ASX Limited 1H23 results

Helen Lofthouse, Managing Director and CEO
Andrew Tobin, Chief Financial Officer

Presentation and Speaking Notes

16 February 2023

(Check against delivery)

Good morning and welcome to ASX's financial results briefing for the first half of the financial year ending 30 June 2023.

Thank you for taking part in this virtual presentation. I hope you are safe and well wherever you are joining us.

My name is Helen Lofthouse, and I am the Managing Director and CEO of ASX. I am delighted to be presenting these results, and joining me today is ASX's Chief Financial Officer Andrew Tobin.

Before we start, I would like to acknowledge the Gadigal People of the Eora Nation, who are the traditional custodians of the country where I am speaking today. We recognise their continuing connection to the land and waters, and thank them for protecting this coastline and its ecosystems. We pay our respects to elders past and present, and extend that respect to any First Nations people present today.

ASX

1H23 results overview

Presentation agenda

FINANCIAL PERFORMANCE	Resilient operating performance in volatile macro environment.
CHESS	Current CHESS remains reliable robust and supportable. Reassessment of solution design underway.
STRATEGIC THEMES	Key focus areas for ASX.

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Today's presentation will focus on three main topics; our financial performance for the first half of this financial year, CHESS and an update for each our key strategic themes.

I will address the first two topics before Andrew presents our financial performance in more detail. Then I will return with an update on our strategic themes and outlook before we take questions.

First, to financial performance.

1H23 financial results summary

Resilient operating performance in volatile markets

	1H23	$ change on pcp	% change on pcp
Operating revenue	$499.5m	($1.9m)	(0.4%)
Total expenses	$173.9m	($10.9m)	(6.8%)
EBIT	$325.6m	($12.8m)	(3.8%)
Net interest income	$32.6m	$10.9m	50.4%
Underlying NPAT	$250.0m	($0.3m)	(0.1%)
Significant items (after tax)[1]	$176.3m	($176.3m)	-
Statutory NPAT	$73.7m	($176.6m)	(70.6%)
Underlying EPS	129.1cps	(0.2cps)	(0.2%)
DPS	116.2cps	(0.2cps)	(0.2%)

Resilient operating revenue performance with growth in Listings and Technology and Data offset by decline in Markets and Securities and Payments

Expense increase driven by staff and administration costs across technology, customer and risk management activity combined with inflation cost increases

Net interest income growth driven by increase in net interest income on ASX Group cash

Derecognition of CHESS replacement project impacted statutory NPAT

Dividend payout ratio of 90% of underlying NPAT

5 | Operating revenue as per the Group segment reporting. Variance relative to the prior comparative period (1H22 pcp) expressed favourable/(unfavourable).
[1]Significant items represent non-cash CHESS replacement project derecognition charge ($251.9m pre-tax).

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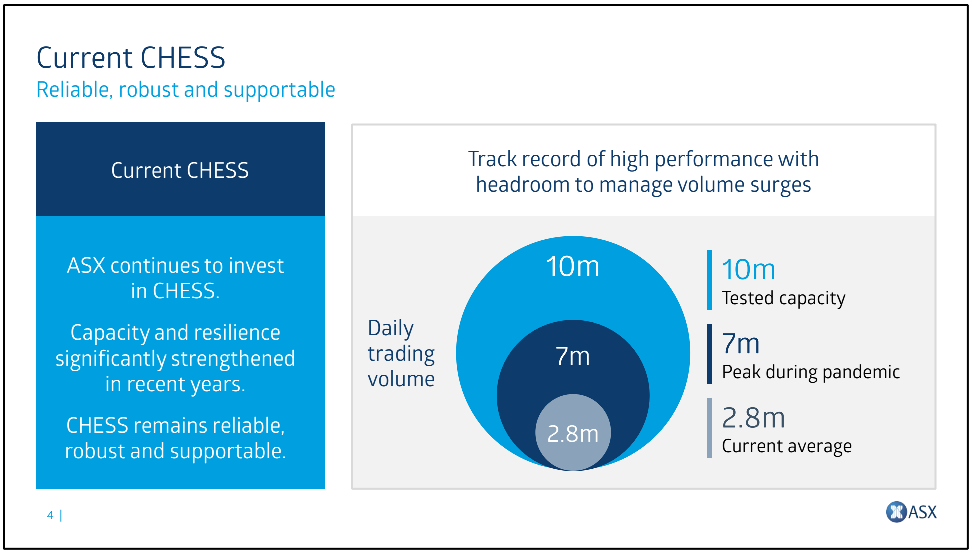
Our half year results saw a resilient underlying performance across the Group with operating revenue coming in at $499.5 million. While this is fractionally down when compared to the prior period, it is a pleasing underlying performance given that the comparative period was a near all-time record result and there have been significant changes in our external environment. This includes the Russian conflict with Ukraine, a sharp increase in global inflation and the swift tightening of monetary policy. This performance demonstrates the strength and diversity of our business through market cycles.

Operating revenue for Listings and Technology and Data was up, as was net interest income. This was offset by declines in Markets and Securities and Payments. Despite the increase in our total expenses, we saw underlying net profit after tax (NPAT) almost flat for the period, down just 0.1%. This is a strong underlying result given the uncertainty in our markets.

In November last year we announced the derecognition of capitalised software in relation to the CHESS replacement project. This non-cash charge of $176.3 million after tax is recorded as a significant item in these results. We also announced that we were maintaining our existing dividend payout ratio of 90% of underlying NPAT. And our interim dividend of 116.2 cents per share is therefore comparable to the first half of FY22, down just 0.2%.

Andrew will provide a detailed discussion of the results shortly.



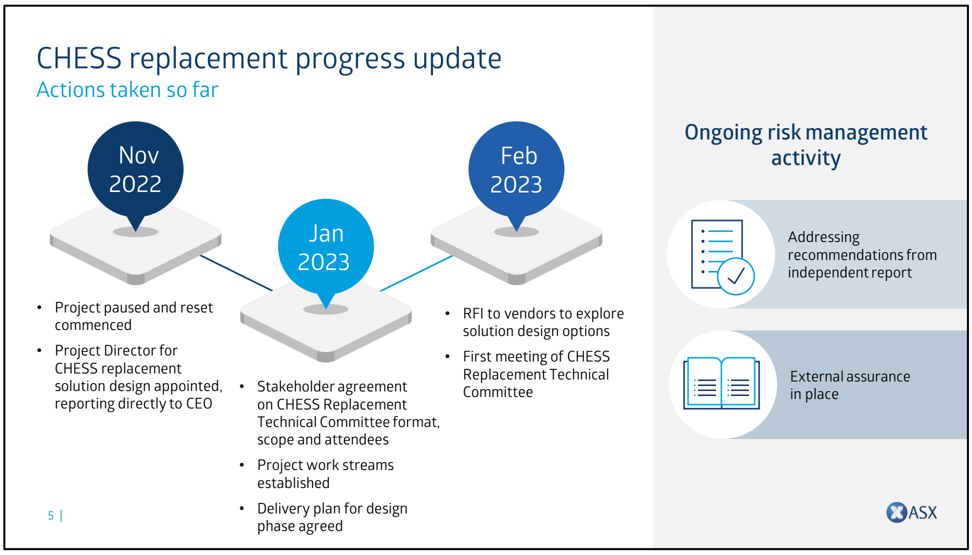
Turning now to CHESS.

