



## TMX Group Limited Reports Results for Fourth Quarter and Full Year 2020

- Revenue of \$219.5 million, up 8% from \$202.8 million in Q4/19
- Diluted earnings per share of \$1.26, up 50% from \$0.84 in Q4/19, which included a non-cash impairment charge of 32 cents per share
- Adjusted diluted earnings per share of \$1.43, up 9% over \$1.31 in Q4/19
- Cash flows from operating activities of \$99.3 million, up 19% from \$83.1 million in Q4/19

February 8, 2021 (TORONTO) – TMX Group Limited [TSX:X] (“TMX Group”) today announced results for the full year and fourth quarter ended December 31, 2020.

Commenting on 2020 and the company's outlook, John McKenzie, Chief Executive Officer of TMX Group, said:

“TMX’s positive performance in 2020 highlights the value of our diversified business model, as increased revenue from Equities and Fixed Income Trading, Trayport, and Capital Formation activity on TSX and TSXV, generated overall revenue and earnings per share growth compared with 2019. TMX’s 2020 results also serve as strong affirmation of the vitality of Canada’s capital markets ecosystem and the crucial role that healthy, vibrant public markets play in fuelling a resilient and competitive world-class economy. While significant challenges remain on the near-term horizon across all industries and in our business environment due to the COVID-19 pandemic, we move along into 2021 clear in purpose as we work to advance our global growth strategy and build Canada’s markets stronger for all of our stakeholders into the future.”

Commenting on performance in the fourth quarter of 2020, Frank Di Liso, interim Chief Financial Officer of TMX Group, said:

“We were very pleased to deliver strong financial results this past quarter with revenue growth of 8%, growth in diluted EPS of 50% and an increase of 9% in adjusted diluted EPS compared with the fourth quarter of 2019. Drawing on the balanced strength of our complementary set of assets, we reported solid growth in our business driven, in part, by more favourable market conditions for capital raising and continued strength in our equities trading and Trayport businesses. Within the derivatives segment, we saw a strong rebound in both volumes and revenue from the third to fourth quarter.”

## 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, impairment charges, strategic re-alignment expenses, net litigation settlement costs, gain on sale of interest in Bermuda Stock Exchange, transaction related costs, change in net deferred income tax liabilities resulting from decrease in Alberta corporate income tax rate, increase in deferred income tax liabilities relating to a change in the U.K. tax rate, and reduction in commodity tax provision. 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 December 31, 2020 (Q4/20) Compared with Quarter ended December 31, 2019 (Q4/19)

The information below reflects the financial statements of TMX Group for Q4/20 compared with Q4/19. Certain comparative information has been reclassified in order to conform with the financial presentation adopted in the current year.

(in millions of dollars, except per share amounts)	Q4/20	Q4/19	\$ increase	% increase
Revenue	<b>\$219.5</b>	\$202.8	\$16.7	8%
Operating expenses	<b>113.4</b>	106.3	7.1	7%
Income from operations	<b>106.1</b>	96.5	9.6	10%
Net income	<b>71.8</b>	47.5	24.3	51%
Adjusted net income <sup>1</sup>	<b>81.3</b>	74.3	7.0	9%
Earnings per share				
Basic	<b>1.27</b>	0.85	0.42	49%
Diluted	<b>1.26</b>	0.84	0.42	50%
Adjusted Earnings per share <sup>2</sup>				
Basic	<b>1.44</b>	1.32	0.12	9%
Diluted	<b>1.43</b>	1.31	0.12	9%
Cash flows from operating activities	<b>99.3</b>	83.1	16.2	19%

<sup>1</sup> See discussion under the heading "Non-IFRS Financial Measures".

<sup>2</sup> See discussion under the heading "Non-IFRS Financial Measures".

## Net Income and Earnings per Share

Net income in Q4/20 was \$71.8 million, or \$1.27 per common share on a basic and \$1.26 on a diluted basis, compared with a net income of \$47.5 million, or \$0.85 per common share on a basic and \$0.84 on a diluted basis, for Q4/19. The increase in net income and earnings per share from Q4/19 to Q4/20 reflected increased revenue. In addition, there was an \$18.0 million (32 cents per basic and diluted common share) non-cash impairment charge related to Shorcan in 2019. These increases were somewhat offset by an increase in operating expenses. There was a decrease in our share of income from BOX driven by an increase of approximately \$5.1 million (7 cents per basic and diluted share) in our share of long term employee performance incentive plan costs for the full year 2020. The increase in diluted earnings per share was somewhat offset by an increase in the number of weighted-average common shares outstanding in Q4/20 compared with Q4/19.

## Adjusted Earnings per Share<sup>3</sup> Reconciliation for Q4/20 and Q4/19

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

	Q4/20		Q4/19	
(unaudited)	Basic	Diluted	Basic	Diluted
Earnings per share	<b>\$1.27</b>	<b>\$1.26</b>	\$0.85	\$0.84
Adjustments related to:				
Amortization of intangibles related to acquisitions	<b>0.17</b>	<b>0.17</b>	0.16	0.16
Strategic re-alignment expenses <sup>4</sup>	—	—	(0.01)	(0.01)
Impairment charges	—	—	0.32	0.32
Transaction related costs <sup>5</sup>	—	—	—	—
Reduction in commodity tax provision	—	—	—	—
Adjusted earnings per share <sup>6</sup>	<b>\$1.44</b>	<b>\$1.43</b>	\$1.32	\$1.31
Weighted average number of common shares outstanding	<b>56,481,774</b>	<b>56,945,696</b>	56,207,332	56,825,493

Adjusted diluted earnings per share increased by 9% from \$1.31 in Q4/19 to \$1.43 in Q4/20 largely driven by higher revenue, somewhat offset by higher operating expenses. There was a decrease in our share of income from BOX driven by an increase of approximately \$5.1 million (7 cents per basic and diluted share) in our share of long term employee performance incentive plan costs for the full year 2020. The increase in adjusted diluted earnings per share was somewhat reduced by an increase in the number of weighted-average common shares outstanding in Q4/20 compared with Q4/19.

