

Venture Forward

Commitments to Accelerate the Evolution of
Canada's Public Venture Market



Executive Summary

TSX Venture Exchange, or TSXV, is the world's leading ecosystem for launching early-stage companies, funding primary growth, and providing investors access to unique small cap investment opportunities.

In June 2022, TSXV launched Venture Forward, a program aimed at building this vibrant and vital ecosystem stronger by identifying priority challenges and opportunities, and developing a comprehensive action plan for measures we can take to achieve sustainable, long-term success for the Canadian public venture market. The program's initial phase included a 12-month process of stakeholder engagement: surveying and consulting directly with hundreds of representatives from across the venture community.

In this report, TSXV makes four key commitments to grow and innovate our market, and clear a path for new companies and investors to enter our ecosystem. These measures are focused on **increasing efficiencies, accelerating transaction timelines, and reducing costs for issuers.**

We are making six additional commitments designed to enhance TSX Venture Exchange's position as the global leader in supporting small- and medium-sized companies.

In keeping with TMX's corporate purpose to **make markets better and empower bold ideas**, we are excited to lead the next phase of growth in our venture market and look forward to the important, collaborative work ahead of us.

OUR COMMITMENTS

Our Commitments

Growing and Innovating

1

PASSPORT LISTINGS

We will introduce an innovative listing process to accelerate access to capital for our most advanced applicants and access to liquidity for investors

2

DIGITAL TRANSFORMATION

We will leverage technology and process automation to digitally transform the way issuers and stakeholders engage with us, accelerate review times, increase transparency, and lower costs for issuers

3

TSXV SANDBOX

We will launch a TSXV Sandbox to encourage innovation of listing rules and support the review of novel companies and listed entities

4

NEW AND HIGHLY DIFFERENTIATED EXCHANGE

We will explore the need for a new and highly differentiated exchange that complements our existing exchange and opens our market to a new category of early-stage companies and investors

Extending Our Leadership

5

PRE-FILING ADVISORY SERVICE

We will transform our pre-filing advisory service to heighten clarity of the listing process and provide applicants with greater certainty on the road ahead

6

NEW INVESTOR ACCESS TOOLS FOR ISSUERS

We will introduce new investor access platforms and tools to help issuers tell their compelling stories and connect with millions of global investors

7

INVESTING IN NEW TECHNOLOGIES

We will invest in digital platforms to facilitate capital raising for public and private companies

8

ATTRACTING NEW INVESTORS AND DEALMAKERS TO OUR MARKET

We will attract new investors and dealmakers to our market to enhance the flow of opportunities and capital on TSXV

9

POLICY MODERNIZATION

We will continue to modernize our policies to better service issuers and investors

10

ADVOCATING FOR OUR MARKET

We will tirelessly advocate for our market with governments and regulators to lower regulatory burdens and enhance access to capital

Introduction

Background

Canada's public venture ecosystem is recognized as the global leader in funding the growth ambitions of entrepreneurs and early-stage companies across a range of sectors. Over the last decade, this ecosystem has helped support thousands of companies by providing them with access to capital-raising opportunities that have allowed them to pursue their strategic objectives, create tens of thousands of jobs, and generate economic prosperity in the communities in which they operate. A strong public venture market is critical for the long-term growth and viability of Canada's capital markets, and the nation's economy.

TSXV is proud to play a central role in Canada's public venture market and to serve the needs of our sophisticated, vibrant and interconnected ecosystem of entrepreneurs, investors, financiers, lawyers, advisors, industry professionals, and regulators in Canada and around the world. We are all committed to the success of early-stage companies and to the investors that fund their growth.

A TRACK RECORD OF SUCCESS

TSX Venture Exchange's impact since 2010¹

\$85 BILLION

Equity
capital raised

24,000+

Equity
financings completed

2,200+

Unique
new listings

300+

Companies graduated to
Canada's senior market,
Toronto Stock Exchange

21%

Of S&P/TSX Composite
Index constituents are
graduates

245

New
international listings

¹Source: TMX Market Intelligence Group. All data as of March 31, 2023. Refer to the disclaimer for the S&P/TSX Composite Index.

The Need To Evolve

While Canada's public venture market has delivered on its promise of growth over the years, markets are not static. Modern public companies have more choice than ever, with the advent of new funding models, the blurring of lines between public and private markets, a decline in the number of brokers committed to the public venture ecosystem, and additional regulatory complexity. At TSX Venture Exchange, we need to be agile and adaptive to compete effectively in this ever-evolving landscape.

