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Australian Bond Exchange Holdings Limited

2023 Annual General Meeting Presentation

24 November 2023

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.

Authorised by the Board

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 direct access to the best of the fixed income asset class in Australia and internationally.

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ABE's access and proprietary technology allows "access for all" in a transparent and efficient way. Transparent trading allows investors, brokers and advisers to deliver highly demanded fixed income asset class product to end clients.

This is coupled with an advanced AI driven Product Governance model, which allows greater investor protections, providing a new over the counter venue for private investors, financial advisers, and investment professionals to access the global financial markets.

ABE is eliminating barriers to entry to the bond market, providing access, efficiency, lower cost and transparency.

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Australian Bond Exchange Holdings Limited

Chair Address

24 November 2023

Good Morning Ladies and Gentlemen,

It is a pleasure to welcome you all to the Annual General Meeting of Australian Bond Exchange Holdings Limited particularly as you are joining us on Zoom.

The 2023 Financial Year has proven to be a difficult year in many ways for the company in building its client base and overall presence in the Australian investor market.

Greater success has been enjoyed by our Singapore subsidiary in creating new products for the Australian market and in the interbank market.

The Australian team has been focused on building dealer and financial planner (B2B) relationships to facilitate the wider distribution of those products. These developments have taken longer than expected to come to fruition with the result that the online trading facility the company has been developing has not yet produced the activity that was anticipated from this significant investment.

The current economic conditions and resultant market volatility has created a significant level of uncertainty for investors, but this has also created opportunity as investors look to fixed interest products to access more stable returns and income streams.

For the 2023 financial year, produced a disappointing loss of \$5.03m despite gross trading revenue for the group being substantially higher at \$4.7million (up 131% on the prior year) with other income of \$0.6 million (up 35%)

It has been pleasing to see institutional trading volumes return to higher levels reaching \$1 billion during the year.

New and innovative product offerings of some \$77million in the form of AUD denominated market linked securities have proven to be attractive investments for the ABE client base and contributed significantly to growing the revenue.

These products added to the suite of products to supplement the traditional sales and trading activity undertaken by the ABE team in the OTC bond market in Australia and Singapore.

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The Company is currently undertaking a general review of its administration and operations to ensure the business is operating as efficiently as possible, including a review of its AFSL and associated conditions to ensure that they are appropriate and meet the current and future needs of the business.

One of managements key focuses is to implement a series of expense reductions to ensure that the group keeps overheads at a manageable level as we continue to grow revenue from client activity. These measures are expected to see further reductions of at least \$1million in expenses whilst have minimal impact on revenue as we look to achieving sustainable growth of the company.

Pleasingly we have received a positive response to the new Australian Credit Opportunities Fund launched post the end of the financial year in August in conjunction with the Boston Global Group. This is a new wholesale, unregistered and open-ended pooled investment unit trust formed to provide wholesale and sophisticated investors with exposure to a diversified portfolio of fixed income securities and credit opportunities.

This fund also aims to service the part of the financial adviser market that are unable to trade direct bonds, but still want their clients to have access to bonds and fixed income securities and leverage ABE's expertise in those markets.

ABE, as the Investment Manager, will acquire fixed income securities including corporate bonds, market-linked securities, mortgage-backed securities and other money market (non-government) instruments as it seeks to deliver a benchmark performance hurdle rate of RBA +3.5%.

The Fund intends to directly acquire fixed income securities from Australian issuers and provide indirect exposure to fixed income securities from non-Australian issuers.

As the Fund grows, ABE as the Investment Manager will seek to create a diversified investment portfolio that provides exposure to multiple fixed income products, issuers, jurisdictions and maturities.

In seeking to ensure that we have a sustainable business we are focused on establishing and growing attractive new lines of market linked products to meet client demand, providing a high level of market transparency which is not a characteristic of the bond market that exists today, and employing talented staff in delivering our services to the market.

The Company's team in our wholly owned subsidiary, ABE Capital Markets Pte Limited, in Singapore, have played a key role in facilitating the development of these new market linked products which offer attractive investment characteristics along with providing an increasingly strong level of institutional business and I thank them, in particular, for their efforts.

