

# AUSTRALIAN BOND EXCHANGE

OFFERING HIGH YIELD AND HIGH SECURITY INVESTMENTS

FIND OUT MORE

**ASX IPO**  
**October 2021**



 **PULSE**  
MARKETS  
Stock **MarketPlace**™

*Disrupting major markets in FinTech*

## Technology-driven Bond Transaction and Settlement engine for all investors

Since 2015 the ABX has become Australia's pre-eminent marketplace for Australian private client investment in fixed income

ABX has developed a financial technology business that offers bond trading, settlement and custodial services in Australia

Generating >\$9bn gross bond turnover & >\$5m revenue in FY2021 ABE is *already* a leading market participant

Complete and fully operational, interconnected with IRESS, Australian Money Market (AMM) & ABX's own B2C website

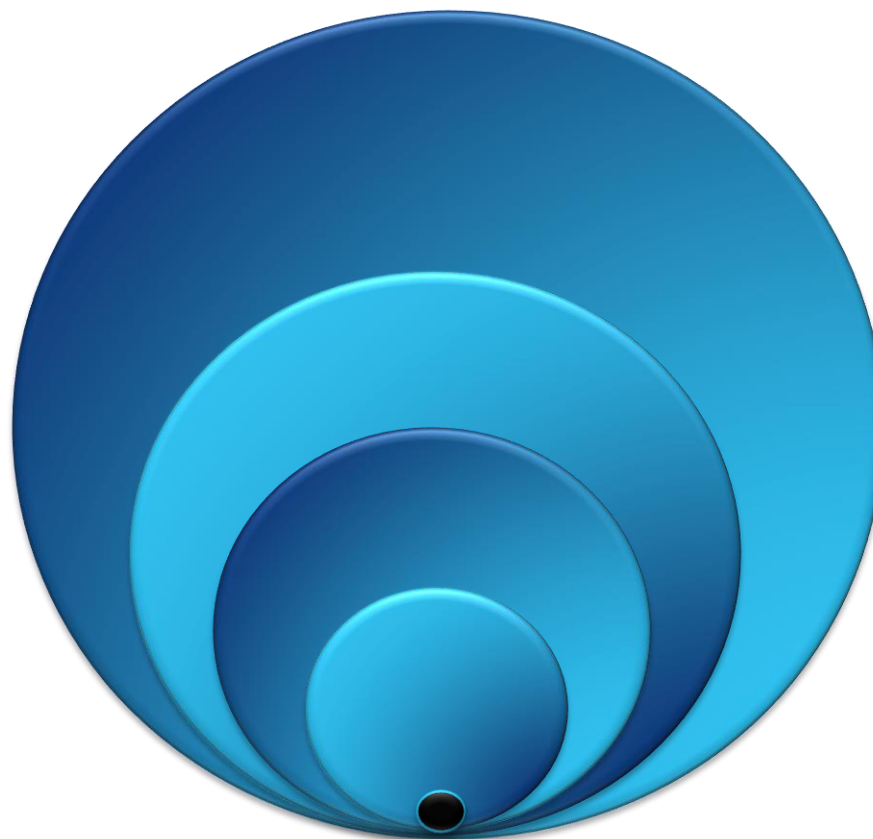
Broker & other partners include DNX Solutions, Shaw & Partners, Perpetual, Taylor Collison and ANZ

Efficient transactions and seamless connectivity.  
Access for everyone.  
Market timing

- Raising \$5.2m to \$10.4m via an ASX IPO,
- Extend growth in revenue & transaction volume
- Ready for global scale up

## The fixed-interest market is multiple times larger than the Equities Market

Australia CY20	Equity Issues	Bond Issues
# of new issues	176	689
Value	\$41b	\$286b
Ave daily turnover	\$4b	\$63b
Average transaction	\$4,376	\$2.9m



 MarketAxess<sup>SM</sup>  
Listed: 2004

 ASX  
Listed: 1998

 PEXA

 OFX  
Listed: 2013

 ABX  
Australian Bond Exchange

*Since the merger of the capital city stock exchanges in the late '80's, all major markets have been disrupted by technology*

## Established company with a proven business model

### Business Model:

- ABE PL - the AFSL which provides investment advice & trade execution services
- ABE provides advisers & brokers access to an OTC trade execution & settlement service where they can provide their clients with direct, efficient & cost-effective access to the Australian OTC bond market

### Clients

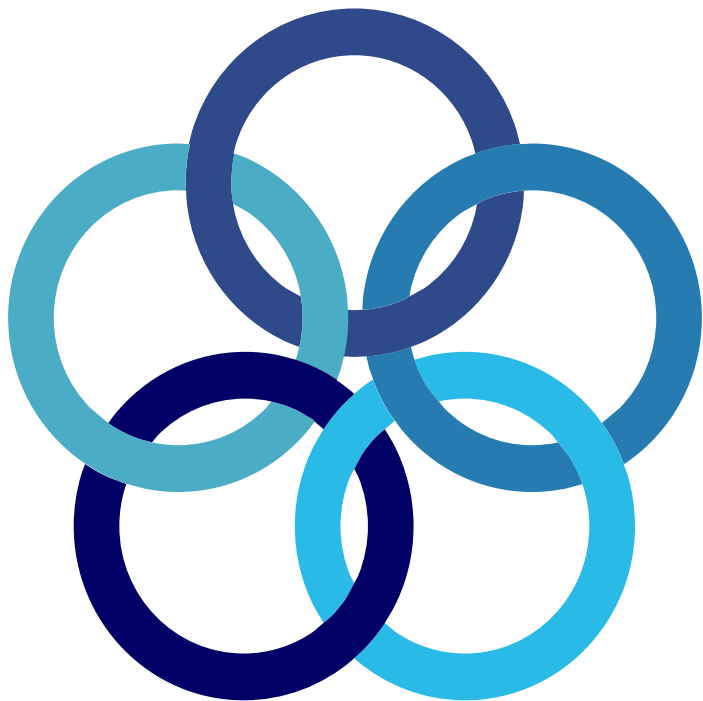
- ✓ Client base includes Bond Investors such as:
  - Individuals
  - SMSFs, and
  - Institutional Investors:
    - Fund managers
    - Financial advisers; and
    - Large local & global financial institutions

### Revenue

Revenue is generated by charging:

1. A trading spread on each transaction
2. A trading spread or commission on each transaction as part of its institutional trading desk
3. Bond Investor clients brokerage on transactions as part of its financial advice and dealing services division; and
4. Issuers an origination fee for product origination

