



# 4Q & FY 2024 Earnings Conference Call

February 6, 2025



# Strategic Update

❖ Chris Concannon, CEO

# Strategic update: solid financial performance in FY 2024<sup>1</sup>

## FINANCIAL PERFORMANCE

- **Strongest** annual revenue growth since 2020<sup>2</sup>
- **Record** total ADV, **record** commission revenue<sup>2</sup>, **record** services<sup>2,3</sup> revenue
- **9%** growth in revenue to a **record \$817.1 million**
- **6%** growth in diluted earnings per share to **\$7.28**
- **\$328 million** in TTM free cash flow<sup>4</sup> generation

## OPERATIONAL STRENGTH

- **13%** increase in total credit ADV to **record \$14.2 billion**
- Strong international growth with **17%** increase in emerging markets ADV (**record**) and Eurobonds ADV (**record**)
- Solid progress with portfolio trading and high-touch block strategy
  - **Record** portfolio trading ADV of **\$951 million**, up **92%**; over **200 bps** increase in U.S. high-grade portfolio trading estimated share in FY 2024
  - **22%** increase in block-sized<sup>5</sup> trades in EM in 4Q24
- **Record** total rates ADV of **\$22.9 billion**, up **23%**

## DISCIPLINED EXPENSE & CAPITAL MANAGEMENT

- **9%** growth in expenses<sup>2</sup>; **8%** growth expected for FY 2025<sup>6</sup>
- Total cash, cash equivalents, corporate bond and U.S. Treasury investments of **\$699 million** as of December 31, 2024
- Repurchased **341K shares** for **\$75 million** in FY 2024, including **64K shares** repurchased in 4Q24 for **\$16 million**; **\$220 million** remains under current authorizations as of January 31, 2025
- **68%** payout ratio (dividends & repurchases) on TTM net income

1. All period comparisons are full year 2024 vs. full year 2023 unless otherwise noted.

2. Includes the impact of the Pragma acquisition.

3. Includes information services, post-trade services, and technology services revenue line items.

4. Non-GAAP metric; FY 2024 net cash provided by operating activities of \$385 million represents closest comparable GAAP metric. Please refer to "Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow" in the appendix of this presentation.

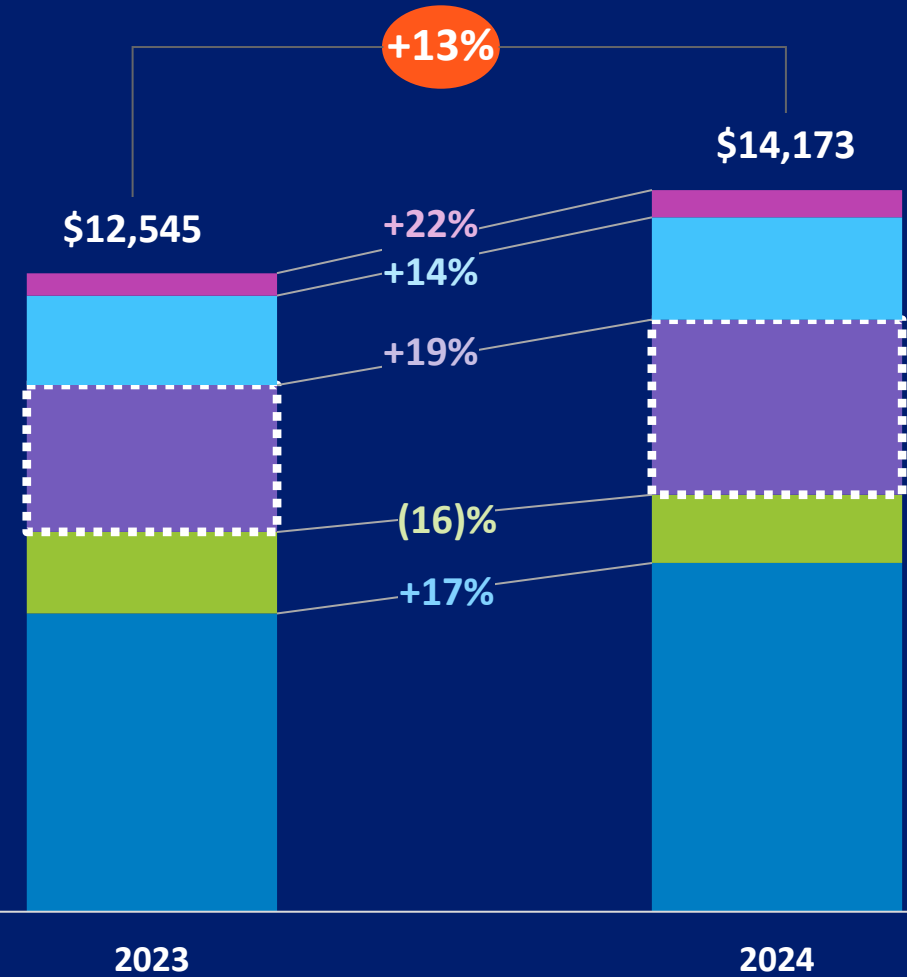
5. Emerging markets hard currency block trades defined as notional trade sizes ≥ \$3mm. Emerging markets local markets block trades defined as notional trade sizes ≥ \$5mm.

6. MarketAxess's guidance for the year ending December 31, 2025 is based on assumptions about a number of factors, in particular related to macroeconomic factors, the capital markets and applicable tax laws, and is based on foreign exchange rates as of December 31, 2024. These assumptions are subject to uncertainty, and actual results for the year could differ materially from our current guidance, including as a result of the uncertainties, risks and assumptions discussed in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of our Annual Report on Form 10-K, as updated in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC.

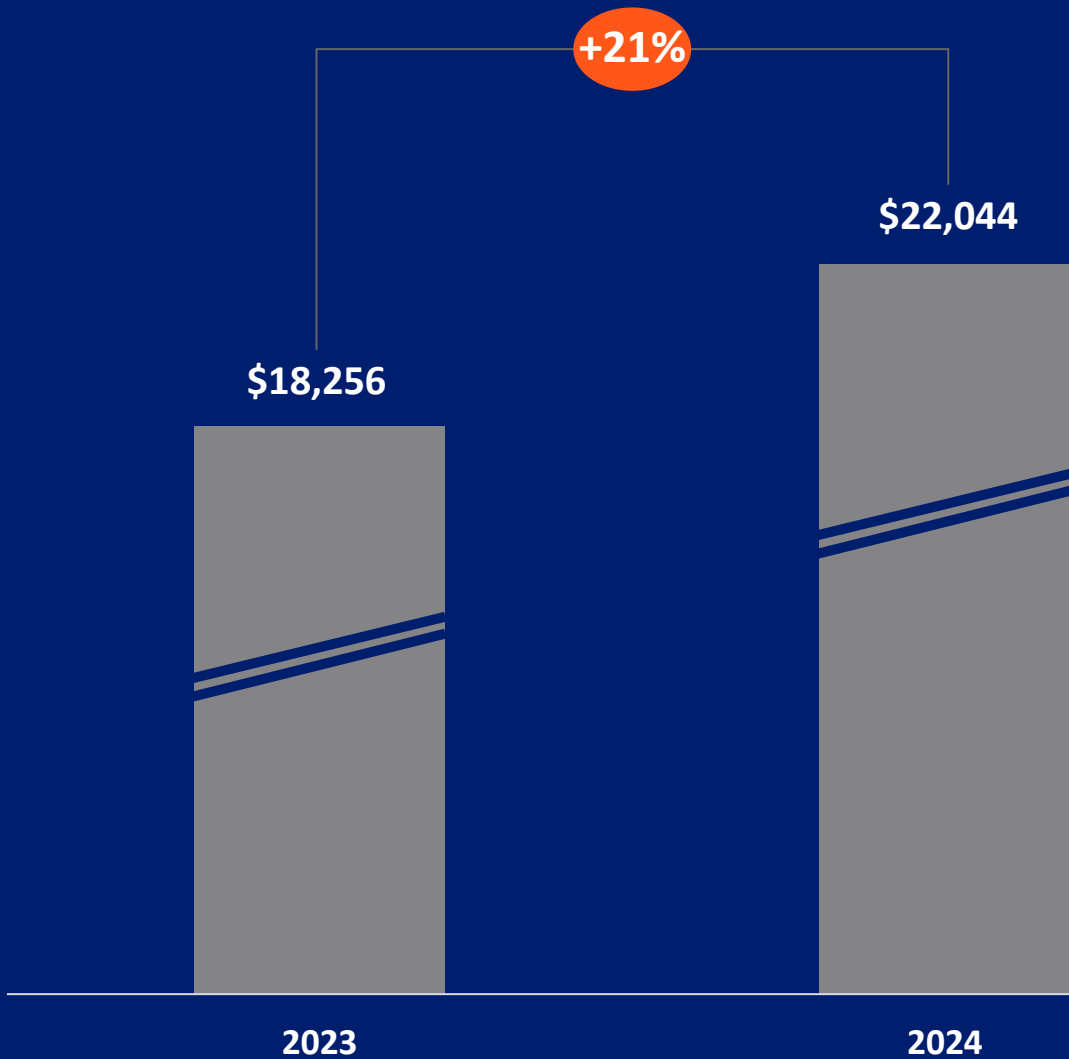
# What we delivered in 2024: record levels of credit and rates ADV