Maintaining the security and stability of current CHESS is very important.

Current CHESS has demonstrated a high level of performance as it continues to meet all regulatory requirements and reliably service the market. Following ongoing investment, it has been tested to handle up to 10 million trades a day, which is well above the current daily average of 2.8 million. During the COVID pandemic, we saw an all-time peak of 7 million trades in a day amongst a number of days of approximately 5 million, meaning that we still have headroom to manage volume surges.

With the enhancements we have made to the system's capacity and resilience in recent years, and the investments that we will continue to make, ASX aims to ensure that current CHESS remains reliable, robust and supportable.

There has been some interest in why we are replacing CHESS if the current platform is performing effectively. What we intend to do is build a new, contemporary platform that provides the flexibility and further scalability to evolve and grow with the Australian market.



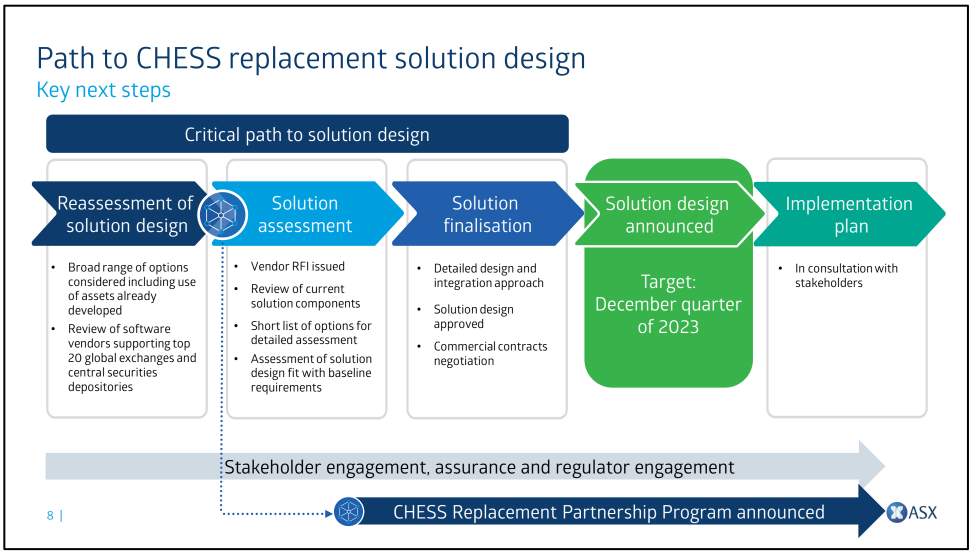
Now I will provide a progress update on CHESS replacement. As we announced in November, we paused the execution phase of the project to reassess the solution design. This was a significant reset of the project and we've rapidly shifted into a new mode. We have taken important steps, including the appointment of key personnel, uplifting stakeholder engagement and strengthening project governance.

We have appointed Tim Whiteley, who has deep experience in technology transformation, as Project Director for the CHESS replacement solution design. Tim reports directly to me and he has already made strong headway in developing and progressing our roadmap, which I will outline shortly.

Stakeholder engagement has been uplifted for the project. We've established the CHESS Replacement Technical Committee made up of key participants, industry associations, software vendors, approved market operators and share registries. This is the Industry Forum that we signalled in our announcement in November. It has wide stakeholder membership and will meet monthly, starting next week, to encourage even deeper industry participation in the project.

And we have accepted and are addressing the recommendations made in the independent review of the previous CHESS replacement project.

Further to this, you may have seen the announcement from our Chair regarding continued progress on our Board renewal program with the appointment of Vicki Carter and Luke Randell as non-executive directors. Vicki's significant experience in organisational transformation and Luke's insights drawn from contemporary customer relationships will deepen our Board experience and support the delivery of the next phase of CHESS replacement.



I now want to talk about the next steps in the CHESS replacement project. We are considering a broad range of options including the use of some existing assets that have already been developed as well as potential vendor solutions. And we are taking on-board learnings from our experience with the project so far.

We have developed the first phase of our roadmap with the key milestone being the announcement of the solution design. Our targeted timing for this announcement is the December quarter of 2023. I'll explain more about what's involved in the process particularly the exploration of new vendor solutions, which is driving this timeline.

As I've mentioned, our solution design reassessment includes existing assets and vendors such as Digital Asset. We have also reviewed the world's top 20 exchanges and central securities depositories to update our view of relevant technology providers for clearing and settlement. And we will be issuing Requests for Information (RFIs) to a list of relevant vendors very shortly.

We're aware that there is no off-the-shelf vendor solution that can meet all the requirements of the Australian market, such as the name on register ownership model, so we will need to conduct a detailed assessment of vendor solutions to understand the customisation and integration requirements. This will take time and it will also be dependent on vendors' availability to carry out this assessment work. You can expect our next progress update to be at our strategy day in June.

Once we have determined the solution design, we will develop our implementation plan. A key driver of timing in this phase will be the stakeholder feedback on elements such as integration and migration.

Stakeholder engagement is a key part of this project and, as I mentioned earlier, we will be actively seeking feedback from the CHESS Replacement Technical Committee. The Committee will provide input on important topics such as revalidating the business requirements, stakeholder readiness activities, and the migration approach. This will ensure that our industry stakeholders have good visibility of progress and are involved in our decisions and processes.

ASX is the licenced operator of cash market clearing and settlement and is responsible for delivering CHESS replacement, but delivering this project successfully will need the combined efforts of many stakeholders to achieve the best outcome for the market.

As you can see from our roadmap, there is still some way to go and we need engagement from the industry for longer than we originally expected. In recognition of this we have established the CHESS Replacement Partnership Program which will give up to $70 million to stakeholders to support their efforts in meeting project milestones through two mechanisms. There will be direct rebates of $15 million for participants, to be paid in August this year based on each participant's clearing and settlement fees paid to ASX. And a development incentive facility of up to $55 million will be available to key stakeholders who are building to the platform. These incentives will be paid based on the achievement of project milestones noting an initial pool of approximately $10 million will be paid to eligible stakeholders within this financial year. The final size of the development incentive facility will depend on the chosen solution design.

