NEWS RELEASE

TMX Group Limited Reports Results for Third Quarter of 2023

10/30/2023

- Revenue of $287.3 million, up 8% from $266.8 million in Q3/22
- Diluted earnings per share of $0.31, up 7% from $0.29 in Q3/22
- Adjusted diluted earnings per share1 of $0.35, up 3% from $0.34 in Q3/22

TORONTO, Oct. 30, 2023 /CNW/ - TMX Group Limited (TSX: X) ("TMX Group") today announced results for the third quarter ended September 30, 2023.

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

"TMX's positive results for the first three quarters of 2023 stand as compelling evidence of the enduring efficacy of our long-term strategy to diversify, globalize and innovate across our business. Higher overall revenue was driven by double-digit, year-over-year growth from Global Solutions, Insights and Analytics, including Trayport and TMX Datalinx, and increased revenue from Derivatives Trading and Clearing, excluding BOX. Partially offsetting these increases, revenue from capital raising activity, and Equities and Fixed Income Trading, was lower compared to the first nine months of 2022 due to persistent challenges in market conditions. Moving forward, TMX's priority focus is on serving clients around the world with excellence, while pushing the evolution of the organization to meet the needs of modern capital markets stakeholders long into the future"

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

"Our financial results for the third quarter once again reflect the intrinsic strength of our balanced business model, as we achieved positive revenue and earnings per share growth amidst challenging market conditions. TMX reported 8% growth in revenue and 7% growth in diluted earnings per share (3% on an adjusted basis) year-over-year, reflecting increases across some of our key business areas. Higher overall revenue was driven by increases from recurring sources, a 19% increase in revenue from GSIA, including Trayport and TMX Datalinx, and higher revenue from Derivatives Trading and Clearing (excluding BOX), and CDS. Increases were partially offset by the negative impacts of lower activity in capital raising and equities trading."

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

RESULTS OF OPERATIONS2

Non-GAAP Measures

Adjusted net income is a non-GAAP measure3, and adjusted earnings per share, adjusted diluted earnings per share, and adjusted earnings per share CAGR are non-GAAP ratios4, 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 attributable to equity holders of TMX Group and Adjusted Earnings Per Share Reconciliation for Q3/23 and Q3/22" and "Adjusted Net Income attributable to equity holders of TMX Group and Adjusted Earnings Per Share Reconciliation for FNM/23 and FNM/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 Q3/23 and Q3/22" and "Adjusted Net Income attributable to equity holders of TMX Group and Adjusted Earnings Per Share Reconciliation for FNM/23 and FNM/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 attributable to equity holders of TMX Group and Adjusted Earnings Per Share Reconciliation for Q3/23 and Q3/22" and "Adjusted Net Income attributable to equity holders of TMX Group and Adjusted Earnings Per Share Reconciliation for FNM/23 and FNM/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.

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2 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.
3 As defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.
4 As defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.

Quarter ended September 30, 2023 (Q3/23) Compared with Quarter ended September 30, 2022 (Q3/22)5

The information below reflects the financial statements of TMX Group for Q3/23 compared with Q3/22.

(in millions of dollars, except per share amounts)	Q3/23	Q3/22	$ increase	% increase
Revenue	$287.3	$266.8	$20.5	8 %
Operating expenses	162.0	144.2	17.8	12 %
Income from operations	125.3	122.6	2.7	2 %
Net income attributable to equity holders of TMX Group	85.3	81.0	4.3	5 %
Adjusted net income attributable to equity holders of TMX Group6	96.8	93.7	3.1	3 %

Earnings per share				
Basic	0.31	0.29	0.02	7 %
Diluted	0.31	0.29	0.02	7 %
Adjusted Earnings per share7				
Basic	0.35	0.34	0.01	3 %
Diluted	0.35	0.34	0.01	3 %
Cash flows from operating activities	117.0	112.5	4.5	4 %

