



Q4 2021 Conference Call and Webcast

January 26, 2022

Strategic Update

❖ Rick McVey, Chairman and CEO

Executing on the MarketAxess Growth Strategy in 2021¹

INCREASED PENETRATION IN CORE PRODUCTS

- Maintained substantial leadership position in the institutional client e-trading space for **U.S. Credit**. Clear #1 in high-grade, record estimated high-yield market share and record active clients; approximately 92% of credit trading volume on platform was executed by institutional clients.
- Strong momentum in international credit with record trading volume, record estimated market share, and a record number of active clients in **emerging markets and Eurobonds**.
- Unquestioned global leadership in **all-to-all trading** despite benign trading conditions. Strong Open Trading momentum with 1,677 investor and dealer clients.
- Significantly enhanced **Post-trade services** offering with the addition of Regulatory Reporting Hub; combined Data and Post-trade revenue increased 43%.

EXPANDED INTO NEW PRODUCTS

- Expanded **Rates** protocols with the launch of all-to-all Live Markets orderbook for U.S. Treasuries; record full year trading volume of \$4.1 trillion.
- Momentum continued to build in the **Municipal** bond offering, with a total of 320 active clients and record trading volume of \$23.9 billion; integration of MuniBrokers system.
- Added **4 new local currency markets** including onshore Chinese debt; emerging markets local trading volume reached a record of \$201 billion, up 22%.

EXPANDED TRADING PROTOCOLS/LEVERAGED THE OPEN TRADING NETWORK

- 117 firms utilizing **Auto-X** functionality, up from 85 firms at the beginning of the year; record Auto-X trading volume of \$167 billion, up 33% from 2020.
- Record **Portfolio Trading** volume of \$29.1 billion across all products. Enhanced Portfolio Trading solution with integration of U.S. Treasury net spotting and hedging capabilities.
- Record **Dealer RFQ** trading volume of \$271.7 billion in 2021, up 27% from \$213.3 billion in 2020.
- Increased adoption of **Live Markets** and **Mid-X** sessions with extension to U.S. credit products.

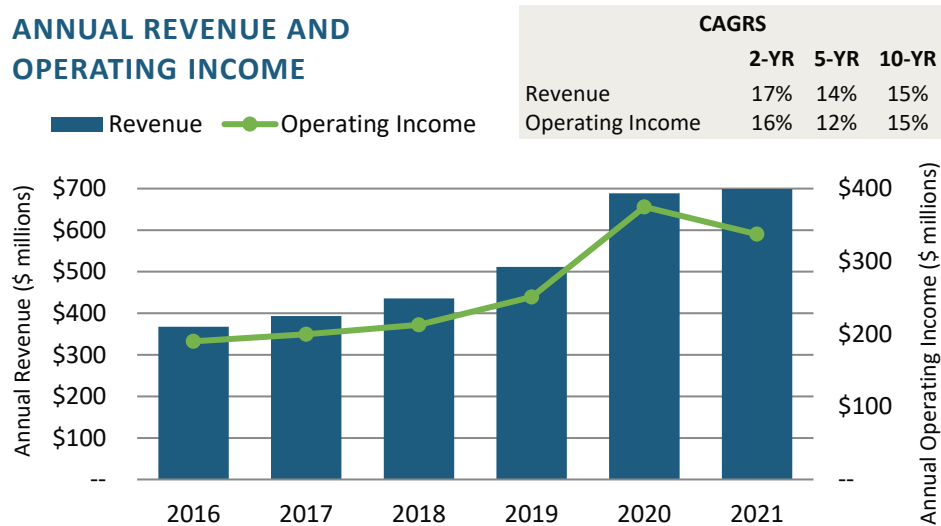
GREW OUR BUSINESS THROUGH GEOGRAPHIC DIVERSIFICATION

- Active international **clients** increased by 57 to a total of 956.
- Record international trading **volumes** of \$828.3 billion across all products.
- International **volume as a %** of total reached a record of 31.6%, up from 28.9%.

