%, excluding NCI, for Q2/23, an increase of 1% from

Q2/22 primarily due to an increase in the U.K. corporate income tax rate from 19% to 25% effective April 1, 2023. A blended tax rate of 23.5% was applied through the tax year as required for corporations with a December 31st year-end.

- In Q2/22, we recognized a deferred tax asset relating to historical tax losses not previously recognized for VisoTech, resulting in a corresponding decrease in income tax expense of \$0.9 million.

## Net income attributable to non-controlling interests

(in millions of dollars)	Q2/23	Q2/22	\$ increase
	\$8.4	8.4	\$0.0

- Net income attributable to non-controlling interests (NCI) was flat in Q2/23 compared to Q2/22, driven by lower revenue in BOX, offset by lower operating expenses.

## Six months ended June 30, 2023 (1H/23) Compared with six months ended June 30, 2022 (1H/22)21

The information below reflects the financial statements of TMX Group for 1H/23 compared with 1H/22.

(in millions of dollars, except per share amounts)	1H/23	1H/22	\$ increase / (decrease)	% increase / (decrease)
Revenue	\$605.3	\$572.4	\$32.9	6 %
Operating expenses	318.8	293.1	25.7	9 %
Income from operations	286.5	279.3	7.2	3 %
Net income attributable to equity holders of TMX Group	186.3	379.7	(173.2)	(48) %
Adjusted net income attributable to equity holders of TMX Group22	210.7	208.0	2.7	1 %
Earnings per share attributable to equity holders of TMX Group				
Basic	0.67	1.29	(0.62)	(48) %
Diluted	0.67	1.28	(0.61)	(48) %
Adjusted Earnings per share attributable to equity holders of TMX Group23				
Basic	0.76	0.75	0.01	1 %
Diluted	0.75	0.74	0.01	1 %
Cash flows from operating activities	269.3	230.7	38.6	17 %

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

Net income attributable to equity holders of TMX Group in 1H/23 was \$186.3 million, or \$0.67 per common share on a basic and diluted basis, compared with \$359.5 million, or \$1.29 per common share on a basic and \$1.28 on a diluted basis, for 1H/22. The decrease in net income attributable to equity holders of TMX Group is largely due to a non-cash gain of \$177.9 million being recognized in Q1/22 resulting from the revaluation of our interest in BOX upon acquisition of voting control, partially offset by an increase in income from operations of \$7.2 million. The increase in income from operations from 1H/22 to 1H/23 was driven by an increase in revenue of \$32.9 million, of which \$3.4 million related to WSH, \$0.2 million for SigmaLogic, in addition to higher revenue from Global Solutions, Insights and Analytics, Capital Formation, and Derivatives Trading and Clearing (excl. BOX), partially offset by lower Listing, Equity and Fixed Income trading and BOX revenue. There was also an increase in operating expenses of \$25.7 million, which included \$5.9 million of expenses related to SigmaLogic, WSH, and VettaFi, of which there was approximately \$1.1 million related to amortization of acquired intangibles for WSH, as well as \$0.8 million related to acquisition and related expenses for SigmaLogic, WSH and VettaFi. There were also higher expenses related to higher headcount and payroll costs, employee performance incentive plan costs, increased IT operating costs, revenue related expenses, and higher costs for travel, entertainment and marketing.

The increase in earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from 1H/22 to 1H/23.

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<sup>21</sup> TMX Group completed a five-for-one split of its common shares outstanding (the Stock Split) effective at the close of business on June 13, 2023. All common share numbers and per share amounts in this release, including comparative figures, have been adjusted to reflect the Stock Split.  
<sup>22</sup> Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".  
<sup>23</sup> Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".

## Adjusted Net Income<sup>24</sup> attributable to equity holders of TMX Group and Adjusted Earnings per Share<sup>25</sup> Reconciliation for 1H/23 and 1H/22

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

The amortization expenses of intangible assets in the six months ended June 30, 2022 and the six months ended June 30, 2023 related to the 2012 Maple transaction (TSX, TSXV, MX, CDS, Alpha, Shorcan), TSX Trust, Trayport (including VisoTech and Tradesignal), AST Canada, and BOX, and the amortization of intangibles related to WSH in the six months ended June 30, 2023. These costs are a component of Depreciation and amortization expenses.