<sup>3</sup> See discussion under the heading "Non-IFRS Financial Measures".

<sup>4</sup> In 2019 we incurred approximately \$3.3 million related to organizational changes, and net expense of \$0.4 million related to onerous contracts. The organizational changes generated annual savings of approximately \$1.8 million starting in Q2/19.

<sup>5</sup> Includes costs related to the AST Canada transaction in 2020. Please refer to "Initiatives and Accomplishments" in the 2020 MD&A for more details.

<sup>6</sup> See discussion under the heading "Non-IFRS Financial Measures".

## Adjusted Net Income<sup>7</sup> Reconciliation for Q4/20 and Q4/19

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

(in millions of dollars) (unaudited)	Q4/20	Q4/19	\$ increase / (decrease)	% increase / (decrease)
Net income	<b>\$71.8</b>	\$47.5	\$24.3	51%
Adjustments related to:				
Amortization of intangibles related to acquisitions	<b>9.4</b>	9.4	—	—%
Strategic re-alignment expenses <sup>8</sup>	—	(0.6)	0.6	100%
Impairment charges	—	18.0	(18.0)	(100)%
Transaction related costs <sup>9</sup>	<b>0.3</b>	—	0.3	n/a
Reduction in commodity tax provision	<b>(0.2)</b>	—	(0.2)	n/a
Adjusted net income <sup>10</sup>	<b>\$81.3</b>	\$74.3	\$7.0	9%

Adjusted net income increased by 9% from \$74.3 million in Q4/19 to \$81.3 million in Q4/20 largely driven by higher revenue, somewhat offset by higher operating expenses. There was a decrease in our share of income from BOX driven by an increase of approximately \$5.1 million (7 cents per basic and diluted share) in our share of long term employee performance incentive plan costs for the full year 2020.

<sup>7</sup> See discussion under the heading "Non-IFRS Financial Measures".

<sup>8</sup> In 2019 we incurred approximately \$3.3 million related to organizational changes, and net expense of \$0.4 million related to onerous contracts. The organizational changes generated annual savings of approximately \$1.8 million starting in Q2/19.

<sup>9</sup> Includes costs related to the AST Canada transaction in 2020. Please refer to "Initiatives and Accomplishments" in the 2020 MD&A for more details.

<sup>10</sup> See discussion under the heading "Non-IFRS Financial Measures".

## Revenue

(in millions of dollars)	Q4/20	Q4/19	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$50.6	\$42.6	\$8.0	19%
Equities and Fixed Income Trading and Clearing	56.3	51.1	5.2	10%
Derivatives Trading and Clearing	30.8	33.3	(2.5)	(8)%
Global Solutions, Insights and Analytics	82.6	75.9	6.7	9%
Other	(0.8)	(0.1)	(0.7)	(700)%
	<b>\$219.5</b>	<b>\$202.8</b>	<b>\$16.7</b>	<b>8%</b>

Revenue was \$219.5 million in Q4/20, up \$16.7 million or 8% from \$202.8 million in Q4/19 attributable to increases in revenue from *Capital Formation*, *Equities and Fixed Income Trading* as well as *Global Solutions, Insights and Analytics* offset by a decrease in *CDS*, *Derivatives Trading and Clearing* and *Other* revenue.

## Capital Formation

(in millions of dollars)	Q4/20	Q4/19	\$ increase	% increase
Initial listing fees	\$2.8	\$2.6	\$0.2	8%
Additional listing fees	22.6	16.5	6.1	37%
Sustaining listing fees	17.5	17.1	0.4	2%
Other issuer services	7.7	6.4	1.3	20%
	<b>\$50.6</b>	<b>\$42.6</b>	<b>\$8.0</b>	<b>19%</b>

- *Initial listing fees* in Q4/20 increased from Q4/19 primarily due to an increase in the amount of deferred *initial listing fee* revenue recognized in Q4/20 compared with Q4/19 on TSX somewhat offset by a lower amount of deferred *initial listing fee* revenue recognized on TSXV. We recognized *initial listing fees* received in 2019 and 2020 of \$2.5 million in Q4/20 compared with *initial listing fees* received in 2018 and 2019 of \$2.3 million in Q4/19.
- Based on *initial listing fees* billed in 2020, the following amounts have been deferred to be recognized in Q1/21, Q2/21, Q3/21 and Q4/21: \$2.4 million, \$2.1 million, \$1.4 million and \$0.4 million respectively. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.
- *Additional listing fees* in Q4/20 increased compared to Q4/19 reflecting an increase in *additional listing fee* revenue on TSXV from Q4/19 to Q4/20 due to an increase in both the total number of financings and total financing dollars

raised. There was also an increase in *additional listing fee* revenue on TSX reflecting a 56% increase in the number of transactions billed at the maximum listing fee of \$250,000, and an increase of 15% in the number of transactions billed below the maximum fee from Q4/19 to Q4/20.

- 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 Q4/19 to Q4/20.
- *Other issuer services* revenue in Q4/20 increased compared to Q4/19 reflecting higher revenue from TSX Trust primarily related to transfer agency services.