1. All period comparisons are full year 2021 versus 2020.

Full Year 2021 Results Reflect Continued Long-Term Growth

ANNUAL REVENUE AND OPERATING INCOME

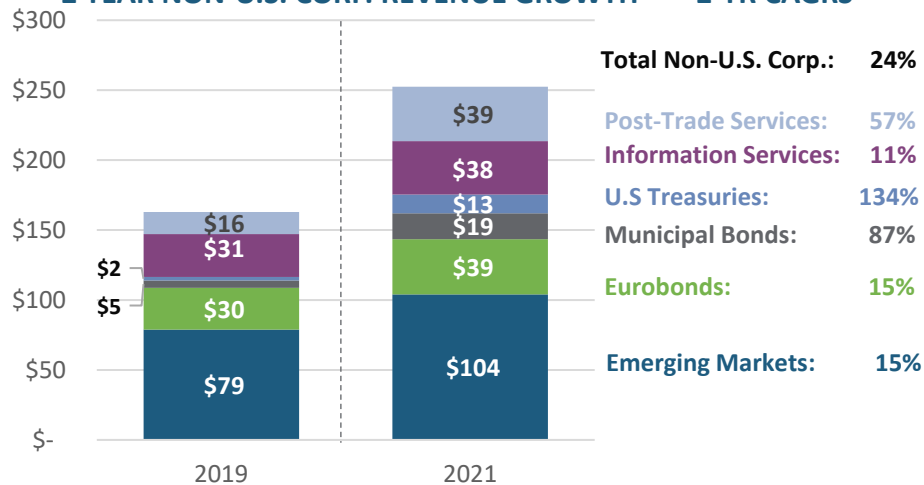


COMMENTARY

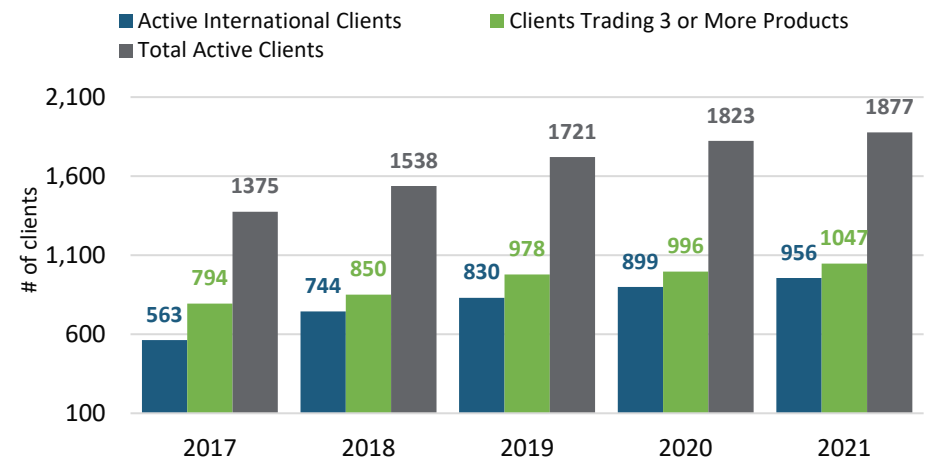
- Record emerging markets trading volume of \$649 billion, up 16%; record emerging markets local currency volume of \$201 billion, up 22%
- Record estimated U.S. high-yield, emerging markets, Eurobond and municipal bond market share
- Estimated transaction cost savings of \$573 million delivered through Open Trading solutions¹
- Auto-X volume of \$167 billion, up 33%
- Record 1,047 client firms trading 3 or more products

2 YEAR NON-U.S. CORP. REVENUE GROWTH

2-YR CAGRS



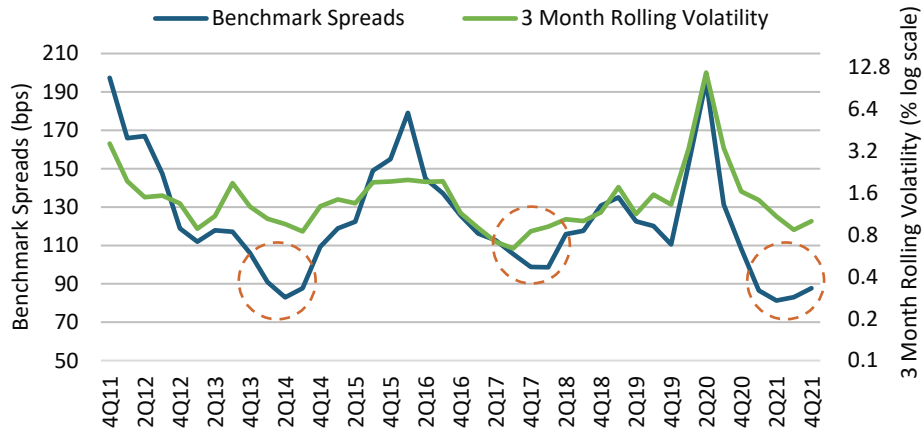
ACTIVE CLIENT FIRMS



1. Estimated liquidity taker cost savings is defined as the difference between the winning price and the best disclosed dealer cover price. Estimated liquidity provider cost savings is defined as the difference between the winning price and then current Composite+ bid or offer level (offer if the provider is buying, bid if provider is selling) at the time of the inquiry.

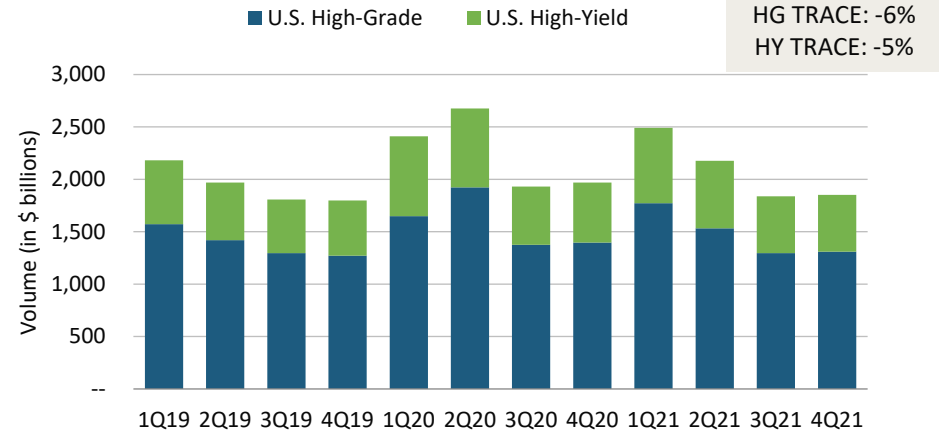
Market Conditions and U.S. Credit

LIQUID U.S. CORPORATE INDEX (LUCI)