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

Net income attributable to equity holders of TMX Group in Q3/23 was $85.3 million, or $0.31 per common share on a basic and diluted basis, compared with a net income attributable to equity holders of TMX Group of $81.0 million, or $0.29 per common share on a basic and diluted basis for Q3/22. The increase in net income attributable to equity holders of TMX Group reflects an increase in Income from operations of $2.7 million from Q3/22 to Q3/23 driven by an increase in revenue of $20.5 million partially offset by an increase in operating expenses of $17.8 million. The increase in revenue from Q3/22 to Q3/23 reflects higher revenue from Global Solutions, Insights and Analytics, Derivatives Trading and Clearing (excl. BOX), CDS, and TSX Trust, partially offset by lower Listings, Equity and Fixed Income Trading, and BOX Options Market LLC (BOX) revenue. Q3/23 revenue also included $1.8 million related to WSH (acquired November 9, 2022). The higher expenses included $6.7 million related to BOX's estimate of increased expenses for services provided by BOX Exchange LLC8, as well as approximately $2.1 million of expenses related to WSH, of which there was approximately $0.4 million related to amortization of acquired WSH intangibles. There were also higher expenses reflecting higher headcount and payroll costs, employee performance incentive plan costs, consulting and legal fees, and IT operating costs. Somewhat offsetting these increases was $3.5 million in integration costs related to AST Canada incurred in Q3/22.

5 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.
6 Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".
7 Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".
8 BOX Exchange LLC is a national securities exchange registered with the Securities and Exchange Commission, and is responsible for regulating and monitoring activities of BOX Options Market LLC, to ensure compliance with BOX Exchange rules and U.S. federal securities laws. TMX has a 40% equity and a 20% voting interest in BOX Exchange LLC.

The increase in earnings per share was also partially attributable to decreased net finance costs, somewhat offset by an increase in the number of weighted average common shares outstanding from Q3/22 to Q3/23, and higher income tax expense.

Adjusted Net Income attributable to equity holders of TMX Group9 and Adjusted Earnings per Share10 Reconciliation for Q3/23 and Q3/2211

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 Q3/22 and Q3/23 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 Q3/23. These costs are a component of Depreciation and amortization expenses.
Fair value gain on contingent consideration, reflecting a reduction in the earn-out liability assumed as part of the WSH acquisition in Q4/22. The gain is included in Net Finance Costs.
Integration costs related to integrating the AST Canada acquisition in Q3/22. These costs are included in Depreciation and amortization,Compensation and benefits and Selling, general and administration.
A decrease in deferred income tax liabilities which decreased income tax expenses in Q3/22 relating to a decrease in the Pennsylvania and Nebraska future income tax rates.

	Pre-tax		Tax		After-tax			
(in millions of dollars) (unaudited)	Q3/23	Q3/22	Q3/23	Q3/22	Q3/23	Q3/22	$ increase / (decrease)	% increase / (decrease)
Net income attributable to equity holders of TMX Group					$85.3	$81.0	$4.3	5 %
Adjustments related to:								
Amortization of intangibles related to acquisitions12	15.0	14.2	3.4	3.4	11.6	10.8	0.8	7 %
Integration costs13	—	3.5	—	0.9	—	2.6	(2.6)	(100) %
Fair value gain on contingent consideration14	(0.1)	—	—	—	(0.1)	—	(0.1)	n/a
Change in deferred income tax liabilities relating to changes in future tax rates15	—	—	—	0.7	—	(0.7)	0.7	(100) %
Adjusted net income attributable to equity holders of TMX Group16					$96.8	$93.7	$3.1	3 %

9 Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".
10 Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".
11 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.
12 Includes amortization expense of acquired intangibles including BOX, AST Canada, and Tradesignal in Q3/22 and Q3/23 and WSH in Q3/23
13 Includes costs related to the integration of AST Canada (acquired August 12, 2021) in Q3/22.
14 For additional information, see discussion under the heading "Additional Information - Net Finance Costs".
15 Future reductions in income tax rates in Pennsylvania and Nebraska.
16 Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

Adjusted net income attributable to equity holders of TMX Group increased by 3% from $93.7 million in Q3/22 to $96.8 million in Q3/23 largely driven by higher revenue and lower net finance costs, partially offset by higher operating expenses and higher income tax expense.

