



Q2 2023 Conference Call and Webcast

July 20, 2023

Strategic Update and Outlook:

Driving Better Trading Outcomes for Clients

❖ Chris Concannon, CEO

2Q23 – Enhancing Trading Outcomes For Our Clients¹

Innovate

Deliver New Data Tools,
Trading Protocols, and
Products

Next Gen Data Products Helping Traders Determine What, How and When, and Who to Trade With.

- Developed AI-powered proprietary data to build best in class pricing and trading signals.
- Strong adoption of Composite+ which is powering our automation tools.

Automation Suite Provides Simplified Workflow Solutions for Trading “Low-Touch” and “No-Touch” Trades.

- Simplified workflow through Auto-X and Auto-R.
- Launch of Adaptive Auto-X gives clients the ability to customize trading algorithms and enhance workflows to handle larger sized trades.
- Launch of Dealer RFQ Auto-X.

New Protocols/Liquidity Are Tailored To Create The Best Trading Outcomes for Clients.

- U.S. high-grade price protocol launch for European clients.
- AxessIQ (new private bank front end) ADV up 169% on strong growth in U.S. high-grade and Eurobonds.

Integrate

Unlocking Our
Liquidity Pools

New Trading Platform Powers Order-Centric Workflow Allowing Traders to Better Manage Their Execution Needs.

- ~50 active client firms and ~90 active users onboarded; 4X growth in active client firms since 1Q23.
- Access to our full range of protocols with high-touch, low-touch and no-touch solutions.

Expanded Automation Suite Linking Our Differentiated Open Trading Liquidity Pools.

- Adaptive Auto-X roll-out continuing with 8 live pilot clients.
- Adaptive Auto-X integrates access to markets and protocols (RFQ, Live Markets, Auto-R).

Enhanced Portfolio Trading Functionality.

- New pre-trade analytics (e.g., tradability).
- Significant expansion of our line items.

Execute

How We Executed in
2Q23

Significant Client Expansion.

- **Record** 2,083 (+7.6%) active client firms; **record** 1,606 (+11.1%) active U.S. credit client firms; **record** 1,054 (+7.3%) international active client firms; **record** 1,127 (+6.7%) active client firms trading three or more products.

Record Activity Over the Platform.

- **Record** emerging markets estimated share²; 10.7% growth in local markets trading volume.
- **Record** Eurobonds ADV of \$1.9 billion (+30.2%) and **record** Eurobonds market estimated share³ of 18.4% (+330 bps).

Significant Technology Milestones Achieved.

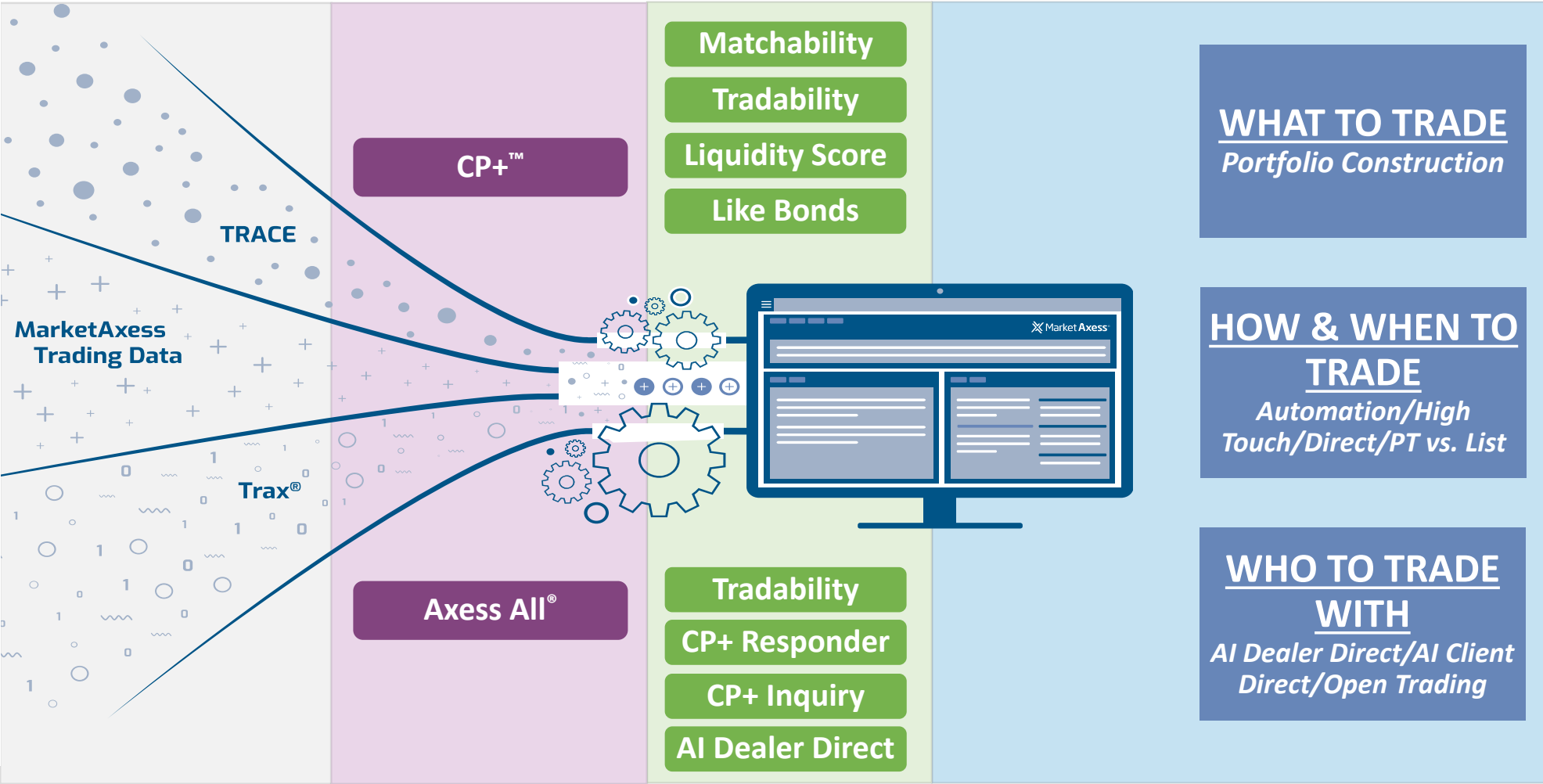
- Launch of new trading platform.
- Launch of Adaptive Auto-X client algorithms.
- **Record** trading day over our platform in the quarter; increased traffic handled seamlessly.

1. All period comparisons are 2Q23 vs. 2Q22 unless otherwise noted.

2. Emerging markets estimated market share is derived by combining MarketAxess TraX emerging markets trading volume (currently estimated to represent approximately 55% of the total emerging markets market) and FINRA TRACE-reportable emerging markets trading volume, principally U.S. dollar denominated corporates.

