



NEWS RELEASE

TMX Group Announces Agreement to Acquire VettaFi

12/13/2023

TMX invests to expand capabilities in data-driven analytics and indexing solutions for a global client base of issuers and advisors, announces analyst webcast and conference call on December 14, 2023 at 8:00am EST to discuss

- TMX to acquire remaining ~78% of the common units of VettaFi for US\$848 million
- Deal accelerates long-term growth strategy as well as financial and transformational objectives
- Increases proportion of revenue from recurring and global sources
- Adds innovative new client service team and capabilities to GSIA, TMX's fastest growing segment

TORONTO, Dec. 13, 2023 /CNW/ - TMX Group Limited (TMX Group) today announced it has agreed to acquire the remaining approximately 78% of the common units of VettaFi Holdings LLC (VettaFi), a leading US-based, indexing, digital distribution, analytics and thought leadership company, for US\$848 million (\$1.15 billion*). This brings the total amount to be paid for full ownership to US\$1.03 billion (\$1.40 billion*), which includes the strategic investments TMX Group made in VettaFi in the first half of 2023 for approximately 22% of the common units.

"The acquisition of VettaFi will add a dynamic new component to our growing information business, with an exciting set of capabilities and a visionary, innovative team committed to client success," said John McKenzie, Chief Executive Officer, TMX Group. "The experience of working together this year has confirmed that TMX and VettaFi are a powerful combination and a tremendous culture fit. Moving forward, the addition of VettaFi increases the depth and value of data-driven insights we provide to clients, expands our digital expertise and enriches our industry-leading support for ETF issuers. From a strategic standpoint, this acquisition accelerates TMX's long-term

global expansion, and increases the proportion of revenue derived from our Global Solutions, Insights and Analytics division, and from recurring sources."

VettaFi provides a comprehensive suite of global indices through its index factory, robust ETF services including ETF trends and analytics, a global ETF database, and digital distribution. In addition to providing interactive online tools and research, VettaFi offers asset managers an array of indexing and digital distribution solutions to innovate and scale their businesses. Mr. McKenzie and Jay Rajarathinam, Chief Operating Officer, TMX Group, currently sit on the VettaFi Board of Directors. For more information visit vettafi.com.

"Early on in our relationship with TMX Group it became clear that not only did we have complementary products and solutions, but our companies also have complementary cultures rooted in like-minded values and ambitious vision," said Leland Clemons, Chief Executive Officer, VettaFi. "Both companies place a premium on putting the client first and moving opportunity into action. I am excited for VettaFi's clients, partners and employees as we begin this next chapter. Together, we will make markets and each other better."

"Today marks an exciting chapter in VettaFi's transformation and is a testament to the leadership team's client focus and commitment to relentless innovation," said Andrew Feller, Managing Partner of Aretex Capital Partners. "We have enjoyed working side-by-side with the team to recruit top financial services and technology talent to better serve the asset management community and its broader ecosystem."

Summary financial details:

- 80%+ recurring revenues over the LTM through September 30, 2023**
- Implied total valuation net of expected tax benefit of 15.4x 2024E adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA). We expect a tax benefit with a net present value of approximately US\$170 million (\$231 million*), primarily representing amortizable acquired goodwill and intangibles**
- The transaction is expected to be accretive to adjusted earnings per share*** in year one, excluding any synergies
- Transaction is expected to be financed with committed bank debt up to US\$1.0 billion (\$1.36 billion*) in term loans with US\$600 million (\$814 million*), up to US\$200 million (\$271 million*) and US\$200 million (\$271 million*) maturing 12, 18 and 24 months from closing, respectively; with leverage ratio of approximately 3.5x after closing and repayment of VettaFi debt, with plans to return to target leverage range two years post-close
- TMX to assume US\$100 million (\$136 million*) of VettaFi debt which we plan to retire with funds made available to TMX under new term loan
- VettaFi will be included in TMX's Global Solutions, Insights & Analytics segment

Completion of this transaction is expected in January 2024, subject to customary closing conditions.

