

TMX Group Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 4, 2021

This Management's Discussion and Analysis (MD&A) of TMX Group Limited's (TMX Group) financial condition and financial performance is provided to enable a reader to assess our financial condition, material changes in our financial condition and our financial performance, including our liquidity and capital resources, for the quarter (Q2/21) and six months (1H/21) ended June 30, 2021, compared with the quarter (Q2/20) and six months (1H/20) ended June 30, 2020 and as at June 30, 2021 and December 31, 2020. This MD&A should be read together with our unaudited condensed consolidated interim financial statements as at June 30, 2021 and December 31, 2020, and for the quarter and six months ended June 30, 2021 and 2020 (the interim financial statements), our audited annual consolidated financial statements for the years ended December 31, 2020 and December 31, 2019 (the financial statements) and the 2020 Annual MD&A.

Our interim financial statements and this MD&A for the quarter and six months ended June 30, 2021 are filed with Canadian securities regulators and can be accessed at www.tmx.com and www.sedar.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

Additional information about TMX Group, including the Annual Information Form, is available at www.tmx.com and www.sedar.com. We are not incorporating information contained on our website in this MD&A.

OUR RESPONSE TO COVID-19 PANDEMIC

The global pandemic first declared in 2020 has altered the world and the way we operate. Its impact on individuals, communities, businesses, and the political landscape is far reaching. In these extraordinary times, we rely on our core organizational values, enterprise strategy, risk management practices and our talented people to guide us through this rapidly changing and complex situation. Powered by the dedicated and collaborative efforts of employees, the vast majority of whom are working remotely, we continue to focus our efforts on our client first vision to be an indispensable solution for companies around the world to raise capital and the preferred destination for traders and investors to prosper. In 2020 and the first half of 2021, we experienced unprecedented levels of demand on our systems and services during the pandemic with record activity, trading, messaging levels and client support demands. Our team rose to the challenge and ensured the market and our participants were effectively supported during these challenging times.

The health and safety of our people, our clients and the entire capital markets community has been and continues to be our top priority in this time of great uncertainty, and consistently guides the decisions that we make. Our offices have been readied with the highest health, safety and security standards for those critical staff who need to be onsite and for when other employees will be able to return to office. The COVID-19 Response Team is closely monitoring and following the counsel of Public Health and Government officials.

We deployed various IT and human resources tools to support both our employees working from home as well as our limited recovery staff who are on site performing critical duties. We also provided each employee with special IT allowances to facilitate the transition to remote work. Today, approximately 95% of our workforce continues to work remotely, and will continue to do so until Government and Health officials indicate remote work is no longer required. TMX Group continues to reassess our return to office date as new information becomes available.

In April 2020, we conducted our first successful all-remote disaster recovery (DR) test on most of our critical systems. There were subsequent tests in September 2020, October 2020 and April 2021. As we look into the future, despite prevailing uncertainty looming in our operating environment as the business world prepares to emerge from the COVID-19 pandemic, TMX Group remains firmly focused on serving our clients with excellence, providing our markets with continuity, and executing against our global growth strategy.

INITIATIVES AND ACCOMPLISHMENTS

Capital Formation¹

AST Canada transaction

In September 2020, we announced an agreement to acquire AST Investor Services Inc. (Canada), and its subsidiary AST Trust Company (Canada) (collectively, AST Canada), a leading provider of transfer agency, corporate trust and related services to Canadian public and private companies for \$165 million in cash consideration, which includes \$30 million of cash in their businesses, subject to customary closing conditions and working capital adjustments.

The transaction is expected to close within 12 months from the date of signing the agreement (September 25, 2020). On July 30, 2021, we received final regulatory approval. For further details, please see "Initiatives and Accomplishments - Capital Formation - AST Canada transaction" in our 2020 Annual MD&A.

Sustainable Bonds Portal

In May 2021, we launched the Sustainable Bonds Portal, a centralized repository for institutional and retail investors to access sustainable bonds information from Canadian issuers. The portal supports sustainable bond issuers' ability to provide markets with impact and performance reporting associated with an issuance.

Equities and Fixed Income Trading and Clearing²

Market On Close (MOC) Modernization

In October 2020, TSX published and filed for regulatory approval a proposed new Closing Auction model, the first substantive changes to the MOC since its introduction in 2004. The MOC Modernization proposal was developed after two years of extensive consultation from market participants unified in supporting a best-in-class closing auction that effectively meets the liquidity and execution needs of Canadian and global investors. The new TSX MOC facility will provide an improved trading experience for market participants, better serve stakeholder needs for enhanced liquidity at the close, and enhance efficiencies in determining closing prices in Canada. The new MOC model has received regulatory approval from the Ontario Securities Commission (OSC), the British Columbia Securities Commission (BCSC), and the Alberta Securities Commission (ASC) and is expected to be launched Q4/21.

¹ The "Capital Formation" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

² The "Equities and Fixed Income Trading & Clearing" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

TSX DRK

The expansion of TSX's Dark Trading offering continued throughout 2020 with the successful introduction of new pricing programs and targeted sales campaigns. As a result, TSX DRK made substantial gains in this market segment, increasing its continuous trading market share in TSX listed securities from 18% in 2019 to 26% in Q2/21. Planned expansion initiatives and investments to increase user adoption, introduce new offerings, and support continued market share growth are expected to be added, beginning in Q4/21.

Sustainable Bonds Posted for Trading on TSX

In March 2021, we embarked on an initiative to post Sustainable Bonds to trade on the TSX. The initiative, pending regulatory reporting requirements, looks to offer governments and quasi-governmental entities a means to expand their investor reach by making the bonds readily available on TSX to retail investors.

Derivatives Trading and Clearing³

In October 2018, MX launched extended trading hours from the previously 6:00 a.m. ET open to a 2:00 a.m. ET open. Initially, this included MX's interest rate products⁴. Beginning in February 2019, MX offered clients the ability to also trade its equity index futures⁵ in these extended hours. For 1H/21, volumes during extended trading hours represented approximately 6% of total volumes in these products. MX is preparing for the next phase of extended hours to align with trading hours in Asia in the second half of 2021.

As part of MX's continued efforts to increase the number of liquid points on the Canadian listed yield curve, MX expects to re-launch the 30 year Government of Canada Bond Futures in Q4/21.

Global Solutions, Insights and Analytics (GSIA)⁶

Trayport

Asset Class and Geographic Expansion

In Q1/21, Trayport expanded the use of its Joule platform in refined oil following the signing of an agreement with a leading global inter dealer broker to use Trayport technology. We are now in the process of rolling this out to trading desks in London and Singapore. In Q2/21, eleven brokers used Trayport's Joule platform to display pricing for refined oil.

Algorithmic Trading and Data Analytics Products

The trend of algorithmic power trading in European intraday markets continues to grow.

This algorithmic trading trend is also developing across the rest of the markets Trayport serves in Europe. Trayport has responded to this demand by launching a Data Analytics product to store and analyze customers' data sets, which is

³ The "Derivatives Trading and Clearing" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

⁴ BAX - Three-Month Canadian Bankers' Acceptance Futures, CRA - Three-month Canadian Overnight Repo Rate Average (CORRA) Futures (launched June 12, 2020), CGZ - Two-Year Government of Canada Bond Futures, CGF - Five-Year Government of Canada Bond Futures and CGB - Ten-Year Government of Canada Bond Futures.

⁵ SXF - S&P/TSX 60 Index Standard Futures and SXM - S&P/TSX 60 Index Mini Futures.

⁶ The "Global Solutions Insights and Analytics" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

now live. Trayport is also expanding its AutoTrader algorithmic design and execution product to cover these additional forward and futures markets. Together, these products provide an end to end solution for customers to design, back test, and execute algorithmic strategies.

Tradesignal transaction

In June 2021, Trayport Limited completed the acquisition of Tradesignal, a leading producer of rule-based trading and technical chart analysis software based in Germany. In addition to selling enhanced charting and analytics capabilities to its client base, the acquisition will provide a strategic link between Trayport's algo trading and analytics offerings.

TMX Datalinx

Co-location Services

To meet client demand, we plan to increase capacity at our co-location facility by approximately 25%, or 50 cabinets, by Q3/21. In Q1/21, we made 15 of the 50 cabinets available which helped alleviate some pent up demand from clients. In July 2021, 100% of capacity was contracted or sold (was 99% at June 30, 2021).

Update on Modernization of Clearing Platforms⁷

In 2017, we commenced work on an initiative to modernize the technology platforms for our CDS and CDCC clearing and settlement businesses as well as for our entitlement systems. We have separated the modernization of our clearing houses into two phases. In phase one, we focused on the CDCC risk management element of the project that went live in Q2/19.

Phase two of this project involves the replacement of other legacy systems at CDS including those related to clearing and settlement, as well as an expanded scope to address entitlement payment systems. In March 2017, we implemented an Issuer Services Program that included a number of fee changes in anticipation of the investment that would be required to modernize the entitlement payments system. We spent \$43.8 million up to the end of 2019 on capital expenditures related to phase two, \$27.8 million in 2020 and \$12.1 million in the first half of 2021. Overall, we expect to incur between approximately \$110 and \$120 million in capital expenditures during phase two of this project. We expect to complete this project in the second half of 2022. We will continue to provide updates on estimates for capital expenditures and timing as this complex project progresses.