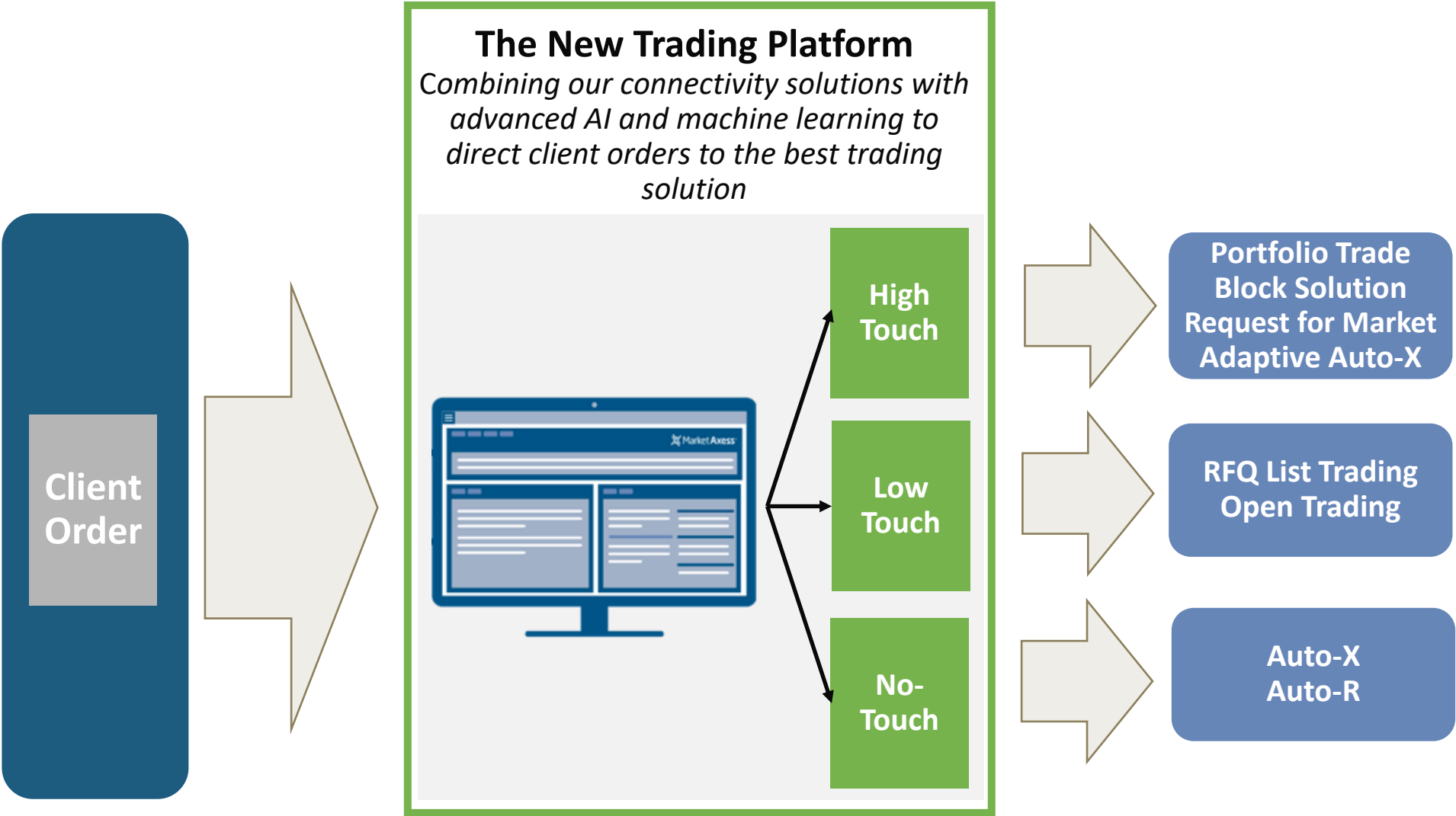
3. Eurobonds estimated market share is derived from MarketAxess TraX data for Eurobonds and covered bonds market trading volume, which is currently estimated to represent approximately 70% of the total European market.

Innovate – Proprietary Data Powering New Trading Platform



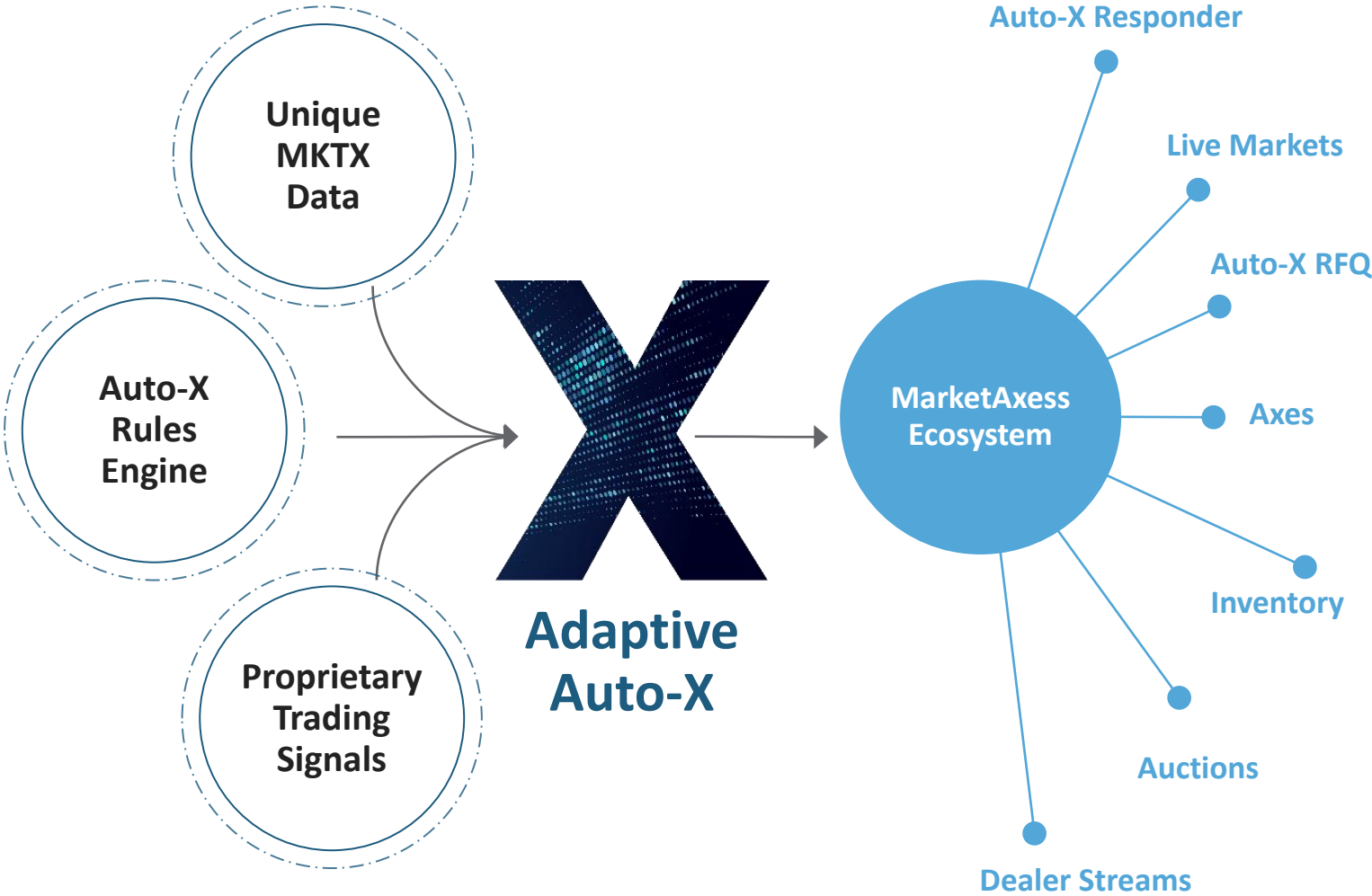
1. Not exhaustive of full capabilities, for illustrative purposes only.

Integrate – Order Centric Workflow Helping Clients Make Better Trading Decisions



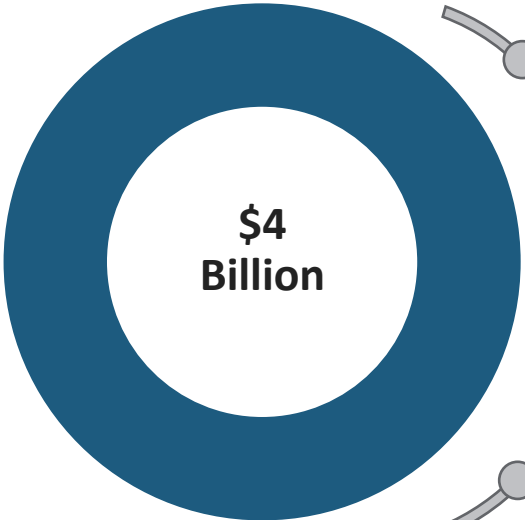
Innovate – Linking Our Differentiated Open Trading Liquidity Pools