## Equities and Fixed Income Trading and Clearing

(in millions of dollars)	Q4/20	Q4/19	\$ increase /(decrease)	% increase/(decrease)
Equities and fixed income trading	\$30.6	\$22.7	\$7.9	35%
Equities and fixed income clearing, settlement, depository and other services (CDS)	25.7	28.4	(2.7)	(10)%
	\$56.3	\$51.1	\$5.2	10%

- There was an increase in *Equities and Fixed Income Trading* revenue in Q4/20 compared with Q4/19 driven by significantly higher overall volumes across all of our exchanges. The impact from the higher volumes was somewhat offset by a less favourable product mix in Q4/20 compared with Q4/19. There was also an increase in *Fixed Income Trading* revenue reflecting increased activity in swaps.
- The overall volume of securities traded on our equities marketplaces increased by 51% (45.7 billion securities in Q4/20 versus 30.2 billion securities in Q4/19), reflecting high market volatility. There was an increase in volumes of 29% on TSX, 94% on Alpha, and 96% on TSXV in Q4/20 compared with Q4/19.
- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 67% in Q4/20, up 2% from approximately 65% in Q4/19.
- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was approximately 56% in Q4/20, down 2% from approximately 58% in Q4/19.
- CDS revenue decreased from Q4/19 to Q4/20. In Q4/19, recoverable costs of \$5.3 million related to CDS's clearing operation that were previously netted, were reclassified and included in both CDS revenue and *Selling, general and administration* expenses. There were \$1.3 million of these recoverable costs in Q4/20. Offsetting this decrease in revenue, there were higher international revenues and higher depository, clearing and settlement revenues due to higher volumes in Q4/20 compared with Q4/19.

Excluding the impacts of recoverable costs, *Equities and Fixed Income Trading and Clearing* revenue increased by 20% in Q4/20 compared with Q4/19.

## Derivatives Trading and Clearing

(in millions of dollars)	Q4/20	Q4/19	\$ (decrease)	% (decrease)
	\$30.8	\$33.3	\$(2.5)	(8)%

- The decrease in Derivatives Trading and Clearing revenue reflected reduced revenue of approximately \$1.4 million in revenue from Q4/19 to Q4/20 relating to our agreement to provide transitional services to BOX, which ended on June 30, 2020.
- The decrease in revenue was also driven by a 3% decrease in revenue from MX and CDCC. Volumes on MX decreased by 1% from Q4/19 to Q4/20 (28.0 million contracts traded in Q4/20 versus 28.4 million contracts traded in Q4/19), and there was lower revenue per contract attributable to an unfavourable product mix.

## Global Solutions, Insights and Analytics

(in millions of dollars)	Q4/20	Q4/19	\$ increase	% increase
Trayport	\$35.3	\$30.9	\$4.4	14%
GSIA (excluding Trayport)	47.3	45.0	\$2.3	5%
	\$82.6	\$75.9	\$6.7	9%

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in Q4/20 compared with Q4/19 was primarily driven by increased revenue from Trayport and higher usage based quotes for GSIA (excluding Trayport). The higher revenue includes a favourable impact from a weaker Canadian dollar relative to British Pound Sterling (GBP), partially offset by a stronger Canadian dollar related to USD in Q4/20 compared with Q4/19.

### Trayport

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

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19
Trader Subscribers	5,262	5,149	4,998	5,191	5,072	4,863	4,834	4,716
Total Subscribers <sup>11</sup>	25,254	24,661	24,276	24,711	24,116	23,201	22,823	22,349
Revenue (in millions of GBP)	£20.4	£19.6	£19.7	£19.4	£18.0	£18.2	£17.8	£16.7

<sup>11</sup> Previous amounts have been restated based on current data.

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 £20.4 million in Q4/20, up 13% over Q4/19. The increase in Trayport revenue was driven by an increase in subscribers, sales of additional products and enterprise license renewals.

#### GSIA (excluding Trayport)

Revenue from GSIA (excluding Trayport) increased by 5% from Q4/19 to Q4/20. There were higher revenues related to subscriptions, usage based quotes, feeds and benchmarks and indices.

- The average number of professional market data subscriptions for TSX and TSXV products was up 1% in Q4/20 compared with Q4/19 (101,052 professional market data subscriptions in Q4/20 compared with 100,429 in Q4/19).
- The average number of MX professional market data subscriptions was up 3% in Q4/20 from Q4/19 (18,746 MX professional market data subscriptions in Q4/20 compared with 18,166 in Q4/19).

#### **Other**

(in millions of dollars)	<b>Q4/20</b>	Q4/19	<b>\$ (decrease)</b>	<b>% (decrease)</b>
	<b>(\$0.8)</b>	\$ (0.1)	\$ (0.7)	(700)%

- The decrease in *Other* revenue was primarily due to recognizing a higher net foreign exchange losses on net monetary assets in Q4/20 compared with Q4/19.

#### **Operating expenses**

(in millions of dollars)	<b>Q4/20</b>	Q4/19	<b>\$ increase / (decrease)</b>	<b>% increase / (decrease)</b>
Compensation and benefits	<b>\$58.2</b>	\$47.0	\$11.2	24%
Information and trading systems	<b>17.7</b>	13.9	3.8	27%
Selling, general and administration	<b>16.9</b>	25.9	(9.0)	(35)%
Depreciation and amortization	<b>20.6</b>	20.4	0.2	1%
Strategic re-alignment expenses	<b>—</b>	(0.9)	0.9	(100)%
	<b>\$113.4</b>	\$106.3	\$7.1	7%



Operating expenses in Q4/20 were \$113.4 million, up \$7.1 million or 7%, from \$106.3 million in Q4/19. The increase in costs was primarily attributable to higher short term employee performance incentive costs of \$7.1 million, increased severance costs of \$3.1 million (excluding *Strategic re-alignment* expenses), higher long term performance incentive plan costs of \$1.5 million, as well as higher headcount, higher software licensing and information technology professional services costs, the write-off of costs related to discontinued initiatives as well as increased costs related to managing our business during the COVID-19 pandemic. In addition, we incurred \$0.3 million in transaction related costs related to the proposed AST Canada transaction.