RECORD MKTX TOTAL CREDIT ADV

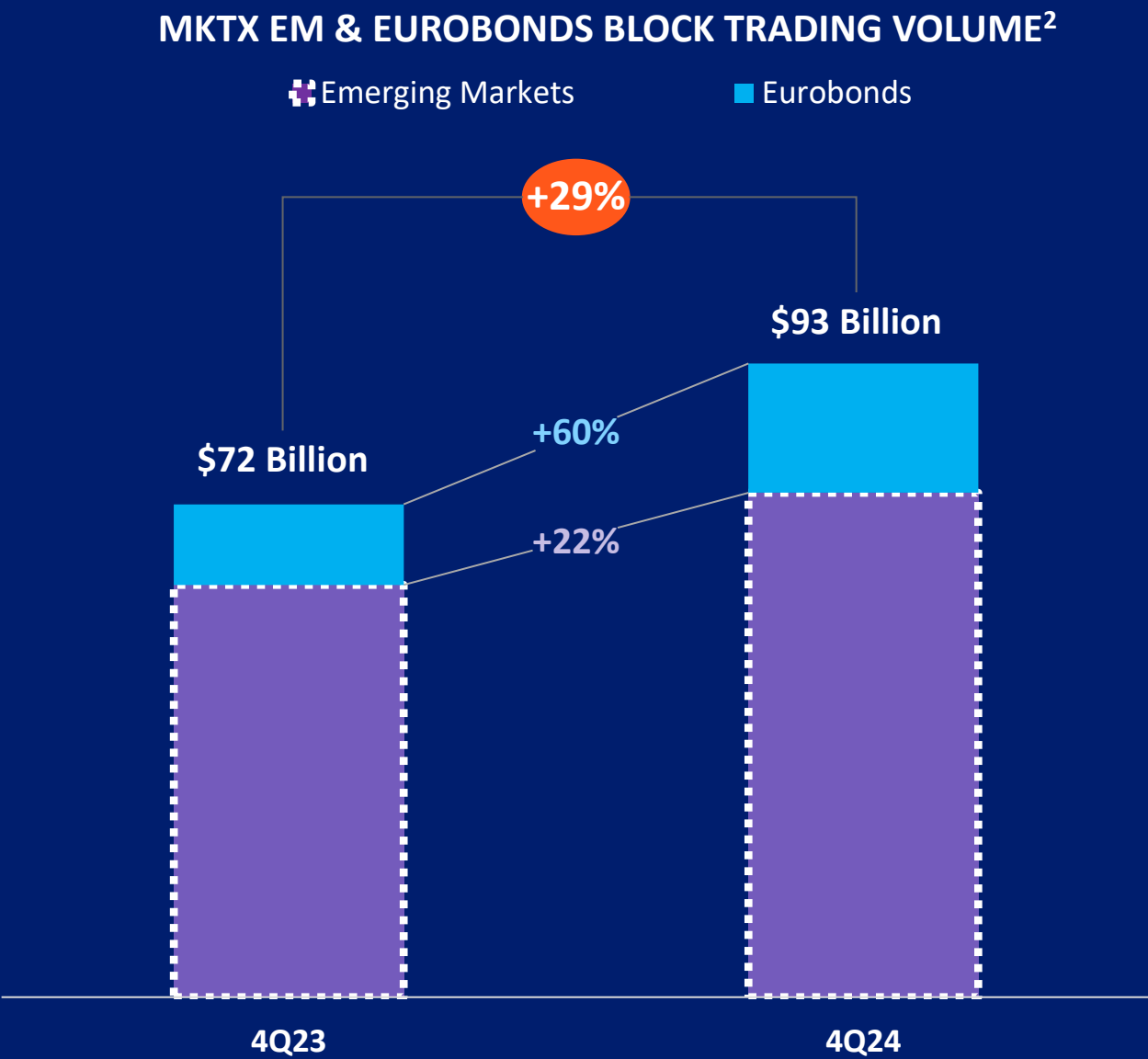
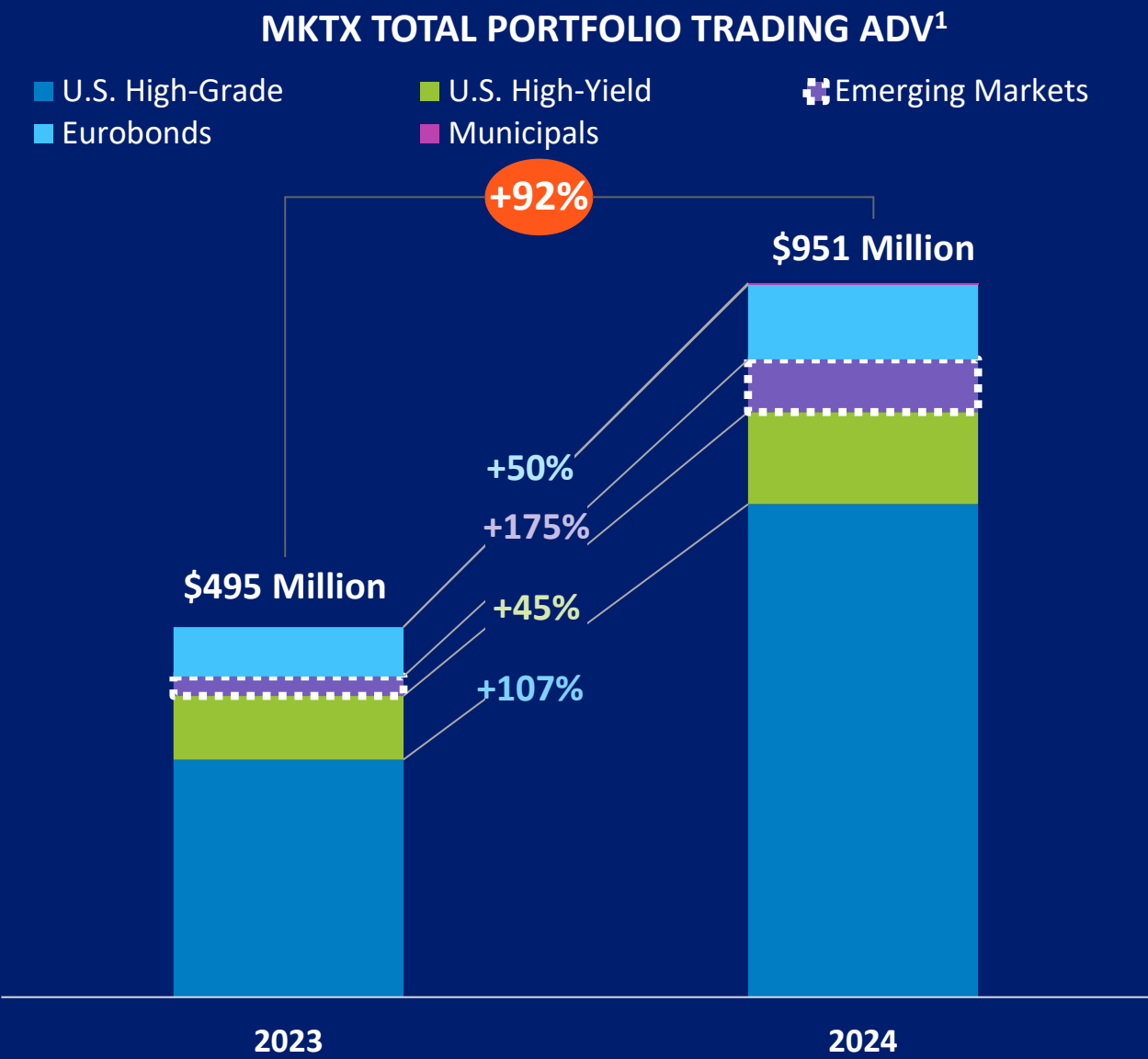
- U.S. High-Grade
- U.S. High-Yield
- Emerging Markets
- Eurobonds
- Municipals



RECORD MKTX U.S. TREASURIES ADV

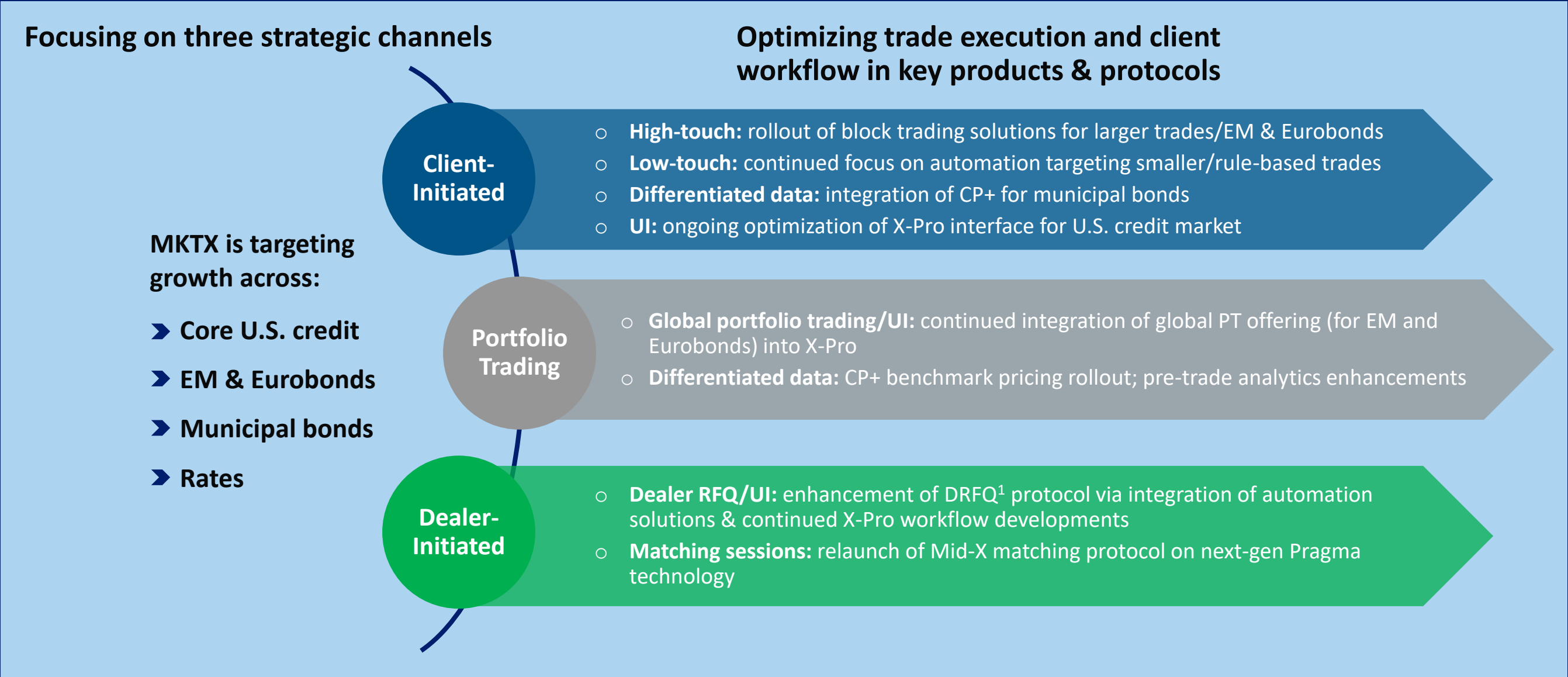


# What we delivered in 2024: strong progress with our portfolio trading and high-touch block strategy



1. Total portfolio trading ADV includes both in-comp and single dealer trades.  
2. Eurobonds block trades defined as notional trade sizes ≥ \$5 mm. Emerging markets hard currency block trades defined as notional trade sizes ≥ \$3mm. Emerging markets local markets block trades defined as notional trade sizes ≥ \$5mm.

# Driving growth in 2025: enhanced functionality, differentiated data and innovative client solutions



1. "DRFQ" = Dealer request for quote.

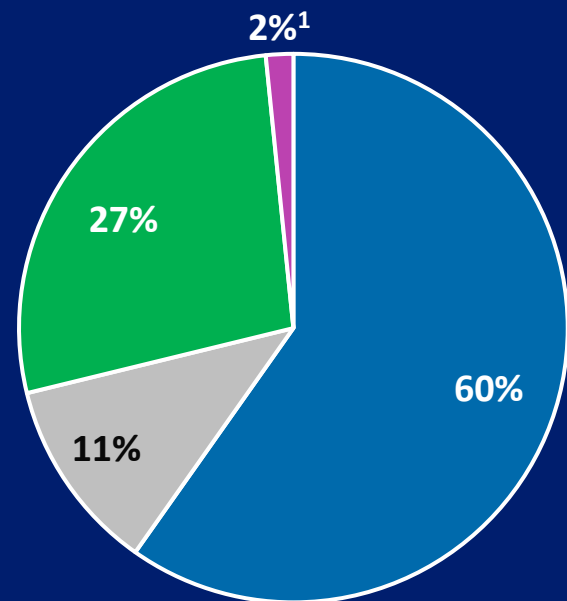
# Driving growth in 2025: realizing the benefits of our investments, tech modernization and acquisitions

KEY COMPONENTS OF OUR STRATEGY TO GROW MARKET SHARE	KEY MILESTONES / EXECUTION TIMING		
	Strategic Channel	Completed	2025
	Client-Initiated	<b>High-Touch Solutions</b> <ul style="list-style-type: none"> <li>✓ Rollout of block trading solution to Eurobonds and EM</li> <li>✓ Enhanced AI Dealer Select with dealer axe content in Eurobonds</li> </ul> <b>Low-Touch Solutions</b> <ul style="list-style-type: none"> <li>✓ Integration of “Tradability”<sup>1</sup> data set into automation suite</li> <li>✓ Expansion of Adaptive Auto-X algo to support global products and clients</li> </ul> <b>UI Improvements</b> <ul style="list-style-type: none"> <li>✓ Continued rollout of traditional RFQ for U.S. credit on X-Pro</li> </ul>	<b>High-Touch Solutions</b> <ul style="list-style-type: none"> <li>○ Expansion of block trading solution rollout to U.S. credit</li> <li>○ Global rollout of AI Dealer Select for block trading</li> <li>○ Enhanced bilateral trading services</li> </ul> <b>Low-Touch Solutions</b> <ul style="list-style-type: none"> <li>○ Continued expansion of Adaptive Auto-X algo to support global products and clients</li> <li>○ Adaptive Auto-X integration with ICE Bonds</li> </ul> <b>UI Improvements</b> <ul style="list-style-type: none"> <li>○ Initial rollout of traditional RFQ on X-Pro in Europe</li> </ul>
	Portfolio Trading	<ul style="list-style-type: none"> <li>✓ Introduction of CP+ benchmark pricing for PT<sup>2</sup> globally</li> <li>✓ PT solutions for U.S. credit on X-Pro</li> </ul>	<ul style="list-style-type: none"> <li>○ Full rollout of CP+ benchmark pricing for PT globally</li> <li>○ Continued enhancement of PT offering</li> </ul>
	Dealer-Initiated	<ul style="list-style-type: none"> <li>✓ DRFQ<sup>3</sup> Auto-X to emerging markets, Eurobonds and munis</li> </ul>	<ul style="list-style-type: none"> <li>○ Adaptive Auto-X Dealer support</li> <li>○ Migration of Mid-X to Pragma technology</li> <li>○ Migration of DRFQ to X-Pro</li> </ul>

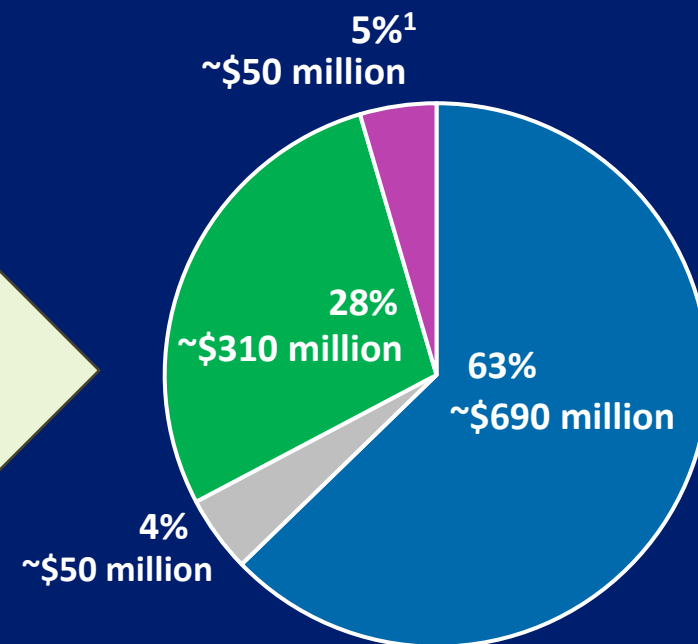
1. “Tradability” is a proprietary data set that predicts the number of responses an inquiry is expected to receive based on the side (buy / sell) and size of trade.  
2. “PT” = Portfolio Trading.  
3. “DRFQ” = Dealer request for quote.