Acquisition and related costs in the six months ended June 30, 2022 and the six months ended June 30, 2023 related to the SigmaLogic transaction (equity-accounted prior to the acquisition of control in February 2023 and divested in April 2023). The six months ended June 30, 2023 includes acquisition related costs of WSH (acquired November 9, 2022), and the equity-accounted investment in VettaFi (January 2023). The six months ended June 30, 2022 includes acquisition related costs for the equity investment in Ventriks (June 2022). These costs are included in Compensation and benefits, Selling, general and administration and Net Finance Costs.

Gain resulting from the sale of 100% of our interest in SigmaLogic to VettaFi (effective April 21, 2023), net of divestiture costs. This gain is included in Other Income while the costs are included in Selling, general and administration.

Fair value gain on contingent consideration, reflecting a reduction in the earn-out liability assumed as part of the WSH acquisition. This gain is included in Net Finance Costs.

Integration costs related to integrating the AST Canada acquisition in the six months ended June 30, 2022. This cost is included in Compensation and benefits, Information and trading systems, and Selling, general and administration.

Gain resulting from the revaluation of our interest in BOX upon acquisition of voting control (effective January 3, 2022) in the six months ended June 30, 2022. This gain is included in Other Income.

<sup>24</sup> Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

<sup>25</sup> Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".

(in millions of dollars) (unaudited)	Pre-tax		Tax		After-tax			
	1H/23	1H/22	1H/23	1H/22	1H/23	1H/22	\$ increase / (decrease)	% increase / (decrease)
Net income attributable to equity holders of TMX Group					\$186.3	\$359.5	\$(173.2)	(48) %
Adjustments related to:								
Amortization of intangibles related to acquisitions <sup>26</sup>	30.2	29.0	7.6	7.5	22.6	21.5	1.1	5 %
Acquisition and related costs <sup>27</sup>	3.9	0.4	—	—	3.9	0.4	3.5	875 %
Integration costs <sup>28</sup>	—	6.1	—	1.6	—	4.5	(4.5)	(100) %
Gain on sale of SigmaLogic, net of divestiture costs <sup>29</sup>	(1.2)	—	0.2	—	(1.0)	—	(1.0)	n/a
Fair value gain on contingent consideration <sup>30</sup>	(1.1)	—	—	—	(1.1)	—	(1.1)	n/a
Gain on BOX <sup>31</sup>	—	(177.9)	—	—	—	(177.9)	177.9	(100) %
Adjusted net income attributable to equity holders of TMX Group <sup>32</sup>					\$210.7	\$208.0	2.7	1 %

Adjusted net income attributable to equity holders of TMX Group increased by 1% from \$208.0 million in 1H/22 to \$210.7 million in 1H/23 largely driven by an increase in income from operations, partially offset by higher income tax expense.

- 26 Includes amortization expense of acquired intangibles including BOX, AST Canada, and Tradesignal in 1H/22 and 1H/23, and WSH in 1H/23.  
 27 1H/22 and 1H/23 includes transaction costs for SigmaLogic (equity-accounted prior to the acquisition of control in February 2023). 1H/23 also includes acquisition related costs of WSH (acquired November 9, 2022), and equity investment in VettaFi (January 2023). See Initiatives and Accomplishments for more details.  
 28 Includes costs related to the integration of AST Canada (acquired August 12, 2021) in 1H/22.  
 29 Gain resulting from the sale of SigmaLogic (effective April 21, 2023). See Initiatives and Accomplishments - GSIA - SigmaLogic Transaction for more details.  
 30 For additional information, see discussion under the heading "Additional Information - Net Finance Costs"  
 31 Gain resulting from the revaluation of our interest in BOX upon acquisition of voting control (effective January 3, 2022), in 1H/22.  
 32 Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

(unaudited)	1H/23		1H/22	
	Basic	Diluted	Basic	Diluted
Earnings per share attributable to equity holders of TMX Group	\$0.67	\$0.67	\$1.29	\$1.28
Adjustments related to:				
Amortization of intangibles related to acquisitions <sup>33</sup>	0.09	0.08	0.08	0.08
Acquisition and related costs <sup>34</sup>	0.01	0.01	—	—
Fair value gain on contingent consideration <sup>35</sup>	(0.01)	(0.01)	—	—
Integration costs <sup>36</sup>	—	—	0.02	0.02
Gain on BOX <sup>37</sup>	—	—	(0.64)	(0.64)
Adjusted earnings per share attributable to equity holders of TMX Group <sup>38</sup>	\$0.76	\$0.75	\$0.75	\$0.74
Weighted average number of common shares outstanding	278,614,000	279,480,950	278,983,850	280,393,290