Offsetting these increases, in Q4/19, recoverable costs of \$5.3 million related to CDS's clearing operation that were previously netted, were reclassified and included in both CDS revenue and *Selling, general and administration* expenses. There were \$1.3 million of these recoverable costs in Q4/20. The increases were also somewhat offset by a decline in recruitment costs, pension expenses, travel and entertainment expenses, consulting fees and occupancy costs, and a \$0.2 million reduction in commodity tax provision in Q4/20. Lastly, we recovered *Strategic re-alignment expenses* of approximately \$0.9 million in Q4/19 with no similar recovery in Q4/20.

## Compensation and benefits

(in millions of dollars)	Q4/20	Q4/19	\$ increase	% increase
	\$58.2	\$47.0	\$11.2	24%

- *Compensation and benefits* costs increased in Q4/20 reflecting higher short term employee performance incentive plan costs of \$7.1 million, increased severance costs of \$3.1 million (excluding *Strategic re-alignment* expenses), higher long term performance incentive plan costs of \$1.5 million as well as higher headcount and COVID-19 pandemic related costs, somewhat offset by lower recruitment costs and pension expenses.
- There were 1,383 TMX Group employees at December 31, 2020 versus 1,287 employees at December 31, 2019 reflecting an increase in headcount attributable to investing in the various growth areas of our business.

## Information and trading systems

(in millions of dollars)	Q4/20	Q4/19	\$ increase	% increase
	\$17.7	\$13.9	\$3.8	27%

- The increase in *Information and trading systems* expenses from Q4/19 to Q4/20 reflected increased software license and information technology professional services costs, higher costs related to the COVID-19 pandemic as employees worked from home as well as the write-off of costs related to discontinued initiatives.

## Selling, general and administration

(in millions of dollars)	Q4/20	Q4/19	\$ (decrease)	% (decrease)
	\$16.9	\$25.9	\$(9.0)	(35)%

- *Selling, general and administration* expenses decreased in Q4/20 compared with Q4/19 primarily due a decline in travel and entertainment expenses and lower recoverable costs related to CDS's clearing operation. In Q4/19, recoverable costs of \$5.3 million related to CDS's clearing operation that were previously netted, were reclassified and included in both CDS revenue and *Selling, general and administration* expenses. There were \$1.3 million of these recoverable costs in Q4/20. There were also lower consulting fees and occupancy costs in Q4/20 compared with Q4/19, and a \$0.2 million reduction in commodity tax provision in Q4/20. Offsetting these decreases, we incurred \$0.3 million in transaction related costs related to the proposed AST Canada transaction, and higher costs related to the COVID-19 pandemic.

## Depreciation and amortization

(in millions of dollars)	Q4/20	Q4/19	\$ increase	% increase
	\$20.6	\$20.4	\$0.2	1%

- There were slightly higher *Depreciation and amortization* costs reflecting increased amortization on new intangible assets.
- The *Depreciation and amortization* costs in Q4/20 of \$20.6 million included \$11.9 million related to amortization of intangibles related to acquisitions (17 cents per basic and diluted share).
- The *Depreciation and amortization* costs in Q4/19 of \$20.4 million included \$11.8 million related to amortization of intangibles related to acquisitions (16 cents per basic and diluted share).

## Strategic re-alignment expenses

	Q4/20		Q4/19	
(in millions of dollars)	Pre-tax Amount	Basic and Diluted Earnings per Share Impact	Pre-tax Amount	Basic and Diluted Earnings per Share Impact
	\$—	\$—	\$(0.9)	\$(0.01)

- In Q2/19 we incurred non-recurring charges for onerous contracts related to our initiative on modernizing our clearing platforms of \$1.3 million. In Q4/19, we recovered approximately \$0.9 million of these charges.

## Additional Information

### Share of income from equity accounted investees

(in millions of dollars)	Q4/20	Q4/19	\$ (decrease)	% (decrease)
	<b>\$ (0.9)</b>	\$0.7	\$ (1.6)	(229)%

- The decrease in our share of income from equity accounted investees of \$1.6 million primarily reflecting our share of the loss from BOX driven by an increase of approximately \$5.1 million (7 cents per basic and diluted share) in our share of long term employee performance incentive plan costs for the full year 2020. The impact from these higher costs was somewhat offset by higher BOX revenues driven by an increase in volumes of 115% in Q4/20 compared with Q4/19.

### Impairment charge

(in millions of dollars)	Q4/20	Q4/19	\$ (decrease)	% (decrease)
	<b>\$—</b>	\$18.0	\$ (18.0)	(100)%

- In Q4/19, we determined that the fair value of Shorcan was below its carrying value, resulting in a non-cash impairment charge of \$18.0 million.

### Net finance costs

(in millions of dollars)	Q4/20	Q4/19	\$ (decrease)	% (decrease)
	<b>\$8.0</b>	\$8.5	\$ (0.5)	(6)%

- The decrease in net finance costs from Q4/19 to Q4/20 reflected lower interest expense due to decreased debt levels and net lower interest rates.

### Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Q4/20	Q4/19	Q4/20	Q4/19
<b>\$25.4</b>	\$23.2	<b>26%</b>	33%

Excluding adjustments, primarily related to items noted below, the effective tax rate would have been approximately 26% for Q4/20 and Q4/19.