(unaudited)	Q3/23 Basic	Q3/23 Diluted	Q3/22 Basic	Q3/22 Diluted
Earnings per share attributable to equity holders of TMX Group	$0.31	$0.31	$0.29	$0.29
Adjustments related to:				
Amortization of intangibles related to acquisitions17	0.04	0.04	0.04	0.04
Integration costs18	—	—	0.01	0.01
Adjusted earnings per share attributable to equity holders of TMX Group19	$0.35	$0.35	$0.34	$0.34
Weighted average number of common shares outstanding	278,423,567	279,321,968	278,042,680	279,115,695

Adjusted diluted earnings per share increased by 1 cent from $0.34 in Q3/22 to $0.35 in Q3/23 reflecting an increase in income from operations and lower net finance costs. The increase in adjusted earnings per share was somewhat offset by an increase in the number of weighted average common shares outstanding and higher income tax expense from Q3/22 to Q3/23.

17 Includes amortization expense of acquired intangibles including BOX, AST Canada, and Tradesignal in Q3/22 and Q3/23, and WSH in Q3/23.
18 Includes costs related to the integration of AST Canada (acquired August 12, 2021) in Q3/22.
19 Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures". Fair Value Gain on Contingent Consideration and Change in Deferred Income Tax Liabilities Relating to Changes in Future Tax Rates are not presented in the reconciliation due to the size of the adjustment being less than a penny.

Revenue

(in millions of dollars)	Q3/23	Q3/22	$ increase / (decrease)	% increase / (decrease)
Capital Formation	$60.4	$62.6	$(2.2)	(4) %
Equities and Fixed Income Trading and Clearing	54.9	54.1	0.8	1 %
Derivatives Trading and Clearing	67.6	62.1	5.5	9 %
Global Solutions, Insights and Analytics	104.3	87.9	16.4	19 %
Other	0.1	0.1	0.0	0 %
	$287.3	$266.8	$20.5	8 %

Revenue was $287.3 million in Q3/23, up $20.5 million or 8% from $266.8 million in Q3/22 attributable to increases in revenue from Global Solutions, Insights and Analytics, Derivatives Trading and Clearing (excl. BOX), and Equities and Fixed Income Trading and Clearing, partially offset by decreases in Capital Formation, and a $1.9 million decrease in BOX revenue. The increase in revenue from Q3/22 to Q3/23 included $1.8 million of revenue for WSH (acquired November 9, 2022). Excluding revenue from WSH, revenue was up 7% in Q3/23 compared to Q3/22.

Operating expenses

(in millions of dollars)	Q3/23	Q3/22	$ increase/ (decrease)	% increase/ (decrease)
Compensation and benefits	$77.0	$67.4	$9.6	14 %
Information and trading systems	23.7	23.0	0.7	3 %
Selling, general and administration	33.1	24.9	8.2	33 %
Depreciation and amortization	28.2	28.9	(0.7)	(2) %
	$162.0	$144.2	$17.8	12 %

Operating expenses in Q3/23 were $162.0 million, up $17.8 million or 12%, from $144.2 million in Q3/22, primarily driven by $6.7 million related to BOX's estimate of increased expenses ($4.6 million in 1H/23, and the remaining $2.1 million in Q3/23) for services provided by BOX Exchange LLC. The increase from Q3/22 to Q3/23 included approximately $2.1 million related to WSH (acquired November 9, 2022), of which there was approximately $0.4 million related to WSH's amortization of acquired intangibles. There were also higher expenses reflecting higher headcount and payroll costs, employee performance incentive plan costs, consulting and legal fees, and increased IT operating costs.

Somewhat offsetting these increases was $3.5 million in integration costs related to AST Canada incurred in Q3/22. Excluding the above mentioned expenses for BOX, WSH, and AST Canada, operating expenses increased 9% in Q3/23 compared with Q3/22.