## An integrated suite of products



- **Transaction Engine**  
Presents pre trade live bond pricing and accepts orders from a variety of different sources such as Iress, AMM and internal brokers. The transaction engine ensures fair and transparent pricing and trading for all participants
- **Settlement Engine**  
Integrates the transaction engine, the Australian banking system and the Global Asset Register. It settles the trades processed by the transaction engine by withdrawing the money direct from the client's nominated bank account at the time of settlement (currently T+2). This engine replaces the need for clearing which reduces settlement risk, removes the need for prefunding and lowers processing and transaction costs.
- **Global Asset Register**  
The central electronic register of all bond ownership on ABE's exchange. The system allows for any registered participant, be it institution, broker or private investor clear and transparent registration and transfer of assets. This system updates connected brokers and financial planners with mark-to-market prices for their clients daily, presents regular holding statements to bond holders and allows for fast and efficient distribution of regular bond coupon payments and other corporate actions.
- **ABE Self Service Portal**  
With the aim to allow access for all, this portal allows for Australian private investors that do not have financial advice from brokers or financial planners to trade bonds directly. Using this system private investors receive the same pricing and access as every other participant on the ABE transaction engine and allows them to buy, sell, track and manage their portfolio entirely online.
- **KYC Onboarding**  
Integrated with the self service portal this provides an efficient quick and easy personal identification process for Australian private investors to prove who they are online to comply with KYC and AML regulation. This shortens the onboarding time for new clients from days to minutes and means new clients can begin trading quickly.

## High Growth in Transactions and Revenue

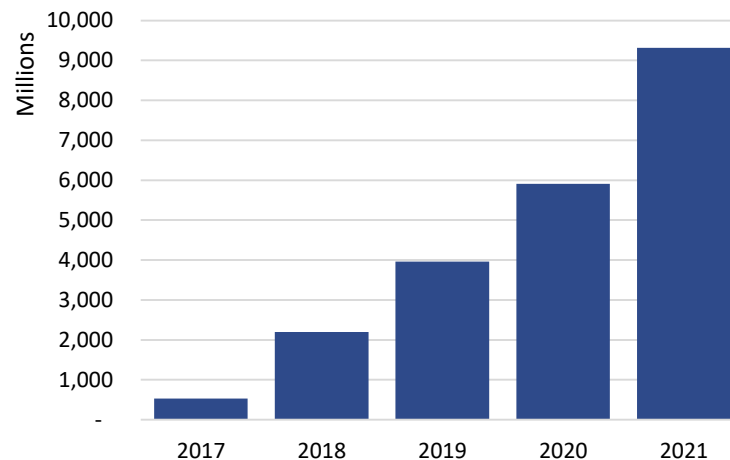
79% revenue growth to \$5.3m in FY21

A 58% increase in transaction volume to \$9.3 billion in FY 21

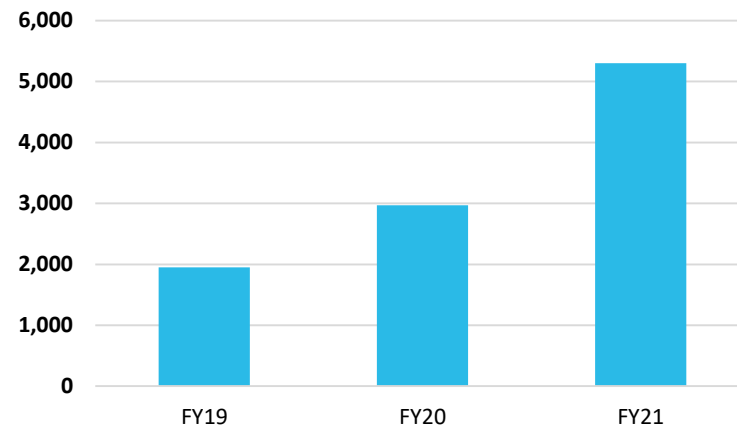
(across a range of OTC bonds, including govt, semi-govt, supranational and corporate bonds in several currencies)

Since its inception ABE has grown rapidly- generating transaction volumes of over \$22B

Transaction volume (by financial year)



Revenue (000's)



## A clear growth strategy

### Education + Penetration

Increase the market education and penetration

Expanding platform partnerships to increase market reach.

Education based marketing and content creation, working collaboratively with affiliate partners to increase awareness of Australian corporate bonds.

Rapidly on-board new financial intermediaries.

Each platform partner has the potential to deliver large numbers of private investors and transaction volumes, and in turn, create greater awareness and growth

### Grow into ecosystems

Grow beyond the current core services into relevant ecosystems.

Some of ABE's platform partners have global operations. Once ABE has established itself within the Australian market, ABE plans to utilise its existing partnerships to seek to expand its operations in markets overseas.

ABE will also remain alert to acquisition

### Product Development

Increase addressable market through product development.

Ongoing product development & an increased product offering to broaden investor access.

### Monetise our own data

Monetise our own data.

As well as operational efficiency it provides analytics capabilities and other offerings to clients.

ABE plans to develop methods to broaden and enhance the use of this technology over time with the addition of market data and client data.

### API technology

Further integrating API technology.

Create significant value by leveraging direct connections to out integrated technology to create & provide products & services to other financial services firms & businesses enables them to focus on client facing products & services. Affiliate capability to create bespoke financial products . We can test and enter new market segments

**ABE generates client investor leads via multiple distribution channels including:**

## Strategic Partners

ABE has partnered with major organisations across Australia, providing immediate and significant client reach for mass distribution of the ABE product and service offering in a trusted environment in which they are transacting regularly.

## Existing Customers

ABE has grown organically through the provision of excellent customer service and its comprehensive product offering. This has seen, and continues to see, Bond Investor clients expanding their use of ABEs services and directly referring new Bond Investor clients to ABE

## Referral Networks

ABE receives referrals from financial intermediaries providing their clients with direct access to the OTC bond market. As brand awareness grows within the industry, ABE can leverage off these referral networks

## Direct Marketing & Sales

Outbound activity from ABEs highly experienced and effective marketing and sales team has provided a scalable direct client acquisition solution.



## ABX is ahead of international bond market comparators

							
Access for institutional investors	✓	✓	✓	✓	✓	✓	✓
Access for retail investors	✓	✓	✓	✗	✗	✗	✗
Custodial services	✓	✗	✓	✗	✗	✗	✗
Access for equity stockbrokers	✓	✓	✗	✗	✗	✗	✗
Instantaneous settlement	✓*	✗	✗	✗	✗	✗	✗