Corporate

Environmental, Social and Governance (ESG) Reporting

In May 2021, we released our second annual ESG report, detailing our progress in integrating sustainability practices into our corporate strategy, business processes, and investment decisions. Highlights of the report include:

- TMX Group's endorsement of the Sustainability Accounting Standards Board (SASB) and a target to incorporate the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in its ESG reporting in 2021.
- TMX Group's commitment to purchase carbon credits to offset its GHG emissions and become net-carbon neutral in 2021.

⁷ The "Update on Modernization of Clearing Platforms" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

- The establishment of an Employment, Diversity and Inclusion (ED&I) Advisory Council, led by our CEO John McKenzie, to determine TMX Group's long-term ED&I policies, procedures and targets.
- An agreement with IHS Markit to facilitate broader ESG reporting and data distribution for issuers listed on Toronto Stock Exchange and TSX Venture Exchange.

Listing Debentures on TSX

In July 2021, we listed our Series B, Series D, Series E, and Series F Debentures on TSX. The listing of our debentures will promote price transparency and increases the potential for enhanced liquidity in our debentures.

ORGANIZATIONAL CHANGE

On June 1, 2021, David Arnold joined TMX Group as Chief Financial Officer (CFO). Mr. Arnold is a financial services industry leader and 20-year veteran of CIBC where he held increasingly senior positions in Finance and Administration, most recently as Executive Vice President, Enterprise Programs, Technology and Operations.

MARKET CONDITIONS AND OUTLOOK⁸

The COVID-19 pandemic has had an unprecedented impact on market and general economic conditions. A rise in retail trading activity has led to significantly higher trading and clearing volumes for cash equities markets, particularly in the TSX Venture Exchange (TSXV). At this point it is difficult to project the longer term impact from the trends in retail trading and retail activism, if or when it may subside, and the implications for our cash equities markets. The average CBOE Volatility Index (VIX) was 20.6 in 1H/21 compared with 32.9 in 1H/20. Overall, Canadian equities trading volumes were up 37% in 1H/21 compared with 1H/20.⁹ Across all of our equities markets, overall trading volumes were up 17% in 1H/21 compared with 1H/20 with trading volumes on TSX Alpha Exchange (Alpha) and TSX Venture Exchange (TSXV) increasing by 43% and 88%, respectively while trading volumes on Toronto Stock Exchange (TSX) decreased by 11%. In Canadian derivatives trading, the volume of contracts traded on MX was up 12% in 1H/21 compared to 1H/20. In 1H/21, we saw increased trading in long-term interest rate products, equity options and share futures, partially offset by reduced trading in short-term interest rate contracts.

On TSX, the total amount of financing dollars raised increased by 88% from 1H/20 to 1H/21, and the total number of financings increased by 38% over the same period. On TSXV (including NEX) there was a 195% increase in the total amount of financing dollars raised, and a 34% increase in the total number of financings in 1H/21 over 1H/20.

On July 14, 2021, the Bank of Canada (the Bank) announced that it was maintaining its target overnight rate at ¼ percent. The Bank also adjusted the quantitative easing program to a target pace of \$2 billion per week. The Bank said this adjustment reflects continued progress towards recovery and the Bank's increased confidence in the strength of the Canadian economic outlook. The global economy is recovering strongly from the COVID-19 pandemic, with continued progress on vaccinations, particularly in advanced economies. However, the recovery is still highly uneven and remains dependent on the course of the virus. The recent spread of new COVID-19 variants is a growing concern, especially for regions where vaccination rates remain low.

⁸ The "Markets Conditions and Outlook" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

⁹ Source: IIROC (excluding intentional crosses, includes all Canadian equities).

According to the Bank, global GDP growth is expected to reach 7 percent this year and then moderate to about 4 ½ percent in 2022 and just over 3 percent in 2023. The Bank said in Canada, the third wave of the virus slowed growth in the second quarter. However, falling COVID-19 cases, progress on vaccinations and easing containment restrictions all point to a strong pickup in the second half of this year. The Bank now expects Canadian GDP growth of around 6 percent in 2021, but has revised up its 2022 forecast to 4 ½ percent and projects 3 ¼ percent growth in 2023.

The Bank also said with higher gasoline prices and on-going supply bottlenecks, inflation is likely to remain above 3 percent through the second half of this year and ease back toward 2 percent in 2022, as short-run imbalances diminish and the considerable overall slack in the economy pulls inflation lower.¹⁰

¹⁰ Source: Extracted from Bank of Canada press release, July 14, 2021.

RESULTS OF OPERATIONS

Non-IFRS Financial Measures

Adjusted earnings per share, adjusted diluted earnings per share and adjusted net income are non-IFRS measures and do not have standardized meanings prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other companies. 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. These adjustments include amortization of intangibles related to acquisitions, increase in deferred income tax liabilities relating to a change in the future U.K. tax rate, transaction related costs, and net litigation settlement costs. Management uses these measures, and excludes certain items, because it believes doing so results in a more effective analysis of underlying operating and financial performance, including, in some cases, our ability to generate cash. Excluding these items also enables comparability across periods. The exclusion of certain items does not imply that they are non-recurring or not useful to investors.

Quarter ended June 30, 2021 (Q2/21) Compared with Quarter ended June 30, 2020 (Q2/20)

The information below reflects the financial statements of TMX Group for Q2/21 compared with Q2/20.

(in millions of dollars, except per share amounts)	Q2/21	Q2/20	\$ increase / (decrease)	% increase / (decrease)
Revenue	\$245.0	\$217.7	\$27.3	13%
Operating expenses	112.1	119.3	(7.2)	(6)%
Income from operations	132.9	98.4	34.5	35%
Net income	77.3	67.8	9.5	14%
Adjusted net income ¹¹	107.1	86.6	20.5	24%
Earnings per share				
Basic	1.38	1.20	0.18	15%
Diluted	1.37	1.19	0.18	15%
Adjusted Earnings per share ¹²				
Basic	1.91	1.54	0.37	24%
Diluted	1.90	1.52	0.38	25%
Cash flows from operating activities	142.1	130.9	11.2	9%

Net Income and Earnings per Share

Net income in Q2/21 was \$77.3 million, or \$1.38 per common share on a basic and \$1.37 on a diluted basis, compared with a net income of \$67.8 million, or \$1.20 per common share on a basic and \$1.19 on a diluted basis, for Q2/20. The increase in net income and earnings per share from Q2/20 to Q2/21 was largely driven by an increase in revenue and a decrease in operating expenses. In Q2/20, we incurred \$12.4 million (16 cents per basic and diluted share) of net litigation settlement costs. In Q2/21, we incurred a \$19.8 million (35 cents per basic and diluted share) increase in income tax expenses relating to the previously announced increase in the U.K. corporate income tax rate. There was also an increase in our share of income from BOX. The increase in earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from Q2/20 to Q2/21.

¹¹ See discussion under the heading "Non-IFRS Financial Measures".

¹² See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Earnings per Share¹³ Reconciliation for Q2/21 and Q2/20

The following is a reconciliation of earnings per share to adjusted earnings per share:

(unaudited)	Q2/21		Q2/20	
	Basic	Diluted	Basic	Diluted
Earnings per share	\$1.38	\$1.37	\$1.20	\$1.19
Adjustments related to:				
Amortization of intangibles related to acquisitions	0.17	0.17	0.18	0.17
Transaction related costs ¹⁴	0.01	0.01	—	—
Increase in deferred income tax liabilities relating to a change in the future U.K. tax rate	0.35	0.35	—	—
Net litigation settlement costs	—	—	0.16	0.16
Adjusted earnings per share ¹⁵	\$1.91	\$1.90	\$1.54	\$1.52
Weighted average number of common shares outstanding	56,198,495	56,585,348	56,384,554	56,920,125

Adjusted diluted earnings per share increased by 25% from \$1.52 in Q2/20 to \$1.90 in Q2/21 largely driven by higher revenue and an increase in our share of income from BOX. The increase in adjusted earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from Q2/20 to Q2/21.

¹³ See discussion under the heading "Non-IFRS Financial Measures".

¹⁴ Includes costs related to the AST Canada and Tradesignal transactions in Q2/21. See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* and *Initiatives and Accomplishments - Global Solutions, Insights & Analytics - Tradesignal transaction* for more details.

¹⁵ See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Net Income¹⁶ Reconciliation for Q2/21 and Q2/20

The following is a reconciliation of net income to adjusted net income:

(in millions of dollars) (unaudited)	Q2/21	Q2/20	\$ increase / (decrease)	% increase / (decrease)
Net income	\$77.3	\$67.8	\$9.5	14%
Adjustments related to:				
Amortization of intangibles related to acquisitions	9.5	9.7	(0.2)	(2)%
Transaction related costs ¹⁷	0.5	—	0.5	n/a
Increase in deferred income tax liabilities relating to a change in the future U.K. tax rate	19.8	—	19.8	n/a
Net litigation settlement costs	—	9.1	(9.1)	(100)%
Adjusted net income ¹⁸	\$107.1	\$86.6	\$20.5	24%

Adjusted net income increased by 24% from \$86.6 million in Q2/20 to \$107.1 million in Q2/21 largely driven by higher revenue and an increase in our share of income from BOX.

¹⁶ See discussion under the heading "Non-IFRS Financial Measures".