We have a committed team who remain focused on our core mission to make Australian Bond Exchange a leading provider of high-quality debt instruments in the Australian marketplace by making these investments accessible to all investors.

As we progress through the 2024 financial year, we are looking to leverage our product capability, marketing and revenue synergies to continue to grow market share and scale our offering whilst focusing on cost control.

We are very conscious of the fact that shareholders provided strong support for our capital raisings which provided the funds to grow the Company. Our team are working diligently to grow revenues and manage costs prudently.

I wish to take this opportunity to thank our shareholders, advisors, and Brad McCosker and his team for their efforts and thank my fellow directors for their contributions and counsel during the year.

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24 November 2023

CEO ADDRESS: BRADLEY MCCOSKER

Thank you, Allan.

As a company, we have always had the primary mission to provide equal access to financial products and markets for all investors.

This is still the case today and we are always looking for ways to do that whether it be through affiliate channels, technology, or through product innovation.

There are still plenty of barriers to entry to financial markets for the private investor. Which means we still have plenty more work to do. So, our mission is not done here.

As our first full year as a public company. With that has come some great opportunities, but it also comes with its own challenges.

As a small company, and as I have shared with shareholders many times before, the growth path is non-linear until we reach a significant enough size that the ebbs and flows will be smoothed out simply by achieving scale.

We are firmly focussed on the future and the primary task at hand. That is, to deliver value to shareholders.

During the year we have set the company up for expansion. We are in a unique position to do that, having established the foundation with which to grow.

The Australian Bond Exchange's business is summarised in three business activities

ABE capital markets

As part of it's activities it does

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- Institutional primary market placements
- Global Markets secondary trading,
- Advising corporations on capital raising; and
- Market Linked Securities Structuring

You could think of this as the fuel for the engine.

We also have ABE Wealth.

This is the financial advisers that provide Financial Advice and dealing services to thousands of retail, wholesale, sophisticated and institutional clients.

And there is ABE Dealer Services

This supports hundreds of Financial Planners and Advisers fixed income in portfolio construction

These two areas are underpinned by the trade match and settlement engine of the Australian Bond Exchange.

Now I would like to give an overview of the performance highlights for the 2023 financial year.

We saw a triple digit percentage growth in revenue compared to the previous year with an increase of 131% to \$4.7million.

At the end of the year our balance sheet had \$5.9million of cash and cash equivalents

Our active client numbers are also posting solid growth numbers with an increase of 77% year on year and we are maintaining a very high client retention rate meaning that once we have an active client, they are extremely likely to stay with us.

What is also important to note is that investments per client portfolio increased by 21%. This shows that not only are we growing our client base but also that our clients' portfolios are growing.

We continued to innovate new financial products and bring them to market. With over \$77 million of new market linked products issued to the market during the year.

We completed the transactional Central bank Digital Currency pilot with the Digital Finance Cooperative Research Centre and the Reserve Bank of Australia.

We also successfully completed the trials on the New Payments Platform with ANZ.

Borth of these trials we have previously shared with stakeholders during the year.

Our revenue grew to \$4.7million which is an increase of 131% compared to FY22. As mentioned, the growth in revenue was driven by the successful execution of our client acquisition strategy and continued development of innovative products to meet investor demand.

We saw a significant 59% improvement in our operating cash flow which I'll touch on in a bit more detail later on.

Our net loss for FY2023 was \$5million. This was as a result of a 62% increase in expenses over the year to \$10.3million. This increase in cost in FY2023 was incurred to strengthen the foundations of the business and support growth opportunities. The FY2023 expenses include \$3.5million worth of revenue generating activity expenses and \$2.4million of sales, marketing, and business development staff costs.

The income from this expenditure was always expected to lag behind the spend. However, we have observed that the client engagement and the integration into the various partner firms has not happened as quickly as we anticipated.

As I communicated to shareholders previously, in response, in recent months ABE has instigated a cost reduction program across all aspects of the business which we expect will result in a reduction in operating overheads of \$2million over FY24.

I'll now provide you with some more details on our cash flow position, in particular our operating cash flow which improved 59% compared to FY22.

The improvement in operating cash flow was driven by strengthening controls over cash and inventory in order to maximize ABE's position. The inventory management controls were implemented in the 2nd half of the financial year and as a result most of the cash operating outflow occurred during the first half of the financial year.