Additional Information

Share of (loss) income from equity-accounted investments

(in millions of dollars)	Q3/23	Q3/22	$ decrease	% decrease
	$(0.1)	$(0.4)	$0.3	75 %

- In Q3/23, our share of loss from equity-accounted investments decreased by $0.3 million. For Q3/23, our share of (loss) income from equity-accounted investments includes VettaFi20, Ventriks, and other equity accounted investments, compared with Q3/22, which included SigmaLogic and Ventriks.

Net finance costs

(in millions of dollars)	Q3/23	Q3/22	$ (decrease)	% (decrease)
	$3.2	$5.2	$(2.0)	(38) %

- The decrease in net finance costs from Q3/22 to Q3/23 reflected higher interest income on funds invested of $4.5 million as a result of higher interest rates, and a $0.1 million fair value gain on contingent consideration, reflecting a reduction in the earn-out liability assumed as part of the WSH acquisition, somewhat offset by higher interest expense on borrowings, and higher foreign exchange losses of $0.8 million.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Q3/23	Q3/22	Q3/23	Q3/22
$30.6	$25.4	25 %	22 %

Excluding adjustments, primarily related to the items noted below, the effective tax rate would have been approximately 27%, excluding NCI, for Q3/23, an increase of 1% from Q3/22 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 Q3/23, there were non-taxable FX gains resulting from the unrealized translation of monetary assets and liabilities.
- In Q3/22, Pennsylvania and Nebraska announced future reductions in income tax rates, which decreased the deferred income tax liabilities, resulting in a corresponding decrease in income tax expense.

Net income attributable to non-controlling interests

(in millions of dollars)	Q3/23	Q3/22	$ (decrease)
	$6.1	10.6	$(4.5)

20 Equity-accounted investment as of January 9, 2023.

- The decrease in net income attributable to non-controlling interests (NCI) for Q3/23 compared to Q3/22 is primarily due to lower net income in BOX driven by lower revenue and higher operating expenses, including an increase in BOX's estimate of expenses for services provided by BOX Exchange LLC.

Nine months ended September 30, 2023 (FNM/23) Compared with nine months ended September 30, 2022 (FNM/22)21

The information below reflects the financial statements of TMX Group for the nine months ended September 30, 2023 (FNM/23) compared with the nine months ended September 30, 2022 (FNM/22).

(in millions of dollars, except per share amounts)	FNM/23	FNM/22	$ increase / (decrease)	% increase / (decrease)
Revenue	$892.6	$839.2	$53.4	6 %
Operating expenses	480.8	437.3	43.5	10 %
Income from operations	411.8	401.9	9.9	2 %
Net income attributable to equity holders of TMX Group	271.6	440.5	(168.9)	(38) %
Adjusted net income attributable to equity holders of TMX Group22 23	306.1	301.7	4.4	1 %
Earnings per share attributable to equity holders of TMX Group				
Basic	0.98	1.58	(0.60)	(38) %
Diluted	0.97	1.57	(0.60)	(38) %
Adjusted Earnings per share attributable to equity holders of TMX Group24 25				
Basic	1.10	1.08	0.02	2 %
Diluted	1.10	1.08	0.02	2 %
Cash flows from operating activities	384.8	343.2	41.6	12 %

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

Net income attributable to equity holders of TMX Group in FNM/23 was $271.6 million, or $0.98 per common share on a basic and $0.97 on a diluted basis, compared with $440.5 million, or $1.58 per common share on a basic and $1.57 on a diluted basis, for FNM/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 $9.9 million. The increase in income from operations from FNM/22 to FNM/23 was driven by an increase in revenue of $53.4 million, reflecting higher revenue from Global Solutions, Insights and Analytics, TSX Trust, Derivatives Trading and Clearing (excl. BOX), and CDS, partially offset by lower Listing, Equity and Fixed Income trading, and BOX revenue. The revenue increase also included $5.3 million related to WSH, and $0.2 million for SigmaLogic. There was also an increase in operating expenses of $43.5 million, which included $8.0 million of expenses related to SigmaLogic, WSH, and VettaFi, of which there was approximately $1.5 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. The increase from FNM/22 to FNM/23 also included $6.7 million related to BOX's estimate of increased expenses for services provided by BOX Exchange LLC, as well as 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 and entertainment.