# Driving growth in 2025 and beyond: enhancing growth across all channels in U.S. high-grade

**The U.S. High-Grade Market**  
~\$35 Billion in U.S. High-Grade TRACE ADV in 4Q24



**The U.S. High-Grade E-Opportunity**  
~\$1.1 Billion Total U.S. High-Grade Revenue Opportunity<sup>2</sup>



Client-Initiated   Portfolio Trading   Dealer-Initiated   Retail<sup>1</sup>

Client-Initiated Solutions	Portfolio Trading	Dealer-Initiated Solutions
High-Touch: X-Pro Block Solution, Pre/Post-Trade Analytics, AI Dealer Select, OT Low-Touch: X-Pro, Pre/Post-Trade Analytics, C2D RFQ, OT, Automation, Axess IQ	X-Pro Pre-Trade Analytics Post-Trade Analytics Benchmark Pricing	Dealer RFQ Automation Mid-X Live Markets

Notes: "C2D" is client-to-dealer, "OT" is Open Trading.  
1. Retail channel defined as trade sizes <\$100K notional.  
2. The opportunity for each channel is estimated based on an average fee per million of \$140 for C2D trades, \$53 per million for portfolio trading, \$174 per million for dealer-initiated and \$400 per million for retail and assumes overall estimated future electronification level of ~90% across U.S. high-grade.



# Update on our trading businesses

❖ Rich Schiffman, Global Head of Trading Solutions

# Update on our trading businesses: key performance indicators

Key Performance Indicators		FY 2024	FY 2023	Growth
Client-Initiated <sup>1</sup>				
Notional Trading / ADV	Record U.S. Credit ADV	\$8.2B	\$7.5B	+9.8%
	Record Intl. Product Trading ADV (EM & Eurobonds)	\$5.4B	\$4.6B	+17.3%
	Record EM Local Markets ADV	\$1.4B	\$1.2B	17.9%
	Record Municipal Bond ADV	\$535M	\$440M	21.5%
	Record Auto-X Trading Volume	\$378B	\$303B	+24.5%
	Record Open Trading ADV	\$4.2B	\$3.8B	+8.2%
Share	U.S. Credit Estimated Market Share (U.S. High-Grade and U.S. High-Yield)	17.7%	19.6%	(190 bps)
	U.S. High-Grade Estimated Block Market Share	11.2%	10.8%	+40 bps
Client #	Auto-X Active Client Firms	245	185	+32.4%
	Record Client Firms Enabled for Algos	75	13	~6X Growth
Portfolio Trading				
Record Total Portfolio Trading ADV		\$951M	\$495M	+92.3%
Record U.S. Credit Portfolio Trading ADV		\$781M	\$403M	+94.0%
Record U.S. Credit Portfolio Trading Market Share <sup>2</sup>		16.3%	14.1%	+220 bps
Dealer-Initiated				
Record Dealer Initiated ADV (DRFQ & Mid-X)		\$1.3B	\$1.1B	+17.0%

1. Client-initiated KPIs may include some portfolio trading and dealer-initiated activity. Client-initiated volumes account for ~90% of MKTX's platform credit activity.

2. Due to variances in how portfolio trading market participants utilized the portfolio trading TRACE "flag," the Company previously used its own internal methodology for calculating portfolio trading as an estimated percentage of TRACE volume and the Company's estimated market share. Starting in June 2024, the Company utilized the portfolio trading TRACE "flag" in its reported portfolio trading TRACE volume and the Company's portfolio trading estimated market share.

# Financial review

❖ Ilene Fiszel Bieler, CFO

# 4Q24 financial summary

(in \$ thousands, except EPS data)

Financial Results	4Q24	3Q24	4Q23	YoY % Δ
<b>Total Revenues</b>	<b>\$ 202,404</b>	<b>\$ 206,715</b>	<b>\$ 197,248</b>	<b>3 %</b>
Commissions	174,766	180,392	171,891	2 %
Services <sup>1</sup>	27,638	26,323	25,357	9 %
<b>Total Expenses</b>	<b>122,428</b>	<b>119,660</b>	<b>120,221</b>	<b>2 %</b>
Operating Income	79,976	87,055	77,027	4 %
Other income (expense)	4,619	5,842	6,785	(32)%
Income Before Taxes	84,595	92,897	83,812	1 %
Provision for Income Taxes	19,456	21,408	14,185	37 %
<b>Net Income</b>	<b>65,139</b>	<b>71,489</b>	<b>69,627</b>	<b>(6)%</b>
<b>Diluted EPS</b>	<b>\$ 1.73</b>	<b>\$ 1.90</b>	<b>\$ 1.84</b>	<b>(6)%</b>

Key Metrics	4Q24	3Q24	4Q23	YoY % Δ
Operating Margin	39.5%	42.1%	39.1%	0 pts
Net Income Margin <sup>2</sup>	32.2%	34.6%	35.3%	(3) pts
EBITDA <sup>3</sup>	96,734	105,018	98,704	(2)%
EBITDA Margin <sup>3</sup>	47.8%	50.8%	50.0%	(2) pts
Effective Tax Rate	23.0%	23.0%	16.9%	6 pts

1. Includes information services, post-trade services, and technology services revenue line items.

2. Net income margin derived by dividing net income by total revenues.

3. See "Disclosures – Non-GAAP Financial Measures and Other Items" for a discussion of non-GAAP measures.

4. All period comparisons are 4Q24 vs. 4Q23.

## 4Q24 PERFORMANCE<sup>4</sup>

- **2%** commission revenue growth driven by increased market volumes, partially offset by lower market share
- **9%** increase in services revenue<sup>1</sup>, driven principally by a **10%** increase in information services to a **record \$13 million**, and a **41%** increase in technology services.
- **2%** growth in expenses reflecting continued investment, while achieving efficiency and productivity gains.
- Decrease in other income driven principally by **\$2 million** unrealized **loss** on U.S. Treasury investments in the current quarter, compared to **gain** of **\$1 million** in the prior year.
- Tax rate of **23.0%** in 4Q24 increased largely due to lower one-time tax benefits recognized compared to the prior year.

# 4Q24 commission revenue detail

## COMMISSION REVENUE DETAIL

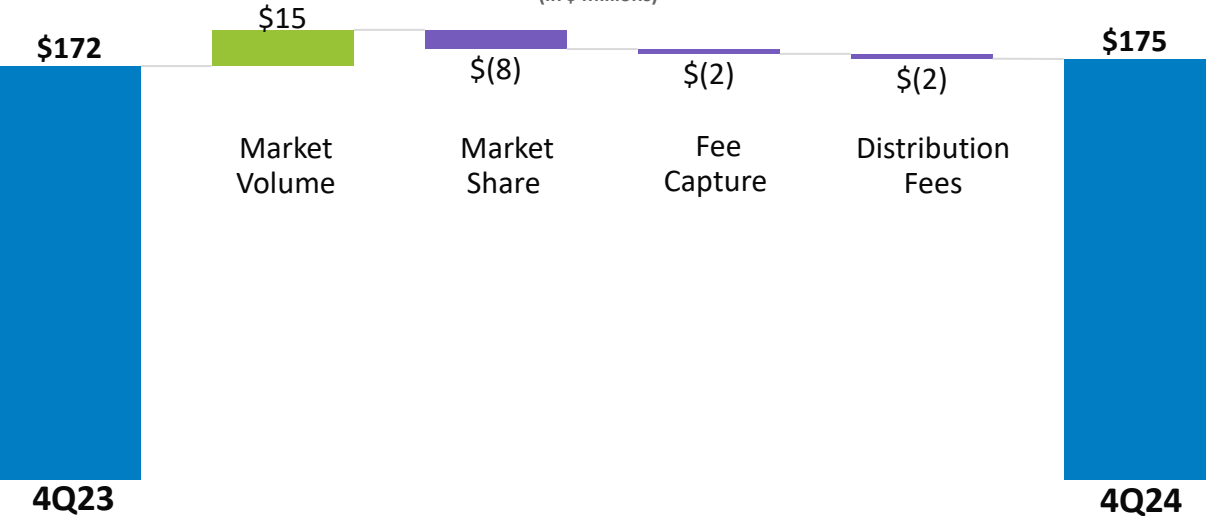
(in \$ thousands, except transaction fees per million data)

Financial Results	4Q24	3Q24	4Q23	YoY % Δ
Variable Transaction Fees	\$ 141,848	\$ 146,737	\$ 136,997	4 %
Credit	129,351	134,863	127,283	2 %
Rates	7,262	7,018	4,735	53 %
Other <sup>1</sup>	5,235	4,856	4,979	5 %
Fixed Distribution Fees	32,918	33,655	34,894	(6)%
Total Commissions	\$ 174,766	\$ 180,392	\$ 171,891	2 %

FPM Data	4Q24	3Q24	4Q23	YoY % Δ
Credit	\$ 150	\$ 149	\$ 156	(4)%
Rates	4.31	4.15	4.62	(7)%

## COMMISSION REVENUE MIX ANALYSIS

(in \$ millions)



1. Pragma commission revenue.  
2. All period comparisons are 4Q24 vs. 4Q23.

## 4Q24 PERFORMANCE<sup>2</sup>

### Credit

- Total credit variable commission revenue up **2%** on **6%** increase in total credit ADV, partially offset by a **4%** decrease in total credit fee per million.
- Strong growth in emerging markets **(+18%)**, Eurobonds **(+10%)** and Municipal bonds **(+6%)** commission revenue helped offset a **19%** decline in U.S. high-yield commission revenue on lower levels of credit spread volatility.
- Lower total credit fee capture on product mix, principally lower levels of U.S. high-yield activity.
- Decrease in distribution fees principally driven by dealer migrations to variable fee plans.

### Rates

- **Record** total rates commission revenue, up **53%** on **64%** increase in total rates ADV to a **record \$27.1 billion**, partially offset by **7%** decrease in fee capture due to mix.

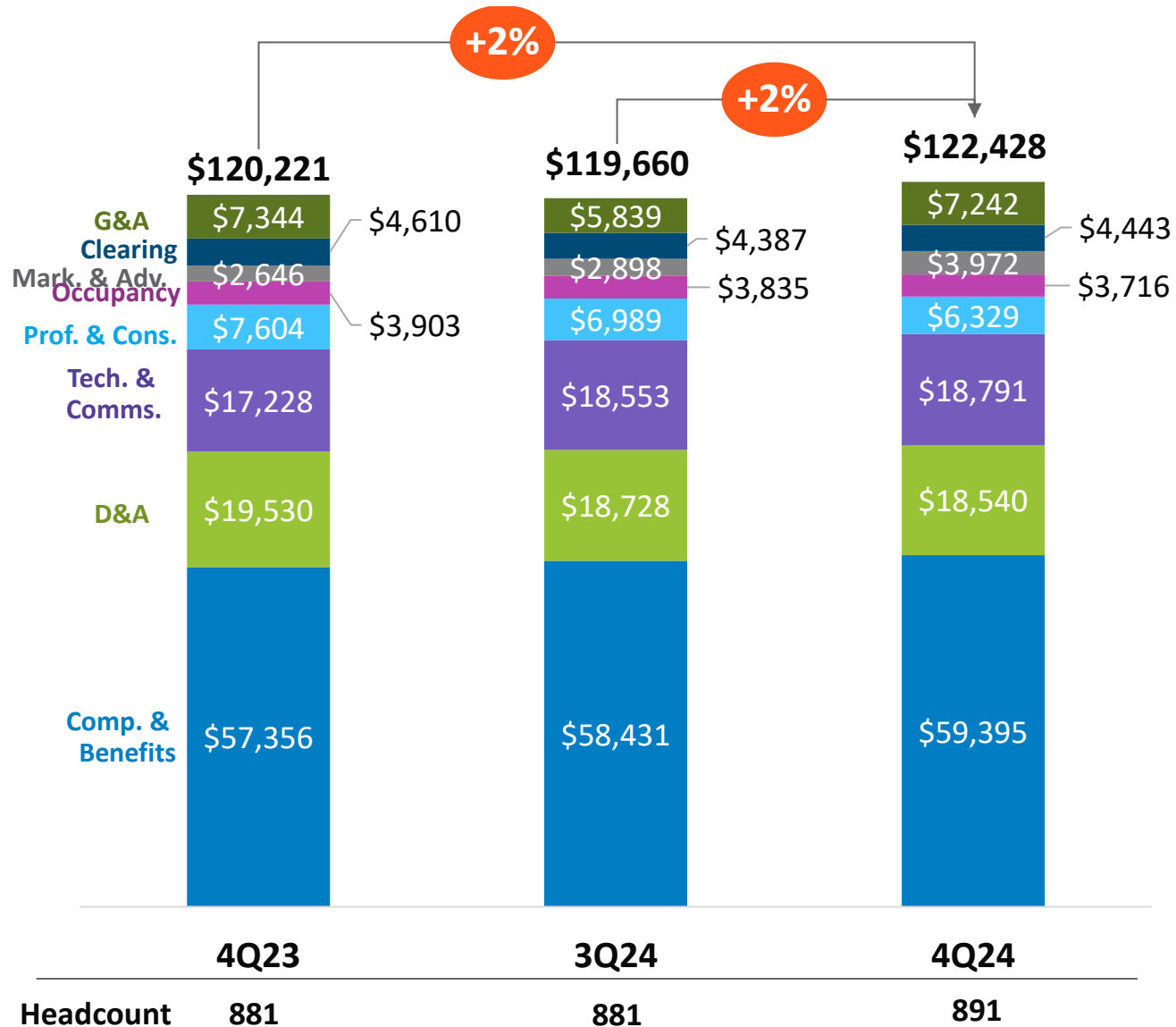
### Other

- Other commission revenue (Pragma) of **\$5 million**, up **5%**.