¹⁷ Includes costs related to the AST Canada and Tradesignal transactions in Q2/21. See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* and *Initiatives and Accomplishments - Global Solutions, Insights & Analytics - Tradesignal transaction* for more details.

¹⁸ See discussion under the heading "Non-IFRS Financial Measures".

Revenue

(in millions of dollars)	Q2/21	Q2/20	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$69.2	\$48.1	\$21.1	44%
Equities and Fixed Income Trading and Clearing	57.3	59.5	(2.2)	(4)%
Derivatives Trading and Clearing	33.9	30.0	3.9	13%
Global Solutions, Insights and Analytics	84.6	81.0	3.6	4%
Other	—	(0.9)	0.9	(100)%
	\$245.0	\$217.7	\$27.3	13%

Revenue was \$245.0 million in Q2/21, up \$27.3 million or 13% from \$217.7 million in Q2/20 attributable to increases in revenue from *Capital Formation*, *Derivatives Trading and Clearing*, *Global Solutions, Insights and Analytics* and *CDS* partially offset by a decrease in *Equities and Fixed Income Trading* revenue.

Capital Formation¹⁹

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
Initial listing fees	\$5.3	\$2.4	\$2.9	121%
Additional listing fees	32.8	20.8	12.0	58%
Sustaining listing fees	19.6	17.8	1.8	10%
Other issuer services	11.5	7.1	4.4	62%
	\$69.2	\$48.1	\$21.1	44%

- *Initial listing fees* in Q2/21 increased from Q2/20 primarily due to an increase in the amount of deferred *initial listing fee* revenue recognized in Q2/21 compared with Q2/20 on TSX and TSXV. We recognized *initial listing fees* received in 2020 and 2021 of \$4.8 million in Q2/21 compared with *initial listing fees* received in 2019 and 2020 of \$2.1 million in Q2/20.
- Based on *initial listing fees* billed in 2020 and the six months ended June 30, 2021, the following amounts have been deferred to be recognized in Q3/21, Q4/21, Q1/22 and Q2/22: \$4.8 million, \$3.8 million, \$2.4 million and \$0.7 million respectively. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.
- *Additional listing fees* in Q2/21 increased compared to Q2/20 reflecting an increase in *additional listing fee* revenue from Q2/20 to Q2/21 due to an increase in both the total number of financings and total financing dollars raised on TSX and TSXV. There was an increase in *additional listing fee* revenue on TSX reflecting a 66% increase in

¹⁹ The "Capital Formation" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward Looking Information" for a discussion of risks and uncertainties related to such statements.

the number of transactions billed at the maximum listing fee of \$250,000, and an increase of 19% in the number of transactions billed below the maximum fee from Q2/20 to Q2/21.

- Issuers listed on TSX and TSXV pay annual sustaining listing fees primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. There was an increase in *sustaining listing fees* on both TSX and TSXV from Q2/20 to Q2/21 reflecting an increase in the market capitalization of issuers at December 31, 2020 compared with December 31, 2019. With the increase in new listings in 2021 we now estimate that the increase in *sustaining listing fee* revenue will be approximately \$7.0 million for 2021, up from the previous estimate of approximately \$5.0 million.
- *Other issuer services* revenue in Q2/21 increased compared to Q2/20 primarily due to higher revenue from TSX Trust from higher transfer agency and corporate trust revenue as well as margin income, and higher recoverable revenue.

Equities and Fixed Income Trading and Clearing

(in millions of dollars)	Q2/21	Q2/20	\$ increase / (decrease)	% increase / (decrease)
Equities and fixed income trading	\$29.4	\$34.7	(\$5.3)	(15)%
Equities and fixed income clearing, settlement, depository and other services (CDS)	27.9	24.8	3.1	13%
	\$57.3	\$59.5	(\$2.2)	(4)%

- There was a decrease in *Equities and Fixed Income Trading* revenue in Q2/21 compared with Q2/20 driven by lower volumes on TSX partially offset by higher volumes on TSXV and Alpha. The impact from the lower volumes was somewhat offset by higher yields in Q2/21 compared with Q2/20. There was also a decrease in *Fixed Income Trading* revenue reflecting decreased activity in swaps and Government of Canada bonds.
- The overall volume of securities traded on our equities marketplaces decreased by 12% (44.3 billion securities in Q2/21 versus 50.6 billion securities in Q2/20). There was a decrease in volumes of 26% on TSX, while volumes increased by 5% on Alpha, and 18% on TSXV in Q2/21 compared with Q2/20.
- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 65% in Q2/21, down 3% from approximately 68% in Q2/20²⁰. We only trade securities that are listed on TSX or TSXV.
- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was approximately 54% in Q2/21, down 6% from approximately 60% in Q2/20.²¹
- *CDS* revenue increased from Q2/20 to Q2/21. There was higher issuer services, depository, settlement, and international revenue, as well as higher revenues for account transfer online notifications in Q2/21 compared with Q2/20. The increases in revenue were partially offset by higher rebates.

²⁰ Source: IIROC.

²¹ Source: IIROC.

Derivatives Trading and Clearing

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
	\$33.9	\$30.0	\$3.9	13%

- The increase in Derivatives Trading and Clearing revenue from Q2/20 to Q2/21 was primarily driven by a 15% increase in revenue from MX and CDCC. While volumes increased 24% on MX (35.8 million contracts traded in Q2/21 versus 28.8 million contracts traded in Q2/20), there was lower revenue per contract reflecting an unfavourable client mix.
- There was a decrease of approximately \$0.6 million in revenue from Q2/20 to Q2/21 mainly relating to our agreement to provide transitional services to BOX, which ended on June 30, 2020.

Global Solutions, Insights and Analytics

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
Trayport	\$36.5	\$33.5	\$3.0	9%
GSIA (excluding Trayport)	48.1	47.5	\$0.6	1%
	\$84.6	\$81.0	\$3.6	4%

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in Q2/21 compared with Q2/20 was primarily driven by increased revenue from Trayport.

Trayport

The following table summarizes the average number of Trayport subscribers (excluding VisoTech and Tradesignal) over the last eight quarters:

	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19
Trader Subscribers ²²	5,511	5,390	5,258	5,149	4,998	5,191	5,072	4,863
Total Subscribers ²³	26,460	25,906	25,258	24,661	24,276	24,711	24,116	23,201
Revenue (in millions of GBP)	£21.3	£21.1	£20.4	£19.6	£19.7	£19.4	£18.0	£18.2

Total Subscribers means all chargeable licenses of core Trayport products in core customer segments including Traders, Brokers and Exchanges. Trader Subscribers are a subset of Total Subscribers. Trader Subscribers revenue represents over 50% of total Trayport revenue.

In GBP, revenue from Trayport was £21.3 million in Q2/21, up 8% over Q2/20. The increase in Trayport revenue was driven by a 9% growth in total subscribers in Q2/21 compared with Q2/20. In addition, Q2/21 included approximately \$0.3 million (£0.2 million) of revenue related to Tradesignal (acquired June 2021).

²² Previous amounts have been restated based on current data.

²³ Previous amounts have been restated based on current data. This restatement includes additional connectivity users at exchanges.

GSIA (excluding Trayport)

Revenue from GSIA (excluding Trayport) increased by 1% from Q2/20 to Q2/21. There were higher revenues related to subscriptions, usage based quotes, co-location, benchmarks and indices as well as revenues related to under-reported usage of real-time quotes in prior periods. The higher revenue was partially offset by an unfavourable impact of approximately \$2.8 million from a stronger Canadian dollar relative to the U.S. dollar in Q2/21 compared with Q2/20.

- The average number of professional market data subscriptions for TSX and TSXV products was up 6% in Q2/21 compared with Q2/20 (106,440 professional market data subscriptions in Q2/21 compared with 100,491²⁴ in Q2/20).
- The average number of MX professional market data subscriptions was up 6% in Q2/21 from Q2/20 (19,565 MX professional market data subscriptions in Q2/21 compared with 18,451 in Q2/20).

Other

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
	\$—	\$(0.9)	\$0.9	(100)%

- The increase in *Other* revenue reflected a decrease in net foreign exchange losses on net monetary assets from Q2/20 to Q2/21.

²⁴ Market data subscriptions have been restated based on current data. Previous amount was overstated due to over reported data in Q2/20.

Operating expenses

(in millions of dollars)	Q2/21	Q2/20	\$ increase / (decrease)	% increase / (decrease)
Compensation and benefits	\$57.2	\$55.2	\$2.0	4%
Information and trading systems	15.9	13.3	2.6	20%
Selling, general and administration	18.7	31.3	(12.6)	(40)%
Depreciation and amortization	20.3	19.5	0.8	4%
	\$112.1	\$119.3	\$(7.2)	(6)%

Operating expenses in Q2/21 were \$112.1 million, down \$7.2 million or 6%, from \$119.3 million in Q2/20. The decrease in costs was primarily attributable to net litigation settlement costs of \$12.4 million (16 cents per basic and diluted share) included within *Selling, general and administration* expenses in Q2/20. In addition, there was a \$1.8 million decrease in expenses in Q2/21 largely relating to the release of a provision for restoration costs for our data centre. There were also lower long term incentive plan costs.

These decreases were partially offset by higher headcount and payroll costs, higher software licensing and maintenance costs, as well as higher consulting and director fees. In addition, we incurred \$0.6 million (1 cent per basic and diluted share) in transaction costs related to the acquisition of Tradesignal and the proposed AST Canada transaction.