New Client Algorithms

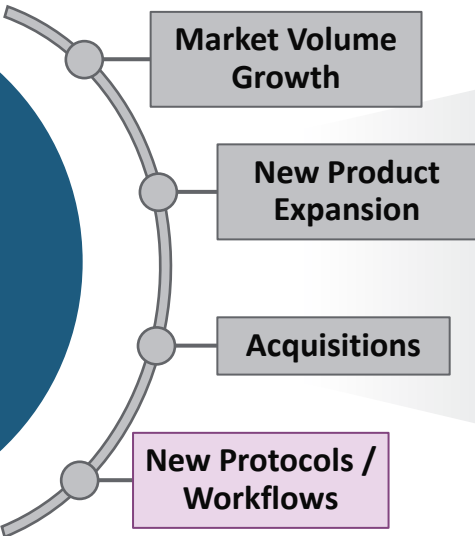
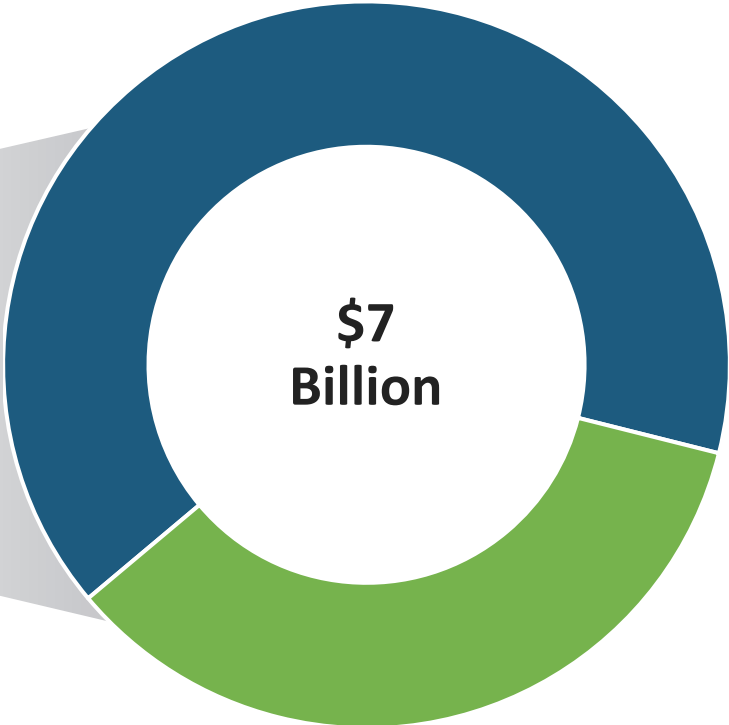


Execute – Capturing Our Expanded Addressable Market

2018 ESTIMATED REVENUE OPPORTUNITY



CURRENT ESTIMATED REVENUE OPPORTUNITY¹



CORE PRODUCT SET
U.S. High Grade
U.S. High Yield
Emerging Markets
Eurobonds
Post-Trade

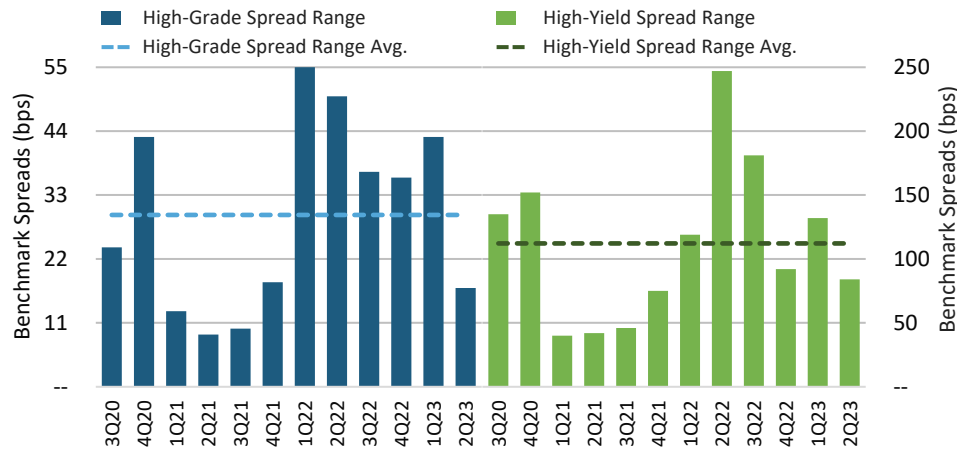
NEW PROTOCOLS / WORKFLOWS	
Automation	
Portfolio Trading	
Live Markets	Mid-X
DDI ²	AxessIQ

EXPANDED REVENUE OPPORTUNITIES
Data
Emerging Market Local Markets
U.S. Treasuries
Municipal Bonds
ETFs

Sources: MarketAxess estimates; TRACE, TRAX, MSRB, SIFMA, LSTA, NYFRB, ISDA, BondConnect, SSGA
 1. Estimated revenue opportunity assumes constant fee capture.
 2. Diversity Dealer Initiative

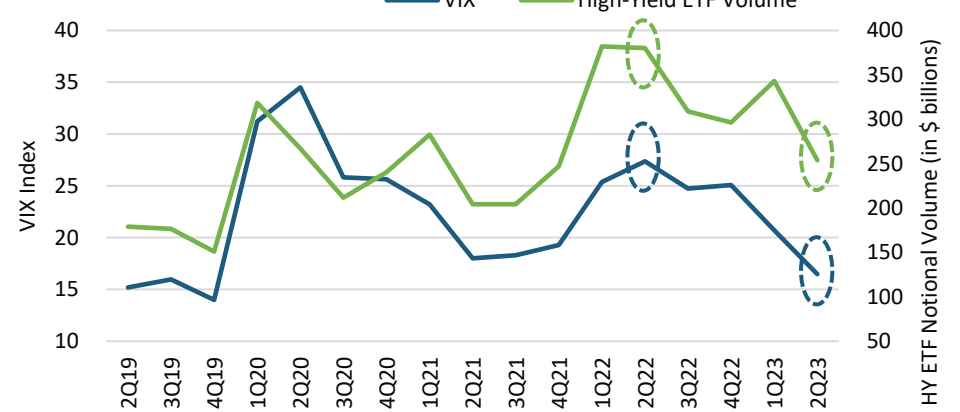
Market Conditions & Outlook

HIGH-GRADE AND HIGH-YIELD SPREAD RANGES



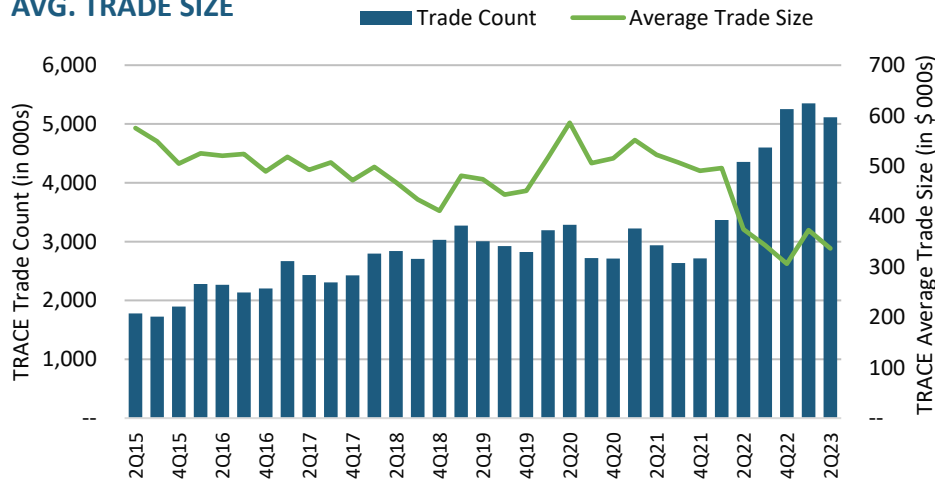
Source: Credit Suisse Global Credit Strategy
*Data based on quarterly average

