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AGM Presentation

28 November 2022

Australian Bond Exchange Holdings Limited (ASX:ABE) (“Australian Bond Exchange” or “the company”) is pleased to present a copy of the Chair address, CEO address and presentation delivered to Shareholders at today’s Annual General Meeting

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. ABE 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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CHAIR ADDRESS: ALLAN FARRAR

Welcome to the 2022 Annual General Meeting of Australian Bond Exchange Holdings Limited to those of you present here today and to those of you attending via our online Zoom facility.

I am Allan Farrar, your Non-Executive Chair.

I will shortly ask Bradley McCosker, the company's CEO and Managing Director to provide shareholders with an overview of the company's activities and performance during FY22 and some insights into the growth strategy for our business over the next three years.

Brad will also provide some commentary around the company's performance during the first few months of FY23.

Following the CEO Presentation, I will outline each Resolution during the Formal Business of the Meeting and address any questions shareholders may have in relation to each Resolution on which shareholders are voting. As one Resolution relates to my re-election, I will not be Chairing that part of the meeting and will be passing the Chair to Bradley McCosker. Before the meeting closure I will address any further questions concerning the business.

I would like to begin by introducing you to the Board:

- **Nina Vanneck**, who is Country Manager of the Publisher Ad Technology Division of Google and a Non-Executive Director of ABE. Nina has previously held senior roles in technology sales, channel management, media research and advertising strategy with AOL, News Limited, Fairfax, AC Nielsen, Virgin Television and Yahoo;
- **Bradley McCosker**, who is the Group's CEO and Managing Director and as a founder of the business has been in that role since inception. Bradley had worked in senior roles at APRA and the ASX after his return from the USA where he was Head of the Client Coverage Group of Deutsche Bank in New York; and
- **Michael Vanderdonk**, who is the Group's Chief Technology Officer and also a founder of the business, has been in his role as CTO since inception. Michael had previously been in senior IT roles with EMC Asia, CSC Australia, KPMG Consulting and Credit Suisse.

The Board is joined by our Company Secretaries, Steve Alperstein and Peter Foltman; our ABE Capital Markets Managing Director, Nick Baber; and our General Manager, Policy & Operations, Simon McCarthy.

Our Auditor, Kreston Stanley Williamson is present and represented by Audit Partner, Kamal Thakkar who is available to answer any technical accounting and audit queries in relation to the reports and the company generally.

In our first year as a publicly listed company we are acutely conscious that shareholders have invested their money in support of our objectives and we are strongly committed to putting our clients and our shareholders at the centre of everything we do as a guiding principle of our strategy.

The Board, with the support of our CEO and his team, is committed to helping ABE build on the foundations established over recent years and to deliver rewarding outcomes for all our stakeholders.

I believe the Company is well placed to deliver on our vision that everyone should have equal access to financial products. Today we provide Australian investors and their advisors with direct access to the Over-the-Counter bond market and provide them with the tools and advice they need to invest wisely.

We continue to make good progress in implementing our strategic priorities which aim to grow market share by targeting our private client base and this past financial year we are pleased to report a 94% increase in the number of clients over the previous year and 228% increase in private client revenue. With ongoing challenges presented by COVID and the current economic uncertainty, this result has been achieved through our ongoing investment in the sales team as well as marketing efforts, enhanced technology and new product development.

That said, we are disappointed in our share price performance which was impacted earlier in the year as geopolitical events impacted global markets and then inflationary pressures resulted in world banks commencing a period of raising interest rates in quick succession. Our focus remains on continuing to drive sustainable business growth and we are confident that the market will over time recognise the value we are creating for shareholders.

I would like to thank everyone who has contributed to our business over the past year:

Our clients, for trusting us to serve their investment needs.

Our team, who work hard each day.

My fellow Directors, for their assistance, guidance and support and for their commitment to ensuring the Company is well positioned for the future.

And to you, our shareholders, thank you for your ongoing confidence and support.

I would like to take this opportunity to wish the team and all shareholders a very happy festive season and a fulfilling 2023.