Compensation and benefits

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
	\$57.2	\$55.2	\$2.0	4%

- *Compensation and benefits* costs increased in Q2/21 reflecting higher headcount and payroll costs including merit increases, increased severance costs of approximately \$1.5 million, as well as transaction costs related to the proposed AST Canada transaction of approximately \$0.4 million. These increases were somewhat offset by lower long term employee performance incentive plan costs of approximately \$3.4 million, as well as reduced recruitment costs, and short term employee performance incentive plan costs, including sales commissions.
- There were 1,399 TMX Group employees at June 30, 2021 versus 1,332 employees at June 30, 2020 reflecting an increase in headcount attributable to investing in the various growth areas of our business. The headcount in Q2/21, included approximately 15 employees for Tradesignal (acquired June 2021).

Information and trading systems

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
	\$15.9	\$13.3	\$2.6	20%

- The increase in *Information and trading systems* expenses from Q2/20 to Q2/21 reflected increased software license and maintenance costs.

Selling, general and administration

(in millions of dollars)	Q2/21	Q2/20	\$ (decrease)	% (decrease)
	\$18.7	\$31.3	\$(12.6)	(40)%

- *Selling, general and administration* expenses decreased in Q2/21 compared with Q2/20 primarily due to net litigation settlement costs of \$12.4 million (16 cents per basic and diluted share) incurred in Q2/20. There was also a \$1.8 million decrease in expenses in Q2/21 largely relating to the release of a provision for restoration costs for our data centre.
- These decreases in expenses were partially offset by higher consulting and director fees as well as transaction costs of approximately \$0.2 million related to the acquisition of Tradesignal and the proposed AST Canada transaction.

Depreciation and amortization

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
	\$20.3	\$19.5	\$0.8	4%

- There were higher *Depreciation and amortization* costs reflecting increased amortization on new intangible assets.
- The *Depreciation and amortization* costs in Q2/21 of \$20.3 million included \$12.1 million related to amortization of intangibles related to acquisitions (17 cents per basic and diluted share).
- The *Depreciation and amortization* costs in Q2/20 of \$19.5 million included \$11.8 million related to amortization of intangibles related to acquisitions (18 cents per basic and 17 cents per diluted share).

Additional Information

Share of income from equity accounted investees

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
	\$7.8	\$1.9	\$5.9	311%

- The increase in our share of income from equity accounted investees of \$5.9 million primarily reflected an increase in our share of income from BOX reflecting higher revenues driven by a 140% increase in volumes from Q2/20 to Q2/21.

Net finance costs

(in millions of dollars)	Q2/21	Q2/20	\$ increase	% increase
	\$8.8	\$8.3	\$0.5	6%

- The increase in net finance costs from Q2/20 to Q2/21 reflected higher interest expense largely related to the Series F Debentures issued in Q1/21.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Q2/21	Q2/20	Q2/21	Q2/20
\$54.6	\$24.2	41%	26%

Excluding adjustments, primarily related to the item noted below, the effective tax rate would have been approximately 26% for Q2/21.

- In Q2/21, the previously announced increase in the U.K. corporate income tax rate from 19% to 25%, effective April 1, 2023, was substantively enacted. This rate change increased net deferred income tax liabilities, resulting in a corresponding increase in income tax expense of \$19.8 million.

Segments

The following information reflects TMX Group's segment results for the quarter ended June 30, 2021 compared with the quarter ended June 30, 2020.

Quarter ended June 30, 2021

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 69.2	\$ 57.3	\$ 33.9	\$ 84.6	\$ —	\$ 245.0
Inter-segment revenue	0.1	0.5	—	—	(0.6)	—
Total revenue	69.3	57.8	33.9	84.6	(0.6)	245.0
Income (loss) from operations	43.5	29.0	13.7	54.2	(7.5)	132.9

Quarter ended June 30, 2020

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 48.1	\$ 59.5	\$ 30.0	\$ 81.0	\$ (0.9)	\$ 217.7
Inter-segment revenue	—	0.5	—	—	(0.5)	—
Total revenue	48.1	60.0	30.0	81.0	(1.4)	217.7
Income (loss) from operations	25.0	30.8	13.6	52.8	(23.8)	98.4

Income (loss) from operations

The increase in *Income from operations* from *Capital Formation* primarily reflected higher revenue from *additional listing fees* in Q2/21 compared with Q2/20. There were also increases in revenue from *initial listing fees*, *sustaining listing fees*, and *TSX Trust*. This increase was partially offset by an increase in operating expenses from Q2/20 to Q2/21.

The decrease in *Income from operations* from *Equities and Fixed Income Trading and Clearing* reflected lower revenue from *Equities trading* due to lower volumes on *TSX*, partially offset by higher volumes on *TSXV* and *Alpha*, as well as lower *fixed income trading*. These revenue decreases were somewhat offset by an increase in revenue from *CDS* and slightly lower operating expenses in Q2/21 compared with Q2/20.

The increase in *Income from operations* from *Derivatives Trading and Clearing* was driven by a 15% increase in revenue from MX and CDCC. This increase in revenue was primarily due to higher overall volumes partially offset by lower revenue per contract reflecting an unfavourable client mix. The revenue increase was mostly offset by an increase in operating expenses from Q2/20 to Q2/21, reflecting increased compensation and benefits costs as well as project related expenses. There was also a decrease in *Derivatives Trading and Clearing* revenue attributable to reduced revenue of approximately \$0.6 million from BOX mainly relating to our agreement to provide transitional services, which ended on June 30, 2020.

The increase in *Income from operations* from *Global Solutions, Insights and Analytics* reflects higher revenue from Trayport and TMX Datalinx. The increase in Trayport revenue reflected higher total subscribers. Within TMX Datalinx, there were higher revenues related to subscriptions, usage based quotes, co-location, benchmarks and indices as well as revenues related to under-reported usage of real-time quotes in prior periods. These increases were somewhat offset by an unfavourable impact of approximately \$2.8 million from a stronger Canadian dollar relative to the U.S. dollar in Q2/21 compared with Q2/20, and an increase in operating expenses from Q2/20 to Q2/21.

Other includes certain revenue as well as corporate and other costs related to initiatives, not allocated to the operating segments. Revenue related to foreign exchange gains and losses and other services are presented in the *Other* segment. Costs and expenses related to the amortization of purchased intangibles, along with certain consolidation and elimination adjustments, are also presented in *Other*. The *loss from operations* for the *Other* segment was lower in Q2/21 compared to Q2/20 primarily reflecting net litigation settlement costs of \$12.4 million incurred and allocated to the *Other* segment in Q2/20. There was also a \$1.8 million decrease in expenses in Q2/21 largely relating to the release of a provision for restoration costs for our data centre. Partially offsetting these decreases, was approximately \$0.6 million in transaction costs related to the acquisition of Tradesignal and the proposed AST Canada transaction in Q2/21.

Six months ended June 30, 2021 (1H/21) Compared with Six months ended June 30, 2020 (1H/20)

The information below reflects the financial statements of TMX Group for 1H/21 compared with 1H/20.

(in millions of dollars, except per share amounts)	1H/21	1H/20	\$ increase	% increase
Revenue	\$497.0	\$438.0	\$59.0	13%
Operating expenses	231.4	228.6	2.8	1%
Income from operations	265.6	209.4	56.2	27%
Net income	173.7	137.9	35.8	26%
Adjusted net income ²⁵	213.5	173.6	39.9	23%
Earnings per share				
Basic	3.09	2.45	0.64	26%
Diluted	3.07	2.42	0.65	27%
Adjusted Earnings per share ²⁶				
Basic	3.80	3.08	0.72	23%
Diluted	3.78	3.05	0.73	24%
Cash flows from operating activities	220.7	209.9	10.8	5%

Net Income and Earnings per Share

Net income in 1H/21 was \$173.7 million, or \$3.09 per common share on a basic and \$3.07 per common share on a diluted basis, compared with a net income of \$137.9 million, or \$2.45 per common share on a basic and \$2.42 on a diluted basis, for 1H/20. The increase in net income reflected an increase in income from operations of \$56.2 million. The increase in income from operations from 1H/20 to 1H/21 was driven by an increase in revenue of \$59.0 million, slightly offset by an increase in operating expenses of \$2.8 million. The increase in operating expenses included approximately \$1.2 million (2 cents per basic and diluted share) in transaction costs related to the acquisition of Tradesignal and the proposed AST Canada transaction in 1H/21. These increases in operating expenses was somewhat offset by \$12.4 million (16 cents per basic and diluted share) of net litigation settlement costs in 1H/20. In 1H/21, we also incurred a \$19.8 million (35 cents per basic and diluted share) increase in income tax expenses relating to the previously announced increase in the U.K. corporate income tax rate. There was also an increase in our share of income from BOX. The increase in earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from 1H/20 to 1H/21.

²⁵ See discussion under the heading "Non-IFRS Financial Measures".