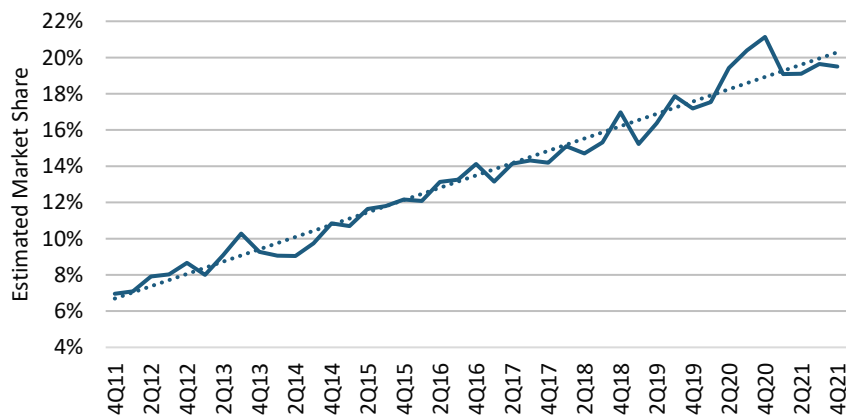
Source: Credit Suisse Global Credit Strategy

U.S. HIGH-GRADE & U.S. HIGH-YIELD TRACE VOLUME

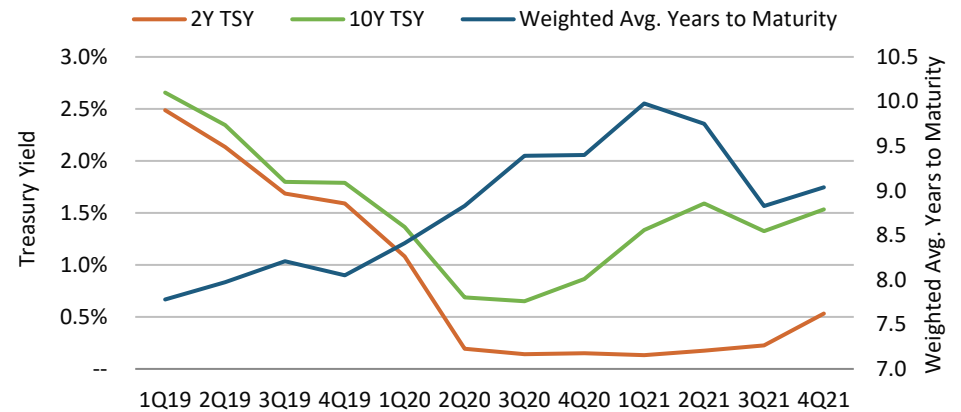


Source: BondTicker

COMBINED ESTIMATED U.S. HIGH-GRADE AND U.S. HIGH-YIELD MARKET SHARE



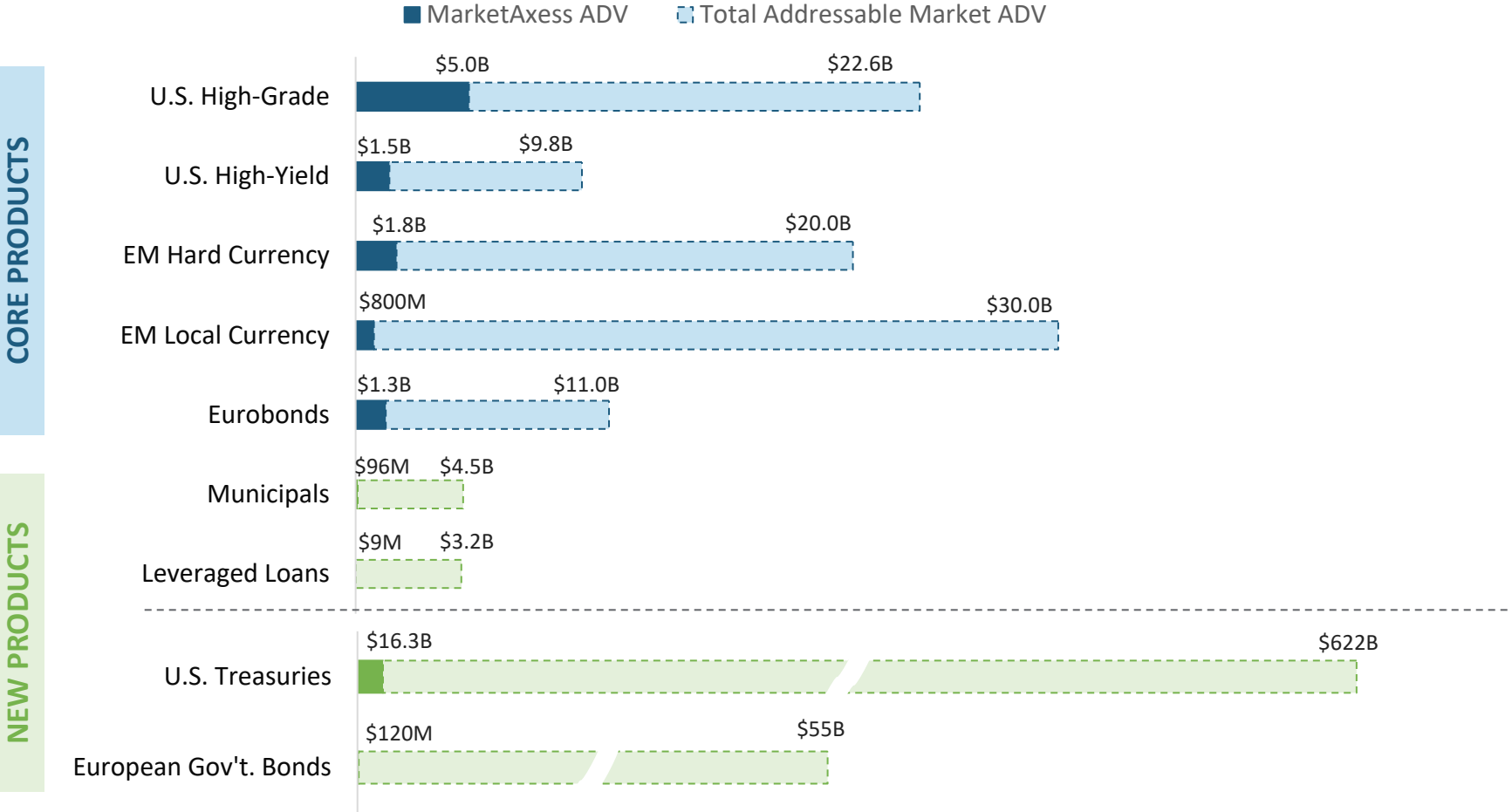
10 YEAR & 2 YEAR TREASURY YIELD & MKTX U.S. HIGH-GRADE WEIGHTED AVG. YEARS TO MATURITY