Allan Farrar

Non-Executive Chair



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CEO ADDRESS: BRADLEY MCCOSKER

Around this time last year we were preparing for our Initial Public Offering and listing on the ASX. As part of that process, we spoke to investors about our intention to use the capital we were raising to increase our spend on client acquisition activities and product innovation which would underpin our growth.

During the year we have made good on that promise and have invested the money in the areas we said we would, and we are starting to see the returns of that investment. We expect this to continue, though given our size, revenue growth is expected to be non-linear until we reach a significant enough size that the ebbs and flows will be smoothed out simply by achieving scale.

Our strong sense of purpose, our strengthened balance sheet and our experienced management team mean we are well placed to help our private client investors grow their wealth.

Whether it is through working directly with government, trade, and industry associations, or directly with private investors on what's right for them, we'll continue to strive towards the goal of ensuring that all Australian's are given a fair go with equal access to the financial markets.

I'm pleased to be able to present to you today at our inaugural AGM as a publicly listed company. As this is the first AGM as a listed company, I'd like to take the time to introduce you to Australian Bond Exchange's Executive Management Team.

Peter Foltman - Peter has over 20 years of experience in finance roles in investment banking, both in Australia and overseas. Peter began his career at Deutsche Bank in 1995, subsequently joining Citibank where he spent 12 years heading up the financial control function for the Global Markets business. Peter joined the Global Markets Finance team at ANZ prior to joining ABX in October 2018. He has been a part of this business longer than any other staff member and has been a significant help to me in taking this business from its humble beginnings to where we are now.

Simon McCarthy - Simon has worked in the finance industry for 30 years in senior management roles. He has been responsible for developing and maintaining policies and operational practices, whilst also ensuring that delivery of products meet stringent business and regulatory requirements. Prior to joining ABE, Simon held various positions at the ASX, including Senior Adviser (Settlement Policy and Risk Management) and General Manager (clearing and settlement operations and clearing risk operations).

Michael Vanderdonk - As a co-founder of ABX, Michael has overseen the technical and engineering design of the infrastructure and systems. He has over 25 years of experience in the Information Technology and Telecommunications industry, developing strategy and implementing business initiatives. Michael worked at EMC (now Dell EMC) Asia on infrastructure, Cloud based computing,

big data, artificial intelligence, and data science and has held previous roles at CSC Australia, KPMG Consulting and Credit Suisse.

The ABE Executives are supported by a talented and experienced team with skillsets in sales and trading, marketing, and technology. Growing our talented team has been a key focus over the last year and whilst this has been somewhat challenging in what is a tight labour market, we are proud of the team we now have. The next step is to ensure we can continue to attract great talent as we grow and in doing so, we are working to create an organisational culture that ensures ABE is a great place to work.

Now I would like to give an overview of the performance highlights for the 2022 financial year.

In our Private Client Business, which is a key focus area underpinning the company's continued expansion, we have achieved remarkable growth on a year-on-year comparison.

- Private client revenue grew to \$2.03m, up 228%
- Private client numbers increased by approximately 94%
- Face value of bonds available through ABE increased by 230%
- Private Client transaction volume increased 61%

These numbers show that our client base has almost doubled, our margins have increased, and we have a wider range of investments that satisfy client demand. It is pleasing to see that these metrics show us that more Australian investors are trusting us to help them manage their investments.

We did post a bottom-line loss which is reflective of the early stages of growth for our company and the investment we have needed to make to get to this point. However, we are acutely focused on cost management and reaching profitability while also maximising the opportunities associated with our first mover position.

This positive growth trend has continued into the 2023 financial year with the first quarter to 30 September 2022 showing:

- Private client revenue reaching a record high of \$1.1 million.
- Revenue increased 68% over the prior quarter and was up 224% compared to the same period in FY 2022.
- Net operating cash flow was negative \$473,000, which is due to timing differentials from prepayments and onboarding of new employees to support growth. So while we grow and take advantage of client acquisition and revenue generating activities, there will be timing differences between cost and revenue, which we monitor closely.