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21 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.
22 Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".
23 Reflects an adjustment increasing the income tax effect for the 1H/23 by $1.4 million.
24 Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".
25 Reflects an adjustment increasing the income tax effect for the 1H/23 by $1.4 million.

The increase in earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from FNM/22 to FNM/23, as well as lower net finance costs, partially offset by higher income tax expense.

Adjusted Net Income[26] attributable to equity holders of TMX Group and Adjusted Earnings per Share[27] Reconciliation for FNM/23 and FNM/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 nine months ended September 30, 2022 and the nine months ended September 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 nine months ended September 30, 2023. These costs are a component of Depreciation and amortization expenses.

Acquisition and related costs in the nine months ended September 30, 2022 and the nine months ended September 30, 2023 related to the SigmaLogic transaction (equity-accounted prior to the acquisition of control in February 2023 and divested in April 2023). The nine months ended September 30, 2023 includes acquisition related costs of WSH (acquired November 9, 2022), and the equity-accounted investment in VettaFi (January 2023). The nine months ended September 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 in the nine months ended September 30, 2023. 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 in the nine months ended September 30, 2023. This gain is included in Net Finance Costs.

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

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

A decrease in deferred income tax liabilities which decreased income tax expenses in the nine months ended September 30, 2022 relating to a decrease in the Pennsylvania and Nebraska future income tax rates.

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26 Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".
27 Adjusted earnings per share is a non-GAAP ratio, see discussion under the heading "Non-GAAP Measures".

	Pre-tax		Tax		After-tax			
(in millions of dollars) (unaudited)	FNM/23	FNM/22	FNM/23	FNM/22	FNM/23	FNM/22	$ increase / (decrease)	% increase / (decrease)
Net income attributable to equity holders of TMX Group					$271.6	$440.5	$(168.9)	(38) %
Adjustments related to:								
Amortization of intangibles related to acquisitions28 29	45.3	43.2	12.5	10.9	32.8	32.3	0.5	2 %
Acquisition and related costs30	3.9	0.4	—	—	3.9	0.4	3.5	875 %
Integration costs31	—	9.6	—	2.5	—	7.1	(7.1)	(100) %

Gain on sale of SigmaLogic, net of divestiture costs[32]	(1.2)	—	0.2	—	(1.0)	—	(1.0)	n/a
Fair value gain on contingent consideration[33]	(1.2)	—	—	—	(1.2)	—	(1.2)	n/a
Gain on BOX[34]	—	(177.9)	—	—	—	(177.9)	177.9	(100) %
Change in deferred income tax liabilities relating to changes in future tax rates[35]	—	—	—	0.7	—	(0.7)	0.7	(100) %
Adjusted net income attributable to equity holders of TMX Group[36]					$306.1	$301.7	4.4	1 %

Adjusted net income attributable to equity holders of TMX Group increased by 1% from $301.7 million in FNM/22 to $306.1 million in FNM/23 largely driven by an increase in income from operations and lower net finance costs, partially offset by higher income tax expense.

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28 Includes amortization expense of acquired intangibles including BOX, AST Canada, and Tradesignal in FNM/22 and FNM/23, and WSH in FNM/23.
29 Reflects an adjustment increasing the income tax effect for the 1H/23 by $1.4 million.
30 FNM/22 and FNM/23 includes transaction costs for SigmaLogic (equity-accounted prior to the acquisition of control in February 2023). FNM/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.
31 Includes costs related to the integration of AST Canada (acquired August 12, 2021) in FNM/22.
32 Gain resulting from the sale of SigmaLogic (effective April 21, 2023). See Initiatives and Accomplishments - GSIA - SigmaLogic Transaction for more details.
33 For additional information, see discussion under the heading "Additional Information - Net Finance Costs".
34 Gain resulting from the revaluation of our interest in BOX upon acquisition of voting control (effective January 3, 2022), in FNM/22.
35 FNM/22 includes decrease in deferred income tax liabilities due to future reductions in income tax rates in Pennsylvania and Nebraska.
36 Adjusted net income is a non-GAAP measure, see discussion under the heading "Non-GAAP Measures".