- In Q4/19, we incurred non-cash impairment charges of \$18.0 million related to Shorcan, which is not deductible for income tax purposes. This resulted in an increase in our effective tax rate.

## Summary of Cash Flows

(in millions of dollars)	Q4/20	Q4/19	\$ increase / (decrease) in cash
Cash flows from operating activities	<b>\$99.3</b>	\$83.1	\$16.2
Cash flows from/(used in) financing activities	<b>(122.6)</b>	(80.4)	(42.2)
Cash flows from/ (used in) investing activities	<b>(30.1)</b>	(27.1)	(3.0)

- In Q4/20, *Cash flows from operating activities* increased compared with Q4/19 reflecting higher income from operations (excluding depreciation and amortization), an increase in cash related to trade and other payables as well as lower income taxes paid. The increases were somewhat offset by decreases in cash from trade and other receivables and prepaid expenses as well as other assets and liabilities.
- In Q4/20, *Cash flows used in financing activities* were higher than in Q4/19 largely due to \$42.1 million of share repurchases under our normal course issuer bid program, which was launched in Q1/20.
- In Q4/20, *Cash flows used in investing activities* were higher than in Q4/19 largely due to an increase of \$6.1 million in cash used for additions to premises and equipment partially offset by a decrease in cash of \$3.6 million used for the net purchase of marketable securities in Q4/20 compared with Q4/19.

## Year ended December 31, 2020 (2020) Compared with Year ended December 31, 2019 (2019)

The information below reflects the financial statements of TMX Group for 2020 compared with 2019. Certain comparative information has been reclassified in order to conform with the financial presentation adopted in the current year.

(in millions of dollars, except per share amounts)	2020	2019	\$ increase	% increase
Revenue	<b>\$865.1</b>	\$806.9	\$58.2	7%
Operating expenses	<b>449.2</b>	424.5	24.7	6%
Income from operations	<b>415.9</b>	382.4	33.5	9%
Net income	<b>279.7</b>	247.6	32.1	13%
Adjusted net income <sup>12</sup>	<b>334.9</b>	300.2	34.7	12%
Earnings per share				
Basic	<b>4.96</b>	4.42	0.54	12%
Diluted	<b>4.91</b>	4.38	0.53	12%
Adjusted Earnings per share <sup>13</sup>				
Basic	<b>5.93</b>	5.36	0.57	11%
Diluted	<b>5.88</b>	5.31	0.57	11%
Cash flows from operating activities	<b>410.9</b>	344.0	66.9	19%

### Net Income and Earnings per Share

Net income in 2020 was \$279.7 million, or \$4.96 per common share on a basic and \$4.91 per common share on a diluted basis, compared with net income of \$247.6 million, or \$4.42 per common share on a basic and \$4.38 on a diluted basis, for 2019. The increase in net income reflected an increase in income from operations of \$33.5 million. The increase in income from operations from 2019 to 2020 was driven by an increase in revenue of \$58.2 million, offset by an increase in operating expenses of \$24.7 million. The increase in operating expenses was partly attributable to net litigation settlement costs of \$12.4 million (16 cents per basic and diluted common share) in Q2/20. There was also an increase in our share of income from BOX. In addition, during 2019, there was an \$18.0 million (32 cents per basic and diluted common share) non-cash impairment charge related to Shorcan.

The increase in net income and earnings per share was reduced by significantly higher income tax expense, and a higher effective income tax rate, in 2020 compared with 2019.

- During 2020, there was a change in the U.K. corporate income tax rate. This resulted in an increase in deferred income tax liabilities and a corresponding increase in income tax expense of \$7.4 million, which reduced net income.
- In 2019, the Alberta general corporate income tax rate decreased. This change resulted in a decrease in net deferred income tax liabilities and a corresponding decrease in income tax expense of \$4.3 million. In 2019, we incurred non-

<sup>12</sup> See discussion under the heading "Non-IFRS Financial Measures".

<sup>13</sup> See discussion under the heading "Non-IFRS Financial Measures".

cash impairment charges of \$18.0 million related to Shorcan, which is not deductible for income tax purposes. This resulted in an increase in our effective tax rate, which essentially offset the positive impact from the decrease in the Alberta general corporate income tax rate.

The increase in diluted earnings per share was somewhat reduced by an increase in the number of weighted-average common shares outstanding in 2020 compared with 2019.

## Adjusted Earnings per Share<sup>14</sup> Reconciliation for 2020 and 2019

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

(unaudited)	2020		2019	
	Basic	Diluted	Basic	Diluted
Earnings per share	<b>\$4.96</b>	<b>\$4.91</b>	\$4.42	\$4.38
Adjustments related to:				
Amortization of intangibles related to acquisitions	<b>0.67</b>	<b>0.67</b>	0.68	0.67
Impairment charges	—	—	0.32	0.32
Strategic re-alignment expenses <sup>15</sup>	—	—	0.05	0.05
Net litigation settlement costs	<b>0.16</b>	<b>0.16</b>	—	—
Gain on sale of interest in Bermuda Stock Exchange	—	—	(0.04)	(0.04)
Transaction related costs <sup>16</sup>	<b>0.03</b>	<b>0.03</b>	0.01	0.01
Change in net deferred income tax liabilities resulting from decrease in Alberta corporate income tax rate	—	—	(0.08)	(0.08)
Increase in deferred income tax liabilities relating to change in U.K. tax rate	<b>0.13</b>	<b>0.13</b>	—	—
Reduction in commodity tax provision	<b>(0.02)</b>	<b>(0.02)</b>	—	—
Adjusted earnings per share <sup>17</sup>	<b>\$5.93</b>	<b>\$5.88</b>	\$5.36	\$5.31
Weighted average number of common shares outstanding	<b>56,425,302</b>	<b>56,950,290</b>	56,045,211	56,570,669

Adjusted diluted earnings per share increased by 11% from \$5.31 in 2019 to \$5.88 in 2020 largely driven by increased revenue, somewhat offset by higher operating expenses, excluding net litigation settlement costs of \$12.4 million. There was also an increase in our share of income from BOX and lower net finance costs.