# 4Q24 expense detail

(in \$ thousands)



## 4Q24 PERFORMANCE<sup>1</sup>

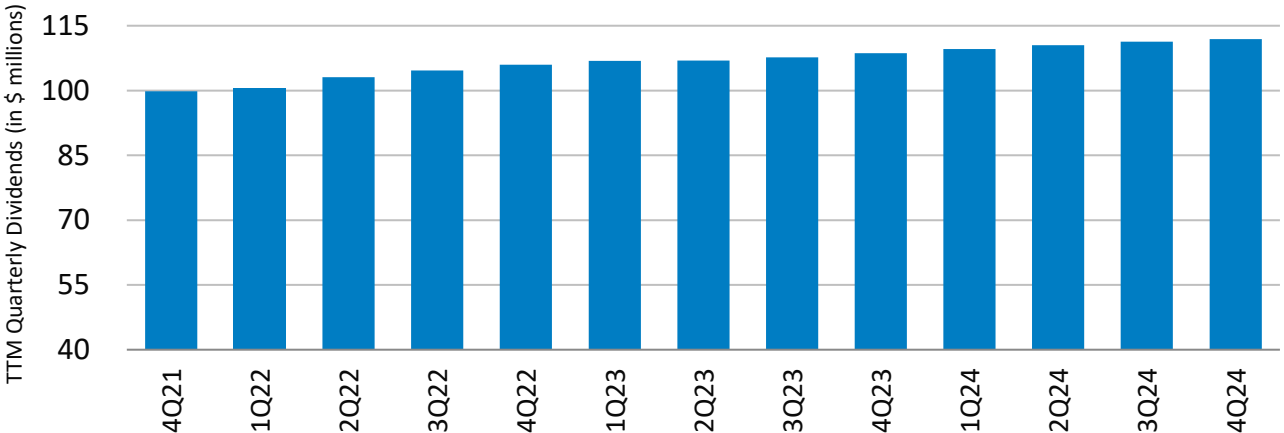
- Total expenses of **\$122 million**, up **2%** as we anniversary the Pragma acquisition.
- Increase of **\$2 million (+4%)** in employee compensation and benefits driven by higher benefits, talent upgrades and one-time items.
- Technology and communications expenses increased **\$2 million** due to increase in hosting and tech partner costs.
- Depreciation and amortization expense decreased **\$1 million** mainly due to a decrease in intangible amortization.
- Decrease of **\$1 million** in professional & consulting driven by lower non-tech consulting.
- Increase in marketing costs driven by timing of advertising programs.

1. All period comparisons are 4Q24 vs. 4Q23.

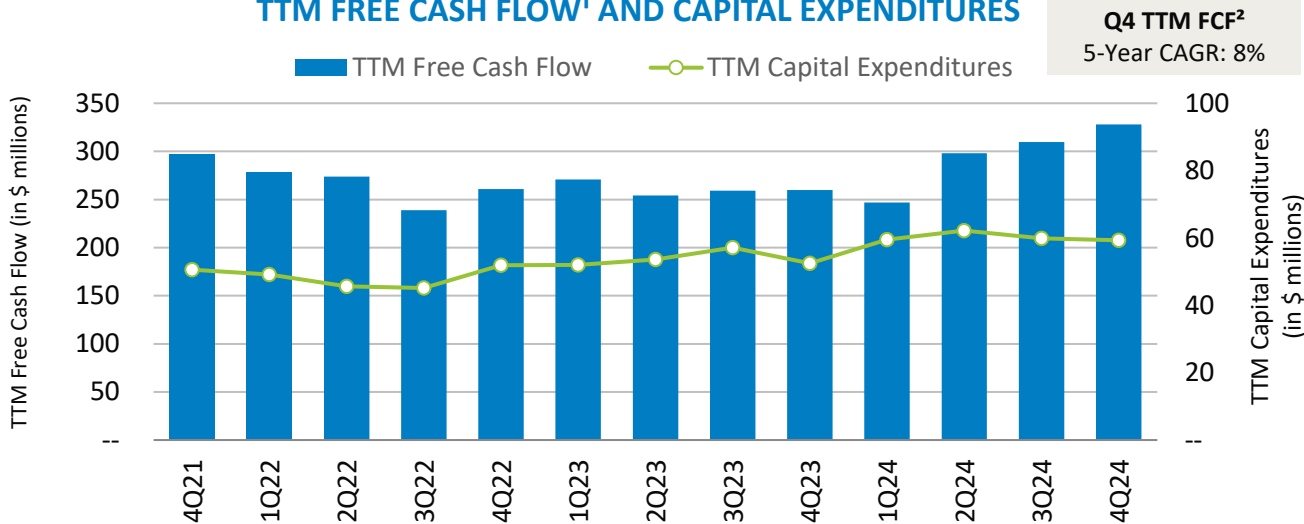
# Capital management and cash flow

(in \$ millions, except shares repurchased and cash dividend data )

## TTM QUARTERLY DIVIDENDS



## TTM FREE CASH FLOW<sup>1</sup> AND CAPITAL EXPENDITURES



## CAPITAL MANAGEMENT

- Total cash, cash equivalents, corporate bond and U.S. Treasury investments of **\$699 million** as of December 31, 2024.
- Total of **341,477** shares repurchased in FY 2024 at a cost of **\$75 million**, including **63,873** shares repurchased during 4Q24 at a cost of **\$16 million**. **\$220 million** remains under current authorizations as of January 31, 2025.
- TTM **\$112 million** in capital returned to investors through dividends.
- Board of Directors declared a regular quarterly cash dividend of **\$0.76** per share.
- No outstanding debt on credit facility.

## CASH FLOW

- TTM capital expenditures of **\$59 million** to support trading system enhancements.
- TTM free cash flow of **\$328 million**.

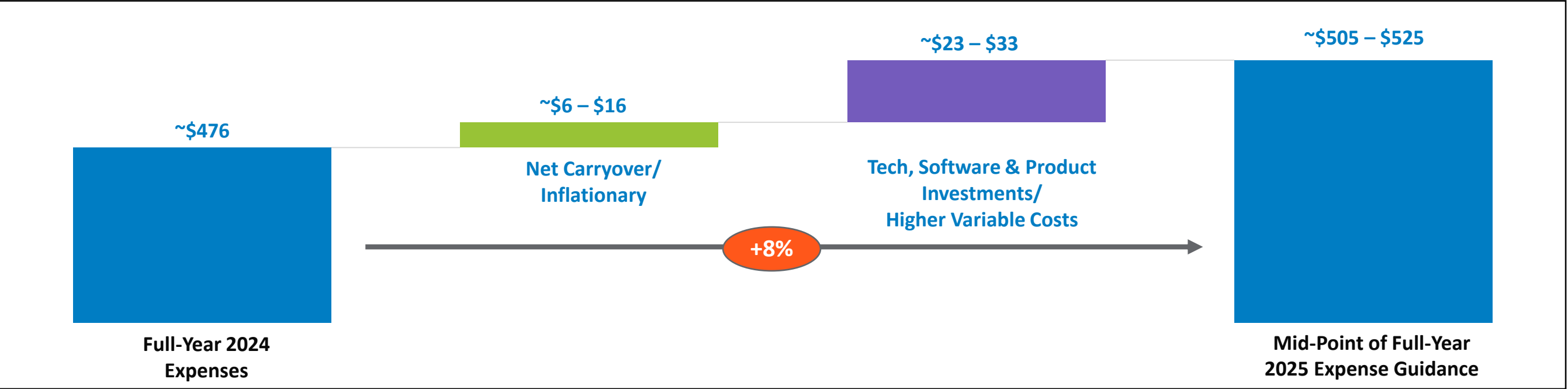
1. See 4Q24 earnings release and the Investor Relations section of the Company's website for a reconciliation of net cash provided by operating activities to free cash flow.  
2. 5-year compound annual growth rate ("CAGR") calculated on a trailing twelve months basis.

# FY 2025 guidance<sup>1</sup>

(in \$ millions)

Metric	Full-Year 2025 Guidance <sup>1</sup>
Services Revenue <sup>2</sup>	Expect revenue growth in the <b>mid-single digits (%)</b>
Total Expenses	<b>\$505 million to \$525 million, up ~8% from FY 2024 to the midpoint of 2025 guidance</b>
Effective Tax Rate	<b>23.5% to 24.5%</b>
Capital Expenditures	<b>\$65 million to \$70 million</b>

## FY 2024 to FY 2025 Expense Guidance Bridge (in \$ millions)



1. MarketAxess's guidance for the year ending December 31, 2025 is based on assumptions about a number of factors, in particular related to macroeconomic factors, the capital markets and applicable tax laws, and is based on foreign exchange rates as of December 31, 2024. These assumptions are subject to uncertainty, and actual results for the year could differ materially from our current guidance, including as a result of the uncertainties, risks and assumptions discussed in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of our Annual Report on Form 10-K, as updated in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC.

2. Services revenue consists of information services revenue, post-trade revenue and technology services revenue, combined.



# Key takeaways

- Solid financial performance in 2024
- Portfolio trading and high-touch block strategy showing progress in 2024
- Focus in 2025 is on realizing the benefits of our recent investments, technology modernization and acquisitions across:

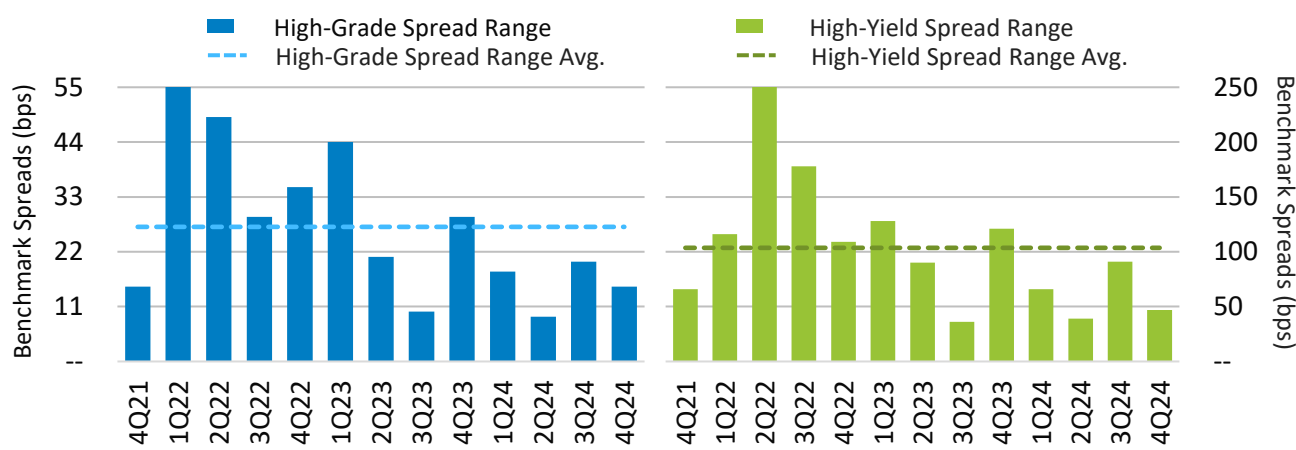
Client-Initiated Solutions	Portfolio Trading	Dealer-Initiated Solutions
High-Touch: Block Trading Solution for EM & Eurobonds Low-Touch/No-Touch: Continued Automation Rollout/Migration to Pragma Data: CP+ for Munis UI: X-Pro U.S. Credit Rollout in Process	Global Portfolio Trading: Launched on X-Pro in Europe Data: CP+ Benchmark Pricing/Analytics	Dealer RFQ: Automation Capabilities/Migration to X-Pro Matching Protocol: Mid-X Relaunch on Pragma Technology