Evercore served as exclusive financial advisor to TMX Group, and WilmerHale LLP acted as legal counsel to TMX Group. National Bank of Canada, The Toronto-Dominion Bank and Bank of Montreal are providing the new committed credit facilities to TMX Group. Barclays served as exclusive financial advisor to VettaFi, and Ropes & Gray LLP acted as legal counsel to VettaFi.

*Based on CAD/USD exchange rate of 1.3574 at December 12, 2023. Actual amounts in Canadian dollars subject to change.

**VettaFi financial information is unaudited and provided by VettaFi management. It may not be prepared in accordance with IFRS for public companies.

***Adjusted EPS excludes the impact of acquisition and related costs, integration costs, amortization of purchased intangibles, and other items.

Webcast and conference call details

TMX Group will be hosting a webcast to discuss the announced transaction at 8:00 a.m. EST on Thursday, December 14, 2023. The link to the webcast and the investor presentation is available in **TMX's shareholder events section**.

Phone numbers for the live call are 416-764-8659 or 1-888-664-6392. An audio replay of the conference call will be available at 416-764-8677 or 1-888-390-0541, pass code 629048#.

Please note that media will be participating in listen-only mode.

Participating in the call:

- John McKenzie, Chief Executive Officer, TMX Group
- David Arnold, Chief Financial Officer, TMX Group
- Amin Mousavian, Vice President, Investor Relations & Treasury, TMX Group

The webcast of the conference call will also be available and archived in **TMX's shareholder events section**.

Caution Regarding Forward-Looking Information

This presentation of TMX Group Limited ("TMX Group", "us", "we", "our") 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 presentation. 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 TMX Group 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 presentation include, but are not limited to, the anticipated benefits of the transactions to both TMX Group and VettaFi; the expected impact on TMX Group's earnings and Adjusted earnings per share; VettaFi's 2024 revenue, VettaFi's Adjusted EBITDA, and VettaFi's Adjusted EBITDA margin; TMX Group's leverage ratio after closing; the ability to integrate VettaFi into TMX Group; the source and amount of funds to fund the acquisition; the ability of TMX Group to refinance the new credit facility or otherwise deleverage and the timing thereof; and the timelines for the transactions and the completion of the transactions, each of which is subject to a number of significant risks and uncertainties. These risks include: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economies of Canada and the United States; adverse effects on our results caused by global economic conditions or uncertainties including changes in business cycles that impact our sector; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; 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 effectively integrate the VettaFi acquisition, to achieve planned economics 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 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 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 with respect to the impact of the cost of acquisition financing on adjusted earnings per share; assumptions in connection with the ability of TMX Group to successfully compete against global and regional marketplaces; business and economic conditions generally; exchange rates (including estimates of exchange rates from Canadian dollars to the U.S. dollar or British pound sterling), 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; 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; 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. While subsequent events and developments may cause TMX Group's views to change, TMX Group has 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 TMX Group's views as of any date subsequent to the date of this presentation. TMX Group has 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 TMX Group. Important additional information identifying risks and uncertainties and other factors is contained in TMX Group's 2022 Annual MD&A under the headings entitled "Caution Regarding Forward-Looking Information" and "Enterprise Risk Management" which may be accessed at [tmx.com](https://www.tmx.com) in the Investor Relations section under Regulatory Filings.

Non-GAAP Measures

Both Adjusted earnings per share and the leverage ratio provided above are non-GAAP ratios and do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Adjusted EPS excludes, among other things, acquisition related costs, integration costs, and amortization of intangibles related to acquisitions and other items as disclosed in our Q3 2023 MD&A; and the leverage ratio is 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 and VettaFi's underlying business operations. For more information on adjusted EPS and debt to adjusted EBITDA including definitions and explanations of how these measures provide useful information, refer to the Non-GAAP Measures section in TMX Group's Q3-2023 Management's Discussion and Analysis dated October 30, 2023, which is incorporated by reference into this press release and which is available on TMX Group's website at www.tmx.com and on SEDAR+ at www.sedarplus.ca.

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**. Follow TMX Group on Twitter: **@TMXGroup**.

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