This Partnership Program of up to $70 million is a substantive contribution that takes into account the extended timeline of the project and aligns all of us towards achieving a successful outcome for the market.

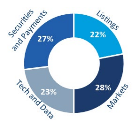
To recap, we will continue to invest in current CHESS. We have taken important steps to progress the CHESS replacement project. We have set out a roadmap for the announcement of the solution design and established the CHESS Replacement Partnership Program. This is a once-in-a-generation reset of this technology and it's important that we get it right.

I will now hand over to Andrew to cover our financial performance.

Thanks Helen and good morning.

1H23 ASX financial results

Resilient underlying operating performance in volatile macro environment



	1H23 $m	2H22 $m	1H22 $m	1H23 v 1H22
Listings	109.7	109.8	104.1	5.4%
Markets	138.8	156.7	141.9	(2.2%)
Technology and Data	117.5	113.3	108.6	8.3%
Securities and Payments	133.5	141.5	146.8	(9.1%)
Operating revenue	**499.5**	**521.3**	**501.4**	**(0.4%)**
Total expenses	**173.9**	**170.5**	**163.0**	**(6.8%)**
EBIT	**325.6**	**350.8**	**338.4**	**(3.8%)**
Net interest income	32.6	19.4	21.7	50.4%
Underlying NPAT	**250.0**	**258.2**	**250.3**	**(0.1%)**
Significant items (after tax)	176.3	-	-	
Statutory NPAT	**73.7**	**258.2**	**250.3**	**(70.6%)**
EBIT Margin	65.2%	67.3%	67.5%	-
Underlying earnings per share (EPS) (cents)	129.1	133.4	129.3	(0.2%)
Dividends per share (DPS) (cents)	116.2	120.0	116.4	(0.2%)

Operating revenue flat, reflecting diversified business model in volatile macro environment; growth in listings revenue and increased demand for market data offset by weaker market activity across futures, equity trading and securities and payments businesses

Total expenses increased 6.8% reflecting growth in staff, administration costs across technology, customer and risk management activities, partly offset by lower depreciation charge

Net interest income up 50.4% due to increases to RBA cash rate and higher collateral balances

Significant items represent non-cash CHESS replacement project derecognition charge ($251.9m pre-tax)

Underlying NPAT down 0.1%

8 | Operating revenue and expenses as per the Group segment reporting. Variance expressed favourable/(unfavourable).

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Our first half 2023 operating result demonstrates the resilience of ASX in what has been a volatile and uncertain macro environment over the past six months.

Underlying profit for 1H23 was $250 million and is consistent with the 1H22 result. However, ASX's statutory profit was $73.7 million, down significantly compared to the prior corresponding period (pcp), impacted by the CHESS project derecognition charge of $176.3 million after tax in the half. The pre-tax amount of $251.9 million consists of derecognised capitalised costs of $248.4 million and related project wind-down costs of $3.5 million, and is within the guidance range of $245 - $255 million that we announced in November last year when we paused the CHESS project.

Operating revenue in 1H23 of $499.5 million was down marginally, by 0.4%, on the pcp with increased revenue from Technology and Data and Listings being offset by declines in the Securities and Payments and Markets business lines.

Expenses were $173.9 million, up 6.8% on pcp, mainly reflecting increased staff and administration costs as further resources were added to our technology, customer and risk management activities, partially offset by a lower depreciation charge.

We saw a strong rebound in net interest in the period, up 50.4% to $32.6 million, supported by RBA cash rate increases on ASX's cash balance.

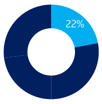
The increase in expenses, relative to the revenue outcome, resulted in our EBIT margin falling from 67.5% in 1H22 to 65.2% in the current period while underlying earnings per share was broadly consistent with the pcp at 129.1 cents per share.

Reflecting this underlying earnings result the Board has declared a dividend of 116.2 cents per share for this half.

Now turning to the business line revenue outcomes.

Listings

Revenue recognition policy offsets slowdown in activity

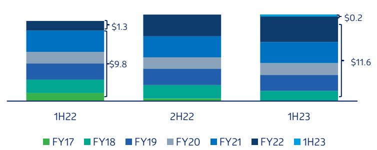


	1H23	2H22	1H22	1H23 v 1H22
Revenue ($million)	**109.7**	**109.8**	**104.1**	**5.4%**
Annual listing	53.9	55.6	53.2	1.4%
Initial listing	11.8	11.8	11.1	6.5%
Secondary raisings	39.5	38.0	35.1	12.6%
Investment products and other listing	4.5	4.4	4.7	(6.1%)
Key drivers				
New listings (number)	40	67	150	(73.3%)
Market cap of new listings ($billion)	2.0	29.2	29.7	(93.3%)
Secondary capital ($billion)	30.2	135.9	60.6	(50.2%)

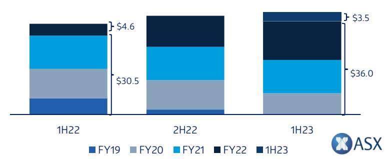
Annual fee income supported by growth in annual market capitalisation

Initial listing and secondary raisings revenue benefiting from prior period listings and capital issues despite subdued current market conditions

Initial listing fee revenue contribution per period under AASB 15 ($ million)[1]



Secondary listing fee revenue contribution per period under AASB 15 ($ million)[1]



9 | Operating revenue as per the Group segment reporting. Variance expressed favourable/(unfavourable).
1. Colours represent the year in which revenue was generated and the periods over which it is amortised.
Operating revenue as per the Group segment reporting.