***Well-Positioned For Long-Term Shareholder Value Creation***

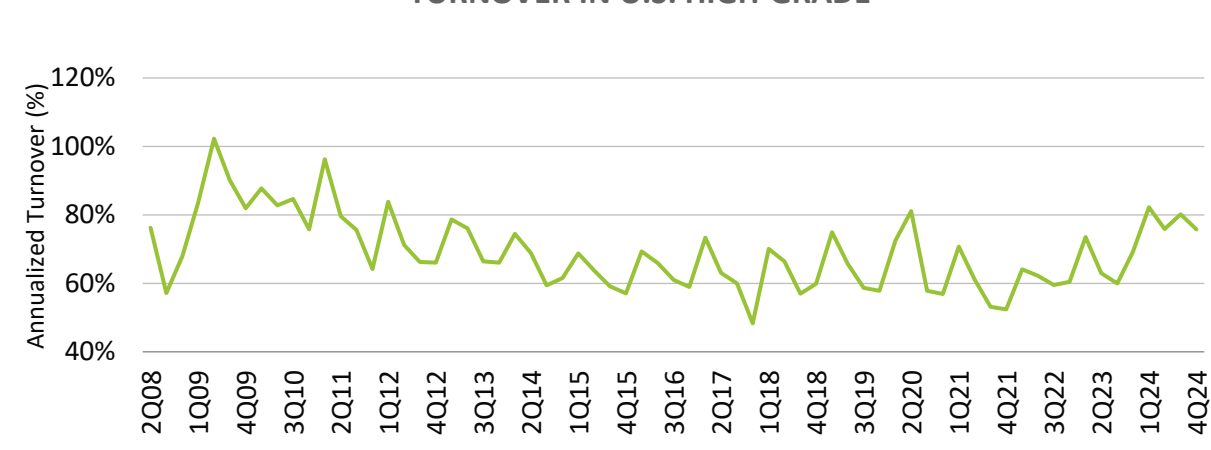
# Appendix

# Macro conditions

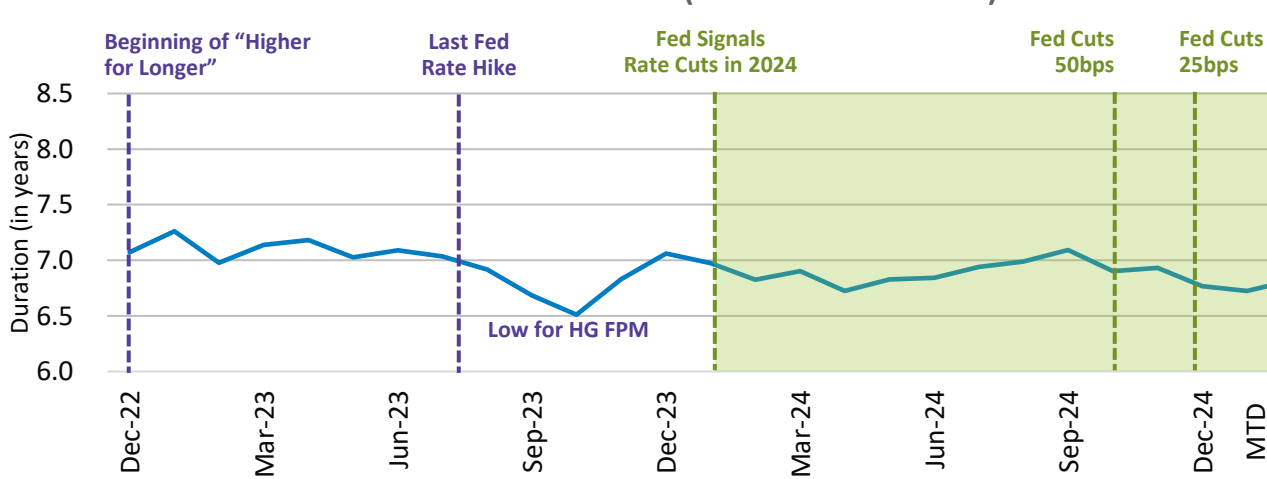
HIGH-GRADE AND HIGH-YIELD SPREAD RANGES



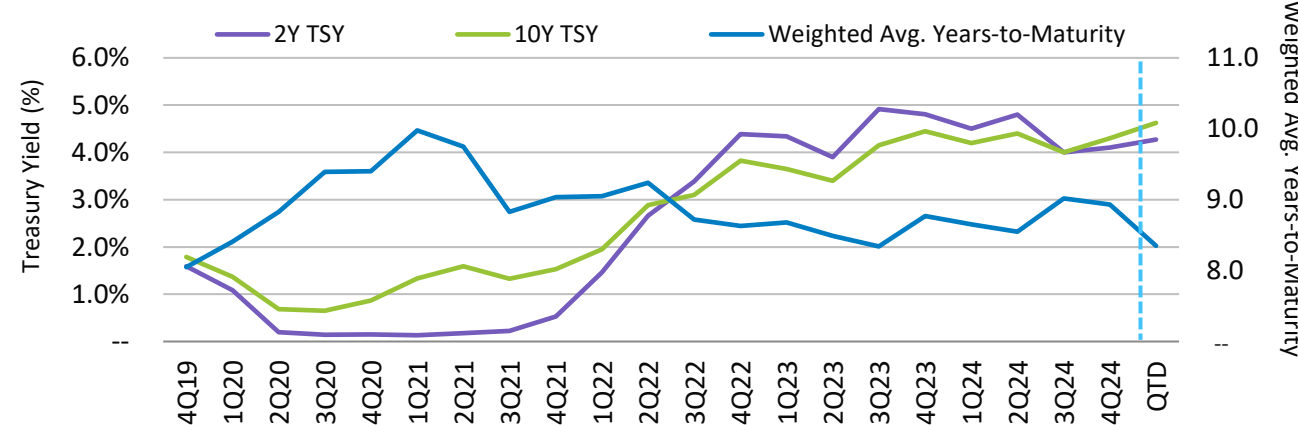
TURNOVER IN U.S. HIGH-GRADE



CORPORATE BOND INDEX (DURATION IN YEARS)

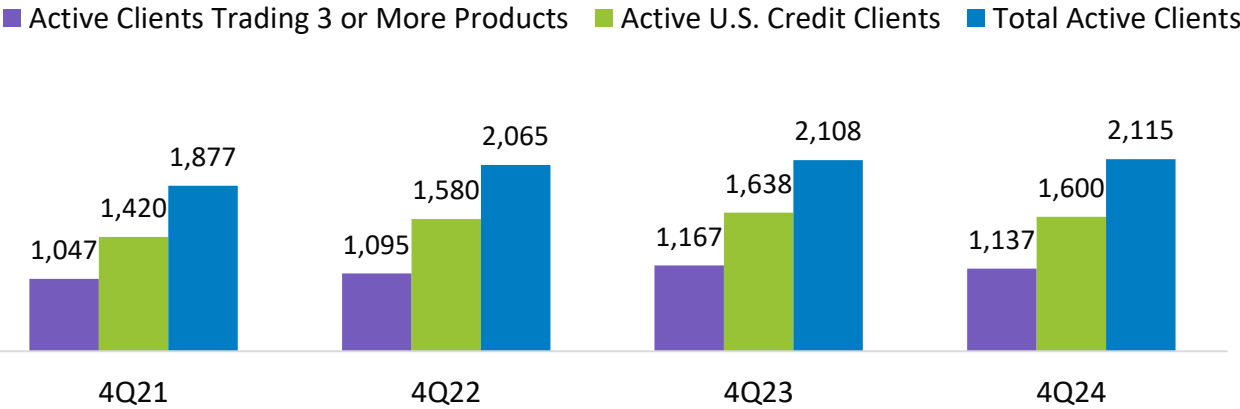


10YR & 2YR TREASURY YIELDS & MKTX U.S. HIGH-GRADE WEIGHTED AVG. YEARS TO MATURITY

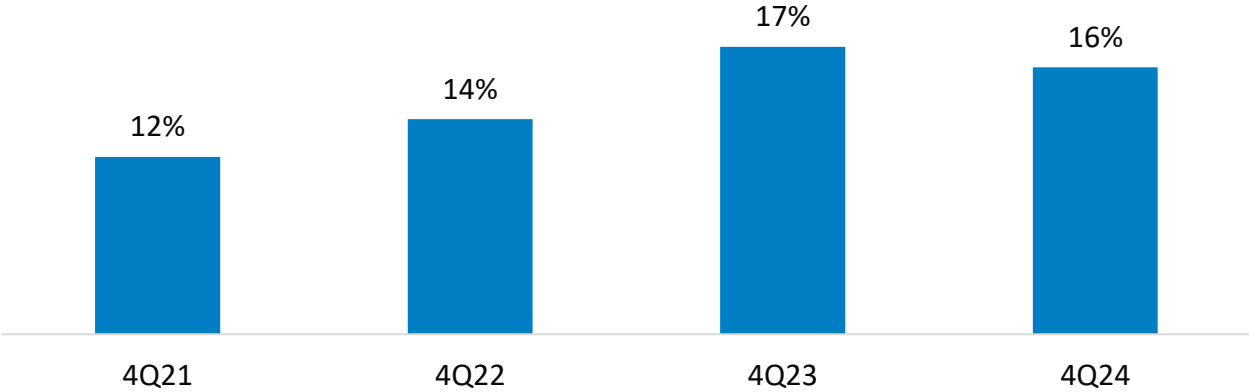


# Our client network continues to expand

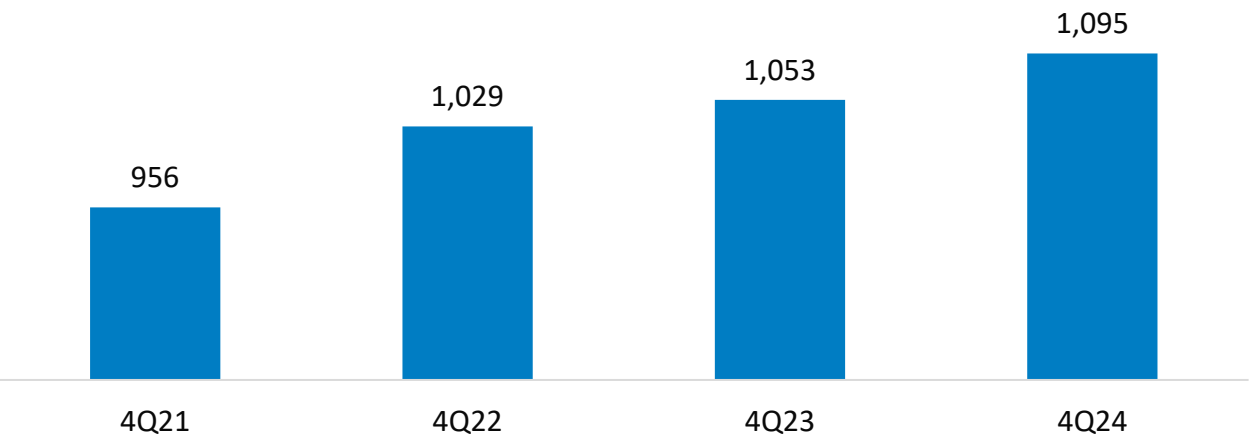
# OF ACTIVE CLIENT FIRMS, ACTIVE U.S. CREDIT AND CLIENT FIRMS TRADING 3 OR MORE PRODUCTS



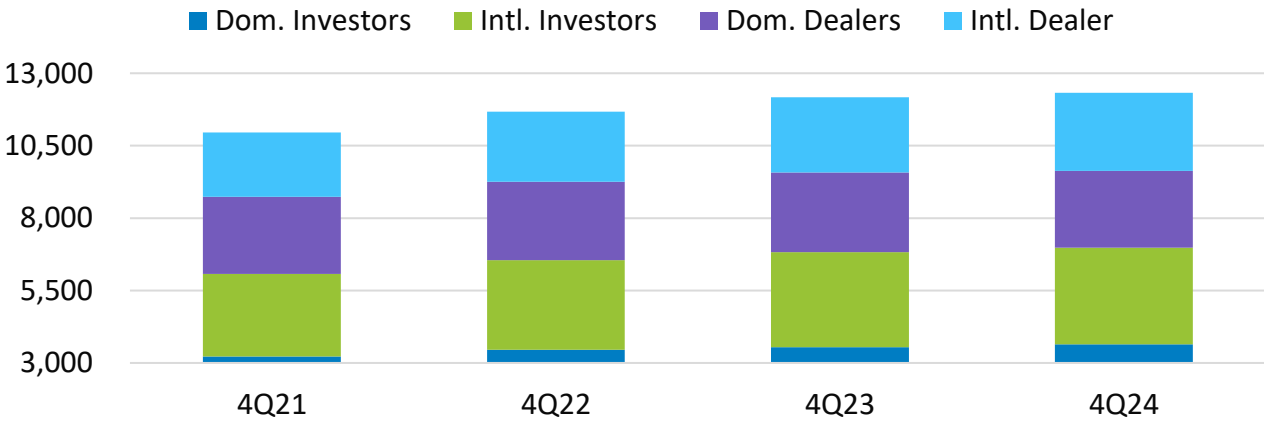
PERCENT CONTRIBUTION FROM HEDGE FUND AND PRIVATE BANK CLIENTS TO TOTAL CREDIT TRADE VOLUME