²⁶ See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Earnings per Share²⁷ Reconciliation for 1H/21 and 1H/20

The following is a reconciliation of earnings per share to adjusted earnings per share:

(unaudited)	1H/21		1H/20	
	Basic	Diluted	Basic	Diluted
Earnings per share	\$3.09	\$3.07	\$2.45	\$2.42
Adjustments related to:				
Amortization of intangibles related to acquisitions	0.34	0.34	0.34	0.34
Increase in deferred income tax liabilities relating to a change in the future U.K. tax rate	0.35	0.35	0.13	0.13
Net litigation settlement costs	—	—	0.16	0.16
Transaction related costs ²⁸	0.02	0.02	—	—
Adjusted earnings per share ²⁹	\$3.80	\$3.78	\$3.08	\$3.05
Weighted average number of common shares outstanding	56,217,748	56,611,340	56,332,419	56,891,688

Adjusted diluted earnings per share increased by 24% from \$3.05 in 1H/20 to \$3.78 in 1H/21 largely driven by increased revenue, partially offset by higher operating expenses. There was also an increase in our share of income from BOX partially offset by higher net finance costs. The increase in adjusted earnings per share was also partially attributable to a decrease in the number of weighted average common shares outstanding from 1H/20 to 1H/21.

²⁷ See discussion under the heading "Non-IFRS Financial Measures".

²⁸ Includes costs related to the AST Canada and Tradesignal transactions in 1H/21. See *Initiatives and Accomplishments - Capital Formation - AST Canada transaction* and *Initiatives and Accomplishments - Global Solutions, Insights & Analytics - Tradesignal transaction* for more details.

²⁹ See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Net Income³⁰ Reconciliation for 1H/21 and 1H/20

The following is a reconciliation of net income to adjusted net income:

(in millions of dollars) (unaudited)	1H/21	1H/20	\$ increase / (decrease)	% increase / (decrease)
Net income	\$173.7	\$137.9	\$35.8	26%
Adjustments related to:				
Amortization of intangibles related to acquisitions	19.0	19.2	(0.2)	(1)%
Increase in deferred income tax liabilities relating to a change in the future U.K. tax rate	19.8	7.4	12.4	168%
Net litigation settlement costs	—	9.1	(9.1)	(100%)
Transaction related costs ³¹	1.0	—	1.0	n/a
Adjusted net income ³²	\$213.5	\$173.6	\$39.9	23%

Adjusted net income increased by 23% from \$173.6 million in 1H/20 to \$213.5 million in 1H/21 largely driven by increased revenue, partially offset by higher operating expenses. There was also an increase in our share of income from BOX partially offset by higher net finance costs.

Revenue

(in millions of dollars)	1H/21	1H/20	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$130.3	\$88.2	\$42.1	48%
Equities and Fixed Income Trading and Clearing	126.0	117.7	8.3	7%
Derivatives Trading and Clearing	71.4	70.5	0.9	1%
Global Solutions, Insights and Analytics	169.6	160.8	8.8	5%
Other	(0.3)	0.8	(1.1)	(138)%
	\$497.0	\$438.0	\$59.0	13%

Revenue was \$497.0 million in 1H/21 up \$59.0 million or 13% compared with \$438.0 million in 1H/20 attributable to increases in revenue from *Capital Formation*, *Equities and Fixed Income Trading and Clearing*, *Derivatives Trading and Clearing* as well as *Global Solutions, Insights and Analytics* partially offset by a decrease in *Other* revenue.

³⁰ See discussion under the heading "Non-IFRS Financial Measures".

³¹ Includes costs related to the AST Canada and Tradesignal transactions in 1H/21. See Initiatives and Accomplishments - Capital Formation - AST Canada transaction and Initiatives and Accomplishments - Global Solutions, Insights & Analytics - Tradesignal transaction for more details.

³² See discussion under the heading "Non-IFRS Financial Measures".

Capital Formation

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
Initial listing fees	\$9.3	\$5.0	\$4.3	86%
Additional listing fees	62.6	35.3	27.3	77%
Sustaining listing fees	38.1	34.6	3.5	10%
Other issuer services	20.3	13.3	7.0	53%
	\$130.3	\$88.2	\$42.1	48%

- *Initial listing fees* in 1H/21 increased from 1H/20 due to a rise in the amount of deferred *initial listing fee* revenue recognized in 1H/21 compared with 1H/20 on both TSX and TSXV. We recognized *initial listing fees* received in 2020 and 2021 of \$8.3 million in 1H/21 compared with *initial listing fees* received in 2019 and 2020 of \$4.4 million in 1H/20.
- Based on *initial listing fees* billed in 2020 and 1H/21, the following amounts have been deferred to be recognized in Q3/21, Q4/21, Q1/22 and Q2/22: \$4.8 million, \$3.8 million, \$2.4 million and \$0.7 million respectively. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.
- *Additional listing fees* in 1H/21 increased compared to 1H/20 reflecting an increase in *additional listing fee* revenue on TSX and TSXV where there was an increase in both the number of financings and total financing dollars raised. The increase in *additional listing fee* revenue on TSX reflected an increase of 79% in the number of transactions billed at the maximum listing fee of \$250,000 from 1H/20 to 1H/21, and a 23% increase in the number of transactions billed below the maximum fee.
- Issuers listed on TSX and TSXV pay annual *sustaining listing fees* primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. There was an increase in sustaining listing fees on both TSX and TSXV from 1H/20 to 1H/21 reflecting an increase in the market capitalization of issuers at December 31, 2020 compared with December 31, 2019. With the increase in new listings in 2021 we now estimate that the increase in *sustaining listing fee* revenue will be approximately \$7.0 million for 2021, up from the previous estimate of approximately \$5.0 million.
- *Other issuer services* revenue in 1H/21 was higher compared to 1H/20 primarily due to increased revenue from TSX Trust from higher transfer agent fee revenue, and increases in corporate trust and recoverable revenue.

Equities and Fixed Income Trading and Clearing

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
Equities and fixed income trading	\$70.3	\$67.9	\$2.4	4%
Equities and fixed income clearing, settlement, depository and other services (CDS)	55.7	49.8	5.9	12%
	\$126.0	\$117.7	\$8.3	7%

- There was an increase in *Equities Trading* revenue in 1H/21 compared with 1H/20 driven by higher volumes on TSXV and Alpha, partially offset by lower volumes on TSX. The impact from the higher volumes was somewhat offset by a less favourable product mix in 1H/21 compared with 1H/20. There was also lower *fixed income trading* revenue from 1H/20 to 1H/21.
- The overall volume of securities traded on our equities marketplaces increased by 17% (113.6 billion securities in 1H/21 versus 96.8 billion securities in 1H/20). There was an increase in volumes of 88% on TSXV and 43% on Alpha, while volumes on TSX decreased by 11% in 1H/21 compared with 1H/20.
- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 66% in 1H/21, down 1% from 67% in 1H/20.³³ We only trade securities that are listed on TSX or TSXV.
- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was 52% in 1H/21, down 9% from 61% in 1H/20³⁴.
- CDS revenue increased from 1H/20 to 1H/21 reflecting higher clearing and settlement revenue due to higher volumes, increased depository fee revenue, international revenue, and higher revenue from account transfer online notifications. The increases in revenue were partially offset by higher rebates.

Derivatives Trading and Clearing

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
	\$71.4	\$70.5	\$0.9	1%

- The increase in revenue was driven by a 3% increase in revenue from MX and CDCC. While volumes on MX were up 12% from 1H/20 to 1H/21 (74.1 million contracts traded in 1H/21 versus 66.3 million contracts traded in 1H/20), there was lower revenue per contract attributable to an unfavourable product mix. Trading volumes on our Three-Month Bankers' Acceptance Futures decreased 6% from 1H/20 to 1H/21.
- There was reduced revenue of approximately \$1.5 million from BOX mainly relating to our agreement to provide transitional services, which ended on June 30, 2020.

³³ Source: IIROC.

³⁴ Source: IIROC.

Global Solutions, Insights and Analytics

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
Trayport	\$73.8	\$67.2	\$6.6	10%
GSIA (excluding Trayport)	95.8	93.6	\$2.2	2%
	\$169.6	\$160.8	\$8.8	5%

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in 1H/21 compared with 1H/20 was primarily driven by increased revenue from Trayport as well as higher usage based quotes.

Trayport

The following table summarizes the average number of Trayport subscribers (excluding VisoTech and Tradesignal) over the last eight quarters:

	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19
Trader Subscribers ³⁵	5,511	5,390	5,258	5,149	4,998	5,191	5,072	4,863
Total Subscribers ³⁶	26,460	25,906	25,258	24,661	24,276	24,711	24,116	23,201
Revenue (in millions of GBP)	£21.3	£21.1	£20.4	£19.6	£19.7	£19.4	£18.0	£18.2

Total Subscribers means all chargeable licenses of core Trayport products in core customer segments including Traders, Brokers and Exchanges. Trader Subscribers are a subset of Total Subscribers. Trader Subscribers revenue represents over 50% of total Trayport revenue.

In GBP, revenue from Trayport, was £42.4 million in 1H/21, up 8% over 1H/20. The increase in Trayport revenue was driven by a 7% growth in the average number of total subscribers. Approximately \$0.3 million (£0.2 million) of revenue related to Tradesignal (acquired June 2021) was included in 1H/21. There was also a favorable impact from a weaker Canadian dollar relative to the GBP in 1H/21 compared with 1H/20.

GSIA (excluding Trayport)

Revenue from GSIA (excluding Trayport) increased by 2% from 1H/20 to 1H/21. There were higher revenues related to an increase in both professional and non-professional subscribers, usage based quotes, benchmarks and indices as well as co-location. The higher revenue was partially offset by an unfavourable impact of approximately \$4.2 million from a stronger Canadian dollar relative to the U.S. dollar in 1H/21 compared with 1H/20.