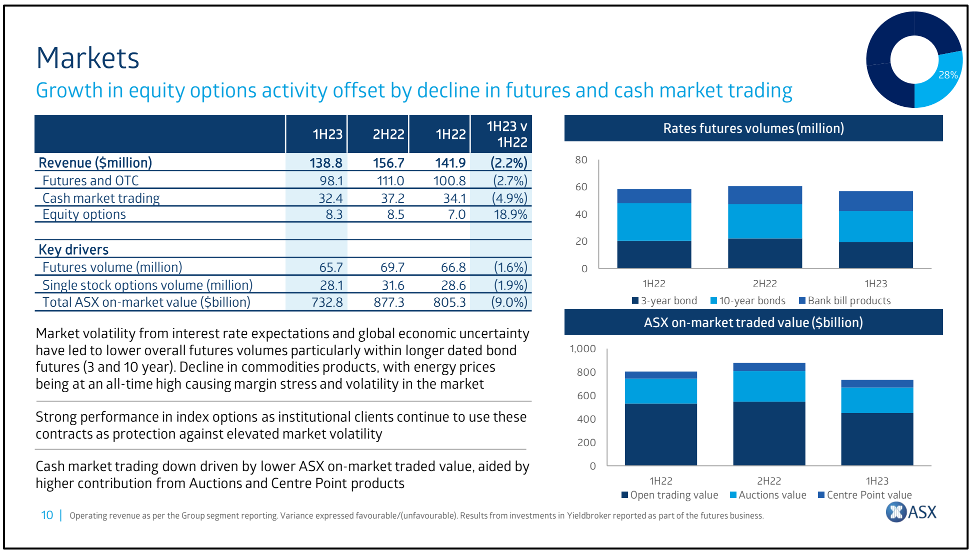
Our total Listings revenue was 5.4% higher than the pcp at $109.7 million. Annual listing fees, which is set based on each listed company's market capitalisation, increased by 1.4% to $53.9 million and this makes up nearly half of the total Listings revenue.

As noted earlier, the volatile macro environment has contributed to lower initial and secondary capital raising activity. There were 40 new listings, raising $2.0 billion in 1H23 compared to 150 new listings, raising $29.7 billion in the pcp representing a 93% decline in initial capital raised. Secondary market capital raised fell by just over 50% relative to 1H22 with $30.2 billion raised in this half compared to $60.6 billion in 1H22.

As you may be aware we recognise the revenue derived from initial and secondary listings over five years and three years respectively, and so, despite the lower activity in the current period, the revenue outcomes reported mainly reflect prior period outcomes. This is shown in the bar charts on the slide.

Therefore initial listing revenue recognised in the half was $11.8 million, up 6.5% compared to pcp, and secondary revenue was $39.5 million, up 12.6%.

Moving now to the Markets business.

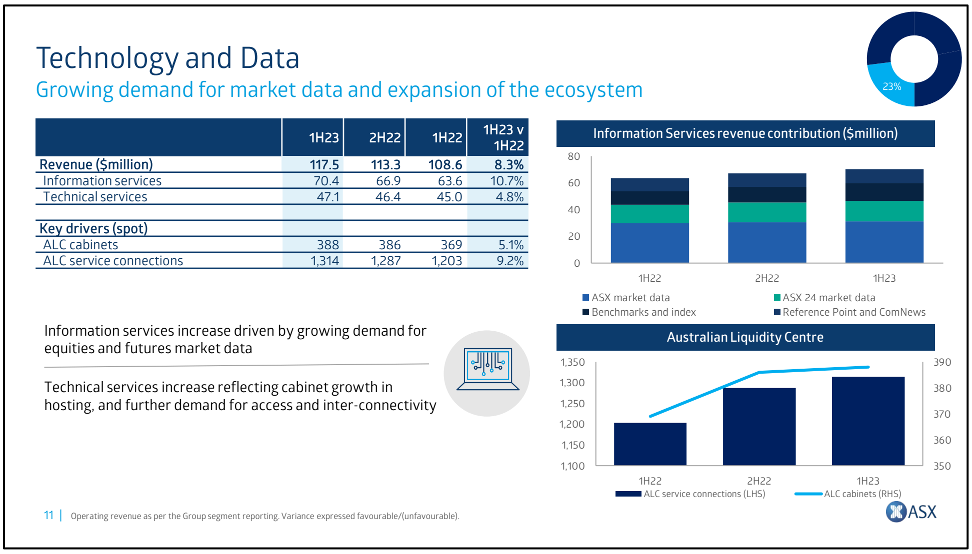


The Markets business generated revenue of $138.8 million, down 2.2% compared to 1H22. We saw a 1.6% decline in futures volumes with falls in the 3 and 10-year bond contract volumes partially offset by significant growth in the 30 and 90-day bank bill contracts. Overall futures and OTC revenue was $98.1 million, down 2.7%.

Cash market trading revenue was $32.4 million, down 4.9% on pcp, impacted by overall ASX traded market value of $732.8 billion in the half compared to $805.3 billion in 1H22. However, as outlined in the chart on the lower right of the slide, we did see an increase in both the Auctions and Centre Point values traded in the period which generate higher marginal revenue compared to the open trading activities.

With increased equity market volatility in the half we also saw higher index option volumes leading to an 18.9% increase in equity options revenue to $8.3 million.

Now, looking at the Technology and Data business.

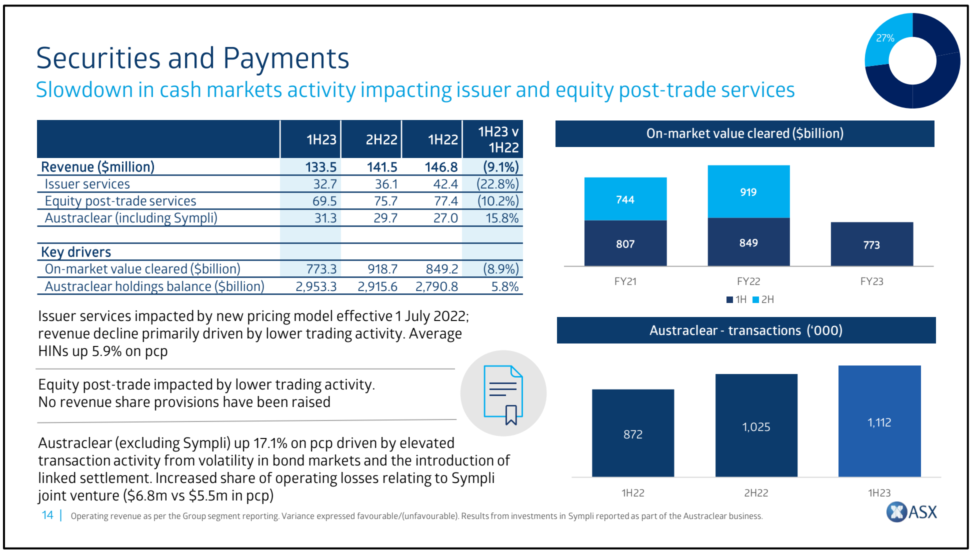


Technology and Data had another strong half with total revenue of $117.5 million, increasing by 8.3%.

Information services generated revenue of $70.4 million, up 10.7% on pcp, supported by strong growth in demand for equities and futures data as well as benchmark and index volumes.

Technical services was also up, with revenue coming in at $47.1 million, 4.8% more than pcp. Growth in customer infrastructure and connections at ASX's data centre, known as the Australian Liquidity Centre, drove this revenue increase with the number of customer cabinets increasing from 369 in 1H22 to 388 at 31 December. The number of service connections between ALC customers also increased, up 9.2% to 1,314 connections by the end of the half.