The increase in adjusted diluted earnings per share was somewhat offset by an increase in the number of weighted-average common shares outstanding in 2020 compared with 2019.

<sup>14</sup> See discussion under the heading "Non-IFRS Financial Measures".

<sup>15</sup> In 2019 we incurred approximately \$3.3 million related to organizational changes, and net expense of \$0.4 million related to onerous contracts. The organizational changes generated annual savings of approximately \$1.8 million starting in Q2/19.

<sup>16</sup> Includes costs related to the AST Canada transaction in 2020 and costs related to the acquisition of Visotech in 2019. Please refer to "Initiatives and Accomplishments" in the 2020 MD&A for more details.

<sup>17</sup> See discussion under the heading "Non-IFRS Financial Measures".

## Adjusted Net Income<sup>18</sup> Reconciliation for 2020 and 2019

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

(in millions of dollars) (unaudited)	2020	2019	\$ increase / (decrease)	% increase / (decrease)
Net income	<b>\$279.7</b>	\$247.6	\$32.1	13%
Adjustments related to:				
Amortization of intangibles related to acquisitions	<b>38.1</b>	37.5	0.6	2%
Impairment charges	—	18.0	(18.0)	(100)%
Strategic re-alignment expenses <sup>19</sup>	—	2.8	(2.8)	(100)%
Net litigation settlement costs	<b>9.1</b>	—	9.1	n/a
Gain on sale of interest in Bermuda Stock Exchange	—	(2.0)	2.0	(100)%
Transaction related costs <sup>20</sup>	<b>1.7</b>	0.6	1.1	183%
Change in net deferred income tax liabilities resulting from decrease in Alberta corporate income tax rate	—	(4.3)	4.3	(100)%
Increase in deferred income tax liabilities relating to change in U.K. tax rate	<b>7.4</b>	—	7.4	n/a
Reduction in commodity tax provision	<b>(1.1)</b>	—	(1.1)	n/a
Adjusted net income <sup>21</sup>	<b>\$334.9</b>	\$300.2	\$34.7	12%

Adjusted net income increased by 12% from \$300.2 million in 2019 to \$334.9 million in 2020 largely driven by increased revenue, somewhat offset by higher operating expenses, excluding net litigation settlement costs of \$12.4 million. There was also an increase in our share of income from BOX and lower net finance costs.

<sup>18</sup> See discussion under the heading "Non-IFRS Financial Measures".

<sup>19</sup> In 2019 we incurred approximately \$3.3 million related to organizational changes, and net expense of \$0.4 million related to onerous contracts. The organizational changes generated annual savings of approximately \$1.8 million starting in Q2/19.

<sup>20</sup> Includes costs related to the AST Canada transaction in 2020 and costs related to the acquisition of Visotech in 2019. Please refer to "Initiatives and Accomplishments" in the 2020 MD&A for more details.

<sup>21</sup> See discussion under the heading "Non-IFRS Financial Measures".

## **FINANCIAL STATEMENTS GOVERNANCE PRACTICE**

The Finance & Audit Committee of the Board of Directors of TMX Group (Board) reviewed this press release as well as the 2020 audited annual consolidated financial statements and related Management's Discussion and Analysis (MD&A) and recommended they be approved by the Board of Directors. Following review by the full Board, the 2020 audited annual consolidated financial statements, MD&A and the contents of this press release were approved.

## **CONSOLIDATED FINANCIAL STATEMENTS**

Our 2020 audited annual consolidated financial statements are prepared in accordance with IFRS and are reported in Canadian dollars unless otherwise indicated. Financial measures contained in the MD&A and this press release are based on financial statements prepared in accordance with IFRS, unless otherwise specified and are in Canadian dollars unless otherwise indicated.

## **ACCESS TO MATERIALS**

TMX Group has filed its 2020 audited annual consolidated interim financial statements and MD&A with Canadian securities regulators. These documents may be accessed through [www.sedar.com](http://www.sedar.com), or on the TMX Group website at [www.tmx.com](http://www.tmx.com). We are not incorporating information contained on the website in this press release. In addition, copies of these documents will be available upon request, at no cost, by contacting TMX Group Investor Relations by phone at (416) 947-4277 or by e-mail at [TMXshareholder@tmx.com](mailto:TMXshareholder@tmx.com).

## **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This press release of TMX Group contains "forward-looking information" (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this press release. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as "plans," "expects," "is expected," "budget," "scheduled," "targeted," "estimates," "forecasts," "intends," "anticipates," "believes," or variations or the negatives of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might," or "will" be taken, occur or be achieved or not be taken, occur or be achieved. Forward-looking information, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

Examples of forward-looking information in this press release include, but are not limited to, 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) on TMX Group's revenue; future changes to TMX Group's anticipated statutory income tax rate for 2020; 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 project, including the acquisition 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 press release. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained in the section “**Enterprise Risk Management**” of our 2020 Annual MD&A.

## About TMX Group (TSX:X)

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

## Teleconference / Audio Webcast

TMX Group will host a teleconference / audio webcast to discuss the financial results for Q4/20.

Time: 8:00 a.m. - 9:00 a.m. ET on Tuesday, February 9, 2021.

