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Australian Bond Exchange Appendix 4E Preliminary Financial Report

31 August 2022

Australian Bond Exchange Holdings Limited (ASX:ABE) (“Australian Bond Exchange” or “the company”) is pleased to provide its Preliminary Financial Report for the full Financial Year ended 30 June 2022 (FY22), its first since listing in December 2021.

Highlights

- Private client revenue grew to \$2.03 million, an increase of 228% compared to FY21.
- Growth was achieved through increased contributions from securities trading and commission income in the private client business.
- Private client numbers increased by approximately 72% over FY22.
- Successful completion of the IPO resulting in a strong balance sheet to support Australian Bond Exchange’s growth strategy.
- Establishment of Singapore subsidiary to capitalise on global market connectivity.
- Commencement of a pilot program to trial Australian Bond Exchange’s transaction and settlement process utilising the New Payments Platform (NPP).
- Soft launch of self-service online trade portal through which private clients can directly trade bonds.
- Completion of the post trade data feed integration with investment platform HUB24.

Australian Bond Exchange CEO Bradley McCosker said “FY22 has been a transformative year for the Australian Bond Exchange. With our successful listing and strong growth in private client revenue, we have established ourselves as the pre-eminent marketplace for investing in fixed income securities. We have a highly scalable business model and operate in a largely untapped market, presenting strong opportunities for future growth. Customers are responding well to our safe, transparent and low-cost platform, and we look forward to bringing new innovations to market in the months ahead.”

Financial Performance Review

The reporting period was dominated by the IPO mid-way through the financial year and the increased focus on the private client business.

During FY22, the groups’s private client revenue grew to \$2.03 million, an increase of 228% compared to FY21. This growth was achieved through increased contributions from securities trading and commission income:

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- Securities trading income increased 399% compared to FY21.
- Commission income increased 191% compared to FY21.

Institutional trading revenue is opportunistic and is booked as generated. The reduction in institutional trading revenue was driven by events overseas and market conditions and resulted in a decrease in total revenue and other Income of 47% compared to FY21. As the private client revenue continues to grow in line with the company strategy, the impact of fluctuations in institutional trading revenue are expected to be reduced.

The consolidated loss for the Group for the year ended 30 June 2022 was \$3.64m (30 June 2021: loss \$0.35m). The result for the year reflects the evolution of Australian Bond Exchange into a publicly listed financial technology company. The period saw the company incur one-off capital raising costs and the immediate commencement of the investment of the funds raised into building the sales team, marketing and further product and technology development.

In addition, funds raised were also utilised to purchase bond inventory. At the end of the financial year, Australian Bond Exchange had a strong cash balance of \$9.05million and a clear path forward to growth focusing on private client revenue.

Operational Performance and Activities

Despite the significant external market uncertainty over the period, Australian Bond Exchange has continued to establish itself as the preeminent marketplace for Australian private investors to invest in bonds.

As noted above, all private client business activities grew significantly and contributed strongly to private client revenue growth in FY22. The expansion of Australian Bond Exchange's dedicated private client sales and the addition of a dedicated marketing team during the period was a significant contributor to the growth:

- Private client numbers increased by 72% compared to FY21.
- Private client transaction volume grew by 148% compared to FY21.
- Very strong private client retention rate of 99%.

Australian Bond Exchange launched several innovative bond products during FY22, these products were selected and designed specifically for the needs of Australian private client investors and attracted significant interest from clients evidenced by the 60% oversubscribed Rolls Royce Bond Linked Security launched in June. Other bond products available through Australian Bond Exchange are linked to Jaguar Land Rover, Xerox Corporation and Goodyear Tyres.

The group significantly progressed a range of technology initiatives during the period, including:

- Commencement of a pilot program to trial Australian Bond Exchange's transaction and settlement process utilising the New Payments Platform (NPP);
- Overhaul and migration of the Australian Bond Exchange's Customer Relationship Management (CRM) system to support the growing sales and marketing teams and enable the business to further optimise the lead generation, marketing efforts and onboarding to support the seamless scaling up of the business;
- Completion of the post trade data feed integration with investment platform HUB24;
- Enabling HUB24 broker clients to easily use their IRESS and HUB24 systems with Australian Bond Exchange's order matching, settlement, and post trade systems;
- Soft launch of self-service online trade portal through which private clients can directly trade bonds.

Outlook and strategic priorities

With significant achievements this past year in further enhancing the company's technology foundations, management and the Board are confident that Australian Bond Exchange is well positioned to scale its business across several key areas during FY23, including client acquisition, market integration, and product innovation.

Steve Alperstein
Company Secretary

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About Australian Bond Exchange Holdings

Australian Bond Exchange Holdings (ASX: ABE) is an Australian financial services company that uses its proprietary technology to provide Australian Investors with access to the global financial markets. Australian Bond Exchange has developed a direct, efficient and cost-effective system and method for facilitating the transaction and settlement of financial instruments that provides a transparent trading experience for investors, brokers and advisers.

In an era of low-yielding bank deposits, market uncertainty and increasing inflation, investors are searching for higher-yielding investments that offer greater capital protection. Through our innovative technology, we're eliminating barriers to entry to the bond market, providing improved access, more efficient trading, lower transaction costs, and introducing new levels of transparency.

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