\*ABX is currently working on building out a NPP with ANZ

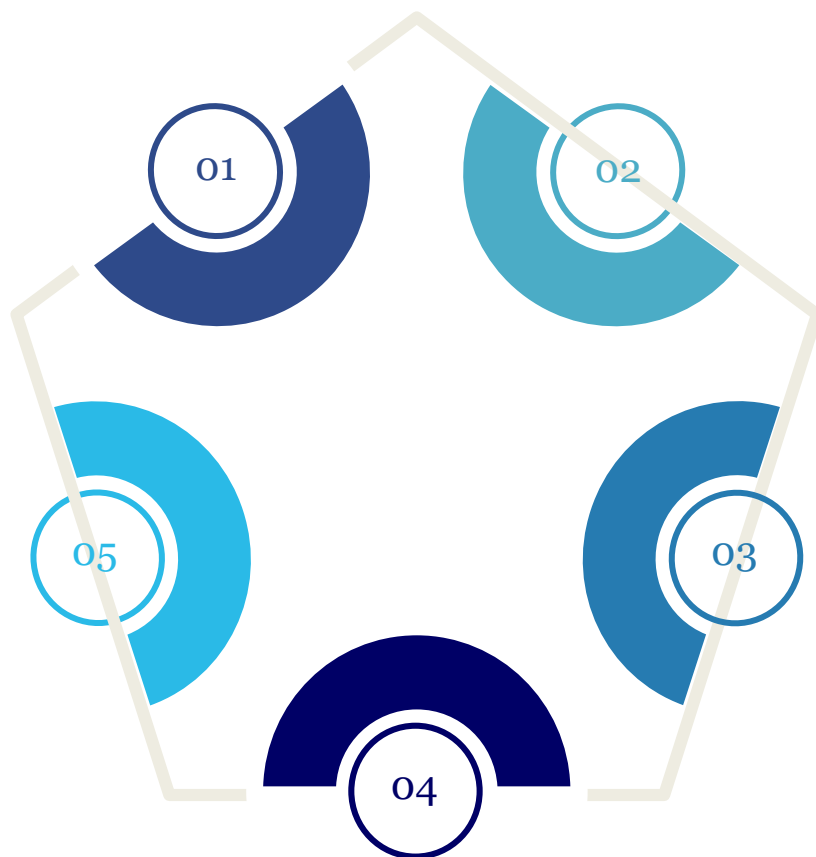
## The key benefits of ABEs business model

Transaction costs are significantly reduced, making the OTC available to a far greater number of Australian private investors through their broker or financial adviser

ABE has developed a set of quotation rules that ensure that each bond on the ABE transaction and settlement engine must meet strict minimum standards providing private investors with strong protection against loss.

Easy and rapid scalability potential of the business built on top of the ABE technology foundation.

## Now Scaling up: Use of funds



- 01 Revenue generation: Sales and Marketing:**
  - Allow ABE to increase the size of its sales and marketing team, to facilitate the growth of its current business, and to support the marketing of its new technology
- 02 Trading platform & IP: Trading platform dev & IP protection:**
  - Fund the costs of seeking patent protection for its new technology and fund continued development of the technology
- 03 Product Development: Operational expenses**
  - Fund the costs of employing support staff in operational risk and regulatory compliance functions to support business expansion
- 04 Run the business: Working Capital:**
  - Provide increased working capital to allow for growth in ABE's current business, and regulatory costs
- 05 Inventory and Liquidity funding: Bond Trading**
  - Fund real time gross settlement (RTGS) of bond transactions allowing ABE to trade with a greater number of counterparties in larger transaction sizes.
  - ABE's transaction size can be significant for any single trade and therefore ABE needs significant cash at hand to settle these transactions.

## Led by an experienced Board

**Allan Farrar**  
Non-Exec Chairman

- Last role Head of the Corporate Finance business of PKF in Sydney
- Previous Chairman & NED of the ASX listed: Balmoral Corporation Ltd, Sabre Group Ltd, HarTec Ltd, Datadot Tech Ltd & Longreach Group Ltd. Previous NED of ASX listed Amalgamated Equities Ltd, Signature Leisure Ltd, Lasseters Corp Ltd & Cypress Lakes Gro Ltd Also NED of Shanghai Electric Power's Australian subsidiary Rosecorp (Rose Property Group).
- Co-founder of ABX in 2015



**Brad McCosker**  
CEO & MD

- 25 years of experience in investment banking and in the financial markets, specifically with firms such as Deutsche Bank, Macquarie Bank, ABN Amro, and Citibank.
- Former Americas Head of the Client Coverage Group for Deutsche Bank in New York & Senior Advisor at APRA and Senior Manager for Risk Policy at ASX.
- Co-founder of ABX in 2015



**Michael Vanderdonk**  
CTO & NED

- Overseen the technical and engineering design of the infrastructure and systems of ABE since 2015 & heads ABE's evaluation of new technology, manages internal systems testing, and handles technical interface with key vendors.
- Prior to ABE worked at EMC (now DellEMC) Asia on Infrastructure, Cloud based computing, Big Data, Artificial Intelligence (machine learning) & Data Science for companies such as ANZ bank, Singapore Government, Intel, AXIS Bank, CSC Australia, KPMG Consulting, and Credit Suisse.
- Co-founder of ASX in 2015



**Nina Vanneck**  
NED

- Over 25 years of experience in media & technology in the UK and Australia. Worked at Google since 2010, and she sits on the Google Australia & NZ management team and is Country Manager of the Publisher Ad Tech division. Represents Google on the Executive Technology Council of IAB Australia.
- Career a mixture of commercial roles in technology sales (at Google), product (at AOL Europe), channel management (News UK), business development (Fairfax), media research (ACNielsen, Virgin Television) and advertising strategy (Yahoo!7).
- Deputy Chair of the Compliance, Risk & Audit Ctee and Deputy Chair of the Nomination & Rem Ctee



## Managed by an experienced, world class fin-tech platform team

**Simon McCarthy**  
GM Policy & Ops

- His experience has focused predominantly in the risk and regulatory compliance area over that time and in more recent years had General Manager responsibility for the clearing and settlement operational business units within the ASX where he developed policies, standards and operational practices designed to ensure that delivery of the organisation's products and services meet stringent and evolving risk management, business and regulatory standards and requirements.
- Skilled in risk, compliance, operations and people management, and financial market products, particularly in the post trade clearing and settlement space,

**Peter Foltman**  
Financial Controller

- Wealth of knowledge in financial markets, various roles in investment banking in Australia & overseas with global and local banking institutions including ANZ, Citigroup and Deutsche Bank. Started his Financial Markets career with Deutsche Bank in Sydney, where he spent 5 years in Financial Control before relocating to the London office, assuming the role of Deputy Global Cash Equities Controller.
- 12 years at Citigroup in various senior management positions, the latest as Head of Global Markets Financial Control for Australia and New Zealand. Peter has held key positions on numerous committees, including New Products Approval Committees and Operational Risk Committees.

**Steve Alperstein**  
Co-Sec

- Company Secretary of CIBC Australia Ltd, Star City Holdings Ltd, TAB Limited, Solution 6 Holdings Limited, Ricegrowers' Co-operative Limited (SunRice), Apollo Gas Ltd and Dart Energy Ltd over a long career in governance which included ASX and NASDAQ listings.
- He has been the General Manager and Company Secretary of the Rose property group since 2005. He is also the honorary Company Secretary of Oz Harvest Ltd.