Finally, moving onto our fourth business - Securities and Payments



The Securities and Payments business generated revenue of $133.5 million, down 9.1% compared to 1H22.

Issuer Services revenue was $32.7 million, down 22.8%, impacted by a significant fall in CHESS statements issued and primary market facilitation activities in the half. Issuer Holder Identification Numbers, or HINs, increased by 5.9% compared to pcp but the decline in revenue reflected lower overall listing and capital raising activity.

Equity post-trade services include cash market clearing and settlement activities. Revenue from these services declined by 10.2% to $69.5 million compared to 1H22. The total on-market value cleared for the half was $773.3 billion compared to $849.2 billion in 1H22 and total settlement messages, driven by the movement and settlement of securities, fell by 13.9% in the period.

Our Austraclear business provides settlement, depository and registry services with revenue of $31.3 million, up 15.8% compared to pcp. Austraclear saw a 5.8% growth in holding balances to just under $3 billion at 31 December and a 28% increase in transaction volume reflecting the elevated interest rate environment in the half.

The Austraclear revenue includes the net operating contribution from Sympli, ASX's property settlement joint venture. Sympli continued to meet significant development and operational milestones in the half and we recorded a loss of $6.8 million compared to $5.5 million in 1H22.

Turning now to expenses.

1H23 ASX total expenses

Operating expense growth led by higher staff and administration costs

	1H23	2H22	1H22	1H23 v 1H22
Staff	96.5	86.0	85.7	(12.5%)
Occupancy	4.9	4.4	4.5	(9.0%)
Equipment	26.0	24.2	23.6	(10.1%)
Administration	19.8	18.6	13.0	(52.9%)
Variable	6.3	7.5	8.0	20.4%
ASIC supervision levy	3.0	4.4	3.3	8.5%
Operating expenses	**156.5**	**145.1**	**138.1**	**(13.4%)**
Depreciation and amortisation	17.4	25.4	24.9	30.0%
Total expenses	**173.9**	**170.5**	**163.0**	**(6.8%)**
FTE (average)	**809**	**768**	**749**	**(8.0%)**
Capital expenditure	**56.6**	**51.2**	**54.0**	**4.8%**

Staff expense growth reflects wage and headcount increases to support key initiatives across technology, customer and risk management

Administration cost growth due to implementation of risk management initiatives, higher insurance premiums as well as a rebound in travel and entertainment costs post ending of COVID restrictions

Depreciation decline reflects final depreciation period for a number of assets

Expense guidance for FY23 remains at 10-12% reflecting:
- Ongoing build-out of technology, risk management and customer activities
- Increased assurance for current CHESS and solution design costs for CHESS replacement.

Capital expenditure guidance for FY23 revised to $100-115 million following pause in CHESS replacement project.

CHESS Replacement Partnership Program established. Total cost will be up to $70 million which will be recognised as a significant item. Approximately $25 million expected to be incurred in 2H23.

15 | Expenses as per the Group segment reporting. Variance expressed favourable/(unfavourable).

Total expenses for the half were $173.9 million, representing growth of $10.9 million or 6.8% compared to 1H22. Operating expenses increased by $18.4 million and this was partially offset by a decline in depreciation and amortisation costs of $7.5 million.

The largest growth in expenses was in relation to staff which was up by $10.8 million or 12.5% with average full-time equivalent headcount increasing from 749 in 1H22 to 809 in 1H23. Resources were added to key areas of the business including technology, risk management and customer and the cost growth also reflected salary increases in the period.

Other key areas of expense growth included equipment and administration activities reflecting annual licence fee increases, project related consulting and assurance activities, higher insurance premiums, and a rebound in travel and entertainment costs post the ending of COVID restrictions.

Capital expenditure for the half was $56.6 million up from $54.0 million in 1H22 with $32.1 million relating to the CHESS project.

As you may have noted the expense growth in the first half of 6.8% is tracking below the full year 2023 guidance of 10 - 12% that we provided to the market in August.

However, given our ongoing build-out of technology, risk management and customer activities combined with increased assurance costs in relation to current CHESS and solution design costs for CHESS replacement, we are expecting our second half costs to increase from here. We believe that we can still manage within our original expense parameters and so today we are reconfirming our FY23 expense guidance range of 10-12% growth compared to FY22.

In terms of FY23 capital expenditure, we have previously communicated our revised guidance down to a range of $100 - $115 million following our decision to pause the CHESS replacement project in November.

As Helen mentioned, today we announced the CHESS Replacement Partnership Program with a total cost of up to $70 million which will be recognised as a significant item in our financials. It consists of rebates for participants and a development incentive facility for eligible stakeholders. The rebate component of the program will cost $15 million and will be paid to clearing and settlement participants as a revenue rebate in August this year. The development incentive facility is estimated to cost up to $55 million with access for eligible stakeholders based on the achievement of future project milestones.

Approximately $25 million will be recognised in 2H23 which consists of the $15 million rebate payment and an initial payment of $10 million from the development incentive fund. The balance will be incurred over subsequent periods and be determined by the CHESS project solution design.

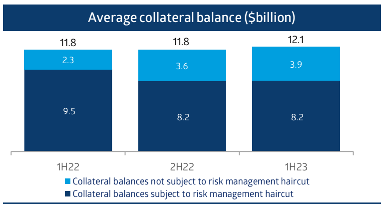
1H23 ASX net interest income

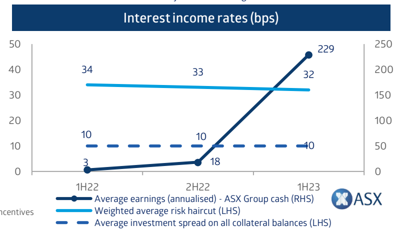
ASX Group net income growth offset by subdued investment spread income

	1H23	2H22	1H22	1H23 v 1H22
Net interest income on ASX Group cash	13.5	0.2	(0.8)	Large
Lease financing cost	(1.3)	(1.4)	(1.5)	12.6%
Group net interest income	**12.2**	**(1.2)**	**(2.3)**	**630.2%**
Net interest on collateral balances	20.4	20.6	24.0	(14.9%)
Total net interest income	**32.6**	**19.4**	**21.7**	**50.4%**

Drivers of total net interest income:

- Net interest income on ASX Group cash (average balance of $1.3bn) driven by increases to RBA cash rate, net of lease financing cost
- Returns on average collateral balances (1H23: $12.1bn):
  - Fall in risk management haircut[1] income due to change in mix between required margins and excess, and reduced weighted average risk management haircut rate
  - Average investment spread, earned on all collateral balances, remained at 10bps, consistent with 1H22 and 2H22
    - Subdued investment spreads due to significant excess cash in the financial system – may not change for 6+ months





Net interest income per segment reporting. Variance expressed favourable/(unfavourable).