Source: Federal Reserve

Investing to Capture the Long-Term E-Trading Opportunity

TOTAL ADDRESSABLE MARKET – 2021 ESTIMATES



Total Estimated Addressable Market of \$778 Billion Average Daily Volume¹

1. Source: Market volumes calculated using the most recently available market data for TRACE, Trax, Emerging Markets Trade Association, Municipal Securities Rulemaking Board, Loan Syndications and Trading Association, JPMorgan Research and various local market central banks. Excludes other new product opportunities including ETFs, mortgages and structured products.

Update on Growth Initiatives

❖ Chris Concannon, President and COO

Open Trading® Permeates All Products and Protocols

OPEN TRADING HIGHLIGHTS

- Over 29,000 orders and \$15 billion notional value available through Open Trading central marketplace on average per day in 4Q21
- Estimated system-wide cost savings of \$78 million for liquidity takers and \$50 million for liquidity providers¹ in 4Q21
- Record 1,677 unique client firms executed a trade with MKTX

DEALER RFQ

- Credit volume of \$271.7 billion in 2021, up 27%
- Emerging markets volume of \$56 billion in 2021, up 43%

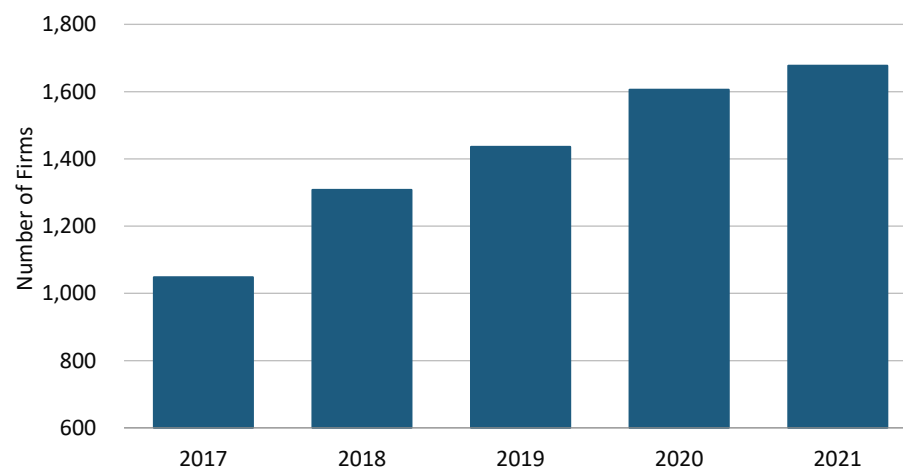
LIVE MARKETS

- Expanded Live Markets liquidity providers for U.S. Treasuries; trading volume up 45% with 17 active market makers
- Expansion of Live Markets for U.S. High Yield; streaming liquidity now provided by 5 dedicated liquidity providers including Goldman Sachs, Barclays and Flow Traders for U.S. credit