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

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

Teleconference Number: 647-427-7450 or 1-888-231-8191

Audio Replay: 416-849-0833 or 1-855-859-2056

The pass code for the replay is 7979211.

For more information please contact:

Catherine Kee  
Senior Manager, Corporate Communications  
& Media Relations, TMX Group  
416-814-8834  
[catherine.kee@tmx.com](mailto:catherine.kee@tmx.com)

Amanda Tang  
Senior Manager, Investor Relations  
TMX Group  
416-947-4787  
[amanda.tang@tmx.com](mailto:amanda.tang@tmx.com)

# TMX GROUP LIMITED

## Consolidated Balance Sheets

<i>(In millions of Canadian dollars)</i>	<b>December 31, 2020</b>		December 31, 2019
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$	222.1	\$ 149.0
Restricted cash and cash equivalents		153.3	151.5
Marketable securities		55.8	80.4
Trade and other receivables		108.0	105.3
Balances of Participants and Clearing Members		30,270.4	26,588.9
Other current assets		29.9	30.1
		<b>30,839.5</b>	27,105.2
<b>Non-current assets:</b>			
Goodwill and intangible assets		5,047.7	5,041.2
Right-of-use assets		82.1	93.0
Deferred income tax assets		22.5	23.6
Other non-current assets		106.8	96.7
<b>Total Assets</b>	\$	<b>36,098.6</b>	\$ 32,359.7
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Trade and other payables	\$	132.4	\$ 102.7
Participants' tax withholdings		153.3	151.5
Balances of Participants and Clearing Members		30,270.4	26,588.9
Debt		160.0	239.6
Credit and liquidity facilities drawn		4.3	8.2
Other current liabilities		60.7	62.1
		<b>30,781.1</b>	27,153.0
<b>Non-current liabilities:</b>			
Debt		747.5	747.1
Lease liabilities		86.2	95.4
Deferred income tax liabilities		805.1	801.0
Other non-current liabilities		67.2	64.1
<b>Total Liabilities</b>		<b>32,487.1</b>	28,860.6
<b>Equity:</b>			
Share capital		2,943.6	2,965.1
Contributed surplus		11.1	12.1
Retained earnings		636.2	512.9
Accumulated other comprehensive income		20.6	9.0
<b>Total Equity</b>		<b>3,611.5</b>	3,499.1
Commitments and contingent liabilities			
<b>Total Liabilities and Equity</b>	\$	<b>36,098.6</b>	\$ 32,359.7

# TMX GROUP LIMITED

## Consolidated Income Statements

(In millions of Canadian dollars, except per share amounts)

	For the three months ended December 31		For the year ended December 31	
	2020	2019	2020	2019
Revenue	\$ 219.5	\$ 202.8	\$ 865.1	\$ 806.9
REPO and collateral interest:				
Interest income	18.5	115.5	160.6	353.2
Interest expense	(18.5)	(115.5)	(160.6)	(353.2)
Net REPO and collateral interest	—	—	—	—
<b>Total revenue</b>	<b>219.5</b>	<b>202.8</b>	<b>865.1</b>	<b>806.9</b>
Compensation and benefits	58.2	47.0	226.6	207.9
Information and trading systems	17.7	13.9	57.6	51.9
Selling, general and administration	16.9	25.9	84.7	81.4
Depreciation and amortization	20.6	20.4	80.3	79.6
Strategic re-alignment expenses	—	(0.9)	—	3.7
<b>Total operating expenses</b>	<b>113.4</b>	<b>106.3</b>	<b>449.2</b>	<b>424.5</b>
<b>Income from operations</b>	<b>106.1</b>	<b>96.5</b>	<b>415.9</b>	<b>382.4</b>
Share of income from equity accounted investees	(0.9)	0.7	5.7	3.8
Impairment charges	—	(18.0)	—	(18.0)
Other income	—	—	—	2.3
Finance income (costs):				
Finance income	0.4	1.0	2.1	4.1
Finance costs	(8.4)	(9.5)	(34.9)	(39.7)
Net finance costs	(8.0)	(8.5)	(32.8)	(35.6)
<b>Income before income tax expense</b>	<b>97.2</b>	<b>70.7</b>	<b>388.8</b>	<b>334.9</b>
Income tax expense	25.4	23.2	109.1	87.3
<b>Net income</b>	<b>\$ 71.8</b>	<b>\$ 47.5</b>	<b>\$ 279.7</b>	<b>\$ 247.6</b>
<b>Earnings per share:</b>				
Basic	\$ 1.27	\$ 0.85	\$ 4.96	\$ 4.42
Diluted	\$ 1.26	\$ 0.84	\$ 4.91	\$ 4.38

# TMX GROUP LIMITED

## Consolidated Statements of Comprehensive Income

(In millions of Canadian dollars)

	For the three months ended December 31		For the year ended December 31	
	2020	2019	2020	2019
<b>Net income</b>	\$ 71.8	\$ 47.5	\$ 279.7	\$ 247.6
<b>Other comprehensive loss:</b>				
Items that will not be reclassified to the consolidated income statements:				
Actuarial loss on defined benefit pension and other post-retirement benefit plans (net of tax benefit of \$0.9, 2019 - tax benefit of \$0.9)	0.3	(2.4)	(2.8)	(2.4)
<b>Total items that will not be reclassified to the consolidated income statements</b>	<b>0.3</b>	<b>(2.4)</b>	<b>(2.8)</b>	<b>(2.4)</b>
Items that may be reclassified subsequently to the consolidated income statements:				
Unrealized loss on translating financial statements of foreign operations	9.9	51.2	11.6	(12.5)
<b>Total items that may be reclassified subsequently to the consolidated income statements</b>	<b>9.9</b>	<b>51.2</b>	<b>11.6</b>	<b>(12.5)</b>
<b>Total comprehensive income</b>	<b>\$ 82.0</b>	<b>\$ 96.3</b>	<b>\$ 288.5</b>	<b>\$ 232.7</b>