Adjusted diluted earnings per share increased by 1 cent from \$0.74 in 1H/22 to \$0.75 in 1H/23 reflecting an increase in income from operations and a decrease in the number of weighted average common shares outstanding from 1H/22 to 1H/23, partially offset by higher income tax expense.

- 33 Includes amortization expense of acquired intangibles including BOX, AST Canada, and Tradesignal in 1H/22 and 1H/23, and WSH in 1H/23.  
 34 1H/22 and 1H/23 includes transaction costs for SigmaLogic (equity-accounted prior to the acquisition of control in February 2023). 1H/23 also

includes the acquisition related costs of WSH (acquired November 9, 2022), and equity investment in VettaFi (January 2023). See Initiatives and Accomplishments for more details.

35 For additional information, see discussion under the heading "Additional Information - Net Finance Costs".

36 Includes costs related to the integration of AST Canada (acquired August 12, 2021) 1H/22.

37 Gain resulting from the revaluation of our interest in BOX upon acquisition of voting control (effective January 3, 2022), in 1H/22.

38 Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures". Gain on Sale of SigmaLogic, Net of Divestiture Costs is not presented in the reconciliation due to the size of the adjustment being less than a penny.

## Revenue

(in millions of dollars)	1H/23	1H/22	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$144.6	\$137.2	\$7.4	5 %
Equities and Fixed Income Trading and Clearing	118.1	120.9	(2.8)	(2) %
Derivatives Trading and Clearing	135.3	135.7	(0.4)	0 %
Global Solutions, Insights and Analytics	207.3	178.6	28.7	16 %
	<b>605.3</b>	<b>\$572.4</b>	<b>\$32.9</b>	<b>6 %</b>

Revenue was \$605.3 million in 1H/23 up \$32.9 million or 6% compared with \$572.4 million in 1H/22 attributable to increases in revenue from Global Solutions, Insights and Analytics, Capital Formation, and Derivatives Trading and Clearing (excl. BOX), partially offset by decreases in Equities and Fixed Income Trading and Clearing, and a \$7.3 million decrease in BOX revenue. The increase in revenue from 1H/22 to 1H/23 included \$3.4 million of revenue for WSH, and \$0.2 million of revenue for SigmaLogic (acquired control on February 16, 2023 and divested on April 21, 2023). Excluding revenue from WSH and SigmaLogic, revenue was up 5% in 1H/23 compared with 1H/22.

## Operating expenses

(in millions of dollars)	1H/23	1H/22	\$ increase	% increase
Compensation and benefits	157.6	\$137.7	\$19.9	14 %
Information and trading systems	44.6	41.6	3.0	7 %
Selling, general and administration	60.7	57.9	2.8	5 %
Depreciation and amortization	55.9	55.9	0.0	0 %
	<b>\$318.8</b>	<b>\$293.1</b>	<b>\$25.7</b>	<b>9 %</b>

Operating expenses in 1H/23 were \$318.8 million, up \$25.7 million or 9%, from \$293.1 million in 1H/22. The increase from 1H/22 to 1H/23 reflected approximately \$5.9 million of expenses related to SigmaLogic (control

acquired February 16, 2023 and divested April 21, 2023), WSH (acquired November 9, 2022), and VettaFi (invested in January 2023), of which there was approximately \$1.1 million related to amortization of acquired intangibles for WSH, as well as \$0.8 million related to acquisition and related expenses for SigmaLogic, WSH and VettaFi. There were also higher expenses related to higher headcount and payroll costs, employee performance incentive plan costs, increased IT operating costs, revenue related expenses, and increased expenses for travel, entertainment and marketing costs.

Somewhat offsetting these increases were lower expenses of \$6.2 million related to AST Canada and Ventriks, of which there was approximately \$6.1 million in integration costs related to AST Canada, and \$0.1 million in acquisition and related expenses for Ventriks. Excluding expenses from SigmaLogic, WSH, AST Canada, Ventriks, and VettaFi, operating expenses increased 9% in 1H/23 compared with 1H/22.