**Nick Baber**  
MD- ABE Capital Mkts

- Over 20 years of international banking experience, having started his career in Sydney as an Equity Capital Markets analyst with SSB in 2001 where he joined the Derivatives Structuring and Marketing desk and worked on some of Australia's first retail structured products. Nick continued to work for Citi in Hong Kong, New York, and London largely within the Rates Structuring and EMTN Trading team.
- In 2013, Nick joined NAB in Hong Kong to head their Debt Syndicate & Origination team in Asia before moving to Singapore joining Sumitomo Mitsui to spearhead their alternative distribution business. He then moved to Macquarie Bank in Singapore to setup their bond facilitation business.
- Currently building the subsidiary in Singapore under ABE Capital Markets Pte Ltd.

## Product advisory board of industry experts



**Peter Crosbie**  
(B.Sc (Hons), PhD)

- Over 30 years' experience in the financial investments and technology sector. Peter is currently a Principal at Turing Risk Advisors and a Board member of SumRidge Partners. Previously Peter was CEO of BondDesk Group LLC a leading electronic bond trading platform for retail investors, CEO of Moody's KVM here he managed the merger of Moody's Risk Management Services and KVM LLC in 2002. Prior to that he was President of KVM LLC, Principal at CAP and Portfolio Management Director at Barclays Bank.
- Peter has a PhD from Purdue University in Management Science and has served in academia as Assistant Professor at Santa Clara University



**Terry Marsh**  
(BCom (Hons), PhD, MBA)

- Over 35 years' experience in various finance roles. Terry is Professor Emeritus of Finance at UC Berkeley, Co-founder and CEO of Quantal International, and an Adviser to Strike Protocols Inc.
- Served on the finance faculty at Berkeley Haas until 2005, and he is a former chair of the Finance Group. He was also a Visiting Professor of Economics at the University of Tokyo in 1993, a National Fellow at the Hoover Institution at Stanford in 1986-87, and an Associate Professor at MIT, prior to joining Berkeley



**Rand Low**  
(BComSci/BEng, PhD)

- Currently an Associate Professor of Quantitative Finance at Bond Business School.
- Professor Low has worked at the global headquarters of Bank of America Merrill Lynch and BlackRock in New York City. He led teams of quantitative analysts in building mathematical models for market/credit/operational risk, securities lending, structured products, asset-backed securities, and portfolio management. Professor Low has also defended quantitative model development practices on behalf of these institutions to US regulators such as the Federal Reserve (FED) and the Office of the Comptroller of Currency (OCC). He is familiar with stress-testing and model risk management practices such as model validation and governance for large financial institutions

Proposed ASX Code ASX: ABE

## IPO Key Details

DIRECTORS	
Allan Farrar	Non-Exec Chairman
Bradley McCosker	CEO & Managing Director
Michael Vanderdonk	CTO & Exec Director
Nina Vanneck	Non-Exec Director

MAJOR SHAREHOLDERS (Post IPO on min. subscription)	
Fieldrock P/L (B McCosker)	46.1%
Anex Industrial Corp P/L (A Farrar)	6.7%
Lannali P/L (M Mueller)	6.6%
Toach P/L (M Vanderdonk)	6.6%
Anticipate 71%/ 24m escrow subject to ASX	

INDICATIVE TIMETABLE	
Lodge Prospectus with ASIC	22 October 21
Offer Opens	1 November 21
Offer Closes	19 November 21
Settlement	26 November 21
Expected date for quotation on ASX	6 December 21

APPLICATION OF FUNDS	MIN ('000)	MAX ('000)
Funds raised from the Offer	5,200	10,400
Sales & Marketing	1,000	4,000
Further development of ABE technology & intellectual property protection	400	500
Operational Expenses	500	1,000
Working Capital	1,630	2,300
Inventory & Liquidity Funding	750	1,330
Expenses to the Offer	920	1,270

INDICATIVE CAPITAL STRUCTURE AT LISTING	Min	Max
Existing Shares on issue	101.4m	
Existing Options on issue	2.1m	
Public offer shares	8.0m	16.0m
Options (\$1.95/ 5 years)	1.3m	2.6m
Total value of shares offered under the Prospectus	\$5.2m	\$10.4m
TOTAL SHARES ON ISSUE POST IPO	112.8m	122.1m
Indicative Market cap @ \$0.65c	\$71.1m	\$76.3m

## Summary

- ✓ FinTech
- ✓ World leading technology
- ✓ Proven model
- ✓ Established partnerships- key players
- ✓ Substantial revenues and trading volume
- ✓ Globally scalable - huge growth potential
- ✓ Experienced board and management team
- ✓ Potential for significant re-rate





## Corporate Directory

### Company Secretary

Steve Alperstein

### Registered and Principal Office

c/- RBW Accountants  
Suite 501, 83 York Street  
Sydney NSW 2000

### Auditor

Kreston Stanley Williamson  
Level 1, 34 Burton Street  
Kirribilli NSW 2061

### Share Registry

#### Computershare

Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067

Phone: 1300 395 841 (within Australia)  
or +61 3 9415 4393 (outside Australia)  
between 8:30am and 5:00pm (Sydney Time),  
Monday to Friday

Email: [support@bondexchange.com.au](mailto:support@bondexchange.com.au)

Website: [www.bondexchange.com.au](http://www.bondexchange.com.au)

Prospectus can be obtained from  
[www.bondexchange.com.au/prospectus](http://www.bondexchange.com.au/prospectus)

### Investigating Accountant

KrestonSW Audit Pty Ltd  
Level 134 Burton Street  
Kirribilli NSW 2061

### Patent Attorney

#### Adams Pluck

Suite 4, Level 3, 20 George Street  
Hornsby NSW 2077  
Australia

### Legal Advisors

#### Thomson Geer

Sixty Martin Place  
Level 14, 60 Martin Place  
Sydney, NSW 2000

### Tax Advisor

PKF  
Level 8, 1 O'Connell St  
Sydney NSW 2000

## JOINT LEAD MANAGERS

### Stock MarketPlace™

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North Sydney, NSW 2060  
[stockmarketplace.com.au](http://stockmarketplace.com.au)

Contact: Timothy Sylvester  
+61 466 558 875  
[timothy@stockmarketplace.com.au](mailto:timothy@stockmarketplace.com.au)