[1] For more information on risk management haircuts see: https://www2.asx.com.au/markets/clearing-and-settlement-services/asx-clear-futures/interest-payments-haircuts-fees-and-incentives

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Net interest income consists of interest earned on ASX's cash balances less working capital facility and lease financing costs; and net interest earned from the collateral balances lodged by participants.

Total net interest income for the half was $32.6 million representing an increase of $10.9 million, or 50.4%, compared to 1H22.

The group net interest income of $12.2 million was driven from the increase in the RBA cash rate over the half.

Net interest earned on the collateral balances was $20.4 million, down 14.9% on the pcp. The average collateral balance increased from $11.8 billion in 1H22 to $12.1 billion in 1H23 and the investment spread on the total collateral balances remained consistent at 10 bps given the significant levels of excess capital in the financial system. However, the average participant balances subject to risk management or interest rate haircuts declined during the half and this was the key driver of the overall fall in net interest earned on the collateral balances.

1H23 ASX balance sheet and shareholder returns

Stable balance sheet; 90% dividend payout policy

Balance sheet	31 Dec 22 $m	30 Jun 22 $m
Cash and other financial assets	12,025.2	14,457.0
Intangibles (excluding software)	2,325.5	2,325.5
Software	117.6	311.8
Investments	90.3	97.6
Other assets	925.8	1,045.6
Total assets	**15,484.4**	**18,237.5**
Amounts owing to participants	10,801.0	13,276.7
Other liabilities	1,052.1	1,155.4
Total liabilities	**11,853.1**	**14,432.1**
Total equity	**3,631.3**	**3,805.4**
Long-term credit rating from S&P	AA-	AA-

Shareholder returns	1H23	2H22	1H22	1H23 v 1H22
Underlying return on equity	13.4%	13.8%	13.5%	(0.1%)
Underlying earnings per share (cents)	129.1	133.4	129.3	(0.2%)
Dividend per share (cents)	116.2	120.0	116.4	(0.2%)
% of underlying profit paid out	90%	90%	90%	-

Shareholder returns

Underlying return on equity of 13.4%, down 0.1% on pcp

Underlying earnings per share down 0.2% on pcp

Interim dividend of 116.2 cents per share, down 0.2% on pcp – not impacted by derecognition of CHESS replacement project

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The balance sheet of ASX is strong and positioned conservatively, with the S&P long-term rating of AA- reconfirmed during the period, and a nominal amount of debt for working capital purposes.

Of note, amounts owing to participants fell by approximately $2.5 billion over the past six months, reflecting a decrease in open positions held in interest rate and equity index futures. This decline also drives the level of cash and other financial assets held at balance date. Also of note, has been the reduction in the software balance, which mainly reflects the derecognition of the CHESS capitalised software, as noted earlier.

From a shareholder return perspective, underlying return on equity in the half was 13.4%, down 10 bps compared to 1H22.

And, as I mentioned earlier, the Board has determined an interim, fully franked, dividend of 116.2 cents per share in line with our dividend policy to payout 90% of underlying NPAT.

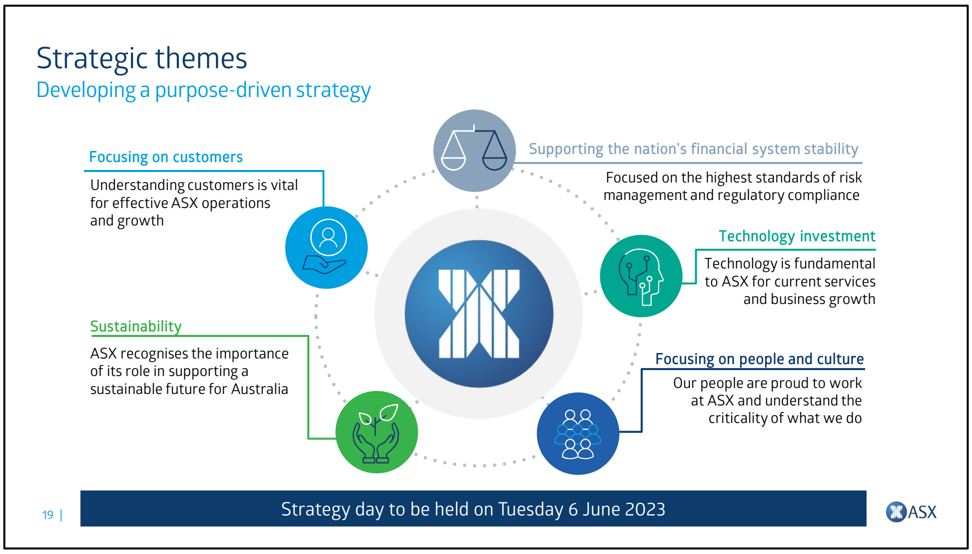
In summary, the 1H23 result reflects the strength of ASX's diversified business. ASX has delivered a resilient outcome against a backdrop of an uncertain and volatile macro environment.

We are also building additional organisational capability and capacity to address the current CHESS system and solution redesign activities as well as ongoing technology, risk management and customer initiatives in the second half of this financial year. As I have noted, this increased activity is included in our operating expense and capex guidance metrics for the full year.

With that, I will hand back to Helen.

Thank you.

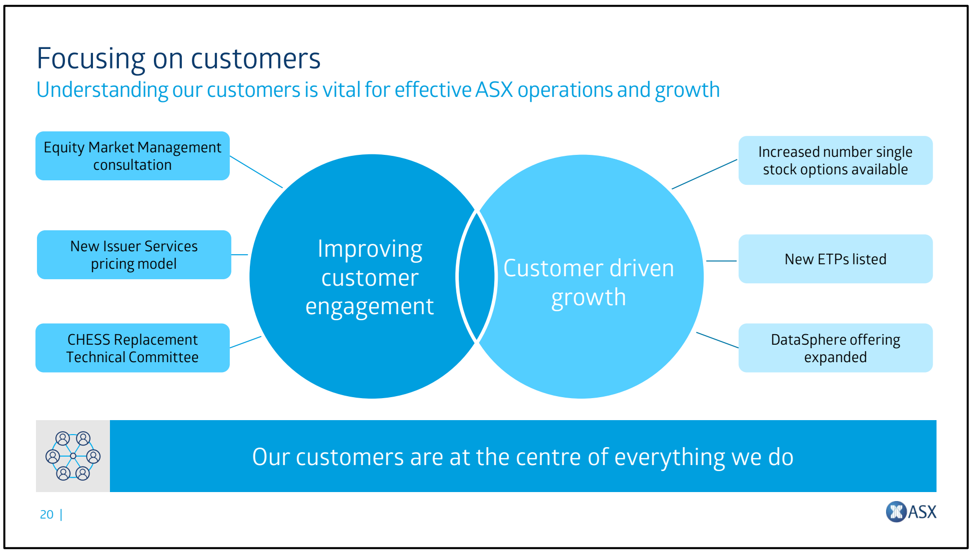
Thanks Andrew.