## Additional Information

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

(in millions of dollars)	1H/23	1H/22	\$ increase	% increase
	\$(0.9)	\$(0.4)	\$(0.5)	(125) %

- In 1H/23, our share of loss from equity-accounted investments increased by \$0.5 million. For 1H/23, our share of (loss) income from equity-accounted investments includes VettaFi39, SigmaLogic40 and Ventriks compared with 1H/22, which included CanDeal41, SigmaLogic and Ventriks.

### Other income

(in millions of dollars)	1H/23	1H/22	\$ (decrease)	% (decrease)
	\$1.3	177.9	\$(176.6)	(99) %

- In 1H/23, we recognized a non-cash gain of \$1.3 million resulting from the sale of 100% of our interest in SigmaLogic to VettaFi in exchange for additional common shares in VettaFi.
- In 1H/22, we recognized a non-cash gain of \$177.9 million resulting from the revaluation of our interest in BOX upon acquisition of voting control (January 3, 2022).

## Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
1H/23	1H/22	1H/23	1H/22
\$68.0	\$60.3	25 %	14 %

The effective tax rate would have been approximately 27%, excluding NCI, for 1H/23, an increase of 1% from 1H/22 primarily due to an increase in the U.K. corporate income tax rate from 19% to 25% effective April 1, 2023. A blended tax rate of 23.5% was applied through the tax year as required for corporations with a December 31st year-end.

### 1H/22

- In 1H/22, there was a non-taxable gain resulting from the revaluation of our interest in BOX upon acquisition of voting control (effective January 3, 2022).
- In 1H/22, we recognized a deferred tax asset relating to historical tax losses not previously recognized for VisoTech, resulting in a corresponding decrease in income tax expense of \$0.9 million.

<sup>39</sup> Equity-accounted investment as of January 9, 2023.

<sup>40</sup> Consolidated February 16, 2023 and divested April 21, 2023.

<sup>41</sup> Effective February 28, 2022, TMX discontinued the application of the equity method of accounting for CanDeal.

## Net income attributable to non-controlling interests

(in millions of dollars)	1H/23	1H/22	\$ (decrease)
	\$16.1	20.2	\$(4.1)

- The decrease in net income attributable to non-controlling interests (NCI) for 1H/23 compared to 1H/22 is

primarily due to lower net income in BOX driven by lower revenue and higher operating expenses.

## FINANCIAL STATEMENTS GOVERNANCE PRACTICE

The Finance & Audit Committee of the Board of Directors of TMX Group (Board) reviewed this press release as well as the Q2/23 unaudited condensed consolidated interim financial statements and related Management's Discussion and Analysis (MD&A) and recommended they be approved by the Board of Directors. Following review by the full Board, the Q2/23 unaudited condensed consolidated interim financial statements, MD&A and the contents of this press release were approved.

## CONSOLIDATED FINANCIAL STATEMENTS

Our Q2/23 unaudited condensed consolidated interim financial statements are prepared in accordance with IFRS and are reported in Canadian dollars unless otherwise indicated. Financial measures contained in the MD&A and this press release are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee ("IFRIC") interpretations, as issued by the International Accounting Standards Board (IASB) for the preparation of interim financial statements, in compliance with IAS 34, Interim Financial Reporting, unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

## ACCESS TO MATERIALS

TMX Group has filed its Q2/23 unaudited condensed consolidated interim financial statements and MD&A with Canadian securities regulators. This press release should be read together with our Q2/23 unaudited condensed consolidated interim financial statements and MD&A. These documents may be accessed through [www.sedarplus.ca](http://www.sedarplus.ca) or on the TMX Group website at [www.tmx.com](http://www.tmx.com). We are not incorporating information contained on the website in this press release. In addition, copies of these documents will be available upon request, at no cost, by contacting TMX Group Investor Relations by phone at +1 888 873-8392 or by e-mail at [TMXshareholder@tmx.com](mailto:TMXshareholder@tmx.com).