## Stock MarketPlace™

### Pulse Markets Pty Ltd

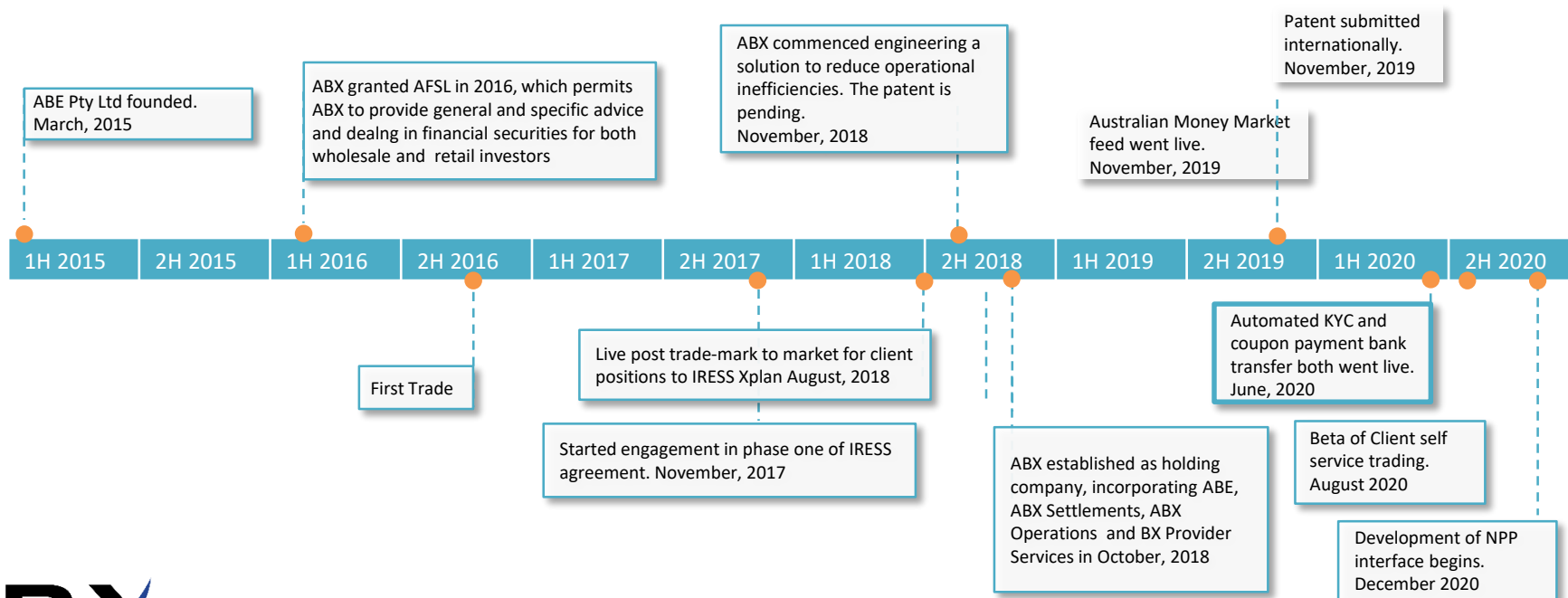
+61 2 9191 0420  
Governor Phillip Tower  
Suite 24.04, 1 Farrer Place  
Sydney, NSW 2000



## Inside the ABX

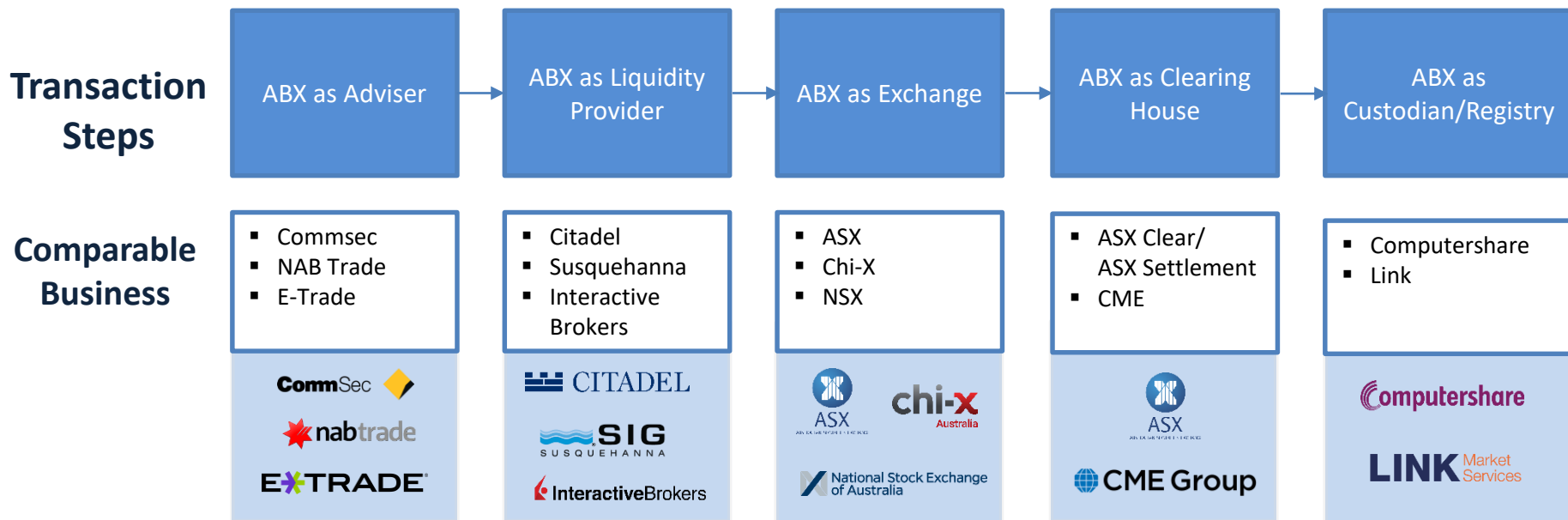
## Development of Australia's first technology-driven bond exchange

- 1) **Advice and dealing for wholesale (B2B) and retail (B2C) clients in Australian bonds** Australian Bond Exchange Pty Ltd (ABE), being the AFS licensed financial advisor entity, providing investment advice and trade execution services;
- 2) **ABE for brokers and financial planners (B2B)** - ABE providing brokers and financial planners with access to an OTC trade execution and settlement service where they can provide their clients with direct, efficient and cost-effective access to the Australian OTC bond market; and
- 3) **Non-advised direct retail access to the ABE (B2C)** - ABX is developing an online trade execution and settlement system using its patent pending solution, which will enable online portals for self-directed investors (such as *IRESS* and Australian Money Market (*AMM*)) to directly access OTC markets, similar to how brokers and advisers access markets on behalf of clients for exchange traded financial products but with the added benefit of virtually instantaneous settlement



Note: All references to "ABX" in this Information Memorandum refer to the entire group of ABX companies, being Australian Bond Exchange Holdings Ltd and all subsidiaries



## ABX pre-trade, trade execution and post-trade services compared to equities market








### Other ABX product offerings

In addition, ABX will also originate new issues and manufacture and distribute multiple bond & synthetic bond products to meet demand. This includes co-investment opportunities, yield enhancement products, direct loans & other non-exchange traded opportunities for investors