VOLATILITY INDEX (VIX) AND HIGH-YIELD ETF NOTIONAL VOLUME



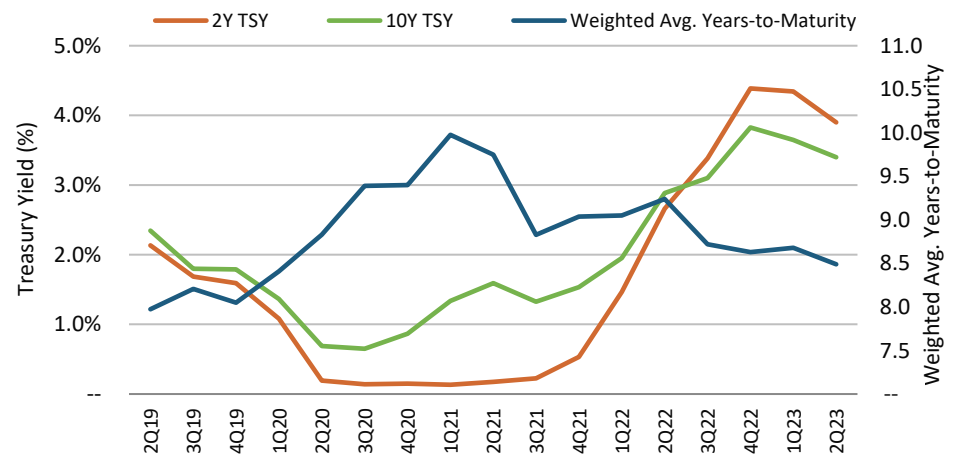
Source: FactSet

U.S. HIGH GRADE TRACE TRADE COUNT AND TRACE AVG. TRADE SIZE



Source: Company data

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



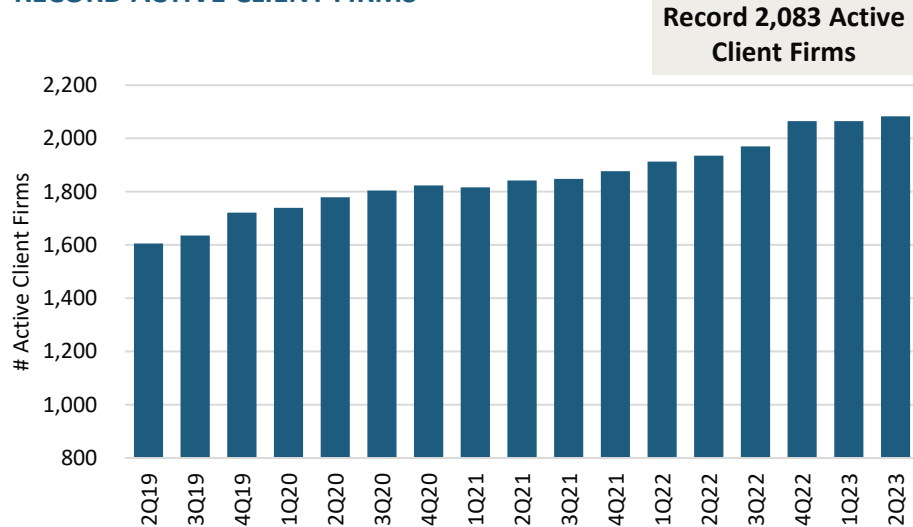
Note: Data based on quarterly average
Source: Federal Reserve

Update on Our Market: *How We Executed*

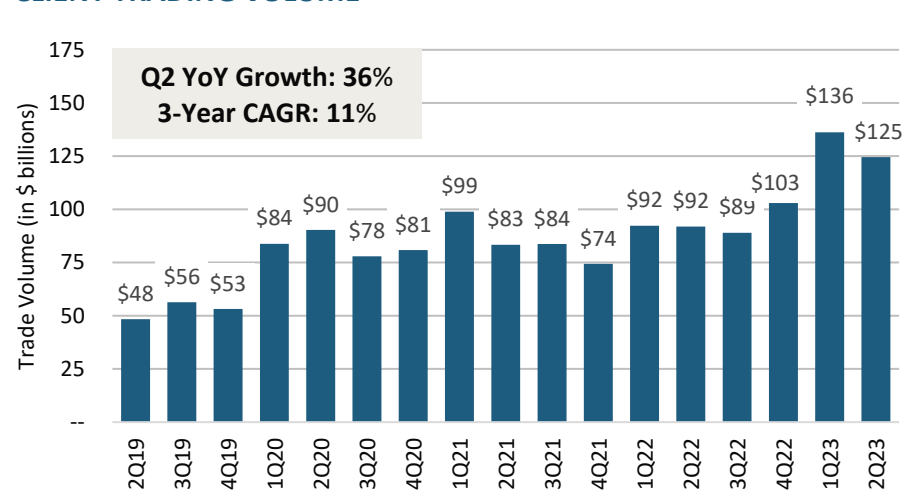
❖ Rich Schiffman, Global Head of Trading Solutions