## 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 relevant 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. Forward-looking information, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

Examples of forward-looking information in this Press Release include, but are not limited to, our long-term revenue growth CAGR and adjusted EPS CAGR objectives; our target dividend payout ratio; our target debt to adjusted EBITDA ratio; our objectives regarding growing recurring revenue, revenue outside Canada and the percentage of GSIA revenue as a percentage of total TMX Group revenue; the modernization of clearing platforms, including the expected cash expenditures related to the modernization of our clearing platforms and the timing of the implementation of the modernization project; other statements related to cost reductions; the impact of the market capitalization of TSX and TSXV issuers overall (from 2021 to 2022); future changes to TMX Group's anticipated statutory income tax rate for 2023; factors relating to stock, and derivatives exchanges and clearing houses and the business, strategic goals and priorities, market conditions, pricing, proposed technology and other business initiatives and the timing and implementation thereof, the anticipated benefits and synergies of the AST Canada, including the expected impact on TMX Group's earnings and adjusted earnings per share and the timing thereof, financial results or financial condition, operations and prospects of TMX Group which are subject to significant risks and uncertainties.

These risks include, but are not limited to: competition from other exchanges or marketplaces, including alternative trading systems and new technologies and alternative sources of financing, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic conditions (including COVID-19, rising interest rates, high inflation and supply chain constraints) or uncertainties including changes in business cycles that impact our sector; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption (including COVID-19); dependence on information technology; significant delays in the post trade modernization project resulting from the industry implementation of T+1 settlement or for other reasons, which could lead to increased implementation costs and could negatively impact our operating results; vulnerability of our networks and third party service providers to security risks, including cyber-attacks; failure to properly identify or implement our strategies; regulatory constraints; constraints imposed by our level of indebtedness, risks of litigation or other proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; failure to close and effectively integrate acquisitions to achieve planned economics, including AST Canada, or divest underperforming businesses; currency risk; adverse effect of new business activities; adverse effects from business divestitures; not being able to meet cash requirements because of our holding company structure and restrictions on paying inter-corporate dividends; dependence on third-party suppliers and service providers; dependence of trading operations on a small number

of clients; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group common shares; inability to protect our intellectual property; adverse effect of a systemic market event on certain of our businesses; risks associated with the credit of customers; cost structures being largely fixed; the failure to realize cost reductions in the amount or the time frame anticipated; dependence on market activity that cannot be controlled; the regulatory constraints that apply to the business of TMX Group and its regulated subsidiaries, costs of on exchange clearing and depository services, trading volumes (which could be higher or lower than estimated) and the resulting impact on revenues; future levels of revenues being lower than expected or costs being higher than expected.

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

## Assumptions related to long term financial objectives

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

- TMX Group's success in achieving growth initiatives and business objectives;
- continued investment in growth businesses and in transformation initiatives including next generation technology and systems;
- no significant changes to our effective tax rate, and number of shares outstanding;
- organic and inorganic growth in recurring revenue;
- moderate levels of market volatility over the long term;

- level of listings, trading, and clearing consistent with historical activity;
- economic growth consistent with historical activity;
- no significant changes in regulations;
- continued disciplined expense management across our business;
- continued re-prioritization of investment towards enterprise solutions and new capabilities;
- free cash flow generation consistent with historical run rate; and
- a limited impact from inflation, rising interest rates and supply chain constraints on our plans to grow our business over the long term including on the ability of our listed issuers to raise capital.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this press release. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained in the section "**Enterprise Risk Management**" of our 2022 annual MD&A.

## 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, Singapore, and Vienna. For more information about TMX Group, visit our website at [www.tmx.com](http://www.tmx.com). Follow TMX Group on Twitter: [@TMXGroup](https://twitter.com/TMXGroup).

## Teleconference / Audio Webcast

TMX Group will host a teleconference / audio webcast to discuss the financial results for Q2/23.

Time: 8:00 a.m. - 9:00 a.m. ET on Friday July 28, 2023.

To teleconference participants: Please call the following number at least 15 minutes prior to the start of the event.

The audio webcast of the conference call will also be available on TMX Group's website at [www.tmx.com](http://www.tmx.com), under Investor Relations.

Teleconference Number: 416-764-8659 or 1-888-664-6392

Audio Replay: 416-764-8677 or 1-888-390-0541

The pass code for the replay is 585517.

SOURCE TMX Group Limited