	FNM/23		FNM/22	
(unaudited)	Basic	Diluted	Basic	Diluted
Earnings per share attributable to equity holders of TMX Group	$0.98	$0.97	$1.58	$1.57
Adjustments related to:				
Amortization of intangibles related to acquisitions[37]	0.12	0.12	0.12	0.12
Acquisition and related costs[38]	0.01	0.01	—	—
Fair value gain on contingent consideration[39]	(0.01)	(0.01)	—	—
Integration costs[40]	—	—	0.03	0.03
Gain on BOX[41]	—	—	(0.64)	(0.64)
Adjusted earnings per share attributable to equity holders of TMX Group[42 43 44]	$1.10	$1.10	$1.08	$1.08
Weighted average number of common shares outstanding	278,549,825	279,430,839	278,895,225	280,190,255

Adjusted diluted earnings per share increased by 2 cents from $1.08 in FNM/22 to $1.10 in FNM/23 reflecting an increase in income from operations, lower net finance costs, and a decrease in the number of weighted average common shares outstanding from FNM/22 to FNM/23, partially offset by higher income tax expense.

37 Includes amortization expense of acquired intangibles including BOX, AST Canada, and Tradesignal in FNM/22 and FNM/23, and WSH in FNM/23.
38 FNM/22 and FNM/23 includes transaction costs for SigmaLogic (equity-accounted prior to the acquisition of control in February 2023). FNM/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.
39 For additional information, see discussion under the heading "Additional Information - Net Finance Costs".
40 Includes costs related to the integration of AST Canada (acquired August 12, 2021) FNM/22.
41 Gain resulting from the revaluation of our interest in BOX upon acquisition of voting control (effective January 3, 2022), in FNM/22.
42 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 and Change in Deferred Income Tax Liabilities Relating to Changes in Future Tax Rates are not presented in the reconciliation due to the size of the adjustment being less than a penny.
43 Reflects an adjustment increasing the income tax effect for amortization of acquired intangibles related to acquisitions for the 1H/23 by 1 cent.
44 The reconciliations for the Diluted adjusted earnings per share in FNM/23 and the Basic adjusted earnings per share in FNM/22 are presented without a rounding adjustment to ensure accuracy.

Revenue

(in millions of dollars)	FNM/23	FNM/22	$ increase / (decrease)	% increase / (decrease)
Capital Formation	$205.0	$199.8	$5.2	3 %
Equities and Fixed Income Trading and Clearing	173.0	175.0	(2.0)	(1) %
Derivatives Trading and Clearing	202.9	197.8	5.1	3 %
Global Solutions, Insights and Analytics	311.6	266.5	45.1	17 %
Other	0.1	0.1	0.0	0 %
	892.6	$839.2	$53.4	6 %

Revenue was $892.6 million in FNM/23 up $53.4 million or 6% compared with $839.2 million in FNM/22 attributable to increases in revenue from Global Solutions, Insights and Analytics, TSX Trust, Derivatives Trading and Clearing (excl. BOX), and CDS, partially offset by decreases in Listings, Equities and Fixed Income Trading, and a $9.2 million decrease in BOX revenue. The increase in revenue from FNM/22 to FNM/23 included $5.3 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 6% in FNM/23 compared with FNM/22.

Operating expenses

(in millions of dollars)	FNM/23	FNM/22	$ increase	% increase
Compensation and benefits	234.6	$205.1	$29.5	14 %
Information and trading systems	68.3	64.6	3.7	6 %
Selling, general and administration	93.8	82.8	11.0	13 %
Depreciation and amortization	84.1	84.8	(0.7)	(1) %

	$480.8	$437.3	$43.5	10 %

Operating expenses in FNM/23 were $480.8 million, up $43.5 million or 10%, from $437.3 million in FNM/22. The increase from FNM/22 to FNM/23 reflected approximately $8.0 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 $1.5 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. The increase from FNM/22 to FNM/23 also included $6.7 million related to BOX's estimate of increased expenses for services provided by BOX Exchange LLC, as well as 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 and entertainment.