Our revenue growth to \$4.7million was primarily a result of growth in volume due to increased sales activity and higher client demand in the private client business.

There was a contribution by institutional trading activity which has come back to us as market conditions and relationships throughout the Asian region have strengthened.

The focus has always been to attract the more stable and repeatable business of the private client investor to which I and the team at ABE have shared with investors multiple times previously.

It is useful to see the long-term revenue growth over time of the private client revenue business. It has grown in both number of clients, number of products each client holds and volumes traded.

We have two key priorities for FY24. The first is to continue to growing revenue and the 2nd is to reduce costs by focussing on prudent expense management.

Successfully executing on these two key priorities will enable ABE to be well positioned to become operating cash flow positive by the end of the 2024 calendar year.

ABE will drive revenue growth in FY24 by first of all continuing to grow sales volumes in both existing and new clients by continuing to execute on our successful client acquisition strategy through multiple channels.

We will continue to identify available opportunities to develop innovative and appropriate products that meet investors demands.

And finally, the Australian Credit Opportunity fund launched recently not only attract direct client investment and which will in turn drive revenue, it will also enable ABE to develop more product offerings, including deferred purchase agreements, and which will also generate revenue for ABE.

The ABE Board and management have already undertaken steps to reduce operating expenses and improve operating cash flow. In FY2024 a further cost reduction program will be implemented across all aspects of the business

We have a razor-sharp focus on reducing operating expenses and improve our operating cashflow. This includes reducing dependency on third party providers.

As I have relayed to the market previously, we expect the cost management program to result in a significant reduction of operating overheads [of \$2million for FY24 when] compared to FY23.

Our internal AI credit tool continues to provide value to the team.

There are multiple revenue models that re available from this, and we are working with our partner to identify the most attractive step forward.

I might spend a moment talking about how we approached our use of AI here for a moment. While today it seems to be a buzz word for start ups and big ideas, which is great – we did not look at it in that vein when we commenced our work back more than 4 years ago.

We saw AI as a tool for us to drive down costs that would have otherwise been required to offer the support services, we felt private investors needed to make good decisions for their portfolios. That may seem a little boring I guess when I say it like that, but it was always to drive an immediate benefit for shareholders.

Now we see there are far more use cases for the models that we developed and that's great, but it was very much born out of our desire to provide economies of scale to enable us to provide quality credit analysis faster and more cost effective that doing it the traditional way.

As the world has started to also see what we saw, and that AI can bring many efficiency gains, it's popularity has soared and so has the idea generation on monetization of good algorithms.

When we look at transaction technology, people often miss the impact this can have on the industry as a whole.

Our **matching & settlement technology** is an efficient means of transacting. It eliminates steps now made redundant by advances in technology. This is a win for everyone involved in the transaction life cycle, not just ABE.

Instantaneous settlement eliminates many barriers to entry that place large balance sheets at an advantage. This can lead to sub optimal outcomes for the end investor as they end up paying for the inefficiencies inherent in the old system.

Digital Currencies are something that seems to be rather a vexatious topic for regulators. There is so many aspects to this that the outcome of adoption will never be fully known until it is in operation. My view is that currencies over centuries have been used as a medium of exchange that reflects the economy that uses it. We have been in a digital economy now for a couple of decades, and it is reasonable to expect that the currency used in the economy.

Again, the cost of an over-the-counter financial transaction in the global financial markets is prohibitive for private investors. The barriers to entry are still too high. As we acquire more clients, the efficiency gains via the transaction technology will drive significant contribution margin.

To summarise, the long term strategic priorities of the business is to be true to our stated mission to provide equal access to all investors.

We can leverage off the efficiency gains our technologies will bring at scale.

And we will continue to scale the business to profitability recognizing that bond trading is the foundation of our business and is still very much what we do.

I want to extend my sincere appreciation to our Chair, Directors, and every member of our team who has provided their dedication and hard work.

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

On behalf of the Australian Bond Exchange, while we know we have to be prudent, we remain excited about the long-term outlook for our business and the opportunities in front of us.