Execute – Continued Strong Expansion of the Client Network

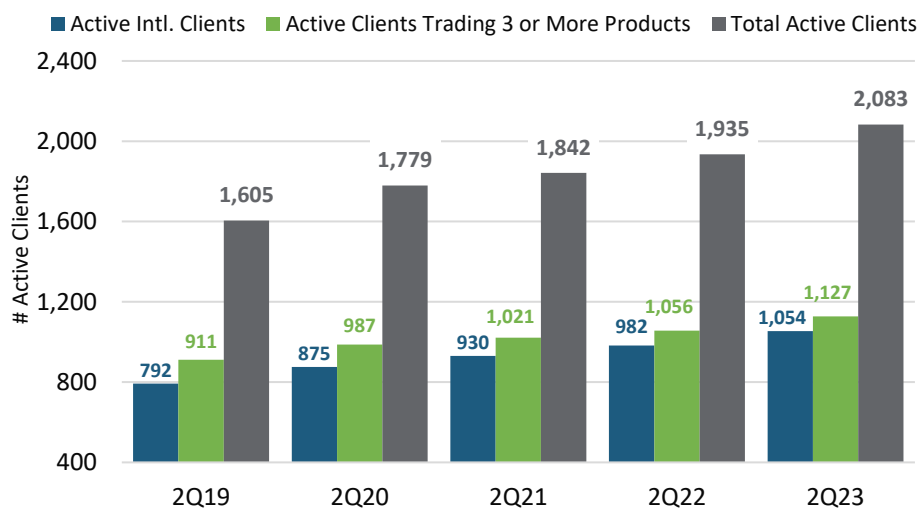
RECORD ACTIVE CLIENT FIRMS



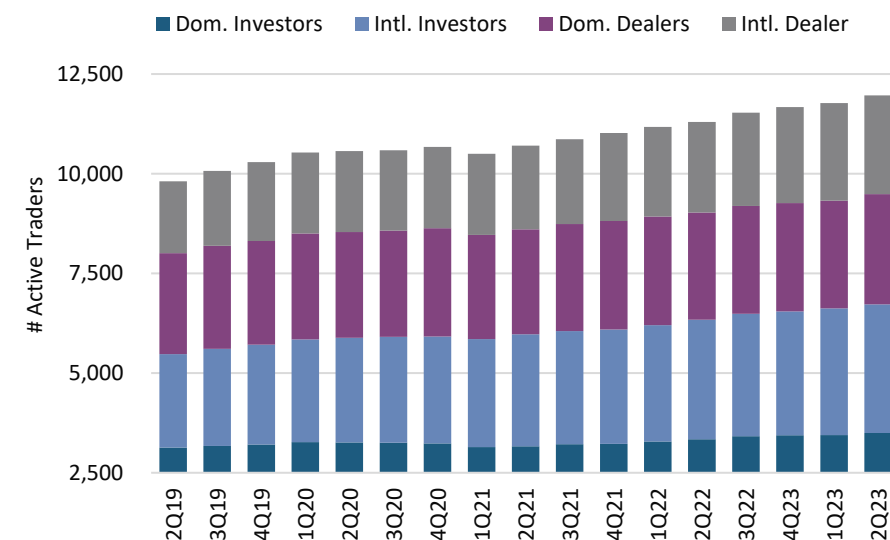
CONTRIBUTION FROM HEDGE FUND AND PRIVATE BANK CLIENT TRADING VOLUME



RECORD INTERNATIONAL ACTIVE CLIENT FIRMS AND RECORD ACTIVE CLIENT FIRMS TRADING 3 OR MORE PRODUCTS

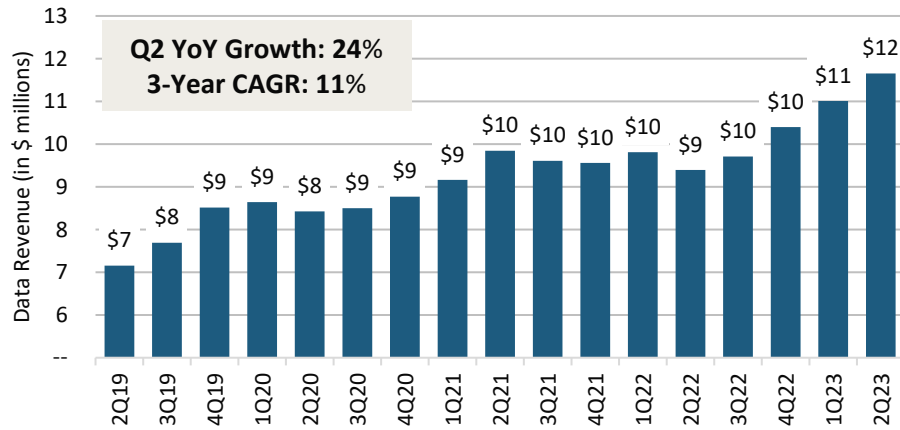


RECORD ACTIVE INVESTOR AND RECORD ACTIVE DEALER TRADERS

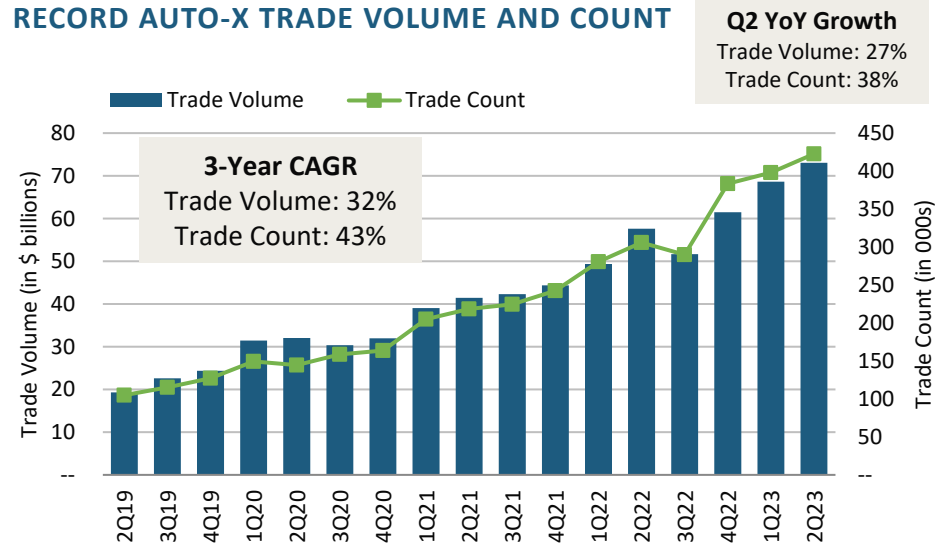


Execute – Accessing Our Full Ecosystem Through Automation

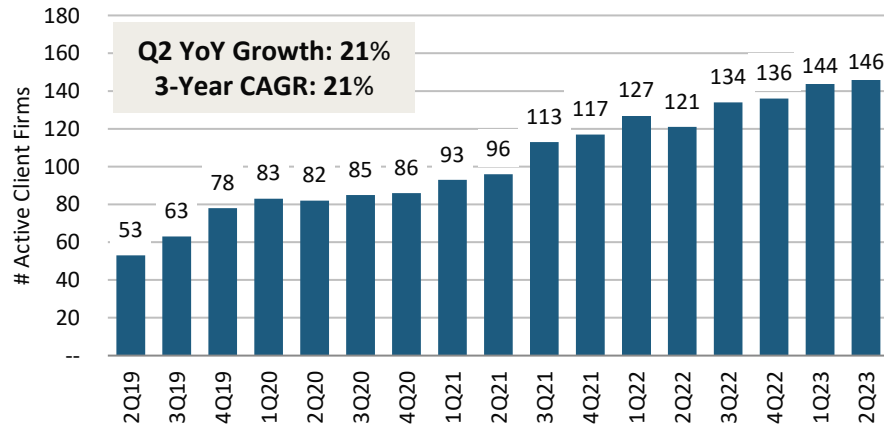
RECORD DATA REVENUE DRIVEN BY CP+ ADOPTION



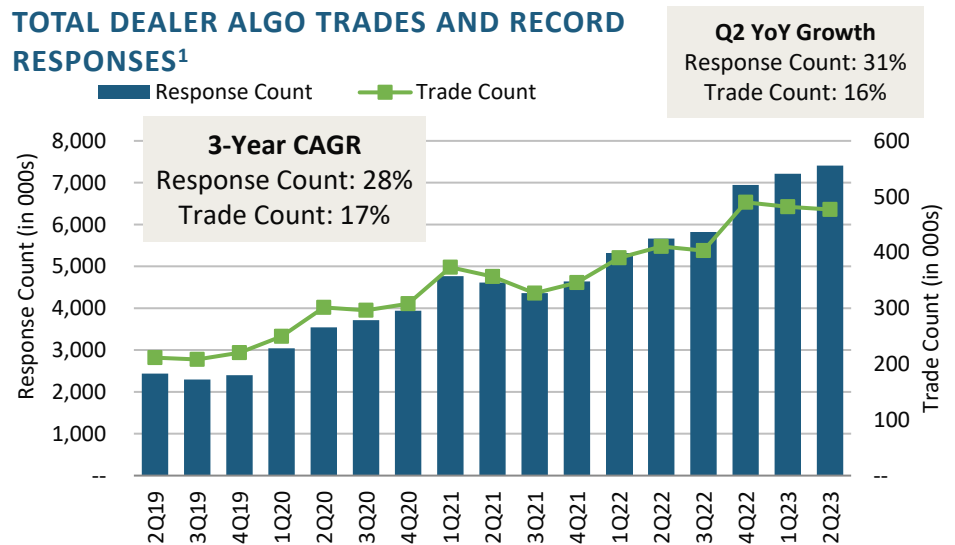
RECORD AUTO-X TRADE VOLUME AND COUNT



RECORD AUTO-X ACTIVE CLIENT FIRMS



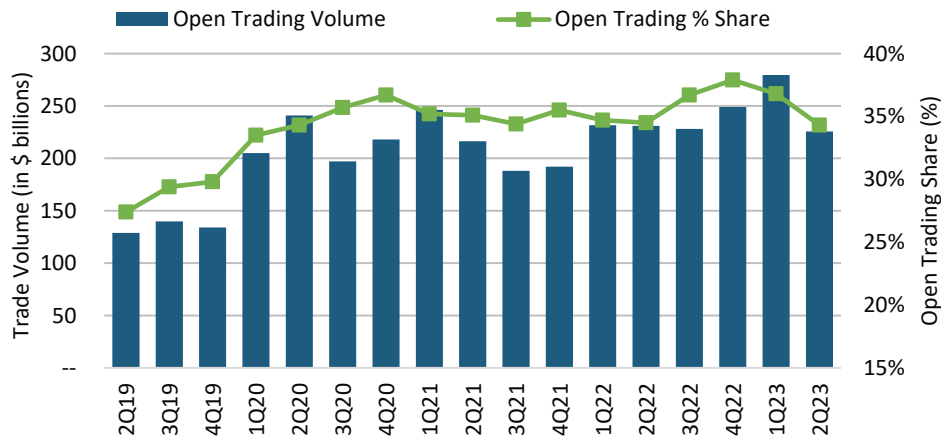
TOTAL DEALER ALGO TRADES AND RECORD RESPONSES¹



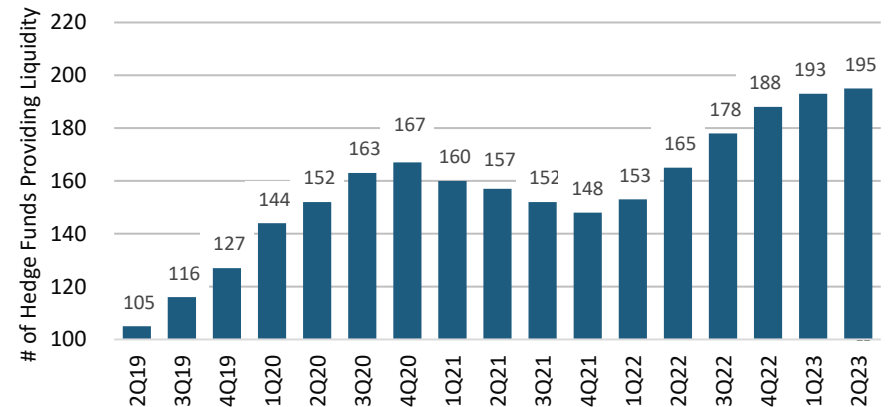
1. Algorithmic responses for U.S. high-grade and U.S. high-yield spread-based trades only.