During the quarter we also:

- successfully completed another market linked product offering to the market - for Marks & Spencer. This is our sixth Bond Linked Security offer which have been met with such strong demand from our clients that they are often oversubscribed.
- Launched our Australian Bond Exchange self service online portal, a direct-to-investor platform allowing private investors to transact via a simple and user-friendly interface.
- New Payment Platform Pilot programs were successfully completed.

When thinking about where we are and what we are doing, it is also important to understand what problem we are solving.

In many financial markets, there are significant barriers to entry for smaller investors. Many of these barriers to entry reflect historical market norms.

What ABE is doing is breaking down those barriers and making it possible for the large number of smaller investors to access the markets that are traditionally the domain of a small number of large financial institutions.

We have rebuilt the transaction process entirely, making trading in over-the-counter transactions more affordable and more transparent, and therefore more accessible to the average Australian investor.

This opportunity is significant. If we compare the bond market to the Australian equities market that all Australian investors are familiar with and have easy access to, you can see that the OTC bond market dwarfs the share market. Both globally and in Australia. The Australian private investor has been shut out of this market until now.

ABE has focused its attention on making sure that all investors can now access this market directly.

We are pleased to be able to help people have access to investment opportunities that offer greater diversification in investment portfolios, which is particularly important as they get closer to and enter retirement.

Those numbers also tell us that while we are seeing early success, we have a lot of work ahead to fully capture this market opportunity.

As a business we have several revenue drivers.

- **Securities trading revenue** – where we make a margin by buying and selling securities in the OTC market
- **Brokerage on transactions** – as part of our financial advice and dealing services division
- **Origination and arranging fees** – bringing new innovative products to private investors

One thing we truly believe in is that all investors should be able to receive the same market data at the same time. This is why we have chosen to share our market data with all the brokers, advisers and platforms that connect to ABE.

We also offer settlement, custodial and post-trade services utilising our FinTech Solution for efficient financial transactions.

Our strategy for growth is focused on three core priorities which aim to grow our private client base. These are to:

- Increase sales and marketing activities.
- Develop multiple distribution channels including the online self-service portal, which allows private investors that do not use a financial adviser or broker to trade bonds directly.
- Launch innovative products into the Australian market that satisfy a specific demand for the Australian investor. We can use our extensive international trading networks to source securities beyond the reach of Australian private investors and secure wholesale pricing on their behalf.

Of course, we couple this reach and accessibility with a strong sense of care for our clients. This is reflected by the strong and robust investor protections we have in place to ensure there is a standard of quality control for bonds admitted to trading status on our platform.

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Looking forward we are excited about the position we are in today – enjoying a strong sustainable competitive advantage.

ABE provides easy access to bonds for all investors through the OTC transaction market which is attractive for private client investors.

We have developed a proprietary innovative technology solution offering market transparency and investor protection – this provides peace of mind for our private client investors.

Our business model is scalable with significant barriers to entry – this provides ABE with a clear runway to take advantage of the financial technology stack.

The market opportunity is sizeable and largely untapped and we have access to numerous client acquisition channels.

The market opportunity is also growing with an aging population investing for retirement.

The ABE team has the ability to tailor product according to investor preferences which ensures that we are in complete alignment with the Australian investor.

I would now like to take this opportunity to thank our Chair, Directors, and all our team members for their hard work and dedication.

I would also like to thank our clients and, of course, our shareholders for your ongoing support.

On behalf of the Australian Bond Exchange, we are excited about the long-term outlook for our business and the opportunities in front of us over the next twelve months.



2022 Annual General Meeting of Shareholders

Australian Bond Exchange
Holdings Limited

28 November 2022

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Agenda

- Chairman's Welcome and Address
- CEO's Address
- Formal Business
- Shareholder Questions

Chairman's welcome and address

Allan Farrar
Chairman

Board of Directors



Allan
Farrar

Chairman



Nina
Vanneck

Independent
Non-executive
Director



Bradley
McCosker

Managing Director
& Chief Executive
Officer



Michael
Vanderdonk

Director & Chief
Technology
Officer

Who we are



Australian Bond Exchange is a financial technology and services company that uses its proprietary technology to provide Australian bond investors with access to the global financial markets, regardless of portfolio size and sophistication.