We are focused on identifying and seizing opportunities to enhance our market's strong value proposition, to ensure Canada's public venture ecosystem remains a critical driver of economic prosperity; attracting new entrepreneurs, investors, and market participants.

Taking Action With The Launch of Venture Forward

In June 2022, we launched Venture Forward with the publication of a white paper titled **Accelerating the Evolution of Canada's Public Venture Market**. We outlined areas where TSXV, together with stakeholders across the Canadian public venture ecosystem, can take action to innovate, adapt and evolve over the coming years.

The first phase of Venture Forward involved broad stakeholder engagement via a series of surveys directed toward issuers, investors, and other key ecosystem participants. Through this phase, we received approximately 1,500 written comments. The second phase focused on a deeper investigation of themes identified through our surveys, including how to accelerate exchange transaction reviews while maintaining market integrity and investor confidence, and how to more effectively connect issuers with potential investors. We also conducted stakeholder interviews to explore existing challenges in the venture market and specific opportunities for future improvements.

What We Heard

Canada's public venture market is globally unique and TSX Venture Exchange is regarded as the premier global exchange for small- and medium-sized companies and their investors. Stakeholders acknowledged the vital role that we play in the market and recognized the standards that we uphold, the integrity of our brand, the quality of our people, and our relentless efforts to innovate and advocate for the good of the market.

Stakeholders also shared important feedback on how we can continue to improve. In particular, we were challenged to **accelerate our processes, improve our review transparency, provide more opportunities to showcase our issuers to investors, and find ways to open our market to more companies and investors (without compromising our standards)**.

Our Approach

We are grateful to our community for participating in Venture Forward and sharing their invaluable feedback. We have used this feedback to generate ideas, set key priorities, and inform our efforts to drive the world's leading public venture market forward over the coming years.

We have also been driven by our corporate purpose of making markets better and empowering bold ideas. We have sought to identify meaningful near-term improvements to the market and create the right amount of white space for the world's leading public venture marketplace to evolve over the medium and long term.

Our Commitments

On the following pages, we share details of key commitments designed to make our market better and to ensure that TSX Venture Exchange remains the world's leading public venture market.

TSXV Passport Listing Process

TAKING ACTION

Introduce a Passport Listing Process for applicants with a minimum pre-listing valuation, a minimum arm's length financing, and certain other qualitative criteria.

BENEFITS

TSXV applicants that qualify will benefit from **accelerated review times and increased process transparency**. For all other TSXV applicants, our commitments and service standards will not diminish.

In recent years, the composition of our market has evolved materially: new sectors (like cannabis, crypto, and psychedelics) have emerged, new business models have been introduced, and the scale of some companies looking to join our market has grown significantly. The past few years have also seen an increase in market volatility, the unprecedented impact of COVID-19, new geopolitical tensions, technological advancements, and the increasing globalization of markets.

These changes have contributed to new expectations from market participants and, in many cases, compressed windows to fund and list new companies. It's not surprising, then, that companies and market participants want us to create new — and faster — pathways for entrepreneurs to go public, raise capital, and attain liquidity. Nor is it surprising that investors, keen to support strong and innovative companies, don't want us to compromise the standards that come with listing on TSX Venture Exchange.

To respond to this, **we will introduce an innovative Passport Listing Process to identify our most advanced new listing applicants and materially accelerate their listing and capital-raising timeline**. We will proactively partner with the companies' management teams and their advisors to deliver on defined and accelerated response times. This will provide these companies with greater certainty and speed to market.

Qualification criteria for the Passport Listing Process will be finalized in 2023 following consultation with key stakeholders. Initial discussions with stakeholders have suggested criteria such as:

- Minimum pre-listing and pre-financing business valuation of \$50 million
- Minimum concurrent arm's length financing of \$10 million
- Clear display of readiness and a commitment from the applicant and its advisors to a transaction cadence required to accelerate execution

Importantly, while companies that qualify for the Passport Listing Process will benefit from an accelerated pathway to go public, they will continue to be subject to the same level of due diligence that we apply to all new listings. **This is not about shortcuts but about providing an accelerated pathway to listing**. Also, this accelerated process will not be offered to the detriment of our other clients and applicants. Our commitments and service standards will not diminish, and our ongoing efforts to positively transform the listing experience for all applicants and issuers will continue.

Digital Transformation

TAKING ACTION

Invest in the next phase of our plans to **modernize and digitize the stakeholder experience and deliver operational excellence** by redesigning the TSXV listing process and increasing digital access to our products, services, and resources.

BENEFITS

TSXV issuers will benefit from **accelerated review times, increased process transparency, access to new self-service tools and services**, and lower costs.