Australian Bond Exchange Holdings Limited

2023 Annual General Meeting of
Shareholders

24 November 2023

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Agenda

- Chair Welcome and Address
- CEO Address
- Formal Business
- Shareholder Questions

Chair's welcome and address

Allan Farrar
Chair

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

CEO address

Bradley McCosker

CEO

Who we are



Our Mission:

Provide equal access to financial products and markets for all investors.

Our Strategy:

Use our proprietary technology to remove barriers to entry that have limited investor access to global financial markets.

What we do today:

Offer attractive financial products and provide user friendly, efficient and transparent means to make financial product transactions.

Founded in 2015, we have come a long way

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Strategy for Expansion

Unique Position in Evolving Landscape



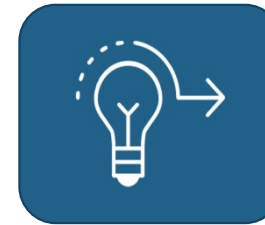
Proprietary innovative technology solution offering market transparency and investor protection



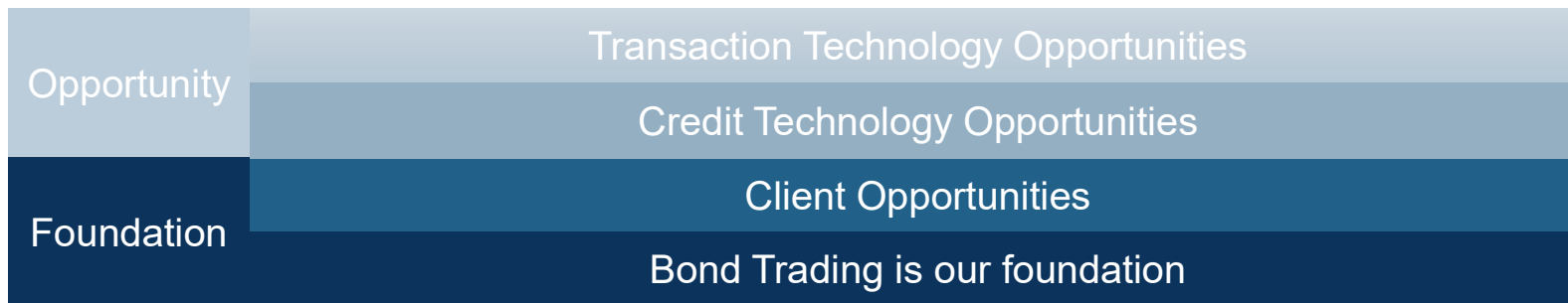
Scalable business model with significant barriers to entry