Why we come to work every day

Everything we do is driven by our vision that everyone should have equal access to financial products.

How we deliver on this vision

We work to deliver on this vision by offering investors attractive financial products and providing our clients with a user friendly, efficient and transparent means to make financial product transactions.

What we do today

We provide Australian investors and their advisers with direct access to the Over the Counter (OTC) bond market and provide them with the tools and support they need to invest wisely.

FY2022 Performance Highlights



- First year as a publicly listed company
- Private client revenue grew to \$2.03m, up 228% on FY21
- Private client numbers increased by 94%
- Consolidated loss of \$3.64m represents investment for growth
- Invested in the sales team, marketing, technology and product development
- Several innovative products were launched
- Technology delivery has provided the platform to succeed

CEO ADDRESS

Bradley McCosker
Managing Director and CEO

Senior Management Team



**Peter
Foltman**

Financial
Controller



**Simon
McCarthy**

General Manager
Policy &
Operations



**Bradley
McCosker**

Managing Director
& Chief Executive
Officer



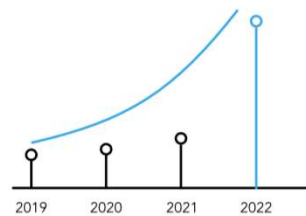
**Michael
Vanderdonk**

Director & Chief
Technology
Officer

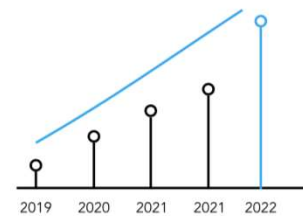
FY22 Highlights

↑ 94%
new clients
on 2021

Face value of Bonds available
through ABE
up 230% on 2021



Private clients transactions volume
up 61% on 2021



Establishment of
Singapore subsidiary
to capitalise on global
market connectivity.

\$65M
of Market Linked
Instruments/Products
issued (Face Value)
in 2022

\$2.03M
of private client
revenue
↑ 228% on 2021

Completed successful
Initial Public Offering
on the Australian
Securities Exchange

More than double the
size of the technology
team

Business Update to September 2022

Financial update: 1 July 2022 to 30 September 2022

- Private client revenue reached a record high of \$1.1 million for the quarter to 30 September 2022
- Increase in revenue of 68% over the prior quarter and up 224% compared to same period last year
- Net operating cash flow negative \$473,000 due to timing differentials from prepayments and onboarding to support growth