Execute – Leveraging Open Trading as Liquidity Destination

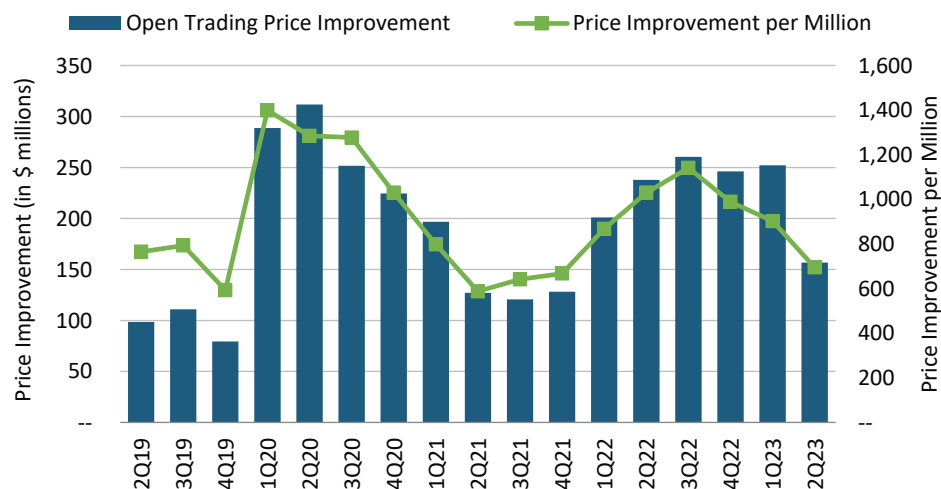
TOTAL CREDIT OPEN TRADING VOLUME AND TOTAL CREDIT OPEN TRADING SHARE¹



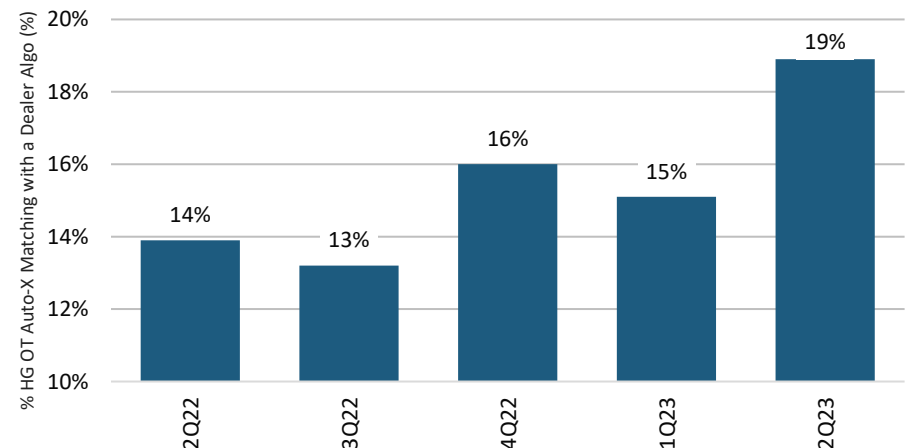
RECORD NUMBER OF HEDGE FUND CLIENTS PROVIDING LIQUIDITY ON OPEN TRADING



OPEN TRADING PRICE IMPROVEMENT² AND AVERAGE PRICE IMPROVEMENT PER MILLION



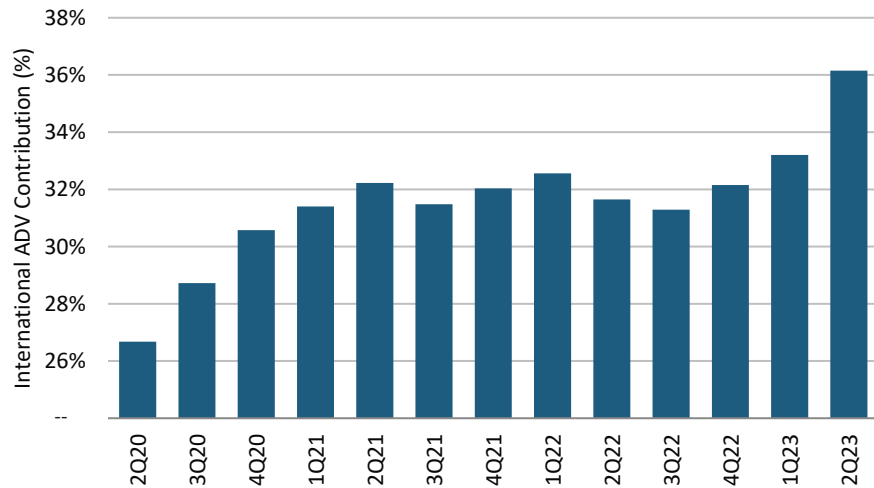
U.S. HIGH-GRADE OPEN TRADING TRADE COUNT (AUTO-X MATCHING WITH A DEALER ALGO)



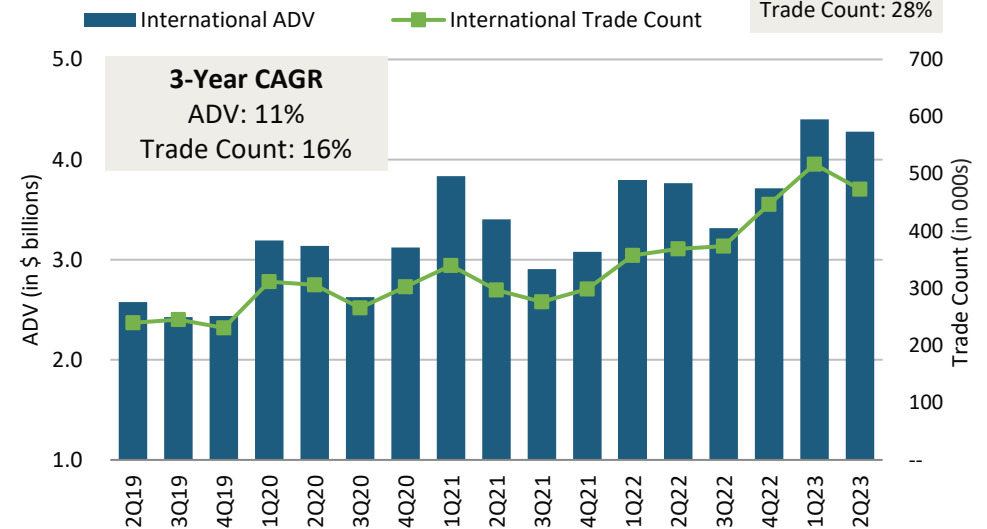
1. Total credit Open Trading share is derived by taking total Open Trading volume across all credit products where Open Trading is offered and dividing by total credit trading volume across all credit products where Open Trading is offered.
 2. Estimated price improvement consists of estimated liquidity 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 Composite+ bid or offer level, offer if the provider is buying, bid if provider is selling) at the time of the inquiry.