- The average number of professional market data subscriptions for TSX and TSXV products was up 5% from 1H/20 to 1H/21 (105,073 professional market data subscriptions in 1H/21 compared with 100,410³⁷ in 1H/20.)
- The average number of MX professional market data subscriptions increased 4% from 1H/20 to 1H/21 (19,395 MX professional market data subscriptions in 1H/21 compared with 18,609 in 1H/20).

³⁵ Previous amounts have been restated based on current data.

³⁶ Previous amounts have been restated based on current data.

³⁷ Market data subscriptions have been restated based on current data. Previous amount was overstated due to over reported data in 1H/20.

Other

(in millions of dollars)	1H/21	1H/20	\$ (decrease)	% (decrease)
	\$(0.3)	\$0.8	\$(1.1)	(138)%

- The decrease in *Other* revenue reflected net foreign exchange losses on net monetary assets in 1H/21 compared with net foreign exchange gains in 1H/20 driven by the unfavorable impact from a stronger Canadian dollar relative to the U.S. dollar in 1H/21 compared with 1H/20.

Operating expenses

(in millions of dollars)	1H/21	1H/20	\$ increase / (decrease)	% increase / (decrease)
Compensation and benefits	\$122.1	\$111.4	\$10.7	10%
Information and trading systems	30.5	26.0	4.5	17%
Selling, general and administration	37.1	51.9	(14.8)	(29)%
Depreciation and amortization	41.7	39.3	2.4	6%
	\$231.4	\$228.6	\$2.8	1%

Operating expenses in 1H/21 were \$231.4 million, up \$2.8 million or 1%, from \$228.6 million in 1H/20. The increase reflected higher headcount and payroll costs, including merit increases, increased costs related to our short term employee performance incentive plan and sales commissions of approximately \$4.7 million and increased severance costs of approximately \$2.7 million. There were also higher expenses related to software license and maintenance costs, information security software and information technology professional services. In addition, we incurred approximately \$1.2 million (2 cents per basic and diluted share) in transaction costs related to the acquisition of Tradesignal and the proposed AST Canada transaction.

The increases were somewhat offset by net litigation settlement costs of \$12.4 million (16 cents per basic and diluted share) in 1H/20. There was a \$1.8 million decrease in expenses largely relating to the release of a provision for restoration costs for our data centre in 1H/21. In addition, there was a reduction in long term incentive plan costs of approximately \$5.8 million as well as a decrease in travel and entertainment expenses in 1H/21 compared with 1H/20.

Compensation and benefits

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
	\$122.1	\$111.4	\$10.7	10%

- The increase in *Compensation and benefits* expenses reflected higher headcount and payroll costs, including merit increases, higher short term employee performance incentive plan costs and sales commissions costs of approximately \$4.7 million, increased severance costs of approximately \$2.7 million, and transaction related costs for the proposed AST Canada transaction of approximately \$0.7 million. These increases were somewhat offset by lower long term employee performance incentive plan costs of approximately \$5.8 million.
- There were 1,399 TMX Group employees at June 30, 2021 versus 1,332 employees at June 30, 2020 reflecting an increase in headcount attributable to investing in the various growth areas of our business. The headcount in 1H/21, included approximately 15 employees for Tradesignal (acquired June 2021).

Information and trading systems

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
	\$30.5	\$26.0	\$4.5	17%

- The increase in *Information and trading systems* expenses from 1H/20 to 1H/21 reflected higher expenses related to software license and maintenance costs, information security software and information technology professional services.

Selling, general and administration

(in millions of dollars)	1H/21	1H/20	\$ (decrease)	% (decrease)
	\$37.1	\$51.9	\$(14.8)	(29)%

- *Selling, general and administration* expenses decreased by \$14.8 million in 1H/21 compared with 1H/20 primarily due to net litigation settlement costs of \$12.4 million (16 cents per basic and diluted share) in 1H/20, and lower travel and entertainment expenses. There was also a \$1.8 million decrease in expenses largely relating to the release of a provision for restoration costs for our data centre in 1H/21.
- The decreases in *Selling, general and administration* expenses were partially offset by higher director and consulting fees, as well as transaction costs related to the acquisition of Tradesignal and the proposed AST Canada transaction of approximately \$0.5 million in 1H/21.

Depreciation and amortization

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
	\$41.7	\$39.3	\$2.4	6%

- There were higher *Depreciation and amortization* costs reflecting increased amortization on new intangible assets.
- The *Depreciation and amortization* costs in 1H/21 of \$41.7 million included \$24.0 million related to amortization of intangible assets related to acquisitions (34 cents per basic and diluted share).
- The *Depreciation and amortization* costs in 1H/20 of \$39.3 million included \$23.6 million related to amortization of intangible assets related to acquisitions (34 cents per basic and diluted share).

Additional Information

Share of income from equity accounted investees

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
	\$14.3	\$3.7	\$10.6	286%

- In 1H/21, our share of income from equity accounted investees increased by \$10.6 million primarily due to an increase in our share of income from BOX reflecting higher revenues driven by a 143% increase in volumes from 1H/20 to 1H/21.

Net finance costs

(in millions of dollars)	1H/21	1H/20	\$ increase	% increase
	\$17.9	\$16.7	\$1.2	7%

- The increase in net finance costs for 1H/21 compared to 1H/20 reflected higher net interest expense due to lower finance income as a result of lower interest rates, and higher costs related to the Series F Debentures issued in Q1/21, largely offset by reduced interest costs related to Commercial Paper.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
1H/21	1H/20	1H/21	1H/20
\$88.3	\$58.5	34%	30%

Excluding adjustments, primarily related to the items noted below, the effective tax rate would have been approximately 26% for 1H/21 and 1H/20.

- In 1H/21, there was an increase in net deferred income tax liabilities, as well as a corresponding increase in income tax expense of \$19.8 million relating to a change in the U.K. corporate tax rate. In Q2/21, the previously announced increase in the U.K. corporate income tax rate from 19% to 25%, effective April 1, 2023, was substantively enacted. The net deferred income tax liabilities were revalued accordingly to reflect the higher tax rate.
- In 1H/20, there was an increase in deferred income tax liabilities and a corresponding non-cash increase in income tax expense of \$7.4 million relating to the U.K. corporate income tax rate. In Q1/20, it was announced that the U.K. corporate income tax rate would not decline as previously anticipated; therefore, we were required to revalue deferred income tax liabilities.

Total equity

(in millions of dollars)	As at June 30, 2021	As at December 31, 2020	\$ increase
Total equity	\$3,657.9	\$3,611.5	\$46.4

- As at June 30, 2021, there were 56,114,283 common shares issued and outstanding and 1,189,404 options outstanding under the share option plan.
- At July 27, 2021, there were 55,981,344 common shares issued and outstanding and 1,184,843 options outstanding under the share option plan.
- The increase in Total equity is primarily attributable to the inclusion of net income of \$173.7 million, proceeds received on the exercise of options of \$11.2 million, less dividend payments to shareholders of TMX Group of \$82.7 million. In addition, 366,600 of our common shares were repurchased in 1H/21 under a normal course issuer bid for \$47.5 million.

Segments

The following information reflects TMX Group's segment results for 1H/21 compared with the 1H/20.

1H/21

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 130.3	\$ 126.0	\$ 71.4	\$ 169.6	\$ (0.3)	\$ 497.0
Inter-segment revenue	0.1	1.0	—	0.1	(1.2)	—
Total revenue	130.4	127.0	71.4	169.7	(1.5)	497.0
Income (loss) from operations	82.0	68.2	31.6	108.1	(24.3)	265.6

1H/20

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 88.2	\$ 117.7	\$ 70.5	\$ 160.8	\$ 0.8	\$ 438.0
Inter-segment revenue	—	0.9	—	0.1	(1.0)	—
Total revenue	88.2	118.6	70.5	160.9	(0.2)	438.0
Income (loss) from operations	43.0	62.6	37.1	106.9	(40.2)	209.4

Income (loss) from operations

The increase in *Income from operations* from *Capital Formation* primarily reflected higher revenue from *additional listing fees* in 1H/21 compared with 1H/20. There were also increases in revenue from *initial listing fees*, *sustaining listing fees*, and TSX Trust.

The increase in *Income from operations* from *Equities and Fixed Income Trading and Clearing* was largely driven by significantly higher revenue from *Equities trading* due to higher volumes on TSXV and Alpha, partially offset by lower volumes on TSX. In addition, there was an increase in revenue from CDS. The higher revenue was partially offset by higher operating expenses in 1H/21 compared with 1H/20 driven by increased compensation and benefits costs.

The decrease in *Income from operations* from *Derivatives Trading and Clearing* primarily reflected higher operating expenses reflecting increased compensation and benefits costs as well as project related expenses. partially offset by

higher revenue driven by higher volumes in 1H/21 compared with 1H/20. There was also a decrease in *Derivatives Trading and Clearing* revenue mainly attributable to reduced revenue of approximately \$1.5 million from BOX relating to our agreement to provide transitional services, which ended on June 30, 2020.