## Initial broker partners

Brokers	Summary	Date Signed	Fees	No. of Advisers	FUA
	<p>Shaw and Partners is an investment and wealth management firm. The company specialises in wealth management, institutional dealing, corporate advisory and research</p> <p>ABX provides transaction execution, settlement and custody services</p> <p>Shaw and Partners provides client onboarding, investment advice and transmission of buy/sell orders to the Transaction Engine. If Shaw and Partners fails to comply with any provision, ABX may either limit or suspend transaction service provision, or terminate Shaw and Partners' right to obtain the transaction service</p>	21 January 2021	ABX pays Broker commission net of any applicable fees or costs on each settled transaction	180+	\$21Bln
	<p>Taylor Collison is a leading financial services firm, providing advice and wealth creation strategies to private &amp; institutional investors and corporate clients throughout Australia</p> <p>ABX provides transaction execution, settlement and custody services</p> <p>Taylor Collison provides client onboarding, investment advice and transmission of buy/sell orders to the Transaction Engine. If Taylor Collison fails to comply with any provision, ABX may either limit or suspend transaction service provision, or terminate Taylor Collison' right to obtain the transaction service</p>	7 October 2020	ABX pays Broker commission net of any applicable fees or costs on each settled transaction	23	\$2.5Bln

## Distribution, settlement and safe custody

Partner	Summary	Date Signed	Fees	No. of Users
	ABX has partnered with ANZ to automate and optimise back-office banking processes. Traditional payments and direct debit are configured. Development of integration with the New Payments Platform is ongoing	23 March 2020	Fees based on transaction volume - current monthly cost approximately \$100	Approximately 9 million customers worldwide
	Perpetual is a market leader in the real asset custody space and currently oversees approximately \$151 billion. Assets are held and managed in accordance with the custody agreement and regulatory obligations ABX is a party to a non-exclusive agreement with Perpetual pursuant to which Perpetual provides custodian services to ABX. Either party may terminate the agreement by giving at least 60 days' notice (or such other period as the parties agree) in writing	25 August 2016	Fee based on holdings and trading volume in <i>Austraclear</i> - currently modest fixed monthly cost	Trustee for over 2,000+ trusts with a total A\$274 Bln FUA
	This partnership enables trading of all OTC bonds admitted to trading status on the ABX platform by the over 500,000 users of <i>Iress Pro</i> , <i>ViewPoint</i> and <i>XPLAN</i> . Under this agreement ABX provides IRESS access to its data, and IRESS provides access to its Data Directory Structure and distributes this data to Dealer Groups and Advisers with valid logins. Each party may terminate on 30 days notice IRESS' well-known products include XPLAN (a modular wealth management platform) and Viewpoint (an active trader platform)	31 May 2018	ABX pays a flat fee with additional costs per terminal - current monthly cost is \$17,791	500,000+
	During 2019, ABX entered into a strategic partnership agreement with AMM, similar to the IRESS agreement, to enable the trading of OTC bonds by AMM clients on its platform AMM has over 1,100 financial advisers and wealth managers currently using its platform, over \$5.5 billion funds under its management and has facilitated over 240,000 placements	6 June 2019	No fees – ABX adds an additional fee on any trade (not a split or cut on brokerage, additional to the standard fee structure). Re-charged to AMM's client	30,000+ individual depositors with a total A\$6Bln FUA
	BondAdviser information and clear investment recommendations for a broad range of OTC corporate bonds. ABE has partnered with Bond Adviser to provide third party independent advice. This independent research will be shared with the market to increase trust in the market and will be integrated with IRESS, and other distribution networks	25 March 2021	\$150,000 p.a.	n/a

## ABX's interface into IRESS

IRESS is an Australian software company specialising in the development of software systems and services for financial markets and wealth management.

**IRESS connects to the global marketplace** and provides buy-side and sell-side order management, FIX API order routing, direct exchange connectivity and portfolio management. Examples of IRESS' other well-known products include:

- Pro
- XPLAN
- Viewpoint

In 2018, **ABX entered into an exclusive agreement with IRESS to offer IRESS clients a seamless user experience** for Australian investors to trade bonds in the OTC bond market.

ABX & IRESS combine **ABX's patent pending TEASE with the IRESS order routing system** in order to facilitate trading of OTC bonds on the IRESS system by its **over 500,000 users**



### ABX/IRESS Live Pricing

- ABX and IRESS have integrated a market data and order routing connection that allows all IRESS users to buy and sell Australian bonds alongside current equities trading
- Any system, broker or institution connected to the IRESS Market Data and IRESSNet IOS+ network are therefore able to **view live pricing and trade bonds** admitted to trading status by ABX with little to no technical changes required

### IRESS and AMM Connectivity

**ABX's TEASE system integrates with the IRESS and AMM order routing systems. As ABX's TEASE is connected to these systems, ABX has access to IRESS and AMM's users and clients.** As at January 2021:

- IRESS has 9,000+ clients and 500,000+ individual users
- AMM has over 20 financial institutions partners, 15 managed fund providers and 30,000+ individual depositors

### ABX/IRESS Post Trade Price Feeds

- ABX and IRESS have completed the first phase which has been live since August 2018
- **ABX has been providing post-trade data feeds to users on IRESS' XPLAN platform**, including daily mark-to-market pricing of bonds and recording of coupon payments, corporate actions and bond maturities in client portfolios