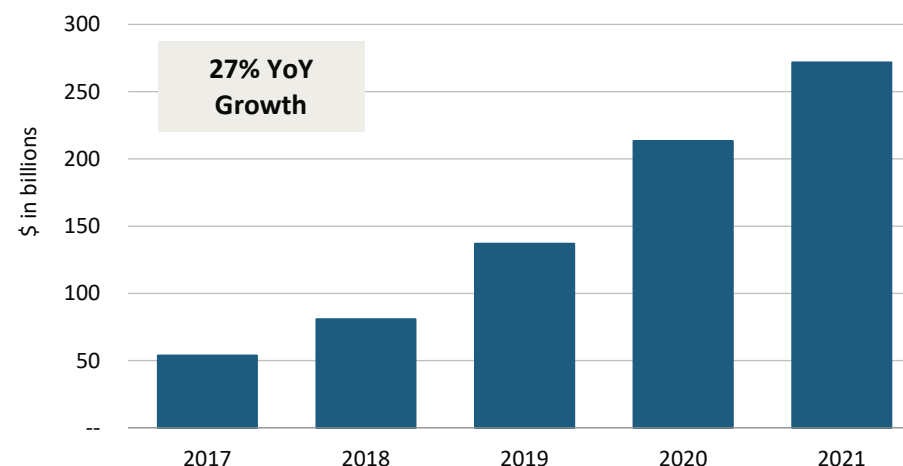
MID-X SESSIONS

- Mid-X expanded to U.S. corporate bonds

UNIQUE OPEN TRADING FIRMS



DEALER RFQ VOLUME



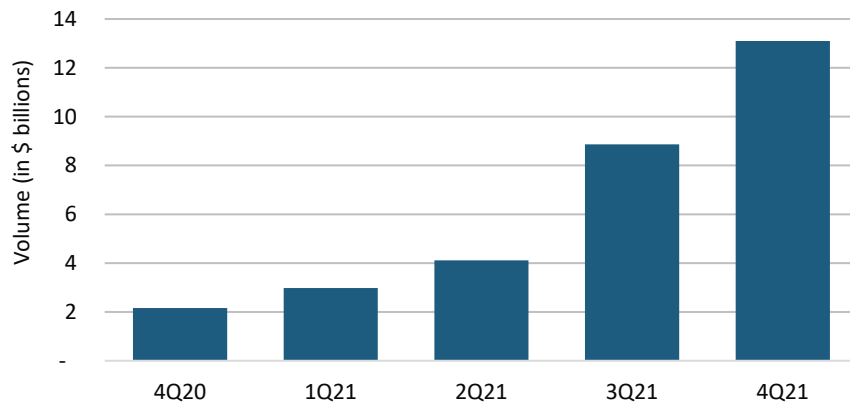
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Powerful Diversification Across Markets, Protocols & Services

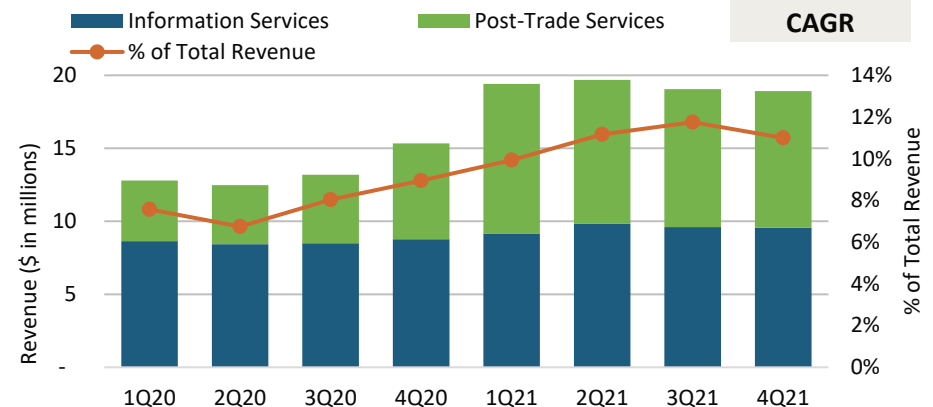
| | | Core Products | | | | New Products | | | |
|-------------------|-------------------|--------------------|-----------------|------------------|-----------|-----------------|-------|-----------------|--------------|
| | | U.S High Grade | U.S. High Yield | Emerging Markets | Eurobonds | Municipal Bonds | Rates | Leveraged Loans | China Credit |
| | | Open Trading | | | | | | | |
| | | Trading Automation | | | | | | | |
| Trading Protocols | Client RFQ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Dealer RFQ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Portfolio Trading | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| | Live Markets | ✓ | ✓ | ✓ | ✓ | | ✓ | | |
| | Mid-X | ✓ | ✓ | ✓ | ✓ | | ✓ | | |

✓ = Current protocols ✓ = Future/current investment to expand protocols

PORTFOLIO TRADING VOLUME



INFORMATION SERVICE AND POST-TRADE SERVICES REVENUE



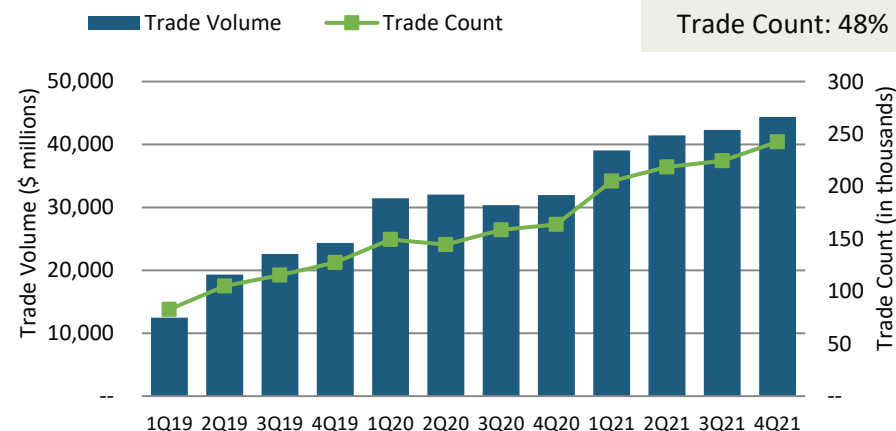
Trading Automation Continues to Grow

HIGHLIGHTS

- Over 242,000 trades completed using automated execution, up from 164,000 trades in 4Q20
- Auto-X represented 19% of credit trade count and 7% of credit trade volume in 4Q21
- \$44.4 billion in Auto-X volume in 4Q21, up 39% from 4Q20
- Approximately 4.6 million algo responses in 4Q21, up 18% from 4Q20¹