The increase in *Income from operations* from *Global Solutions, Insights and Analytics* reflects higher revenue from Trayport and TMX Datalinx. The increase in Trayport revenue reflected higher total subscribers, increased sales of additional products, and enterprise license renewals in 1H/21 compared with 1H/20. Within TMX Datalinx, there were higher revenues related to an increase in both professional and non-professional subscribers, usage based quotes, benchmarks and indices as well as co-location. The higher revenue was partially offset by an unfavourable impact of approximately \$4.2 million from a stronger Canadian dollar relative to the U.S. dollar in 1H/21 compared with 1H/20, as well as higher operating expenses in 1H/21 compared with 1H/20.

Other includes certain revenue as well as corporate and other costs related to initiatives, not allocated to the operating segments. Revenue related to foreign exchange gains and losses and other services are presented in the *Other* segment. Costs and expenses related to the amortization of purchased intangibles, along with certain consolidation and elimination adjustments, are also presented in *Other*. The *loss from operations* in the *Other* segment decreased in 1H/21 primarily reflecting net litigation settlement costs of \$12.4 million incurred and allocated to the *Other* segment in 1H/20. There was also a \$1.8 million decrease in expenses in 1H/21, largely relating to the release of a provision for restoration costs for our data centre.

Partially offsetting these decreases, was approximately \$1.2 million (2 cent per basic and diluted share) in transaction costs related to the acquisition of Tradesignal and the proposed AST Canada transaction in 1H/21. In addition, there was lower revenue reflecting net foreign exchange losses on net monetary assets in 1H/21 compared with net foreign exchange gains in 1H/20 driven by the unfavorable impact from a stronger Canadian dollar relative to the U.S. dollar in 1H/21 compared with 1H/20.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Cash Flows

Q2/21 compared with Q2/20

(in millions of dollars)	Q2/21	Q2/20	\$ increase / (decrease) in cash
Cash flows from operating activities	\$142.1	\$130.9	\$11.2
Cash flows from (used in) financing activities	(84.7)	(111.4)	26.7
Cash flows from (used in) investing activities	(37.6)	5.2	(42.8)

- In Q2/21, *Cash flows from operating activities* increased compared with Q2/20 reflecting higher income from operations (excluding depreciation and amortization) and an increase in cash related to trade and other payables. These increases were somewhat offset by decreases in cash from trade and other receivables, and prepaid expenses, and other assets and liabilities.
- In Q2/21, we had less *Cash flows used in financing activities* compared with Q2/20 reflecting a decrease in cash used in the net repayments of Commercial Paper of \$54.7 million. This decrease was partially offset by an increase in share repurchases under our normal course issuer bid program of \$14.4 million, a decrease in proceeds from exercised options of \$7.7 million, and an increase in dividends paid to equity holders of \$6.1 million.
- In Q2/21, there were *Cash flows used in investing activities* of \$37.6 million compared with *cash flows from investing activities* of \$5.2 million in Q2/20. This was mainly attributable to a decrease in cash of \$39.9 million from the net purchase of marketable securities in Q2/21 compared with net sales in Q2/20, and cash outflows relating to an acquisition of subsidiary, net of cash acquired, of \$6.8 million. Partially offsetting these decreases cash used for additions to premises and equipment and intangible assets decreased by \$4.2 million from Q2/20 to Q2/21.

1H/21 compared with 1H/20

(in millions of dollars)	1H/21	1H/20	\$ increase / (decrease) in cash
Cash flows from operating activities	\$220.7	\$209.9	\$10.8
Cash flows from (used in) financing activities	(54.2)	(146.3)	92.1
Cash flows from (used in) investing activities	(37.6)	11.8	(49.4)

- In 1H/21, *Cash flows from operating activities* increased compared with 1H/20 reflecting higher income from operations (excluding depreciation and amortization). These increases are somewhat offset by decreases in cash related to trade and other receivables, and prepaid expenses, other assets and liabilities.
- In 1H/21, *Cash flows used in financing activities* were lower than in 1H/20. In 1H/21, we received proceeds from the issuance of our Series F Debentures of \$250.0 million. This increase was partially offset by an increase in net repayments of Commercial Paper of \$97.4 million, an increase in share repurchases under our normal course issuer bid program of \$32.8 million, a decrease in proceeds from exercised options of \$12.0 million, an increase in

dividends paid to equity holders of \$8.3 million, and a net decrease in credit and liquidity facilities drawings of \$8.0 million.

- In 1H/21, there were *Cash flows used in investing activities* of \$37.6 million compared with *cash flows from investing activities* of \$11.8 million in 1H/20. This was largely attributable to a decrease in cash of \$47.7 million from the net purchase of marketable securities in 1H/21 compared with net sales in 1H/20, and cash outflows relating to an acquisition of subsidiary, net of cash acquired, of \$6.8 million. Partially offsetting these decreases, cash used for additions to premises and equipment and intangible assets decreased by \$5.9 million from 1H/20 to 1H/21.

Summary of Cash Position and Other Matters³⁸

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	As at June 30, 2021	As at December 31, 2020	\$ increase
	\$419.1	\$277.9	\$141.2

We had \$419.1 million of cash, cash equivalents and marketable securities as at June 30, 2021. There was an increase in cash, cash equivalents and marketable securities primarily reflecting proceeds from the issuance of Series F Debentures of \$250.0 million, cash flows from operating activities of \$220.7 million, proceeds from exercised options of \$11.2 million, and cash flows from dividends received of \$5.7 million. Offsetting these increases in cash and cash equivalents were a net decrease in Commercial Paper of \$160.0 million, cash outflows for dividends to our shareholders of \$82.7 million, repurchases of our shares under a normal course issuer bid of \$47.5 million, additions to premises and equipment and intangible assets of \$24.3 million, interest paid, net of interest received of \$15.3 million, and a cash outflow relating to an acquisition of \$6.8 million. Based on our current business operations and model, we believe that we have sufficient cash resources and access to financing to operate our business, make interest payments, as well as meet our covenants under the trust indentures governing our Debentures and the financial covenants of the Credit Agreement (as outlined in the 2020 Annual MD&A), and commercial paper program (Commercial Paper Program) (see **LIQUIDITY AND CAPITAL RESOURCES - Commercial Paper, Debentures, Credit and Liquidity Facilities**), and satisfy the capital maintenance requirements imposed by regulators.

We will also have cash outlays related to the modernization of our clearing platforms (see - **INITIATIVES AND ACCOMPLISHMENTS - Update on Modernization of Clearing Platforms**) and to fund the AST Canada transaction, which will be financed with a combination of cash and debt capacity (see - **INITIATIVES AND ACCOMPLISHMENTS - Capital Formation - AST Canada transaction**)

Our ability to obtain funding in the future will depend on the liquidity and condition of the financial markets, including the credit market, and our financial condition at the time, the covenants in the Credit Agreement and the trust indentures governing the Debentures, and by capital maintenance requirements imposed by regulators. At June 30, 2021, there was no Commercial Paper outstanding.

Total Assets

(in millions of dollars)	As at June 30, 2021	As at December 31, 2020	\$ increase
	\$38,957.3	\$36,098.6	\$2,858.7

³⁸ The "Summary of Cash Position and Other Matters" section above contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

- Our consolidated balance sheet as at June 30, 2021 includes *Balances of Participants and Clearing Members* related to our clearing operations. These balances have equal amounts included within *Total Liabilities*. The increase in *Total Assets* of \$2,858.7 million from December 31, 2020 reflected higher collateral balances in both CDS and CDCC at June 30, 2021.

Commercial Paper, Debentures, Credit and Liquidity Facilities

Commercial Paper

(in millions of dollars)	As at June 30, 2021	As at December 31, 2020	\$ (decrease)
	\$0.0	\$160.0	\$(160.0)

There was no Commercial Paper outstanding under the program at June 30, 2021 reflecting a net reduction of \$160.0 million from December 31, 2020. The Commercial Paper Program is fully backstopped by the TMX Group credit facility.

On April 28, 2021, TMX reduced the size of its Commercial Paper Program from \$500.0 million to \$400.0 million (or the US equivalent). The Commercial Paper continues to be issued in various maturities of no more than one year and bears interest rates based on the prevailing market conditions at the time of issuance.

For additional information on our credit facilities, please see **Credit Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2020 Annual MD&A.

Debentures

As of June 30, 2021, TMX Group had the following Debentures outstanding:

(in millions of dollars)	As at June 30, 2021	As at December 31, 2020	\$ increase
Series B - Non-Current Debentures	\$249.8	\$249.8	\$0.0
Series D - Non-Current Debentures	\$299.1	\$298.7	\$0.4
Series E - Non-Current Debentures	\$199.2	\$199.0	\$0.2
Series F - Non-Current Debentures	\$248.7	\$—	\$248.7
	\$996.8	\$747.5	\$249.3

On February 12, 2021, TMX Group completed a Canadian private placement offering of \$250.0 million aggregate principal amount of 2.016% senior unsecured debentures due February 12, 2031 ("Series F Debentures") to accredited investors in Canada. The Series F Debentures received a credit rating of A (high) with a Stable trend from DBRS Limited. TMX Group incurred financing costs of \$1.3 million for the initial issuance of Series F Debentures, and these costs are offset against the initial carrying value of the Series F Debentures. The Series F Debentures may be redeemed, in whole or in part, at the option of TMX Group, at the redemption price together with accrued and unpaid interest to the date fixed for redemption. The redemption price is equal to the greater of the Canada Yield Price (as defined in the relevant

indenture) and 100% of the principal amount of the Series F Debentures redeemed plus accrued and unpaid interest to the date of the redemption. If redeemed on or after the date that is three months prior to the maturity date, the redemption price will be equal to 100% of the aggregate principal amount outstanding on the debentures, together with accrued and unpaid interest to the date of such redemption.