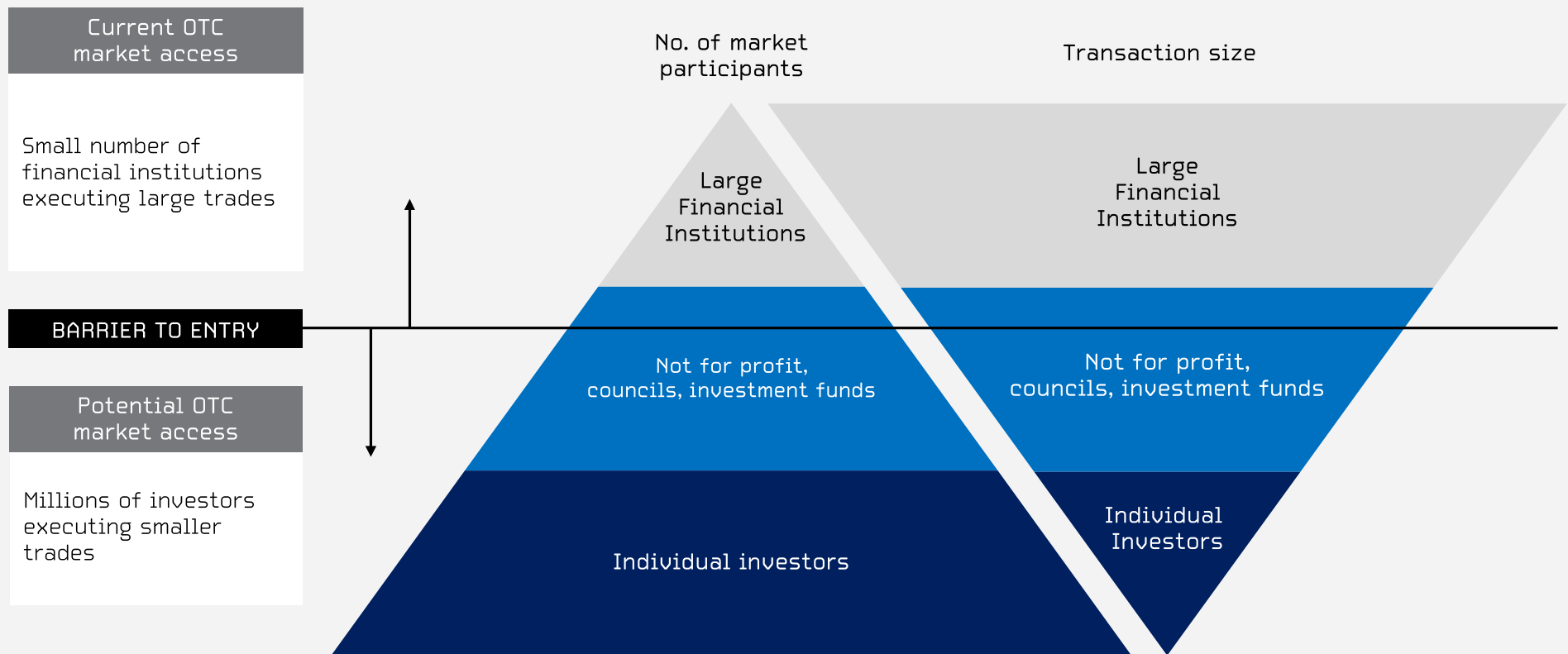
Operations update:

- Marks & Spencer Market Linked Product Launch (Under Armour Launched in October)
- Soft launch of self-service online trading portal
- Successful NPP pilot program

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The problem we are solving

Expensive transactions with high barriers to entry

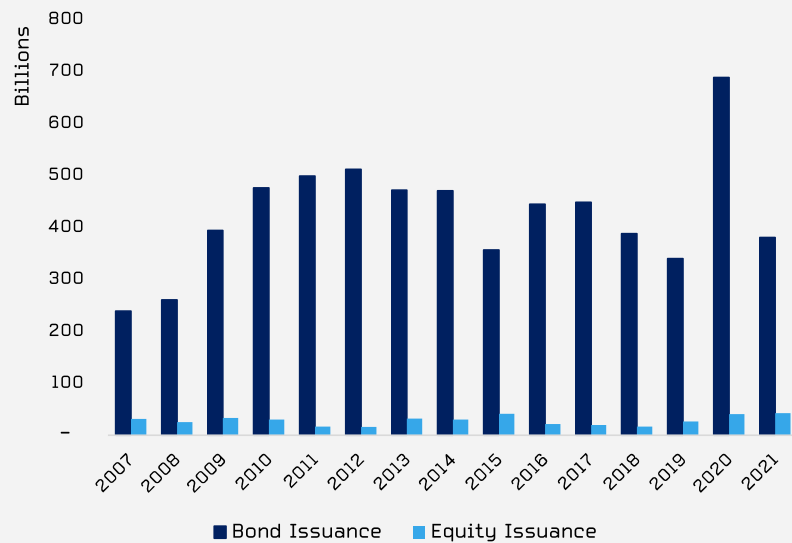


Bonds represent a sizeable market opportunity



The bond market is significantly larger than the equity market

Australian Primary Issuance – Bond & Equities (AUD Billions)



Global Primary Issuance – Bond & Equities (AUD Trillions)