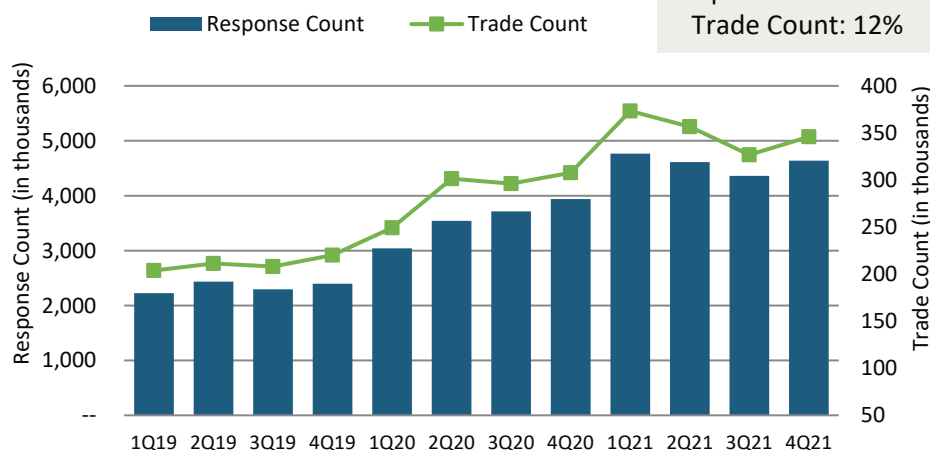
AUTO-X TRADE VOLUME AND COUNT

Q4 YoY Growth
Trade Volume: 39%
Trade Count: 48%

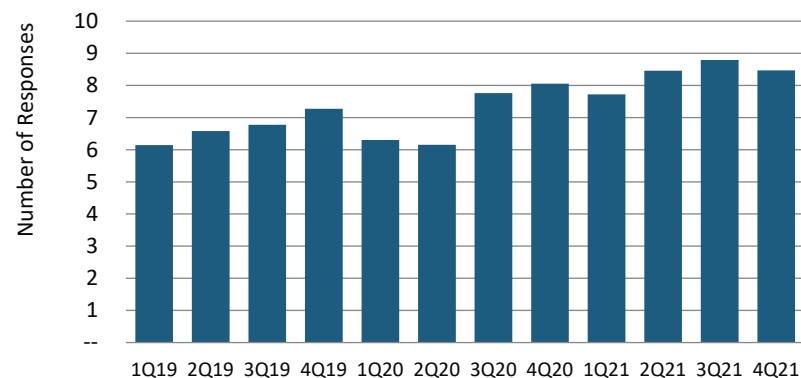


TOTAL ALGO TRADES & RESPONSES¹

Q4 YoY Growth
Response Count: 18%
Trade Count: 12%



U.S. HIGH-GRADE AVERAGE NUMBER OF RESPONSES PER INQUIRY



1. Algorithmic responses for U.S. high-grade and U.S. high-yield spread based trades only.

Financial Review

◆ Chris Gerosa, CFO

Earnings Performance

| | <u>4Q21</u> | <u>3Q21</u> | <u>4Q20</u> | <u>Δ</u> <u>4Q21 vs.</u> <u>4Q20</u> |
|-----------------------------|---|------------------|------------------|--|
| | <i>(\$ in thousands, except per share data)</i> | | | |
| Revenues | | | | |
| Commissions | \$ 145,913 | \$ 142,826 | \$ 155,813 | (6.4%) |
| Information Services | 9,561 | 9,608 | 8,771 | 9.0% |
| Post-trade Services | 9,369 | 9,444 | 6,564 | 42.7% |
| Other Income | 217 | 215 | 198 | 9.6% |
| Total Revenues | <u>165,060</u> | <u>162,093</u> | <u>171,346</u> | <u>(3.7%)</u> |
| Expenses | <u>92,479</u> | <u>88,090</u> | <u>79,649</u> | <u>16.1%</u> |
| Operating Income | <u>72,581</u> | <u>74,003</u> | <u>91,697</u> | <u>(20.8%)</u> |
| Investment Income | 79 | 108 | 119 | (33.6%) |
| Interest Expense | (166) | (314) | (96) | NM |
| Other, net | (919) | 697 | (1,431) | (35.8%) |
| Income Before Taxes | <u>71,575</u> | <u>74,494</u> | <u>90,289</u> | <u>(20.7%)</u> |
| Provision for Income Taxes | <u>19,390</u> | <u>16,536</u> | <u>17,358</u> | <u>11.7%</u> |
| Net Income | <u>\$ 52,185</u> | <u>\$ 57,958</u> | <u>\$ 72,931</u> | <u>(28.4%)</u> |
| Operating Margin | 44.0% | 45.7% | 53.5% | (9.5 pts) |
| EBITDA ¹ | \$ 86,348 | \$ 88,772 | \$ 100,977 | (14.5%) |
| Diluted EPS | \$ 1.37 | \$ 1.52 | \$ 1.91 | (28.3%) |
| Diluted Shares ² | 38,046 | 38,084 | 38,188 | (0.4%) |

1. See fourth quarter 2021 earnings release and the Investor Relations section of the Company's website for a reconciliation of net income to EBITDA.

2. Represents the weighted average number of shares of common stock, including the dilutive effect of outstanding securities.