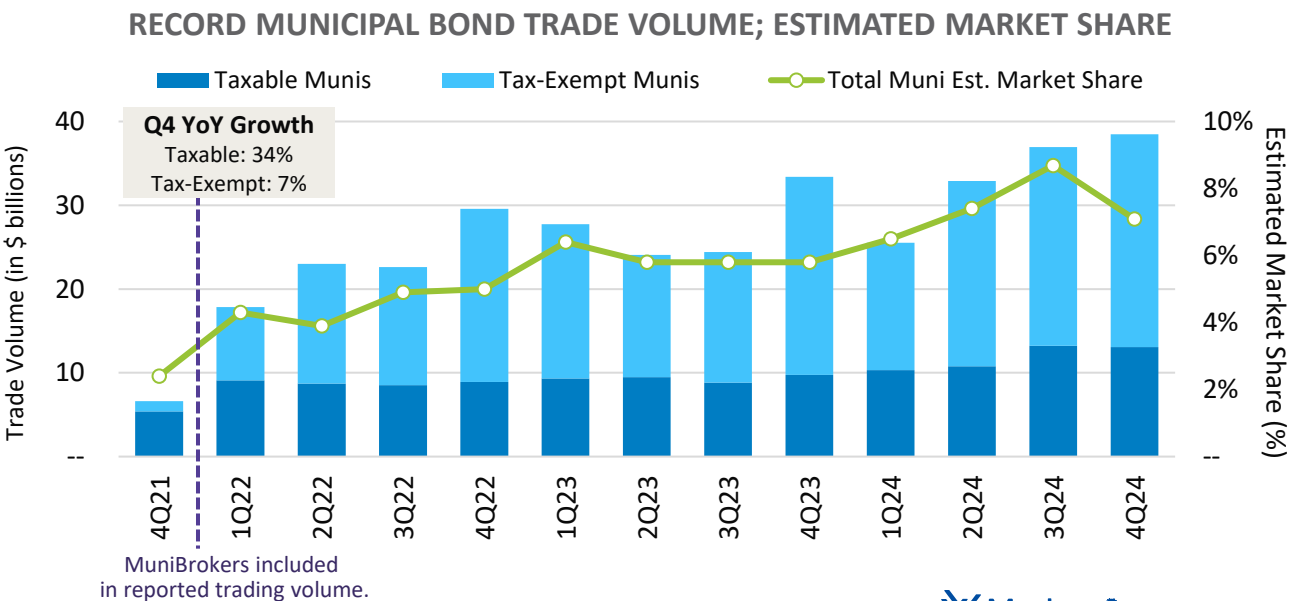
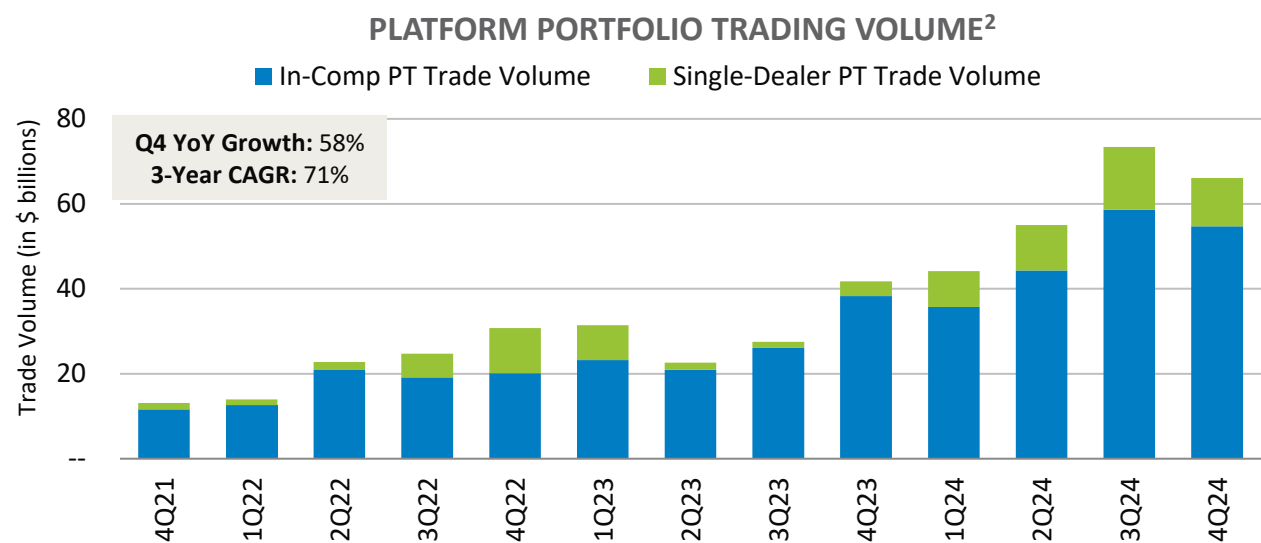
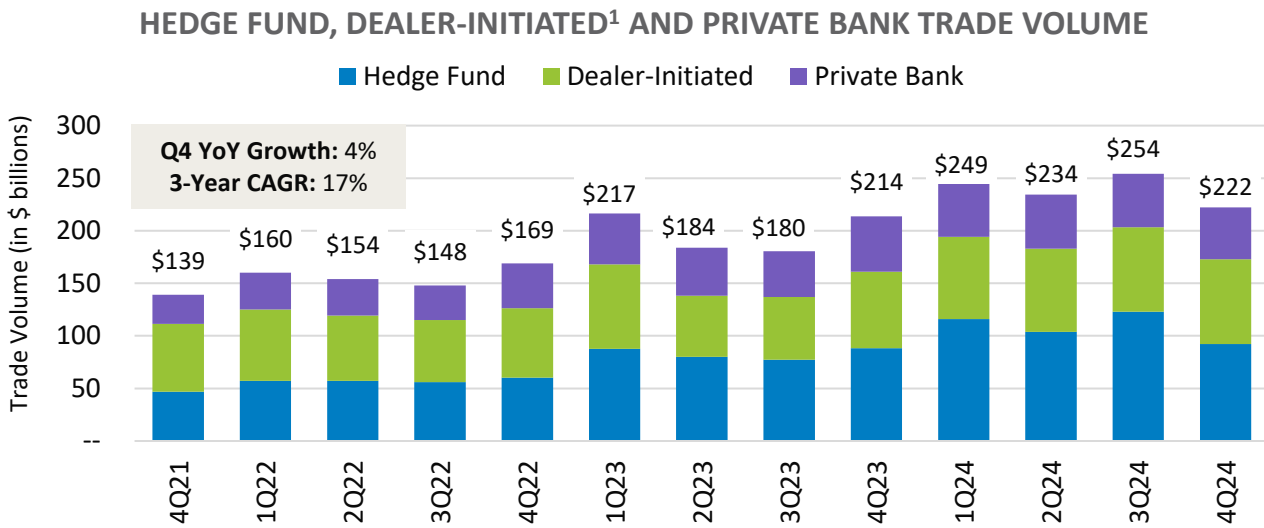
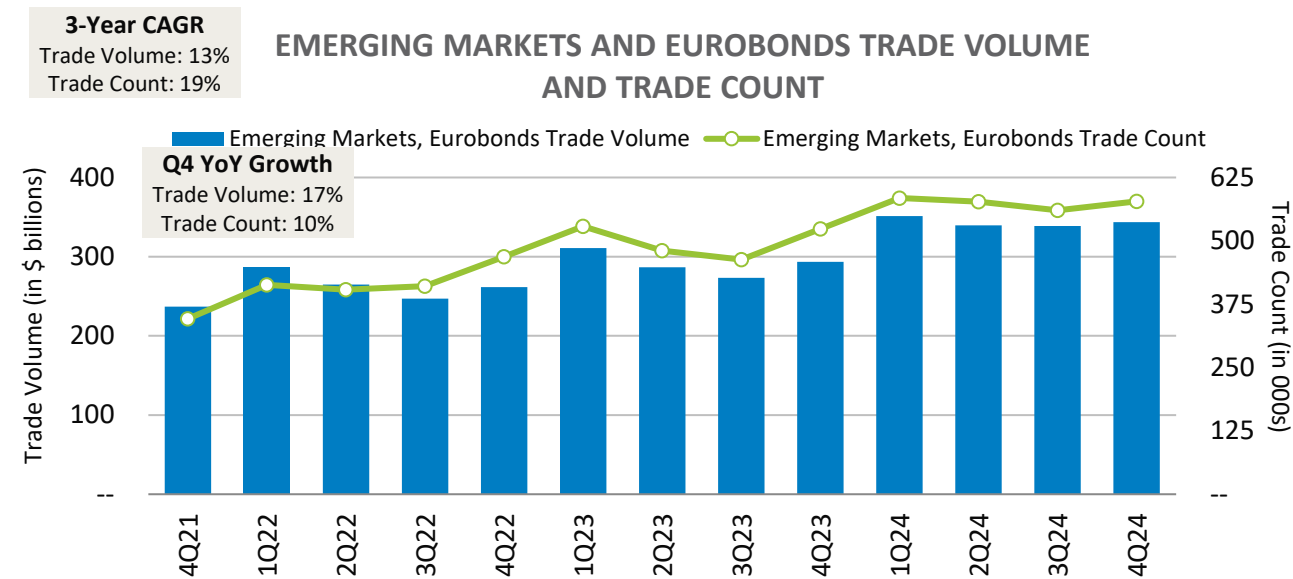
RECORD # OF INTERNATIONAL ACTIVE CLIENT FIRMS



GROWTH IN # OF ACTIVE INVESTOR TRADERS AND ACTIVE DEALER TRADERS



# Strong geographic and product / protocol expansion



1. Dealer-initiated volumes include trades executed with the DRFQ and Mid-X trading protocols.

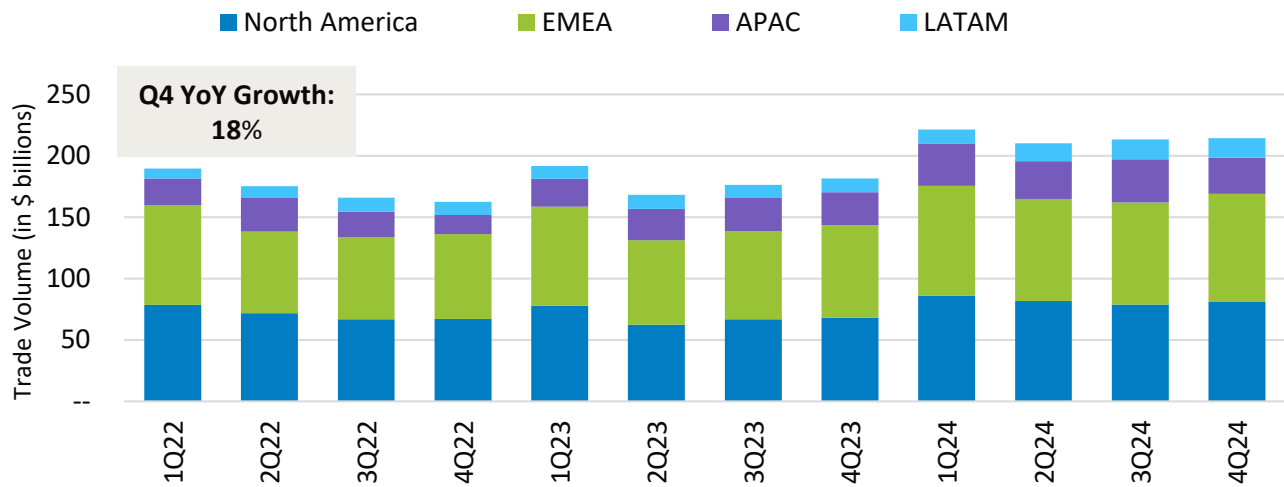
2. Portfolio trading volume includes single-dealer (liquidity taker directs the request for price to only one dealer) and in-competition (liquidity taker directs the request for price to multiple dealers) trading volume.