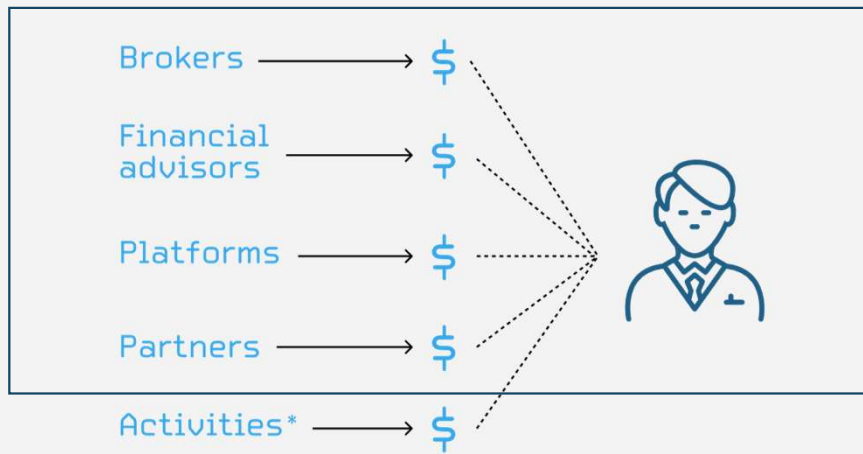


Revenue Drivers

Our revenue comes from the following activities:

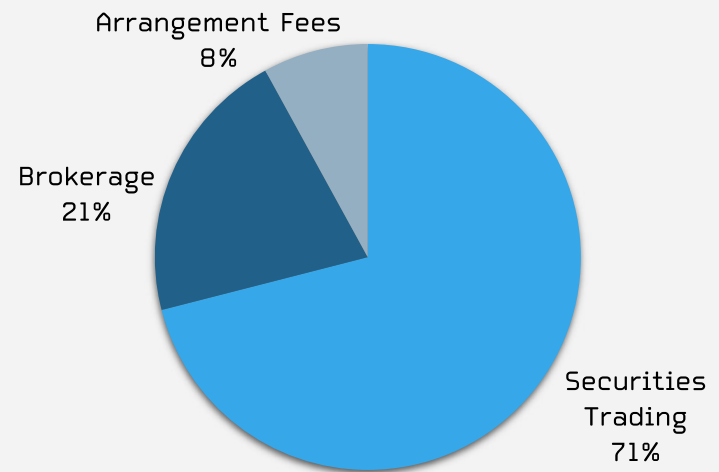
- Securities trading
- Brokerage on transactions as part of our financial advice and dealing services division; and
- Origination and arranging fees.

ABE Earns revenue by charging each transaction



*Market data, Transaction Services, Settlement, Custody and Post Trade Services.

FY22 Revenue Sources



Our strategy



Strategy for growth – three core priorities

Australian Bond Exchange's main growth strategy is to gain market share by targeting and growing our private client base. We intend to do this by continuing to:

- Increase sales and marketing activities
- Develop multiple distribution channels including the online self-service portal which allows private investors that do not use a financial adviser or broker to invest in bonds
- Launch innovative products into the Australian market that satisfy a specific demand for the Australian investor.

Our technology allows for significant business growth, both in terms of the number of users and the number of transactions, whilst keeping the operational costs low.

Our strong competitive advantage



Proprietary innovative technology solution offering market transparency and investor protection



Scalable business model with significant barriers to entry



Access to numerous client acquisition channels



Ability to tailor product according to investor preferences

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Formalities

Resolutions

Resolution 1: Adoption of Remuneration Report

Resolution 2: Re-election of Allan Farrar as a Director of the Company

Resolution 3: Appointment of Auditor

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Shareholder questions

Disclaimer



In responding to questions and in talking about new initiatives and our financial and operating performance for the Australian Bond Exchange Group of companies presenting today we may make forward-looking statements including forward-looking statements within the meaning of applicable Australian law. These statements reflect predictions of future events and trends and do not relate to historic events. They are subject to known and unknown risks and future events and may differ materially from such statements.

For further information on these risks and their potential impacts on our companies please see our filings with the Securities Regulators in Australia which are available on our website.

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