Execute – International Diversification Enhances Our Market

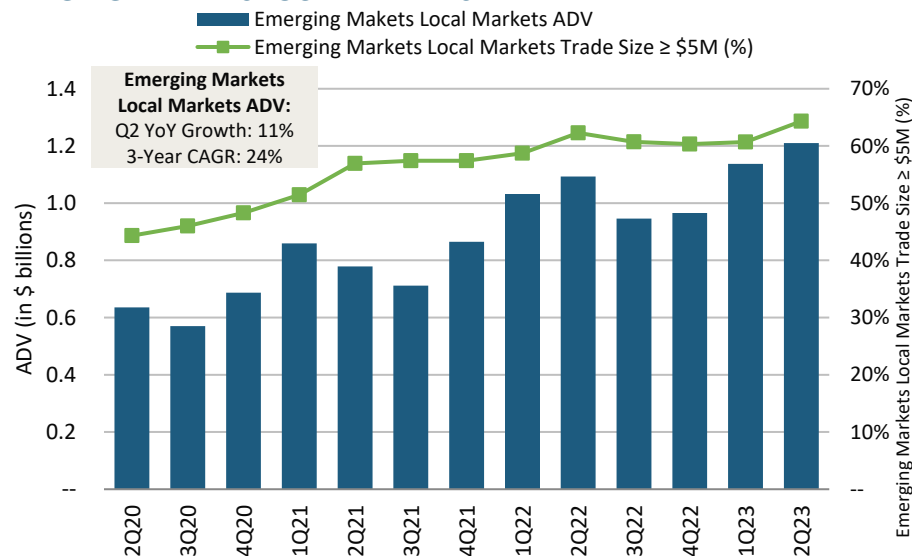
RECORD INTERNATIONAL PERCENT CONTRIBUTION TO ADV



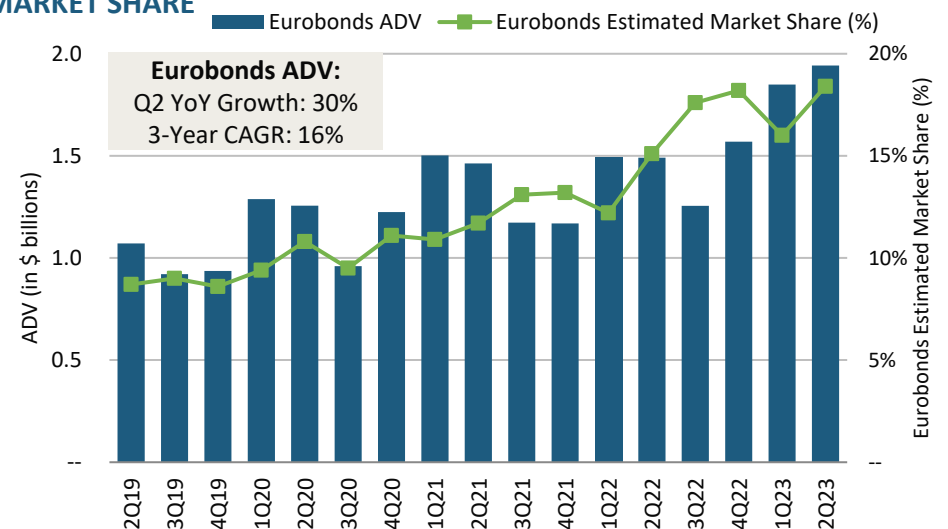
INTERNATIONAL GROWTH IN ADV AND TRADE COUNT



EMERGING MARKETS LOCAL MARKETS ADV



RECORD EUROBONDS ADV AND RECORD ESTIMATED MARKET SHARE¹



1. Eurobonds estimated market share is derived from MarketAxess TraX data for Eurobonds and covered bonds market trading volume, which is currently estimated to represent approximately 70% of the total European market.

Financial Review

◆ Chris Gerosa, CFO

2Q23 Financial Summary

(in \$ thousands, except EPS data)

Financial Results	2Q23	1Q23	2Q22	2Q23 vs. 2Q22
Commissions	158,586	181,991	163,463	(3.0)%
Information Services	11,655	11,010	9,396	24.0 %
Post-trade Services	9,415	9,980	9,144	3.0 %
Other	190	188	226	(15.9)%
Total Revenues	179,846	203,169	182,229	(1.3)%
Expenses	104,119	107,813	97,441	6.9 %
Operating Income	75,727	95,356	84,788	(10.7)%
Other income (expense)	3,223	2,839	4,790	(32.7)%
Income Before Taxes	78,950	98,195	89,578	(11.9)%
Provision for Income Taxes	19,091	24,567	22,656	(15.7)%
Net Income	59,859	73,628	66,922	(10.6)%
Operating Margin	42.1%	46.9%	46.5%	(4.4) pts
EBITDA ¹	90,696	110,537	104,901	(13.5)%
EBITDA Margin ¹	50.4%	54.4%	57.6%	(7.2) pts
Effective Tax Rate	24.2%	25.0%	25.3%	(1.1) pts
Diluted EPS	\$ 1.59	\$ 1.96	\$ 1.78	\$ (0.19)
Diluted Shares	37,588	37,645	37,608	(0.1)%

Notes: Net income margin derived by dividing net income by total revenues.

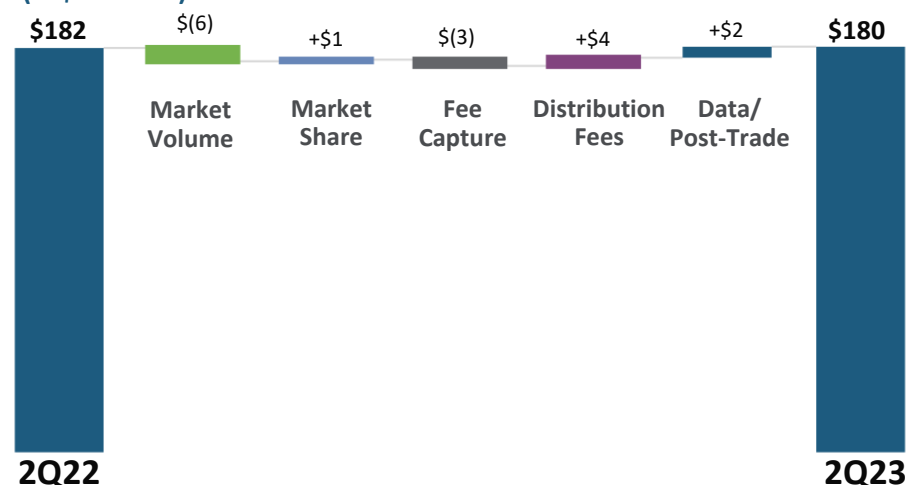
- See "Disclosures – Non-GAAP Financial Measures and Other Items" for a discussion of changes made to the calculation of EBITDA and EBITDA margin beginning in the first quarter of 2023.
- All period comparisons are 2Q23 vs. 2Q22 unless otherwise noted.

COMMENTARY²

- Commission revenue impacted by lower composite market volumes and lower credit fee capture, partially offset by higher fixed distribution fees
- Record information services revenue was mainly driven by new data contracts
- Other income net gain of \$3.2 million, compared to prior year net gain of \$4.8 million
 - The current quarter included interest income of \$5.3 million, compared to \$0.3 million in the prior year; offset by a \$1.3 million foreign currency translation loss and a \$0.8 million unrealized loss on U.S. Treasury investments
 - Prior year included \$5.5 million benefit from FX translation gain

REVENUE MIX ANALYSIS² (2Q22 to 2Q23)

(in \$ millions)



2Q23 Commission Revenue Detail

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

Commissions	2Q23	1Q23	2Q22	2Q23 vs. 2Q22
Variable Transaction Fees				
Credit	118,710	140,970	125,802	(5.6)%
Rates	4,547	6,258	6,020	(24.5)%
Total Variable Transaction Fees	123,257	147,228	131,822	(6.5)%
Fixed Distribution Fees				
Credit	35,268	34,684	31,592	11.6 %
Rates	61	79	49	24.5 %
Total Fixed Distribution Fees	35,329	34,763	31,641	11.7 %
Total Commissions	158,586	181,991	163,463	(3.0)%
Average Variable Transaction Fees per Million				
Credit	157.42	164.98	165.75	(5.0)%
Rates	4.70	4.12	4.21	11.6 %

COMMENTARY¹

Credit

- Reduction in credit commission revenue due to lower composite market volumes, fee capture and U.S. credit market share; offset by market share gains in Emerging Markets, Eurobonds and Munis
- Increase in distribution fees principally due to new dealers on fixed fee plans and upgrades in existing fixed fee plans

Rates

- Decrease in transaction fees due to lower trading volumes, partially offset by higher average fees per million

Notes:

1. All period comparisons are 2Q23 vs. 2Q22 unless otherwise noted.

2Q23 Expense Detail

(in \$ thousands)