Through our Venture Forward surveys and interviews, we heard that issuers, investors, and other market participants want us to continue enhancing all elements of the client experience to help accelerate time-to-market and lower costs. That includes investing in people, improving process transparency and consistency, enhancing communications, providing greater access to tools and self-serve features, and accelerating turnaround times. We commit to improving in all of these areas.

Underpinning this commitment is a **major investment in technology** that we have made — and will continue to make. For example, in recent years, we have made significant investments to eliminate key processing pain points and backlogs. We have also launched **TMX LINX®**, a centralized and cloud-based portal for issuers and other stakeholders to interact with us in an easy-to-navigate, secure and highly efficient manner. We have recently added process automation and digitization features in TMX LINX to further transform the listing experience. These new features will be released to TSXV-listed issuers in 2023.

Since launching TMX LINX, we have automated over 1,200 manual actions and materially improved processing efficiency and review times for several key transaction types. Today, over 10,000 issuer transactions are processed annually through TMX LINX.

Our investment in TMX LINX and our commitment to digital transformation are not finished. **In 2023-24, we will invest millions of dollars in the next phase of our plans to modernize the stakeholder experience and deliver operational excellence.** Some of the initiatives that we will prioritize include:

- Deliver an end-to-end **TSXV listing process redesign** to expedite the review of all core transactions, including listing applications, qualifying transactions, reverse takeovers, and changes of business. This solution will **provide unparalleled accuracy and efficiency in transaction processing**, thereby accelerating review times and increasing process transparency for our issuers.
- Provide issuers with **increased digital access to exchange products, services and resources**, while building self-service tools and notifications within TMX LINX to reduce the burden of complying with regulatory and administrative requirements.

Every investment we make will help accelerate transaction times, lower costs, and enhance the client experience without compromising our standards or the quality of our oversight.

TSXV Sandbox

TAKING ACTION

Launch TSXV Sandbox to encourage innovation and provide support for the listing of novel companies or transaction structures.

BENEFITS

TSXV applicants will benefit from **new ways to access our market**. Investors will benefit from **new opportunities to fund unique businesses**.

As our market composition evolves and investor appetites change, we need to remain agile. Historically, we have done this, in part, by exercising discretion in the application of some of our policies and listing standards. Indeed, this flexibility has been the foundation of our operating model for years, giving hundreds of unique and early-stage companies the opportunity to participate in the TSXV ecosystem.

In 2023, we will broaden and formalize this discretion with the **launch of TSXV Sandbox to encourage innovation and provide support for the listing of novel companies or transaction structures**. This new initiative follows the successful launch of TSX Sandbox in 2019 and will provide a more defined and transparent forum for us to consider exceptional and/or unique entrants to the capital markets.

Applicants in all sectors and at all stages of their business growth will be encouraged to apply to TSXV Sandbox if they do not otherwise satisfy our requirements and guidelines. We will work collaboratively with companies and their advisors to understand their business, learn about the uniqueness of their situation, and efficiently assess if (and how) we can exercise discretion in the application of our policies. Importantly, TSXV Sandbox will not include a prescribed list of eligibility factors but will be customized and adapted to each applicant. Flexibility is key.

In all of this, we focus on further supporting and encouraging innovation in the public venture market. We anticipate that **TSXV Sandbox will broaden access to our market, provide investors with new opportunities to fund unique businesses**, and allow us to test policies transparently for future development.

New and Highly Differentiated Exchange

TAKING ACTION

Evaluate the need for **a new and highly differentiated exchange to complement TSXV** and open our market to a new category of early-stage companies and investors.

BENEFITS

Entrepreneurs will benefit from **new ways to access the public market**, accelerated review times, and lower costs. Investors will benefit from **new opportunities to fund unique businesses**.

In our conversations with stakeholders, we heard repeatedly that issuers, investors, and other market participants deeply value the integrity and “stamp of approval” that come with a listing on TSX Venture Exchange. However, we also heard that getting access to our market can be burdensome for some companies due to cost, time, or other obstacles. These burdens stop some companies from joining our market and deprive investors of the opportunity to invest in and support the growth of potentially attractive businesses.

As we continue to improve and innovate TSXV, we also want to think boldly and imagine a potentially different future for Canada’s markets. So, in 2023, we will initiate a collaborative process to evaluate the need for **a new and highly differentiated exchange to complement TSX Venture Exchange and to open our market to a new category of early-stage companies, alternative asset classes, and investors that do not currently participate on TSXV**.