In Q1/21, a portion of the proceeds from the Series F Debentures were used to repay TMX Group's commercial paper.

For additional information on the Debentures, please see **Debentures** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2020 Annual MD&A.

TMX Group Credit Facility

On April 28, 2021, TMX Group amended the terms of the TMX Group Limited credit facility to decrease the size of the facility from \$500.0 million to \$400.0 million, and extended the term from May 2, 2021 to May 2, 2024.

The TMX Group Limited credit facility continues to provide 100% backstop to the commercial paper program and can also be used for general corporate purposes. The amount available to be drawn under the TMX Group Limited credit facility is limited to \$400.0 million less the aggregate amount, at any point in time, of: (i) Commercial Paper outstanding and (ii) inter-company notes payable outstanding to CDS Clearing, CDCC, Shorcan Brokers Limited and CDS Limited.

For additional information on our credit facilities, please see **Credit Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2020 Annual MD&A.

As at June 30, 2021, all covenants were met under the Credit Agreement governing the TMX Group credit facility.

Effective Interest Rates

The effective interest rates as at June 30, 2021 for the Debentures are shown below:

Debentures	Principal (\$CAD millions)	Maturity	All-in Rate
Series B Debentures	250.0	Oct. 3, 2023	4.461%
Series D Debentures	300.0	Dec. 11, 2024	2.997%
Series E Debentures	200.0	Jun. 5, 2028	3.779%
Series F Debentures	250.0	Feb. 12, 2031	2.016%

Other Credit and Liquidity Facilities

CDCC maintains a \$27,012.0 million REPO uncommitted facility (\$27,012.0 million at December 31, 2020) that is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. On February 26, 2021, CDCC extended this facility to February 25, 2022.

CDCC also maintains a \$100.0 million syndicated revolving standby liquidity facility (\$320.0 million at December 31, 2020) to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been received by, or pledged to,

CDCC. On February 26, 2021, this facility was extended to February 25, 2022 and on June 4, 2021, CDCC reduced this facility from \$320.0 million to \$100.0 million.

As at June 30, 2021, CDCC had drawn \$0.4 million to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

CDS Clearing maintains a secured standby liquidity facility of US\$720.0 million, or Canadian dollar equivalent, that can be drawn in either United States (US) or Canadian currency. On March 23, 2021, CDS Clearing extended the maturity date to March 22, 2022.

CDS Clearing also has a secured standby liquidity facility of \$2.0 billion or US equivalent that can be drawn in either Canadian or US currency. On March 23, 2021, CDS Clearing extended the maturity date to March 22, 2022.

MANAGING CAPITAL

Our primary objectives in managing capital and our capital maintenance requirements are described in our 2020 Annual MD&A.

As at June 30, 2021, we were in compliance with each of these externally imposed capital maintenance requirements. See **Credit Facility** and **Other Credit and Liquidity Facilities** and **MANAGING CAPITAL** in our 2020 Annual MD&A for a description of the financial covenants imposed on us.

QUARTERLY FINANCIAL INFORMATION

(in millions of dollars except per share amounts - unaudited)	Jun 30 2021	Mar 31 2021	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019
Capital Formation	\$69.2	\$61.1	\$50.6	\$50.2	\$48.1	\$40.1	\$42.6	\$43.7
Equities and Fixed Income Trading	29.4	40.9	30.6	28.5	34.7	33.2	22.7	23.5
Equities and fixed Income - clearing, settlement, depository and other services (CDS)	27.9	27.8	25.7	23.7	24.8	25.0	28.4	21.8
Derivatives Trading & Clearing	33.9	37.5	30.8	24.9	30.0	40.5	33.3	33.5
Global Solutions, Insights and Analytics	84.6	85.0	82.6	80.3	81.0	79.8	75.9	73.6
Other	—	(0.3)	(0.8)	—	(0.9)	1.7	(0.1)	0.2
Revenue	245.0	252.0	219.5	207.6	217.7	220.3	202.8	196.3
Operating expenses	112.1	119.3	113.4	107.2	119.3	109.3	106.3	104.7
Income from operations	132.9	132.7	106.1	100.4	98.4	111.0	96.5	91.6
Net income	77.3	96.4	71.8	70.0	67.8	70.1	47.5	61.7
Earnings per share								
Basic	1.38	1.71	1.27	1.24	1.20	1.25	0.85	1.10
Diluted	1.37	1.70	1.26	1.23	1.19	1.24	0.84	1.09

Q2/21 compared with Q1/21

- Revenue was \$245.0 million in Q2/21, down \$7.0 million or 3% from \$252.0 million in Q1/21 primarily attributable to lower revenue in *Equities and Fixed Income Trading*, and *Derivatives Trading & Clearing*, partially offset by higher revenue in *Capital Formation*.
- Operating expenses in Q2/21 were \$112.1 million, down \$7.2 million or 6% from \$119.3 million in Q1/21. The decrease in costs was driven by lower short term employee performance incentive plan and sales commissions costs of \$3.3 million, lower payroll costs of \$3.1 million, and lower long term performance incentive plan costs of \$1.6 million. In addition, there was a \$1.8 million decrease in expenses largely relating to the release of a provision for restoration costs for our data centre in Q2/21. These decreases in expenses were partially offset by higher director fees, increased software license and maintenance costs, and higher bad debt expenses.
- Income from operations increased slightly from Q1/21 to Q2/21 due to lower operating expenses largely offset by lower revenue.
- Net income in Q2/21 was \$77.3 million, or \$1.38 per common share on a basic and \$1.37 on a diluted basis, compared with net income of \$96.4 million, or \$1.71 per common share on a basic and \$1.70 on a diluted basis for Q1/21. The decrease in net income and earnings per share from Q1/21 to Q2/21 was primarily attributable to a increase in income tax expense of \$19.8 million relating to an increase in the U.K. corporate income tax rate, partially offset by a \$1.3 million increase in our share of income from BOX from Q1/21 to Q2/21.

Q1/21 compared with Q4/20

- Revenue was \$252.0 million in Q1/21, up \$32.5 million or 15% from \$219.5 million in Q4/20 attributable to increases in revenue across all our operating segments.

- *Operating expenses* in Q1/21 were \$119.3 million, up \$5.9 million or 5%, from \$113.4 million in Q4/20. The increase in costs was primarily attributable to increased payroll taxes of \$3.8 million, increased pension expenses of \$2.9 million, higher headcount, higher short term employee performance incentive plan and sales commissions costs of \$0.9 million, and higher long term performance incentive plan costs of \$0.8 million. These increases in operating expenses were partially offset by lower severance costs of \$2.8 million in Q1/21, the write-off of costs related to discontinued initiatives in Q4/20, and lower information technology professional services costs.
- *Income from operations* increased from Q4/20 to Q1/21 largely due to higher revenue partially offset by higher operating expenses.
- *Net income* in Q1/21 was \$96.4 million, or \$1.71 per common share on a basic and \$1.70 on a diluted basis, compared with a net income of \$71.8 million, or \$1.27 per common share on a basic and \$1.26 on a diluted basis, for Q4/20. The increase in net income and earnings per share from Q4/20 to Q1/21 was driven by an increase in *income from operations* of \$26.6 million. There was also a significant increase in our share of income from BOX from Q4/20 to Q1/21.

For additional information on the seven previous quarters, please see Select Annual and Quarterly financial information in our 2020 Annual MD&A.

Accounting and Control Matters

Changes in accounting policies

In March 2021, the IASB amended IFRS 16, Leases, extending the practical expedient introduced in March 2020 in response to the COVID-19 pandemic, in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments due on or before June 30, 2022 (extended from June 30, 2021). TMX Group early adopted this amendment from January 1, 2021. This amendment did not have a significant impact on TMX Group's interim financial statements.

Changes in Internal Control over Financial Reporting

There were no changes to internal control over financing reporting (ICFR) during the quarter ended June 30, 2021 that materially affected, or are reasonably likely to materially affect, our ICFR.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A 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 MD&A. 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 MD&A include, but are not limited to, growth objectives; our target dividend payout ratio; the ability of TMX Group to de-leverage and the timing thereof; the modernization of clearing platforms, including the expected cash expenditures related to the modernization of our clearing platforms and the timing of the modernization; other statements related to cost reductions; the impact of the market capitalization of TSX and TSXV issuers overall (from 2019 to 2020) and the impact of increased new listing activity in 2021 on TMX Group's sustaining listing fee revenue; future changes to TMX Group's anticipated statutory income tax rate for 2021; 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 proposed timing for the completion of the acquisition of AST Canada, including the ability to obtain the required regulatory approvals and financing required to complete this acquisition, the composition of AST Canada's client base and the products and services it will provide, the anticipated benefits and synergies of the AST Canada acquisition, 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, 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) 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; 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, 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 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 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, including the acquisition and integration of AST Canada; the amount of revenue and 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; 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.

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 post-trade systems;
- no significant changes to our effective tax rate, recurring revenue, and number of shares outstanding;
- moderate levels of market volatility;
- 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 the COVID-19 pandemic 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 MD&A. 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 2020 Annual MD&A which is incorporated by reference into this MD&A.