Access to numerous client acquisition channels

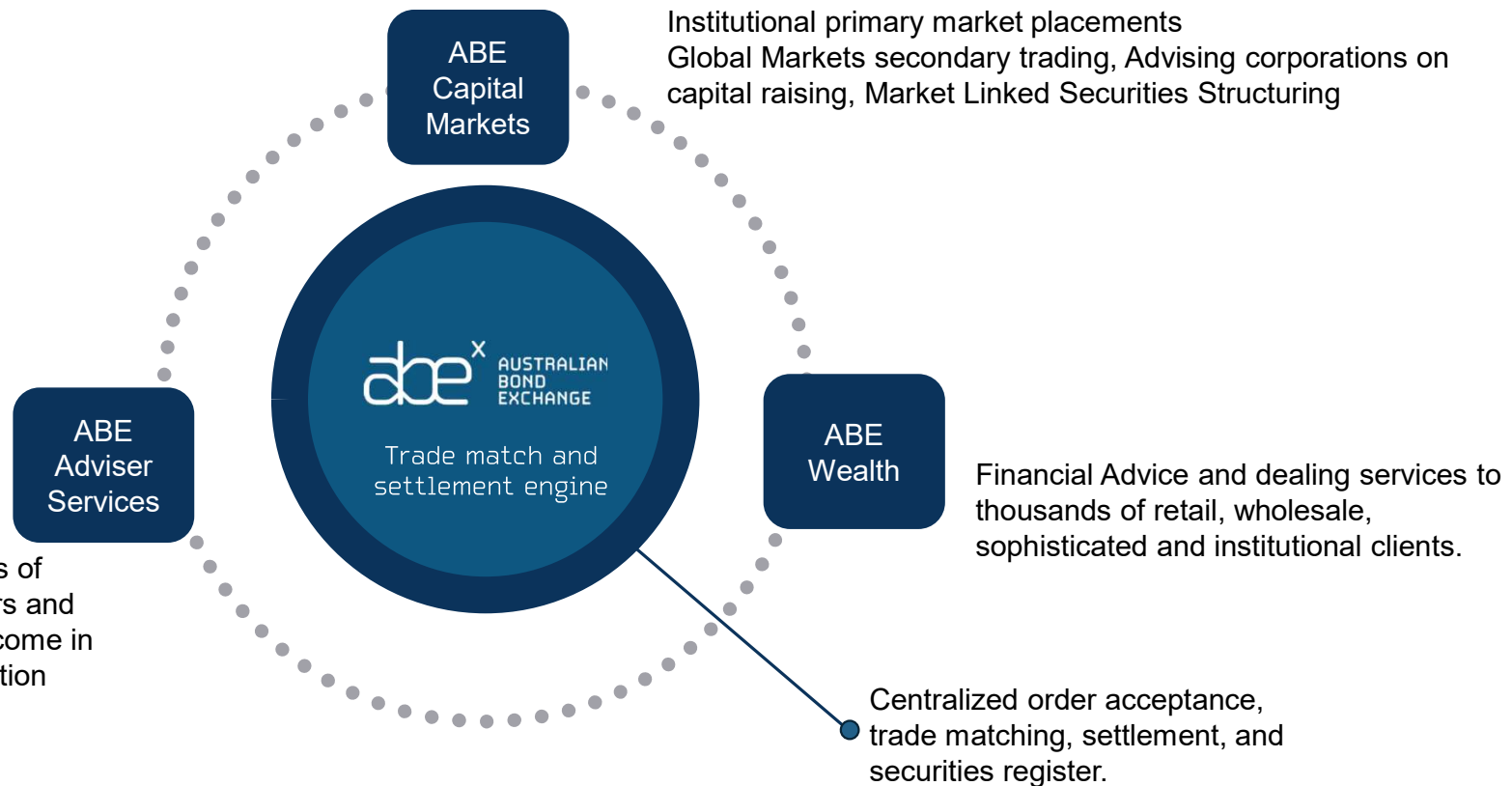


Ability to tailor product according to investor preferences



ABE's current business activities

Trade matching and settlement underpin everything



FY2023 Key Highlights

\$4.7M

Total Revenue
↑ 131% YoY

77%

Active clients
↑ YoY

Client retention
rate

99%

Completed
transactional CBDC
pilot with the
DFCRC and RBA

\$5.9M

Cash and cash
equivalents

Investments per
Client Portfolio

↑ 21%

\$77M+

Of Market Linked
products issues
In FY2023

Successful
completion of NPP
ANZ pilot

FY 2023 Results Summary

| | FY23 | FY22 | % difference |
|----------------------------|-----------------------|-----------------------|---------------|
| Revenue | \$4.7million | \$2.0million | + 131% |
| Other income | \$0.6million | \$0.5million | + 40% |
| Total expenses | \$10.3million | \$6.1million | + 62% |
| Net loss | (\$5million) | (\$3.6million) | - 38% |
| | | | |
| Earnings per share | (4.38) cps | (3.51) cps | - 25% |
| | | | |
| Operating cash flow | (\$2.3million) | (\$5.7million) | +59% |
| Closing net cash | \$5.9million | \$9million | -35% |

- 131% growth in revenue
- Significant improvement of 59% in operating cash flow
- The total expense increase of 62% is in part due to an increase in revenue generating activity expenses