As part of this process, we will test the idea that a new exchange could provide companies with a new, faster, less expensive, and more flexible way to join our world-class ecosystem. In particular, we will investigate the merits and drawbacks of providing companies with a digital-first user experience and a streamlined oversight model so that their management teams can dedicate more time to building their businesses. We will also explore investor appetite for supporting such companies. And finally, we will work with all market stakeholders to understand how such a new exchange could support the unique needs of issuers and investors with services and tools that drive long-term success.

Through the exploration process, we will focus on understanding if, and how, such a new exchange could drive certain key outcomes, including:

- Provide early-stage businesses with new opportunities to raise capital and fuel their growth
- Lower their cost of capital and accelerate their speed to market
- Provide companies with staged access to the world-class TSXV ecosystem
- Help companies grow into this ecosystem
- Provide investors with new opportunities to support the growth and success of potentially exciting businesses
- Attract new participants including companies, investors, and advisors to Canada’s capital markets

We look forward to engaging with our stakeholders as we explore this bold idea over the coming months.

OUR OTHER COMMITMENTS

Other Commitments to Extend our Leadership

TAKING ACTION

Transform our **pre-filing advisory service** to better define key decision points, clearly articulate Exchange requirements, and highlight common challenges for applicants.

Create more platforms where our issuers can interact with global investors and introduce new profiling tools, including an enhanced **Corporate Access** program, tools to help issuers engage with retail investors, on-demand education resources, and new capabilities on our **InfoSuite®** platform. In 2023, **we will showcase over 300 companies to investor audiences globally.**

Invest in digital platforms to facilitate capital raising for public and private companies.

Attract new investors and dealmakers to our market by prioritizing capital attraction in all global markets in which we operate (United States, Latin America, United Kingdom, Israel, and Australia), enhancing the insights and reports from our **Market Intelligence Group**, building the investor tools available on **TMX Money®**, and working with market participants to broaden research coverage for TSXV issuers.

Continue to **modernize our policies**, including those related to **Escrow** and evidence of value, **Investor Relations** and promotional activities, and **Sponsorship** for new listings.

BENEFITS

TSXV applicants will benefit from **increased process transparency**, increased transaction certainty, and lower costs.

The 300 companies showcased will directly benefit from an **enhanced profile with investors globally**. All TSXV listed companies and new listing applicants will benefit from increased investor awareness of Canada's public venture market.

TSXV listed companies, new listing applicants, and private companies will benefit from **streamlined access to capital** and lower costs.

TSXV listed companies and new listing applicants will benefit from **increased investor participation in Canada's public venture market**. Investors will benefit from new tools to help them identify and better understand investment opportunities.

TSXV listed companies and new listing applicants will benefit from **lower regulatory burdens, increased process transparency, accelerated review times, and lower costs**.

WORKING TOGETHER

Working Together

Through our Venture Forward surveys and interviews, we heard that issuers, investors, and other market participants want all parts of Canada's unique ecosystem — not just TSXV — to continue to innovate and adapt with the goal of lowering regulatory burdens, leveling the playing field relative to other funding options, and enhancing access to capital.

In this respect, we will use our voice to advocate for our market with governments and regulators with a focus on ensuring that:

- Public company burdens are lowered
- Reporting standards are reasonable
- Tax policies are fair
- Economic development initiatives are aligned with industry needs
- Market structures support trading liquidity

We will also collaborate with stakeholders to make our market more accessible. Consistent with TMX's commitment to Indigenous reconciliation, this collaboration will specifically target opportunities to enable more access and better opportunities to Indigenous entrepreneurs and businesses. This effort is focused on partnering with members of the Indigenous business community on capital markets education, including structures we have in place to facilitate growth for Indigenous-controlled public companies, and showcasing them to prospective investors.

By working together, we will drive the continued growth of our market and expand the communities that we serve.

Conclusion

For decades, TSX Venture Exchange and Canada's broader public venture ecosystem have been recognized as globally unique. Together, we have supported the growth of thousands of companies and enabled entrepreneurs to realize their ambitions. No other market in the world has had this level of success in supporting small- and medium-sized companies.

As we venture forward, we remain committed to making markets better and empowering bold ideas. And above all, we remain committed to the entrepreneurs that rely on our market to raise capital, the investors that provide that capital, and all of the stakeholders that support and nurture this ecosystem. We are excited to lead the next phase of growth in our market with the commitments that we have made; and we look forward to collaborating with all market participants to ensure the continued success of Canada's public venture market.