At our FY22 results, I outlined the key themes that will continue to be focus areas for ASX. These are:

- the importance of increased engagement and collaboration with our customers;
- our commitment to supporting financial system stability;
- our ongoing investments in technology;
- the importance of our people, capabilities and culture; and
- our commitment to sustainability.

Our multi-year strategic planning process is ongoing and I look forward to sharing more with you at our strategy day in June. In the meantime, I would like to update you on recent developments for each of these themes.



Our customers are at the centre of everything that we do. We are focusing on improving the way that we engage with customers, because good two-way communication and understanding of our customers is vital for effective ASX operations.

I want to make sure I am hearing our customers' feedback directly. And, in the past six months, I have personally met with many of our key customers to discuss ways we can further enhance our partnerships. This process has been valuable and will continue to inform the way we connect and respond to them.

I'll give you some examples of other customer engagement that has been happening, starting with the Equity Market Management Consultation. This work is in response to ASIC's Report 708 that outlines the regulator's expectations for the industry in managing a market outage. We engaged with nearly 200 people including direct participants, industry bodies, vendors, other market operators and wholesale investors. This opportunity to consult was well-received and is an example of how we are providing customers and other stakeholders with a good line of sight on what we are doing, listening to their feedback, and involving them in decisions that we are making.

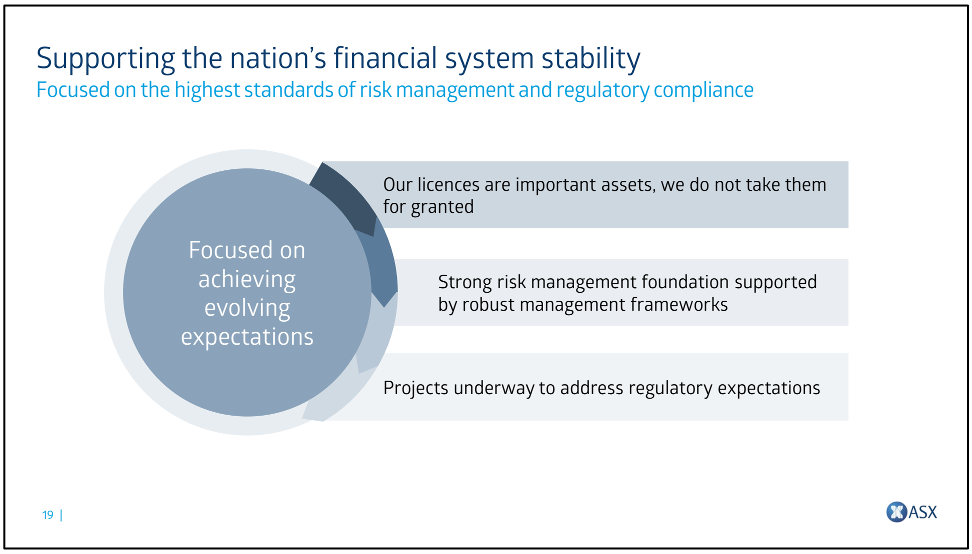
We also consulted with customers to make improvements to our product and service offerings, including the launch of our new Issuer Services pricing model at the beginning of this half. This structure is more straightforward and transparent for our issuers, with lower overall costs to the market.

I spoke earlier about the creation of the CHESS Replacement Technical Committee. This is an important industry forum that was created through our ASX Business Committee to engage more deeply with our customers and other stakeholders regarding the CHESS replacement project. This diverse group will play a key role in ensuring strong two-way communication as we move forward.

Staying close to our customers also creates new growth opportunities for ASX. We want our customers to have the opportunity to access the right product for them when they need it. We have further expanded our single stock options offering by launching another seven stocks so far this financial year, bringing the total to 89. We also listed 24 new Exchange Traded Products this half, bringing the total to 276. Both of these initiatives have been in response to customer demand and market conditions.

We expanded our DataSphere offering by partnering with Yieldbroker to provide their end of day rate sheets on the platform. This allows our customers to access additional OTC fixed income data to help them with market monitoring, valuation and other analysis. We continue to look at opportunities to add more data products to our portfolio going forward.

We are listening to our customers, and aim to provide an unmatched range of products and services for them.



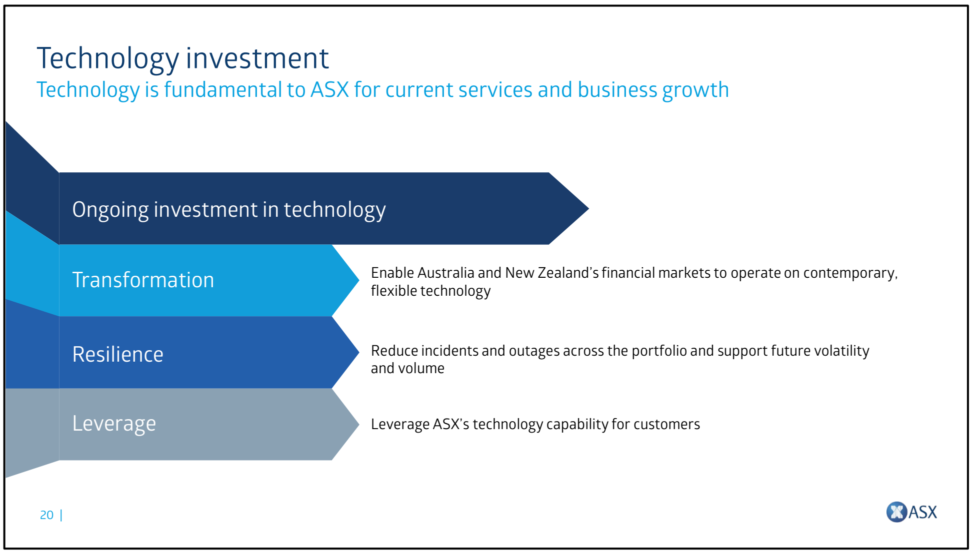
ASX plays a critical role in the financial ecosystem by enabling a fair and dynamic marketplace for all. We have strong a risk management foundation that we continue to build upon. Our licences are one of our most important assets and we do not take them for granted.