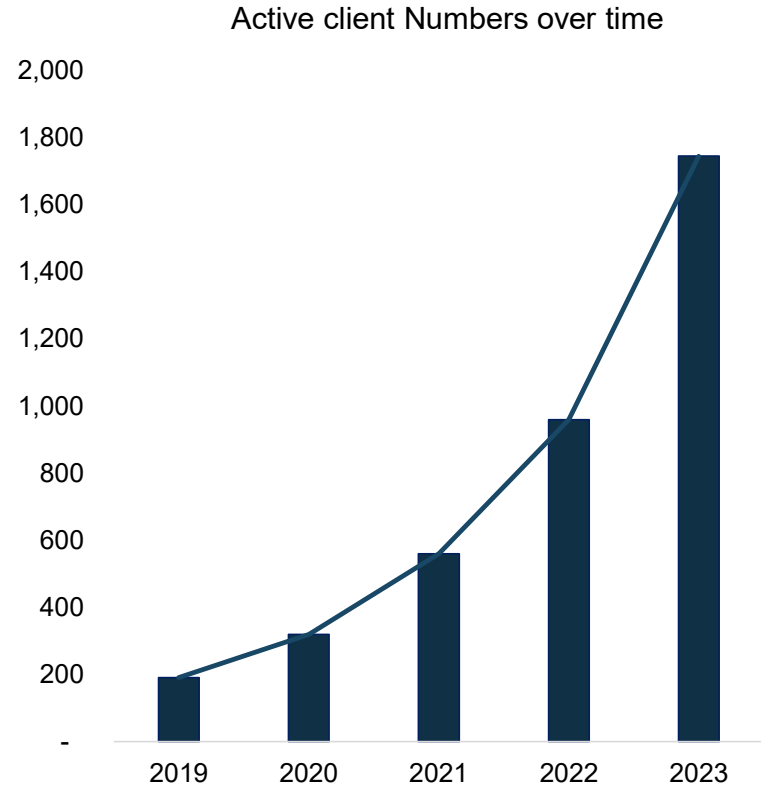
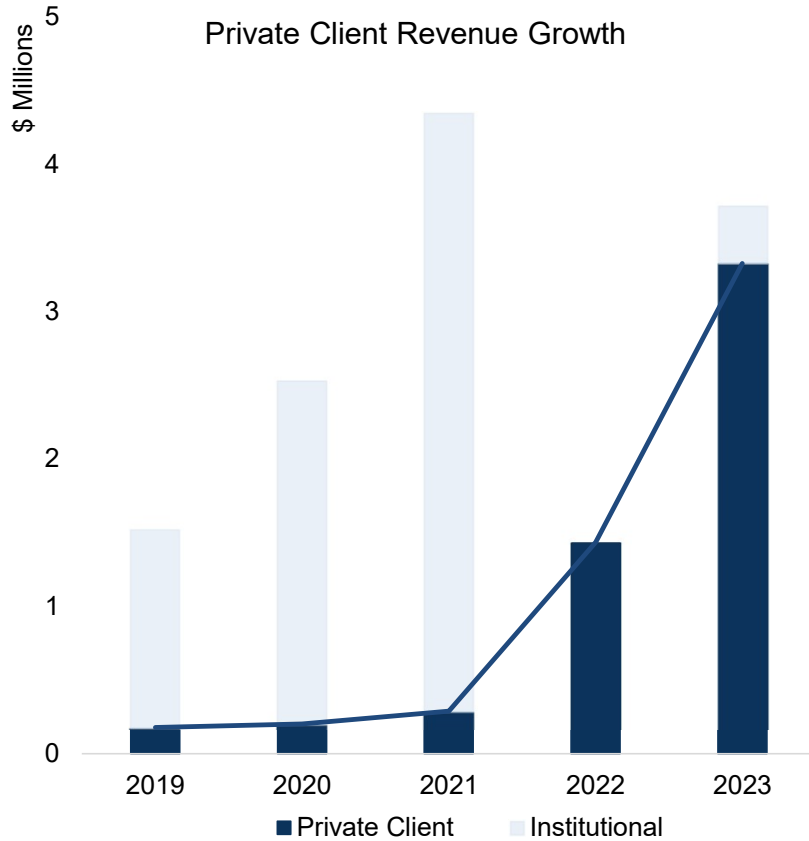
FY2023 Cash flows

| | FY23 | FY22 | % difference |
|-----------------------------------------------|-----------------------|-----------------------|--------------|
| Cash flow from operating activities | (\$2.3million) | (\$5.7million) | +59% |
| - Receipt from customers | \$156.0million | \$106.6million | +46% |
| - Payments to suppliers & employees | (\$159.0million) | (\$112.6million) | +30% |
| Cash flow investing activities | (\$0.7million) | (\$0.6million) | +23% |
| Cash flow financing activities | (\$0.1million) | \$13.9million | -101% |
| Change in cash & cash equivalents | (\$3.1million) | \$7.6million | |
| Cash & Cash Equivalents at 30 June | \$5.9million | \$9million | -29% |