Somewhat offsetting these increases were lower expenses of $9.7 million related to AST Canada and Ventriks, of which there was approximately $9.6 million in integration costs related to AST Canada, and $0.1 million in acquisition and related expenses for Ventriks. Excluding the above mentioned expenses for BOX, SigmaLogic, WSH, AST Canada, Ventriks, and VettaFi, operating expenses increased 9% in FNM/23 compared with FNM/22.

Additional Information

Share of (loss) income from equity-accounted investments

(in millions of dollars)	FNM/23	FNM/22	$ increase	% increase
	$(1.0)	$(0.8)	$(0.2)	(25) %

- In FNM/23, our share of loss from equity-accounted investments increased by $0.2 million. For FNM/23, our share of (loss) income from equity-accounted investments includes VettaFi45, SigmaLogic46, Ventriks, and other equity accounted investments compared with FNM/22, which included CanDeal47, SigmaLogic and Ventriks.

Other income

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

- In FNM/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 FNM/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).

Net finance costs

(in millions of dollars)	FNM/23	FNM/22	$ (decrease)	% (decrease)
	$19.7	$22.0	$(2.3)	(10) %

- The decrease in net finance costs for FNM/23 compared to FNM/22 reflected higher interest income on funds invested of $12.8 million as a result of higher interest rates, and a $1.2 million fair value gain on contingent consideration, reflecting a reduction in the earn-out liability assumed as part of the WSH acquisition, somewhat offset by higher interest expense on borrowings, and higher foreign exchange losses of $5.6 million mainly due to acquisition and related costs in FNM/23.

45 Equity-accounted investment as of January 9, 2023.
46 Consolidated February 16, 2023 and divested April 21, 2023.
47 Effective February 28, 2022, TMX discontinued the application of the equity method of accounting for CanDeal.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
FNM/23	FNM/22	FNM/23	FNM/22
$98.6	$85.7	25 %	15 %

Excluding adjustments, primarily related to the items listed below, the effective tax rate would have been approximately 27%, excluding NCI, for FNM/23, an increase of 1% from FNM/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.

FNM/23

- In FNM/23, there were non-deductible FX losses resulting from the unrealized translation of monetary assets and liabilities.

FNM/22

- In FNM/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 FNM/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.
- In FNM/22, Pennsylvania and Nebraska announced future reductions in income tax rates, which decreased the deferred income tax liabilities, resulting in a corresponding decrease in income tax expense.

Net income attributable to non-controlling interests

(in millions of dollars)	FNM/23	FNM/22	$ (decrease)
	$22.2	$30.8	$(8.6)

- The decrease in net income attributable to non-controlling interests (NCI) for FNM/23 compared to FNM/22 is primarily due to lower net income in BOX driven by lower revenue and higher operating expenses, including an increase in BOX's estimate of expenses for services provided by BOX Exchange LLC.

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 Q3/23 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 Q3/23 unaudited condensed consolidated interim financial statements, MD&A and the contents of this press release were approved.

CONSOLIDATED FINANCIAL STATEMENTS

Our Q3/23 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 Q3/23 unaudited condensed consolidated interim financial statements and MD&A with Canadian securities regulators. This press release should be read together with our Q3/23 unaudited condensed consolidated interim financial statements and MD&A. These documents may be accessed through **www.sedarplus.ca**, or on the TMX Group website at **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**.

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

Teleconference / Audio Webcast

TMX Group will host a teleconference / audio webcast to discuss the financial results for Q3/23.

Time: 8:00 a.m. - 9:00 a.m. ET on Tuesday October 31, 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**, 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 869456.

SOURCE TMX Group Limited