Commission Revenue Detail

| | <u>4Q21</u> | <u>3Q21</u> | <u>4Q20</u> | <u>% Δ 4Q21 vs. 4Q20</u> |
|--|-------------------|----------------|----------------|----------------------------------|
| Commissions (\$ in thousands) | | | | |
| Transaction Fees | | | | |
| U.S. High-Grade | \$ 46,173 | \$ 45,848 | \$ 59,645 | (22.6%) |
| Other Credit ¹ | <u>62,767</u> | <u>62,475</u> | <u>65,045</u> | <u>(3.5%)</u> |
| Total Credit | 108,940 | 108,323 | 124,690 | (12.6%) |
| Rates ² | <u>4,992</u> | <u>3,825</u> | <u>3,267</u> | <u>52.8%</u> |
| Total Transaction Fees | 113,932 | 112,148 | 127,957 | (11.0%) |
| Distribution Fees | | | | |
| U.S. High-Grade | 22,665 | 22,257 | 21,524 | 5.3% |
| Other Credit ¹ | <u>9,262</u> | <u>8,352</u> | <u>6,261</u> | <u>47.9%</u> |
| Total Credit | 31,927 | 30,609 | 27,785 | 14.9% |
| Rates ² | <u>54</u> | <u>69</u> | <u>71</u> | <u>(23.9%)</u> |
| Total Distribution Fees | 31,981 | 30,678 | 27,856 | 14.8% |
| Total Commissions | \$ 145,913 | \$ 142,826 | \$ 155,813 | (6.4%) |
| Trading Volume (\$ in millions) | | | | |
| U.S. High-Grade | \$ 277,891 | \$ 277,837 | \$ 318,493 | (12.7%) |
| Other Credit ¹ | <u>326,512</u> | <u>319,209</u> | <u>321,135</u> | <u>1.7%</u> |
| Total Credit | 604,403 | 597,046 | 639,628 | (5.5%) |
| Rates ² | 1,206,095 | 929,734 | 826,276 | 46.0% |
| Transaction Fees per Million | | | | |
| U.S. High-Grade | \$ 166.15 | \$ 165.02 | \$ 187.27 | (11.3%) |
| Other Credit ¹ | 192.23 | 195.72 | 202.55 | (5.1%) |
| Total Credit | 180.24 | 181.43 | 194.94 | (7.5%) |
| Rates ² | 4.14 | 4.11 | 3.95 | 4.7% |

1. Other Credit includes U.S. high-yield, emerging markets, Eurobonds and municipal bonds.

2. Rates includes U.S. Treasury bonds, U.S. agencies and European government bonds.

Expense Detail

| | 4Q21 | 3Q21 | 4Q20 | % Δ 4Q21 vs. 4Q20 |
|------------------------------------|-------------------|-----------|-----------|-------------------------|
| | (\$ in thousands) | | | |
| <u>Expenses</u> | | | | |
| Employee Compensation and Benefits | \$ 41,218 | \$ 40,878 | \$ 36,472 | 13.0% |
| Depreciation and Amortization | 14,607 | 13,964 | 10,592 | 37.9% |
| Technology and Communications | 11,229 | 10,665 | 8,922 | 25.9% |
| Professional and Consulting | 10,734 | 10,847 | 10,295 | 4.3% |
| Occupancy | 3,438 | 3,265 | 3,220 | 6.8% |
| Marketing and Advertising | 2,906 | 1,821 | 2,307 | 26.0% |
| Clearing Costs | 3,739 | 3,269 | 4,997 | (25.2%) |
| General and Administrative | 4,608 | 3,381 | 2,844 | 62.0% |
| Total Expenses | \$ 92,479 | \$ 88,090 | \$ 79,649 | 16.1% |

Expense Details

- Expenses in the fourth quarter of 2021 reflect incremental operating expenses and costs associated with the MuniBrokers and Regulatory Reporting Hub businesses totaling \$5.0 million.
- Excluding the MuniBrokers and Regulatory Reporting Hub expenses, total expenses for the quarter were up 10.1%.