For more information

TIM BABCOCK

VICE PRESIDENT AND HEAD, TSX VENTURE EXCHANGE
tim.babcock@tmx.com

ANDREW CREECH

MANAGING DIRECTOR, TSXV LISTINGS (VANCOUVER)
andrew.creech@tmx.com

KYLE ARAKI

MANAGING DIRECTOR, TSXV LISTINGS (CALGARY)
kyle.araki@tmx.com

SYLVAIN MARTEL

MANAGING DIRECTOR, TSXV LISTINGS (TORONTO / MONTREAL)
sylvain.martel@tmx.com

ventureforward.tsx.com

ISSUER INQUIRIES

issuer.services@tmx.com

INVESTOR INQUIRIES

investors@tmx.com

INTERNATIONAL INQUIRIES ASIA

asia@tmx.com

EUROPE, MIDDLE EAST, AFRICA

emea@tmx.com

ISRAEL

israel@tmx.com

SOUTH AMERICA

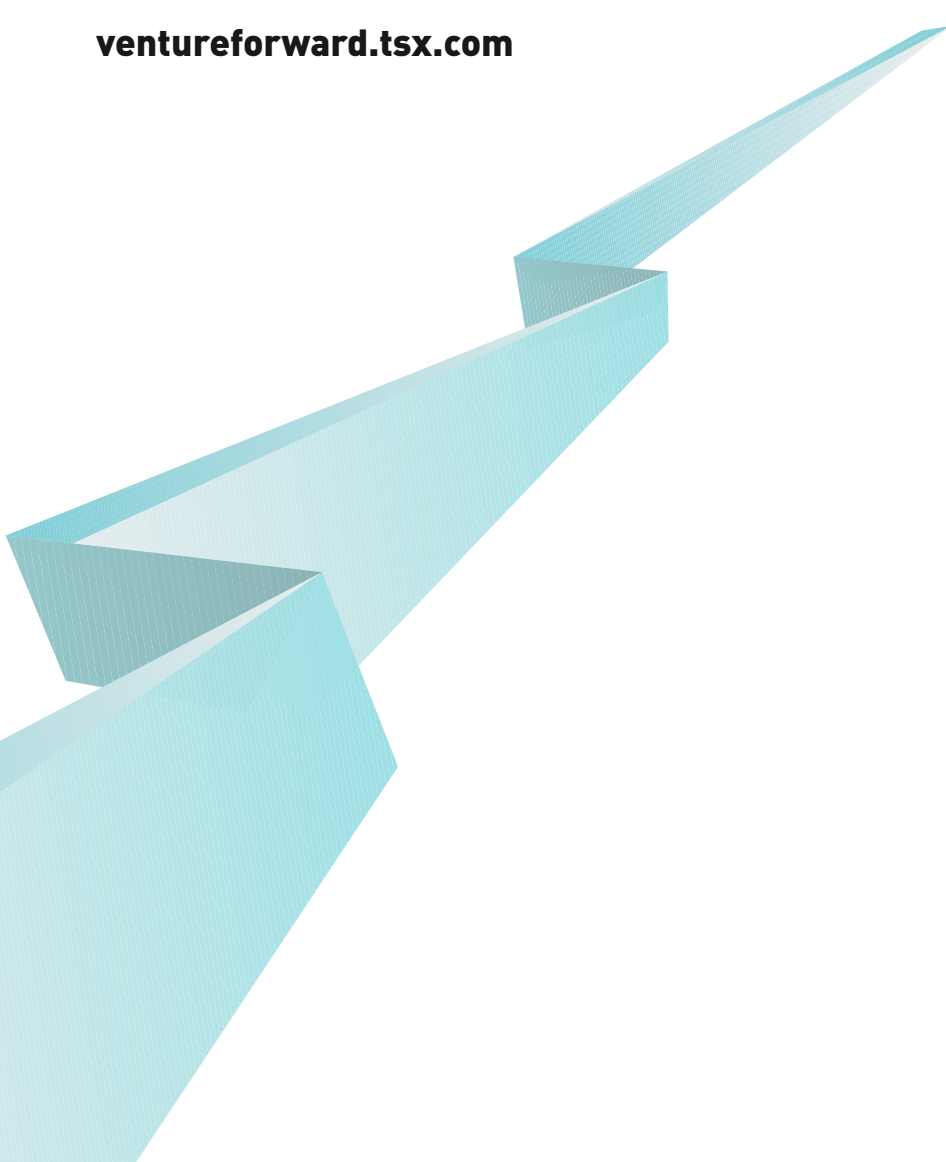
southamerica@tmx.com

UNITED STATES

usa@tmx.com

AUSTRALIA

australia@tmx.com





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