# TMX GROUP LIMITED

## Consolidated Statements of Changes in Equity

(In millions of Canadian dollars)

	For the year ended December 31, 2020									
	Share capital		Contributed surplus		Accumulated other comprehensive income		Retained earnings	Total equity		
Balance at January 1, 2020	\$	2,965.1	\$	12.1	\$	9.0	\$	512.9	\$	3,499.1
Net income		—		—		—		279.7		279.7
Other comprehensive income (loss):										
Foreign currency translation differences		—		—		11.6		—		11.6
Actuarial losses on defined benefit pension and other post-retirement benefit plans, net of taxes		—		—		—		(2.8)		(2.8)
Total comprehensive income (loss)		—		—		11.6		276.9		288.5
Dividends to equity holders		—		—		—		(153.6)		(153.6)
Proceeds from exercised share options		31.7		—		—		—		31.7
Cost of exercised share options		3.6		(3.6)		—		—		—
Cost of share option plan		—		2.6		—		—		2.6
Shares repurchased under normal course issuer bid		(56.8)		—		—		—		(56.8)
Balance at December 31, 2020	\$	2,943.6	\$	11.1	\$	20.6	\$	636.2	\$	3,611.5

# TMX GROUP LIMITED

## Consolidated Statements of Changes in Equity

(In millions of Canadian dollars)

	For the year ended December 31, 2019				
	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at January 1, 2019	\$ 2,938.0	\$ 12.3	\$ 21.5	\$ 409.0	\$ 3,380.8
Net income	—	—	—	247.6	247.6
Other comprehensive income (loss):					
Foreign currency translation differences	—	—	(12.5)	—	(12.5)
Actuarial losses on defined benefit pension and other post-retirement benefit plans, net of taxes	—	—	—	(2.4)	(2.4)
Total comprehensive (loss) income	—	—	(12.5)	245.2	232.7
Dividends to equity holders	—	—	—	(141.3)	(141.3)
Proceeds from exercised share options	24.4	—	—	—	24.4
Cost of exercised share options	2.7	(2.7)	—	—	—
Cost of share option plan	—	2.5	—	—	2.5
Balance at December 31, 2019	\$ 2,965.1	\$ 12.1	\$ 9.0	\$ 512.9	\$ 3,499.1



# TMX GROUP LIMITED

## Consolidated Statements of Cash Flows

(In millions of Canadian dollars)

For the three months ended  
December 31

For the year ended  
December 31

	2020	2019	2020	2019
<b>Cash flows from (used in) operating activities:</b>				
Income before income taxes	\$ 97.2	\$ 70.7	\$ 388.8	\$ 334.9
Adjustments to determine net cash flows:				
Depreciation and amortization	20.6	20.4	80.3	79.6
Impairment charges	—	18.0	—	18.0
Net finance costs	8.0	8.5	32.8	35.6
Share of income from equity accounted investees	0.9	(0.7)	(5.7)	(3.8)
Cost of share option plan	0.4	0.3	2.6	2.5
Unrealized foreign exchange (gains) losses	0.5	1.5	0.9	1.5
Other income	—	—	—	(2.3)
Changes in:				
Trade and other receivables, and prepaid expenses	(8.9)	(2.9)	(4.0)	(0.2)
Trade and other payables	27.2	10.9	17.4	(14.1)
Provisions	(1.1)	(2.0)	(6.9)	(4.2)
Deferred revenue	(14.0)	(18.6)	1.4	(2.4)
Other assets and liabilities	(9.6)	2.8	1.8	9.2
Income taxes paid	(21.9)	(25.8)	(98.5)	(110.3)
	99.3	83.1	410.9	344.0
<b>Cash flows from (used in) financing activities:</b>				
Interest paid	(15.1)	(21.1)	(33.9)	(38.4)
Net settlement on derivative instruments	1.3	—	1.3	0.4
Repayment of lease liabilities	(2.1)	(2.1)	(8.3)	(8.2)
Proceeds from exercised options	1.7	2.1	31.7	24.4
Shares repurchased under normal course issuer bid	(42.1)	—	(56.8)	—
Dividends paid to equity holders	(39.6)	(37.1)	(153.6)	(141.3)
Net movement of Commercial Paper	(9.0)	(25.7)	(79.6)	(79.9)
Credit and liquidity facilities drawn, net	(17.7)	3.5	(3.9)	8.2
	(122.6)	(80.4)	(303.1)	(234.8)
<b>Cash flows from (used in) investing activities:</b>				
Interest received	0.4	1.0	2.3	4.1
Dividends received	—	(0.1)	5.4	2.8
Additions to premises and equipment and intangible assets	(22.7)	(16.6)	(67.1)	(57.6)
Acquisition of subsidiary, net of cash	—	—	—	(23.6)
Proceeds from sales	—	—	—	3.8
Marketable securities, net	(7.8)	(11.4)	24.6	(24.8)
	(30.1)	(27.1)	(34.8)	(95.3)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(53.4)</b>	<b>(24.4)</b>	<b>73.0</b>	<b>13.9</b>
Cash and cash equivalents, beginning of the period	275.5	172.7	149.0	135.3
Unrealized foreign exchange gain (loss) on cash and cash equivalents held in foreign currencies	—	0.7	0.1	(0.2)
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 222.1</b>	<b>\$ 149.0</b>	<b>\$ 222.1</b>	<b>\$ 149.0</b>