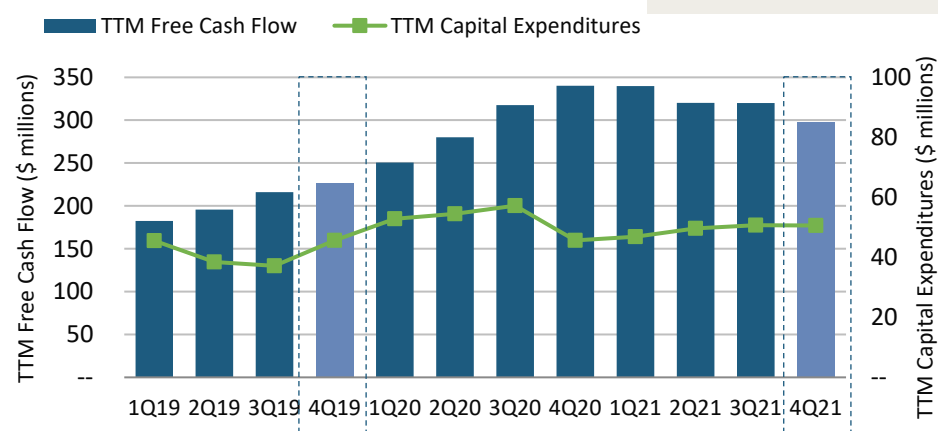
Cash Flow and Capital Management

QUARTERLY OVERVIEW

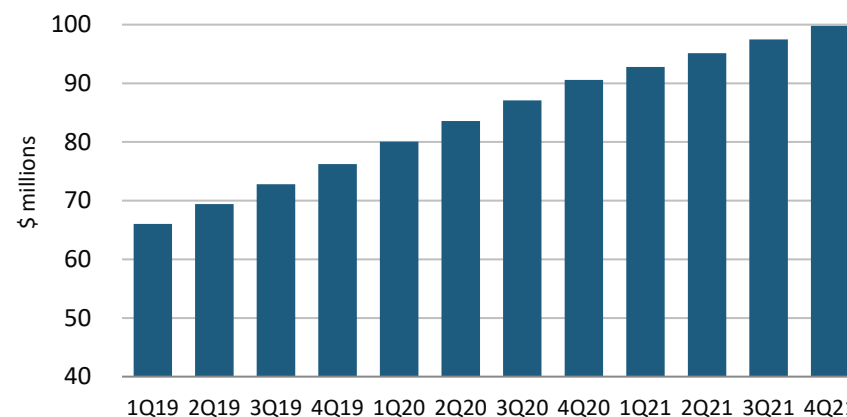
- Total cash and investments of \$543 million
 - Excludes \$69 million of cash deposits supporting self-clearing obligations
- Trailing 12-month free cash flow of \$297 million
- Capital expenditures of \$51 million to support the investment in trading system enhancements
- Returned \$197 million in capital in 2021 through dividends and share repurchases
 - Board approved a 6% increase in the quarterly cash dividend to \$0.70 per share to be paid in February 2022

TTM FREE CASH FLOW¹ AND CAPITAL EXPENDITURES

Q4 TTM FCF YoY Growth²
2YR CAGR 14%



TTM QUARTERLY DIVIDENDS



1. See fourth quarter 2021 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. 2-year compound annual growth rate "CAGR" calculated on a trailing twelve months basis.

2022 Guidance

EXPENSES

- Expected range of \$385.0 million to \$415.0 million
 - Based on the midpoint of the stated guidance range, operating expenses are expected to increase by approximately 11% in 2022
 - Approximately 60% of the anticipated increase in operating expenses is expected to be attributable to our continued investments in trading system enhancements and product and geographical expansion
 - Approximately 40% of the anticipated increase is expected to be primarily due to higher acquired intangible expense, variable clearing costs and inflation

CAPITAL EXPENDITURES

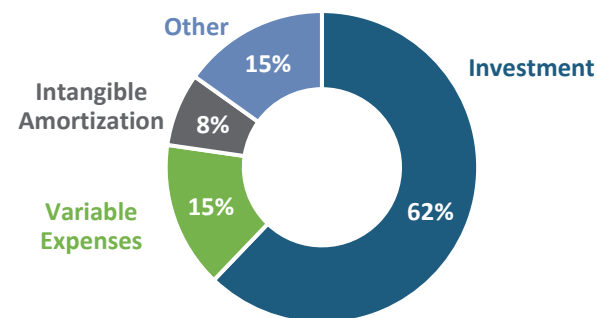
- Expected range of \$58.0 million to \$62.0 million
 - Includes an expected increase in capitalized software development to support new protocols, products and platform enhancements

EFFECTIVE TAX RATE

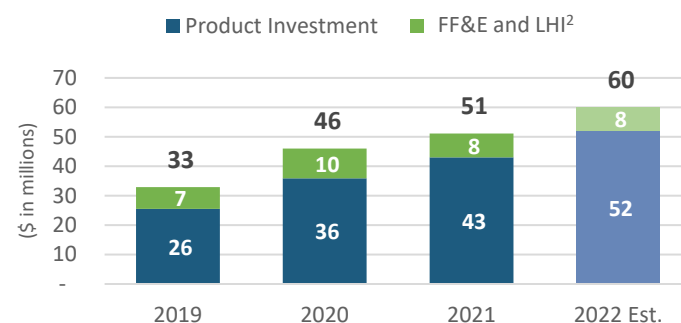
- Expected to be between 24.0% and 26.0%
 - Increase in tax rate principally due to lower estimated excess tax benefits on share awards

1. 2022 estimates based on the midpoint of the stated guidance range
 2. "FF&E" means furniture, fixtures and equipment and "LHI" means leasehold improvement.

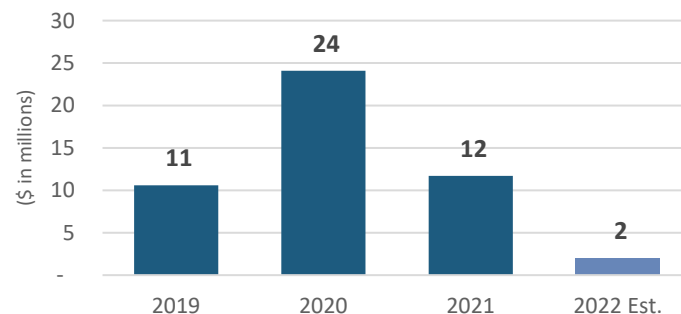
2022 OPERATING EXPENSE GROWTH BREAKDOWN



HISTORICAL CAPITAL EXPENDITURES¹



EXCESS TAX BENEFIT¹



Key Takeaways

- Strong execution of our growth strategy in 2021
- Significant strides in enhancing our core and expanding our cylinders for growth
- Strong competitive positioning to capture the electrification of fixed income markets
- Deploying capital in a disciplined way to drive long-term value for investors
- Expect market conditions in 2022 to be more favorable, as credit spread volatility returns to more normal levels



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