Expense Summary	2Q23	1Q23	2Q22	2Q23 vs. 2Q22
Employee Compensation and Benefits	48,383	52,315	45,435	6.5 %
Depreciation and Amortization	17,005	16,461	15,240	11.6 %
Technology and Communications	15,235	14,999	12,490	22.0 %
Professional and Consulting	8,023	7,127	8,920	(10.1)%
Occupancy	3,199	3,611	3,700	(13.5)%
Marketing and Advertising	3,308	2,995	2,949	12.2 %
Clearing Costs	4,182	4,545	4,263	(1.9)%
General and Administrative	4,784	5,760	4,444	7.7 %
Total Expenses	104,119	107,813	97,441	6.9 %

COMMENTARY¹

- Total expenses of \$104.1 million, up 7% on continued investment
- Year-over-year increase in operating expenses due to continued investments to drive revenue diversification through trading system enhancements, product and protocol expansion
- Increase of \$2.9 million in employee compensation and benefits driven by 17% increase in headcount
- Depreciation and amortization expense increased \$1.8 million mainly due to increases in software development expense and acquired intangible amortization expense
- Technology and communications expenses increased \$2.7 million due to higher SAAS, data center hosting and cloud hosting expenses
- \$0.9 million decrease in professional and consulting expenses driven by lower recruiting fees and audit & tax expense

Notes:

1. All period comparisons are 2Q23 vs. 2Q22 unless otherwise noted.

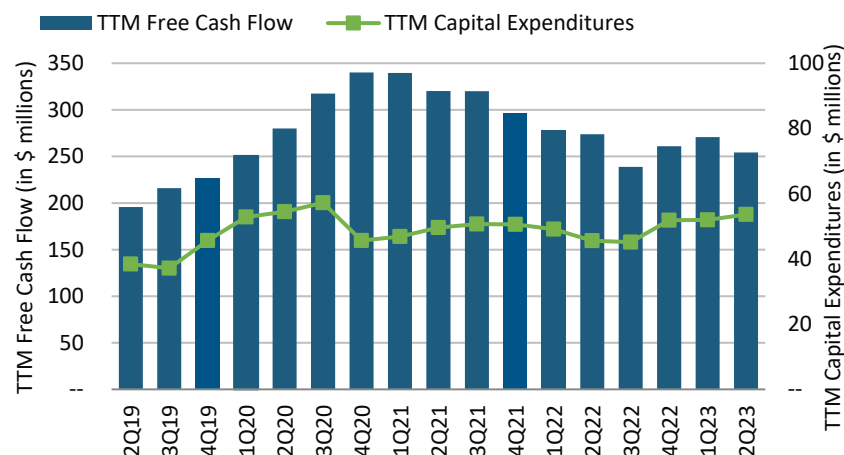
Cash Flow and Capital Management

QUARTERLY OVERVIEW

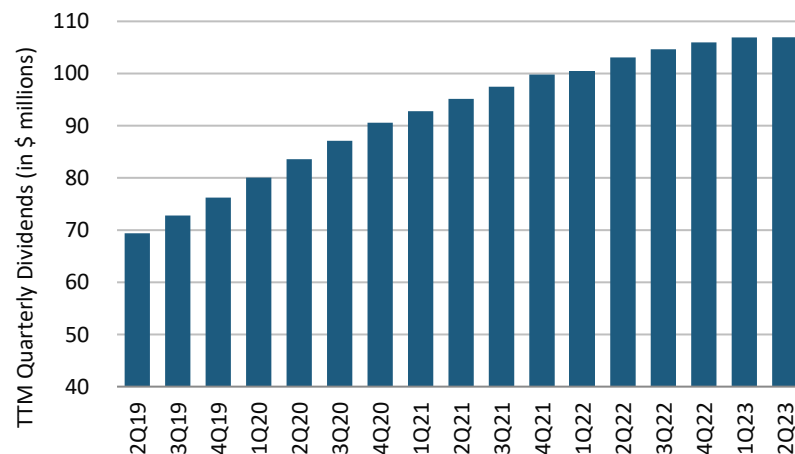
- Total cash and investments of \$506 million
- Trailing 12-month capital expenditures of \$54 million to support investment in trading system enhancements
- Trailing 12-month free cash flow of \$254 million
- \$100 million remaining on outstanding repurchase authorization
- \$107 million in capital returned to investors through dividends (TTM)
- No outstanding debt on borrowing facilities
- Board of directors declared a regular quarterly cash dividend of \$0.72 per share.

TTM FREE CASH FLOW¹ AND CAPITAL EXPENDITURES

Q2 TTM FCF²
5-Year CAGR: 8%



TTM QUARTERLY DIVIDENDS



Notes:

1. See second quarter 2023 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.

Key Takeaways

- Continued strong execution of our growth strategy despite challenging market conditions
- We have launched unique proprietary data solutions and embedded them in our new platform that we believe will help our clients make better trading decisions that achieve better outcomes.
- Our growing automation suite of products now includes Adaptive Auto-X which systematically integrates our multiple protocols like Live Markets, RFQ and Auto-Responder.
- We successfully designed and launched our new trading platform which integrates our unique data products, and our various trading protocols, in a single platform.
- Our client franchise and network has never been stronger with continued diversification across client segments, regions and products.
- We believe fixed income remains an attractive asset given higher yields.

Appendix

Reconciliation of Net Income to EBITDA and Net Income Margin to EBITDA Margin

Reconciliation of Net Income to EBITDA and Net Income Margin to EBITDA Margin	2Q23		2Q22		YTD	YTD		
					2Q23	2Q22		
Net income	\$	59,859	\$	66,922	\$	133,487	\$	131,691
Add back:								
Interest income		(5,312)		(254)		(9,561)		(313)
Interest expense		53		337		183		510
Provision for income taxes		19,091		22,656		43,658		48,306
Depreciation and amortization		17,005		15,240		33,466		30,414
EBITDA	\$	90,696	\$	104,901	\$	201,233	\$	210,608
Net income margin¹		33.3%		36.7%		34.9%		35.8%
Add back:								
Interest income		(3.0)		(0.1)		(2.5)		(0.1)
Interest expense		-		0.2		-		0.1
Provision for income taxes		10.6		12.4		11.4		13.1
Depreciation and amortization		9.5		8.4		8.7		8.3
EBITDA margin²		50.4%		57.6%		52.5%		57.2%

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 Cash Flows from Operating Activities to Free Cash Flow

Reconciliation of Cash Flows from Operating Activities to Free Cash Flow	2Q23		2Q22		YTD	
	2Q23	2Q22	2Q23	2Q22	YTD 2Q23	YTD 2Q22
Cash flows from operating activities	\$ 105,394	\$ 93,637	\$ 112,921	\$ 69,907		
Exclude: Net change in trading investments	(890)	-	(471)	-		
Exclude: Net change in fail-to-deliver/receive from broker-dealers, clearing organizations and customers	(46,010)	(20,376)	757	48,166		
Less: Purchases of furniture, equipment and leasehold improvements	(1,055)	(1,285)	(1,272)	(2,681)		
Less: Capitalization of software development costs	(11,025)	(9,136)	(21,715)	(18,561)		
Free cash flow	\$ 46,414	\$ 62,840	\$ 90,220	\$ 96,831		

Disclosures

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Cautionary Note Regarding Forward-Looking Statements

This presentation may contain forward-looking statements, including statements about the outlook and prospects for Company 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; risks relating to the COVID-19 pandemic, including the possible effects of the economic conditions worldwide resulting from the COVID-19 pandemic; adverse effects as a result of climate change or other ESG risks that could affect our reputation; 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; reputational or credibility risks related to our data products and index business; 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; our vulnerability to malicious cyber-attacks and attempted data security 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; our future capital needs and our ability to obtain capital when needed; limitations on our operating flexibility contained in our credit agreement; 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.

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. Starting with the first quarter of 2023, our calculation of EBITDA has been revised to adjust for interest income in addition to interest expense. In prior periods, we only adjusted for interest expense because interest income amounts were insignificant. Prior comparable periods have now been recast to conform to the current presentation. Likewise, starting with the first quarter of 2023, EBITDA margin is calculated by adjusting for interest income in addition to interest expense and prior comparable periods have been recast to conform to the current presentation. 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. The Company also presents revenue and expense growth rates excluding the impact of foreign currency fluctuations. The Company believes that it is useful to provide investors with this framework that is also used by management to assess how our business performed excluding the effect of foreign currency fluctuations. To present this information, current and comparative prior period results for product areas reporting in currencies other than U.S. dollars are converted into U.S. dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the current period.



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