# Continued strong contribution from our emerging markets franchise

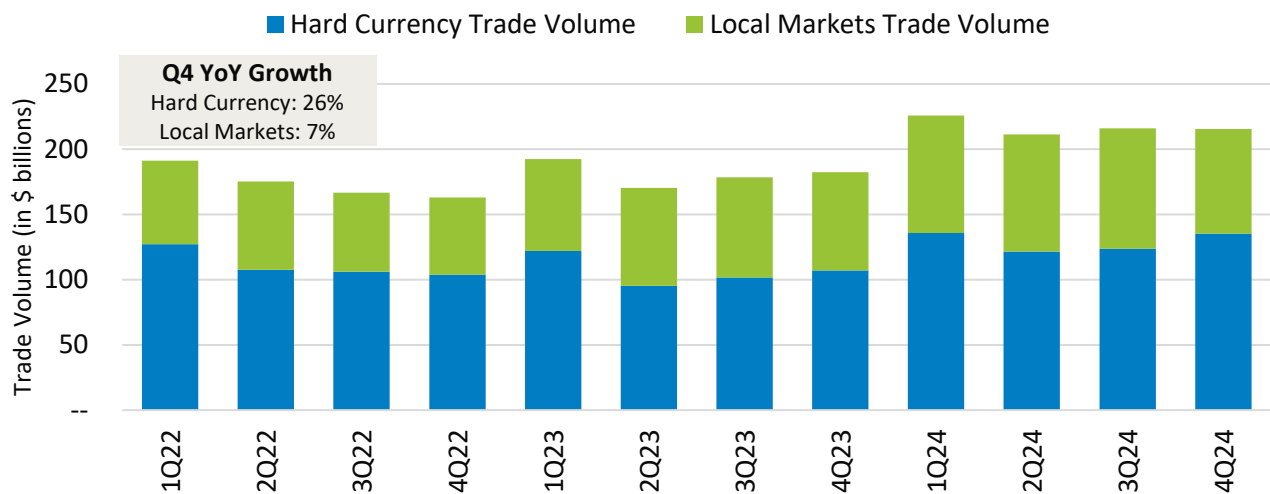
## 4Q24 COMMENTARY<sup>1</sup>

- **18%** growth in commission revenue.
- **1,495** active client firms.
- Continued strong LATAM and APAC trading volume growth, up **45%** and **10%**, respectively.
- RFM<sup>2</sup> activity of **~\$31 billion**, up **25%**.
- Block trade<sup>3</sup> volume of **~\$74 billion**, up **22%**.

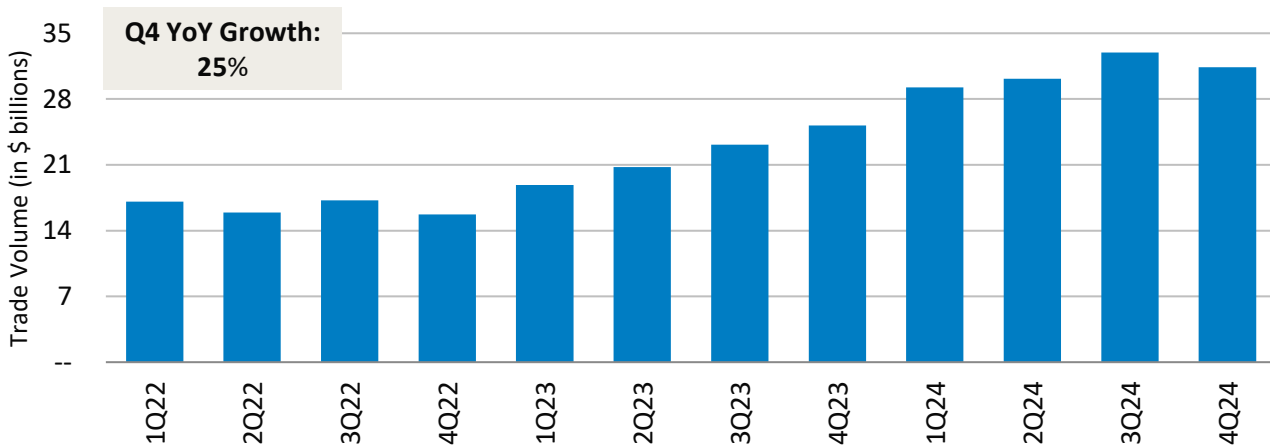
EMERGING MARKETS TRADE VOLUME BY REGION



EMERGING MARKETS TRADE VOLUME



EMERGING MARKETS LOCAL MARKETS RFM<sup>2</sup> TRADE VOLUME

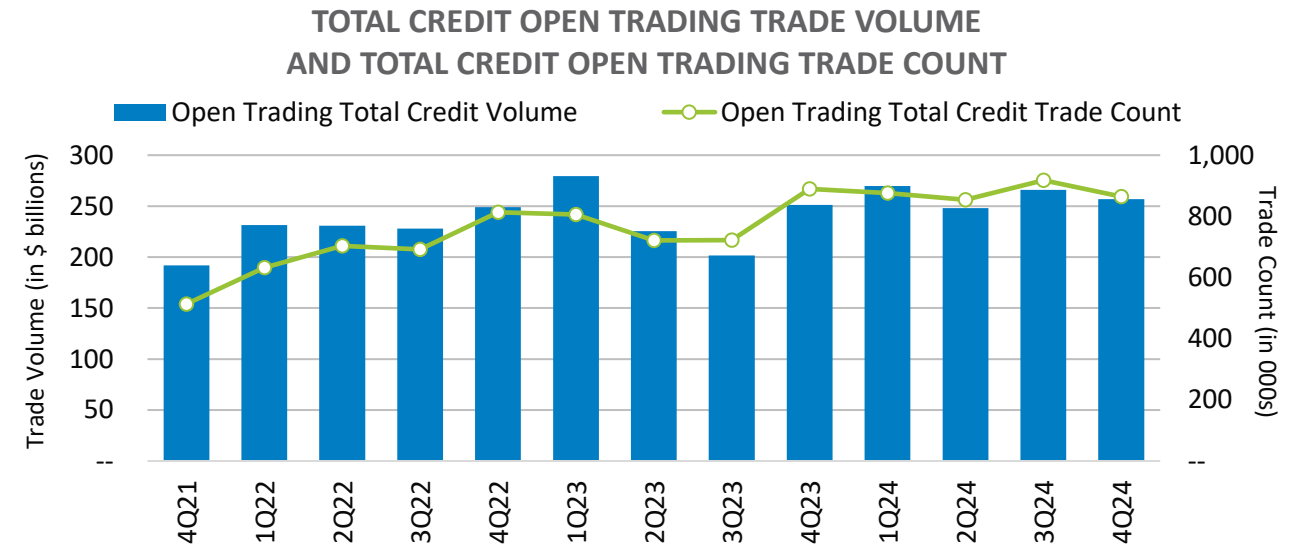


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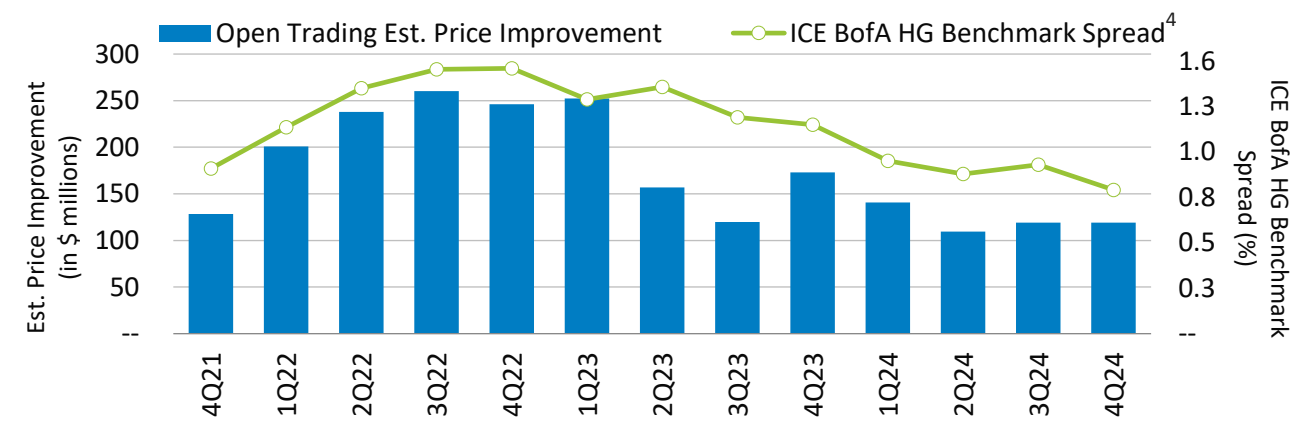
# Leveraging Open Trading as a liquidity destination

## 4Q24 COMMENTARY<sup>1</sup>

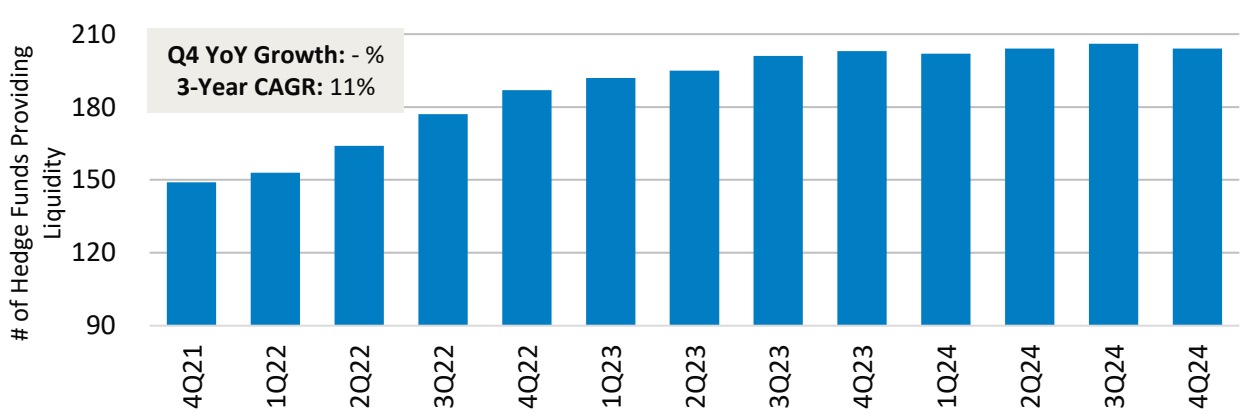
- Open Trading ADV of **~\$4 billion**, up **2%**.
- Total credit Open Trading share<sup>2</sup> of **35%** compared to **36%** in prior year.
- Open Trading trade count of **~865 thousand**.
- **204** hedge fund clients providing liquidity on Open Trading.



## OPEN TRADING PRICE IMPROVEMENT<sup>3</sup> CONTINUES TO DRIVE SIGNIFICANT BENEFIT FOR CLIENTS



## NUMBER OF HEDGE FUND CLIENTS PROVIDING LIQUIDITY ON OPEN TRADING



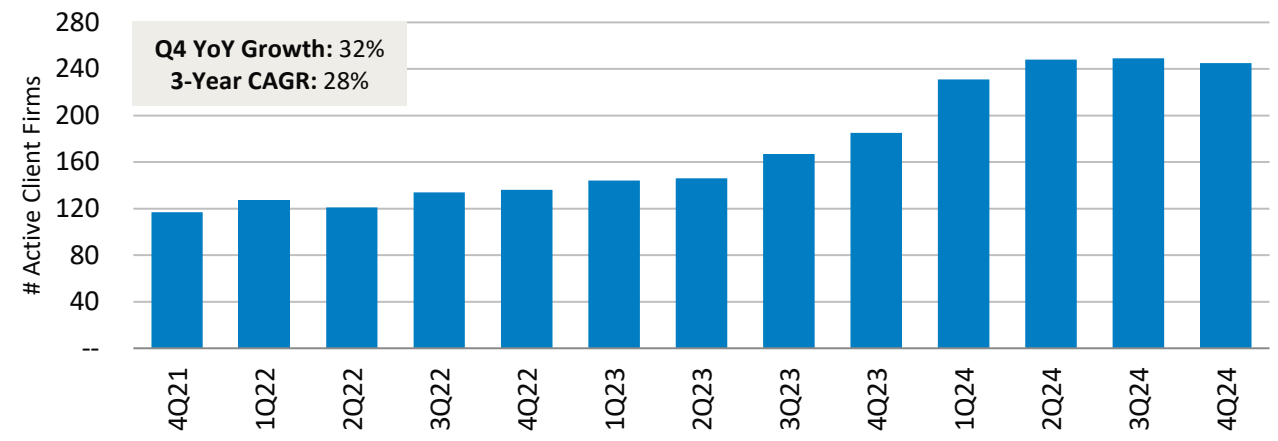
1. All period comparisons are 4Q24 vs. 4Q23 unless otherwise noted.  
2. Total credit Open Trading share is derived by taking total Open Trading volume across all credit products where Open Trading is offered and dividing by total credit trading volume across all credit products where Open Trading is offered. Open Trading share at the product level is derived by taking Open Trading volume in the product divided by the total trading volume in the product.  
3. Estimated price improvement consists of estimated liquidity taker price improvement (defined as the difference between the winning price and the best disclosed dealer cover price) and estimated liquidity provider price improvement (defined as the difference between the winning price and then current CP+ bid or offer level, offer if the provider is buying, bid if provider is selling) at the time of the inquiry.  
4. Data based on quarterly average.