- Significant improvement of 59% in operating cash flow
- Driven by strengthened controls over cash and inventory to maximize ABE's position

Traction shows product market fit

There is clearly a demand for our product and service offering



FY2024 key priorities

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Key Priorities for FY2024

Continue to grow
revenue

Focus on cost
management

Positive
operating cash
flow by end of
CY2024

Revenue growth



Continue to grow sales volumes in both existing and new clients



Continue to identify and develop innovative financial products



Australian Credit Opportunity Fund

Cost management



Implement cost reduction program across all aspect of the business



Reduce operating expenses and improve operating cash flows



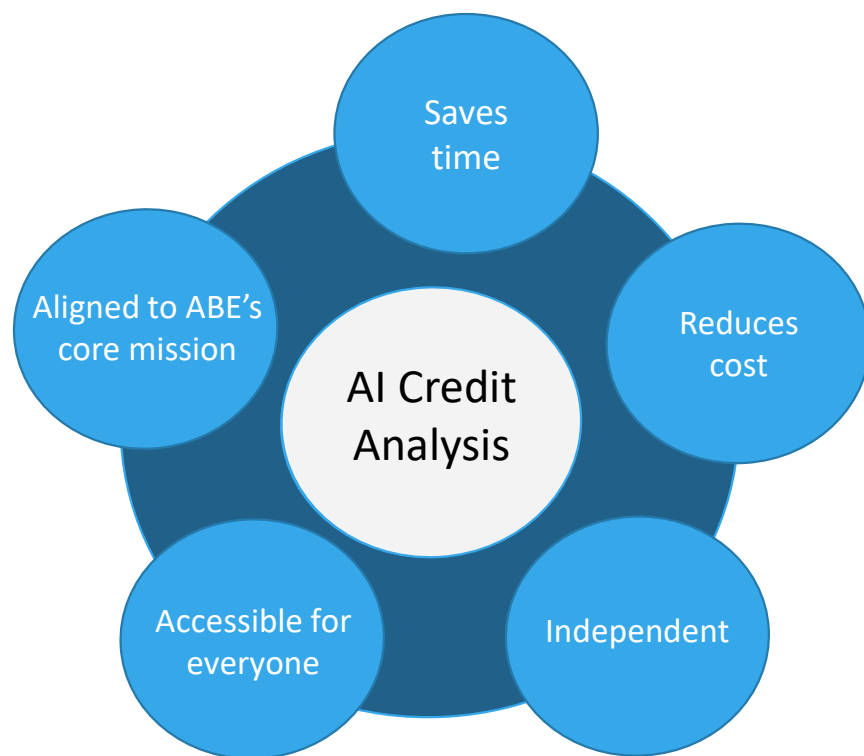
Reduce dependency on third party agencies

Long term strategic priorities

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ABE Credit Ratings leveraging AI

- We use AI for credit analysis on the products we offer
- Our technology produces a bond credit rating in a matter of minutes with accuracy
- We have been exploring the best way to monetise our AI credit rating capability
- There are multiple attractive revenue models with significant TAM



Transaction Technology



ABE's technology T+0 ready

- Matching & settlement within ABE's Global Asset Register eliminated clearing requirements



NPP Trials Continue

- Instantaneous settlement significantly reduces barriers to entry to financial markets



RBA CBDC Pilot Completed

- Currencies used by economies reflect the way transactions are performed. We live in a time of digital commerce.

Long term strategic priorities

Our mission is to provide all investors equal access to financial markets



ABE's state-of-the-art AI and T+0 transaction technologies are increasing efficiencies and reducing barriers for all prospective investors



Bond trading is the foundation of our business which we continue to scale to grow revenue and reach profitability



Formal business

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Resolutions

Resolution 1: Adoption of Remuneration Report

Resolution 2: Re-election of Nina Vanneck as a Director of the Company

Resolution 3: Capital raising by Convertible Note

Shareholder Questions

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Thank you

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Holdings Limited

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