## ABE patent pending technology

An automated transactional and settlement system and method

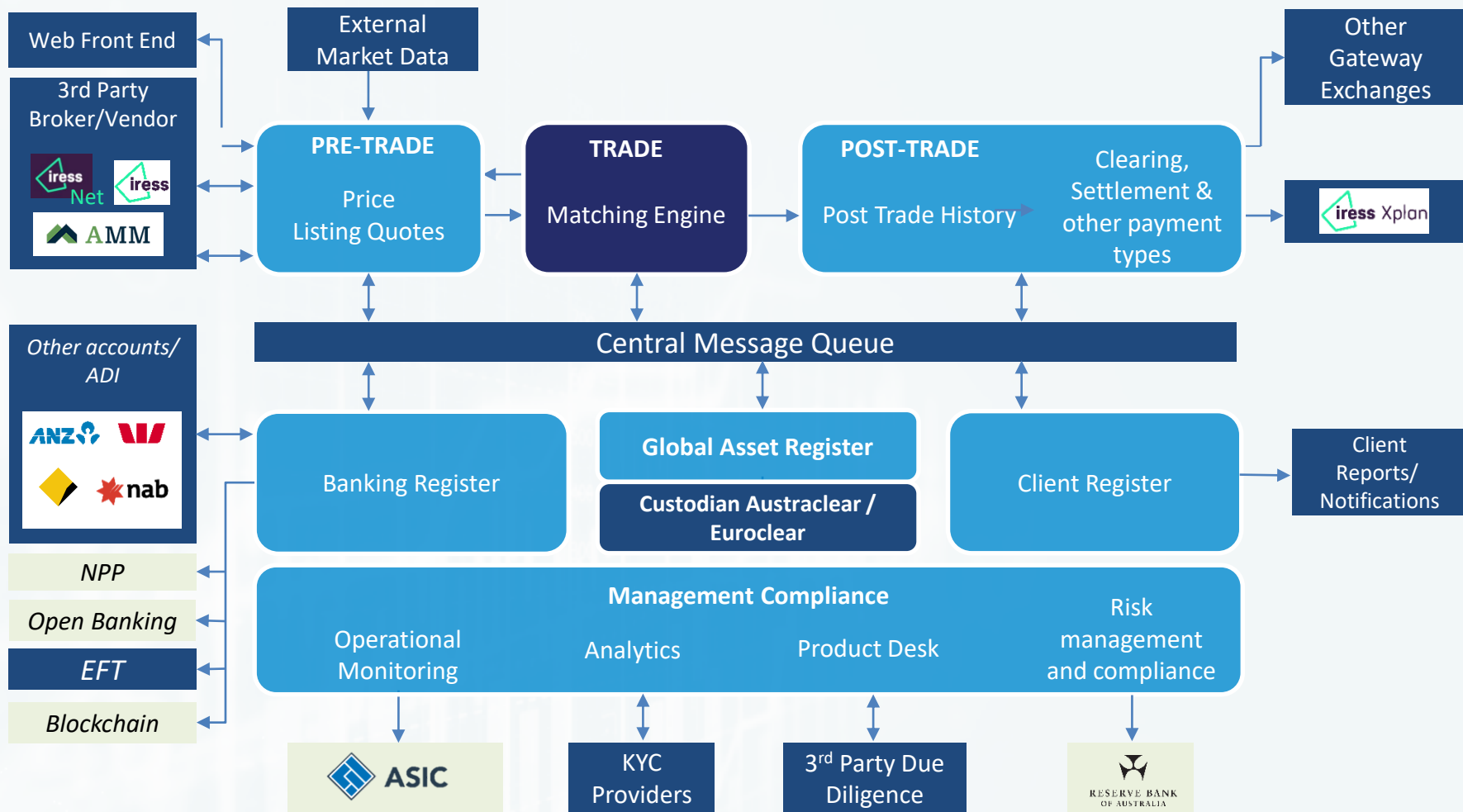
1. Automates multiple parts of the OTC transaction life cycle
2. Eliminates traditional barriers for private investors into to global OTC financial markets

### FEATURES

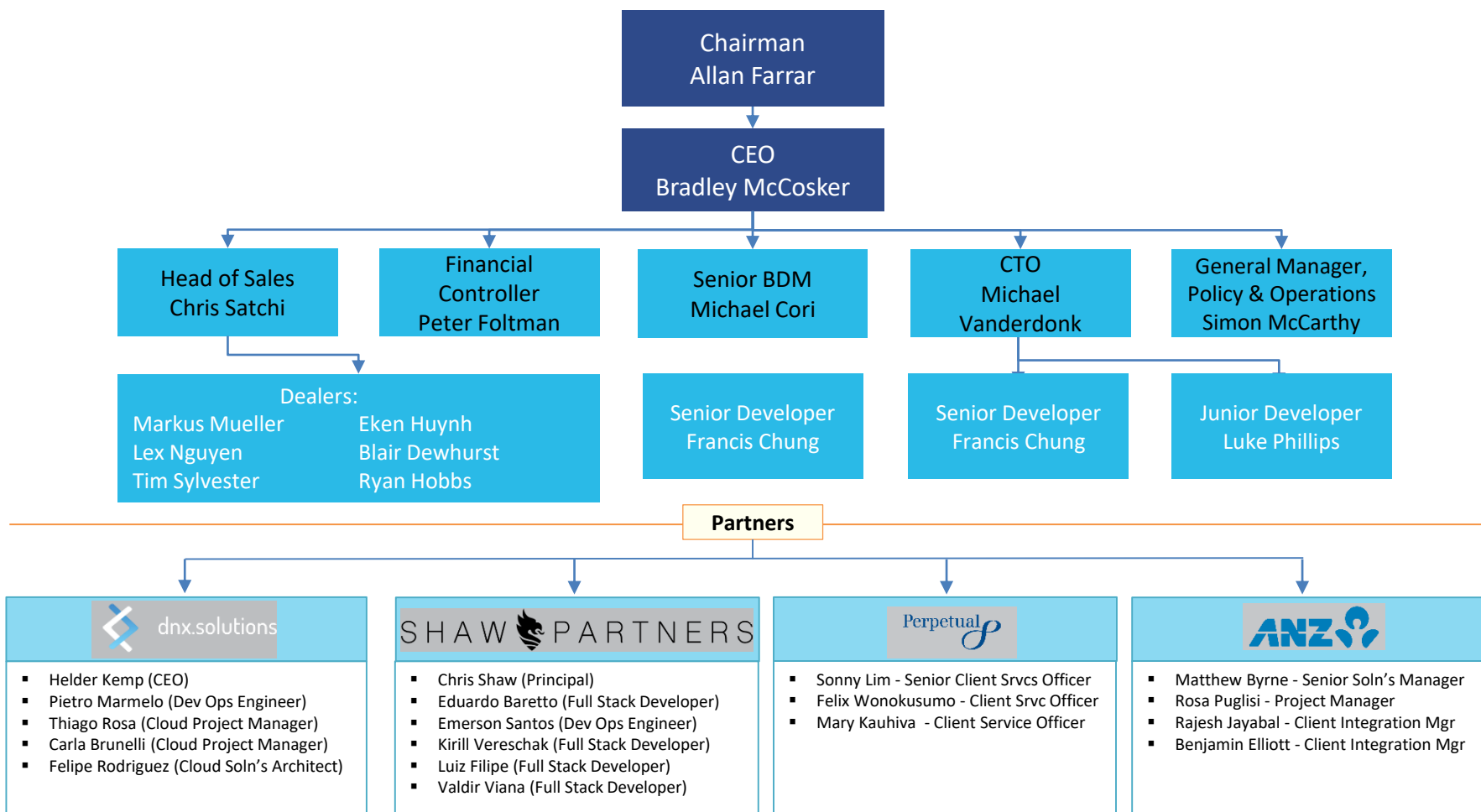
- Pre trade price signalling of OTC market products for all investors in real time
- Trade execution services of the recognised best Bid & Offer in the OTC market
  - inclusive of ABEs trading spread
- Automated & virtually instantaneous trade settlement
  - eliminating most settlement risk in the OTC financial market transaction processes
  - at speeds not achievable by even the latest blockchain-based systems
- Common Global Asset Register (GAR) providing a centralised source for asset & transaction ledger
- Post trade portfolio valuation, coupon and capital payment, and corporate action services
  - all at a centralised yet interconnected location