# Integrating our full ecosystem through automation

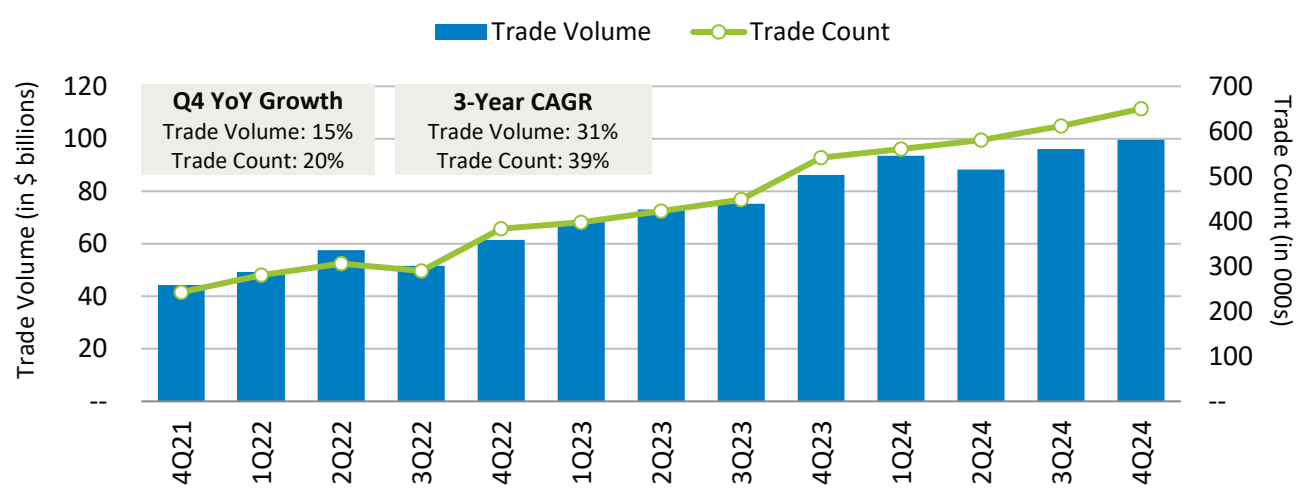
## 4Q24 COMMENTARY<sup>1</sup>

- **245** automation active client firms, up **32%**.
- **Record** automation volume of **~\$100 billion**, up **15%**, and **record** trade count of **~650 thousand**, up **20%**.
- Automation represented a **record 12%** of total credit trading volume and a **record 29%** of total credit trade count.
- **75 clients** enabled for Adaptive Auto-X.

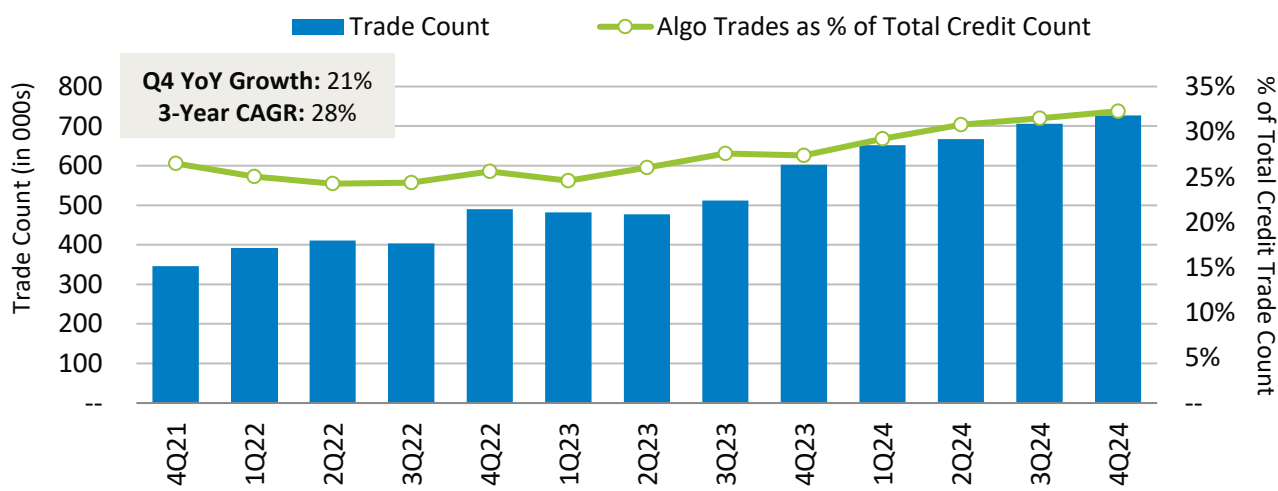
AUTO-X ACTIVE CLIENT FIRMS



RECORD AUTO-X TRADE COUNT AND AUTO-X TRADE VOLUME



RECORD DEALER ALGO TRADES AND % OF TOTAL PLATFORM CREDIT TRADES



1. All period comparisons are 4Q24 vs. 4Q23 unless otherwise noted.  
2. Algorithmic responses for U.S. high-grade spread-based trades only.



# Reconciliation of net income to EBITDA and net Income margin to EBITDA margin

4Q24						3Q24		4Q23		FY 2024		FY 2023	
Net income	\$	65,139	\$	71,489	\$	69,627	\$	274,181	\$	258,055			
Add back:													
Interest income		(6,719)		(6,953)		(6,274)		(26,046)		(22,425)			
Interest expense		318		346		1,636		1,601		1,983			
Provision for income taxes		19,456		21,408		14,185		86,365		74,645			
Depreciation and amortization		18,540		18,728		19,530		73,824		70,557			
EBITDA	\$	96,734	\$	105,018	\$	98,704	\$	409,925	\$	382,815			
Net income margin <sup>1</sup>		32.2%		34.6%		35.3%		33.6%		34.3%			
Add back:													
Interest income		(3.3)		(3.4)		(3.2)		(3.2)		(3.0)			
Interest expense		0.2		0.2		0.8		0.2		0.3			
Provision for income taxes		9.5		10.3		7.2		10.6		9.9			
Depreciation and amortization		9.2		9.1		9.9		9.0		9.4			
EBITDA margin <sup>2</sup>		47.8%		50.8%		50.0%		50.2%		50.9%			

1. Net income margin is derived by dividing net income by total revenues for the applicable period.

2. EBITDA margin is derived by dividing EBITDA by total revenues for the applicable period.

## Reconciliation of net cash provided by operating activities to free cash flow

	4Q24			3Q24		4Q23		FY 2024		FY 2023	
Net cash provided by operating activities	\$	176,248	\$	95,089	\$	141,685	\$	385,237	\$	333,767	
Exclude: Net change in trading investments		-		784		948		629		25,248	
Exclude: Net change in fail-to-deliver/receive from broker-dealers, clearing organizations and customers		(51,833)		2,578		(34,354)		(1,118)		(46,696)	
Less: Purchases of furniture, equipment and leasehold improvements		(215)		(835)		(2,071)		(9,942)		(9,326)	
Less: Capitalization of software development costs		(10,833)		(11,331)		(11,320)		(46,623)		(43,122)	
Free cash flow	\$	113,367	\$	86,285	\$	94,888	\$	328,183	\$	259,871	

# Disclosures

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### General Notes Regarding the Data Presented

Reported MarketAxess volume in all product categories includes only fully electronic trading volume. MarketAxess trading volumes and TRACE reported volumes are available on the Company’s website at [investor.marketaxess.com/volume](https://investor.marketaxess.com/volume).

Due to variances in how portfolio trading market participants utilized the portfolio trading TRACE “flag,” the Company previously used its own internal methodology for calculating portfolio trading as an estimated percentage of TRACE volume and the Company’s estimated market share. The Company is reviewing recent improvements in the TRACE data, but it now believes that the portfolio trading TRACE “flag” more accurately reflects the true size of the portfolio trading market. As such, at this time, the Company is not presenting portfolio trading as an estimated percentage of TRACE volume or the Company’s portfolio trading estimated market share for June 2024.

In addition, for periods beginning with January 2024, the Company has made changes to the market volume data used to calculate estimated market share for Municipal and U.S. Government Bonds. For Municipal Bonds, the Company previously used estimates, derived from data issued by the Municipal Securities Rule Making Board (“MSRB”), including estimates for new issuance, commercial paper and variable-rate trading activity, and excluded these volumes from the estimated market volume data. While the Company still uses estimates, the new methodology for identifying and excluding these volumes from the market volume data is now based on MSRB “flags” to identify new issuance, commercial paper, and variable-rate volumes. For U.S. Government Bonds, the previous data source for estimated market volumes was the Federal Reserve Bank’s Reported Primary Dealer U.S. Treasury Bond Trading Volumes, which was reported on a one-week lag. The new source for U.S. Government Bond trading volumes is FINRA’s U.S. Treasury TRACE data. The Company believes that the refined methodology used for Municipal Bonds, and the new data source for U.S. Government Bonds, provides more accurate measures of estimated market volumes and estimated market share. Prior comparable periods have been recast retrospectively for both Municipal and U.S. Government Bonds to conform to the updated presentation of the data. The new estimated market volume data is also available on the Company’s website at [investor.marketaxess.com/volume](https://investor.marketaxess.com/volume).

### Cautionary Note Regarding Forward-Looking Statements

This presentation may contain forward-looking statements, including statements about the outlook and prospects for Company, market conditions and industry growth, as well as statements about the Company’s future financial and operating performance. These and other statements that relate to future results and events are based on MarketAxess’ current expectations. The Company’s actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties, including: global economic, political and market factors; the level of trading volume transacted on the MarketAxess platform; the rapidly evolving nature of the electronic financial services industry; the level and intensity of competition in the fixed-income electronic trading industry and the pricing pressures that may result; the variability of our growth rate; our ability to introduce new fee plans and our clients’ response; our ability to attract clients or adapt our technology and marketing strategy to new markets; risks related to our growing international operations; our dependence on our broker-dealer clients; the loss of any of our significant institutional investor clients; our exposure to risks resulting from non-performance by counterparties to transactions executed between our clients in which we act as an intermediary in matched principal trades; risks related to self-clearing; risks related to sanctions levied against states or individuals that could expose us to operational or regulatory risks; the effect of rapid market or technological changes on us and the users of our technology; our dependence on third-party suppliers for key products and services; our ability to successfully maintain the integrity of our trading platform and our response to system failures, capacity constraints and business interruptions; the occurrence of design defects, errors, failures or delays with our platforms, products or services; our vulnerability to malicious cyber-attacks and attempted cybersecurity breaches; our actual or perceived failure to comply with privacy and data protection laws; our ability to protect our intellectual property rights or technology and defend against intellectual property infringement or other claims; our ability to enter into strategic alliances and to acquire other businesses and successfully integrate them with our business; our dependence on our management team and our ability to attract and retain talent; limitations on our flexibility because we operate in a highly regulated industry; the increasing government regulation of us and our clients; risks related to the divergence of U.K. and European Union legal and regulatory requirements following the U.K.’s exit from the European Union; our exposure to costs and penalties related to our extensive regulation; our risks of litigation and securities laws liability; adverse effects as a result of climate change or other ESG risks that could affect our reputation; our future capital needs and our ability to obtain capital when needed; limitations on our operating flexibility contained in our credit agreement; our exposure to financial institutions by holding cash in excess of federally insured limits; and other factors. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. More information about these and other factors affecting MarketAxess’ business and prospects is contained in MarketAxess’ periodic filings with the Securities and Exchange Commission and can be accessed at [www.marketaxess.com](https://www.marketaxess.com).

### Non-GAAP Financial Measures and Other Items

To supplement the Company’s unaudited financial statements presented in accordance with generally accepted accounting principles (“GAAP”), the Company uses certain non-GAAP measures of financial performance, including earnings before interest, taxes, depreciation and amortization (“EBITDA”), EBITDA margin and free cash flow. We define EBITDA margin as EBITDA divided by revenues. We define free cash flow as cash flow from operating activities excluding the net change in trading investments and net change in securities failed-to-deliver and securities failed-to-receive from broker-dealers, clearing organizations and customers, less expenditures for furniture, equipment and leasehold improvements and capitalized software development costs. The Company believes that these non-GAAP financial measures, when taken into consideration with the corresponding GAAP financial measures, provide additional information regarding the Company’s operating results because they assist both investors and management in analyzing and evaluating the performance of our business. See the “Appendix” for a reconciliation of GAAP net income to EBITDA and GAAP net income margin to EBITDA margin and GAAP cash flow from operating activities to free cash flow.



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