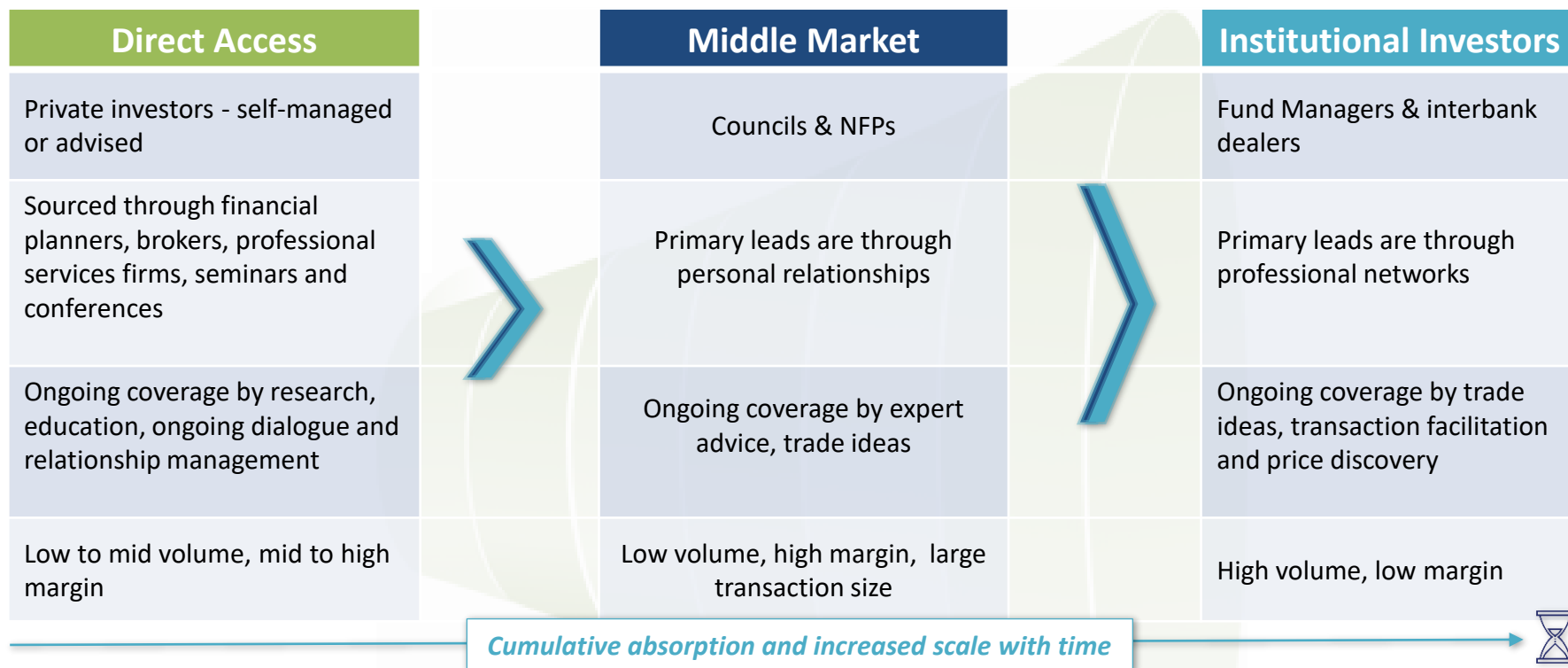
## ABX's Technology Flowchart



## Organisational Staffing



## ABX's business strategy and the 'network effect'



### GROWTH STRATEGY

- 1 Provide **equal access, price transparency, liquidity and technology** with an initial focus on **direct access investors** and **developing the brand**
- 2 Develop and advise corporates to provide **innovative structured products** enhancing yield and attracting more investors to the exchange
- 3 **Promote and facilitate** increasing liquidity to a meaningful scale in order to **accumulate increasingly larger** market participants e.g. institutions

*The path to growth leverages increased bond market participation through the liquidity 'funnel'*

## ABE business strengths



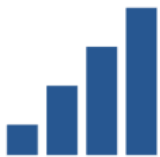
### **Substantial Market Opportunity**

- SMSF investment assets surpassed \$800 billion for the first time in 2021
- Only 1.5% of SMSF portfolios are currently allocated directly to bonds
- An ageing Australian population underlines the need to access to the OTC bond market
- Reducing the barriers to entry with a scalable solution promotes ABEs first mover advantage



### **Established credit and risk management**

- Founder led, with deep industry knowledge of the global financial markets and private investor needs
- No bond defaults experienced by any ABE investor client base since inception
- Senior management and Board formalising governance, corporate processes, and credit risk assessment



### **Demonstrated Performance**

- ABE has transacted over \$21 billion of OTC bonds over the past 5 years
- History of growth with FY21 transaction volume +58% reaching \$9.3 billion and FY21 Revenue + 79% reaching \$5.3 million
- EBITDA reflecting the FinTech Solution build completion priming ABE to now scale



### **Scalable Business**

- Fully developed ABE transaction and settlement solution to leverage off and rapidly scale with Platform and Affiliate Partners
- Significant platform partners already on board providing a pipeline of market adoption
- Attractive client acquisition metrics that work at scale

## Risks

Section 4 of the Prospectus identifies some of the risks associated with an investment in ABE. Before deciding whether to invest in the Company by applying for Shares, you should read the entire Prospectus & satisfy yourself that you have a sufficient understanding of these matters & should consider whether Shares are a suitable investment for you having regard to your own investment objectives, financial circumstances & particular needs (including financial & taxation issues). If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser before deciding whether to invest

Specific Risks Include		General Risks Include
<ul style="list-style-type: none"> <li>• Profitability and funding:</li> <li>• Business strategy execution risk:</li> <li>• Intellectual property risk</li> <li>• Technology risk:</li> <li>• Business disruption risk</li> <li>• Privacy risks</li> <li>• Cyber-attack risk</li> <li>• Limited history in the bond market risk:</li> <li>• New issuance risk</li> <li>• Competition risk</li> <li>• Failure to retain or attract new clients</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance on service providers</li> <li>• Reliance on key personnel</li> <li>• Regulatory risks</li> <li>• Conflicts management risk</li> <li>• Credit risk</li> <li>• Market risk</li> <li>• Liability and insurance coverage risk</li> <li>• Reputational risk</li> <li>• Currency risk</li> <li>• No independent valuation</li> <li>• COVID-19 impact risk</li> </ul>	<ul style="list-style-type: none"> <li>• Economic factors</li> <li>• Liquidity</li> <li>• Shareholder dilution</li> <li>• Taxation changes</li> <li>• Australian Accounting Standards</li> <li>• Force majeure</li> <li>• Prospective Information</li> </ul>

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by ABE or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of ABE and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Investment in ABE must be regarded as highly speculative and neither ABE nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of ABE will be achieved or that any particular performance of ABE or of the Shares, including those offered by this Prospectus, will be achieved.

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[www.bondexchange.com.au/prospectus](http://www.bondexchange.com.au/prospectus)

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