Our organisation is supported by robust management frameworks to ensure that we are operating at the standard required as a provider of critical market infrastructure that supports the nation's financial stability. We monitor our performance against these frameworks and regularly seek input from external experts. An important example of these frameworks is our conflicts management policy and protocols. Our licences require us to manage conflicts effectively.

There are several mechanisms in place to achieve this, including separate clearing and settlement Boards that include independent directors and an independent Chair.

We understand the importance of meeting or exceeding our regulators' expectations, given the significance of our role. These expectations continue to rise as best practice advances and we need to ensure that we are evolving to meet them.

As you know, we have had additional regulatory expectations articulated following the pause in the CHESS replacement project. These relate to learnings from that project as well as other reviews including the Financial Stability Standards Assessment. We have a number of work streams in place to ensure that we are addressing these expectations fully.

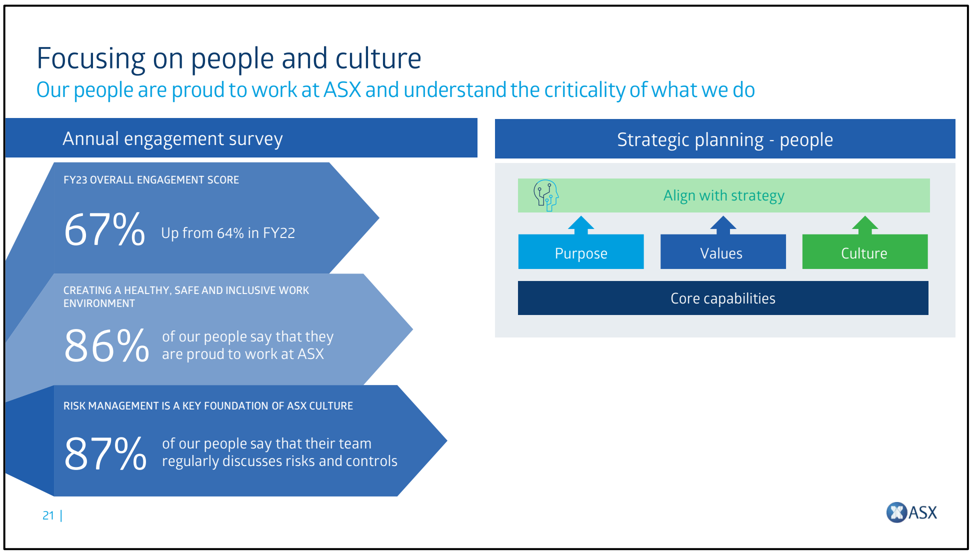


ASX is a provider of critical market infrastructure and our customers rely on us to provide effective, efficient and resilient services and technology. To continue doing this, we need to make ongoing investment in our platforms, ensuring that they are contemporary, sustainable and scalable.

One of our multi-year technology transformation projects has been the replacement of our equity data warehouses. We have built a new, contemporary platform which has significantly increased flexibility, scalability and resilience. For customers, the first visible element of this new platform has been the upgrade to the Signal B feed which provides critical trade confirmation data and is now using international standard protocol, also with improved stability. This new service is now live.

And we have significantly uplifted enterprise level capability in quality engineering and testing. This work supported the rollout of these updates and will continue to be an important benefit for future technology initiatives.

We are also leveraging our technology to drive revenue growth. For example, the Australian Liquidity Centre, or ALC data centre, allows our customers to connect directly to ASX. We are seeing an increasing number of cross-connections between our customers, who use that service to drive cost savings and performance improvements.



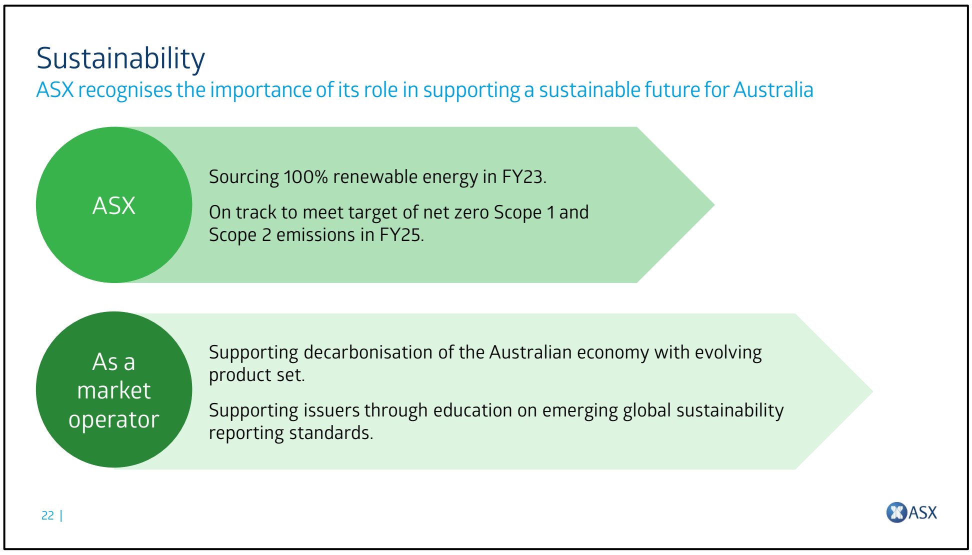
Like many firms across Australia, ASX strives to create an environment which attracts and retains highly capable people. There has been a slight improvement in our overall staff engagement score in the annual engagement survey. And while there is still much more work that needs to be done, we have a strong foundation with 86% of our employees saying that they are proud to work at ASX as they recognise the privilege and responsibility that comes with our role in the financial ecosystem. Importantly, risk management remains at the heart of our culture with 87% of our people say that their team regularly discusses risks and controls.

We have been listening to our people to understand what is important to them. Flexibility stands out as a key part of their employee experience and we are investing in our workplace technology to enhance connectivity and tools for collaboration. And we have a commitment to creating a safe and inclusive workplace. We are recognised as an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency.

As part of the strategic planning process we are reviewing our purpose as an organisation, our values and our culture. This is being done in close consultation with our people as they live our values each day. In addition, we are reviewing the core capabilities that we need as our organisation evolves. We have established function-specific models in a number of areas supporting career development and delivering key capabilities for ASX.

Leadership is a crucial part of organisational culture and performance, and I'm delighted to have made these very strong executive appointments in the last six months:

- Andrew Tobin as Chief Financial Officer
- Blair Beaton as Group Executive of Listings
- Daniel Moran as Chief Compliance Officer, and
- Johanna O'Rourke as Group General Counsel.

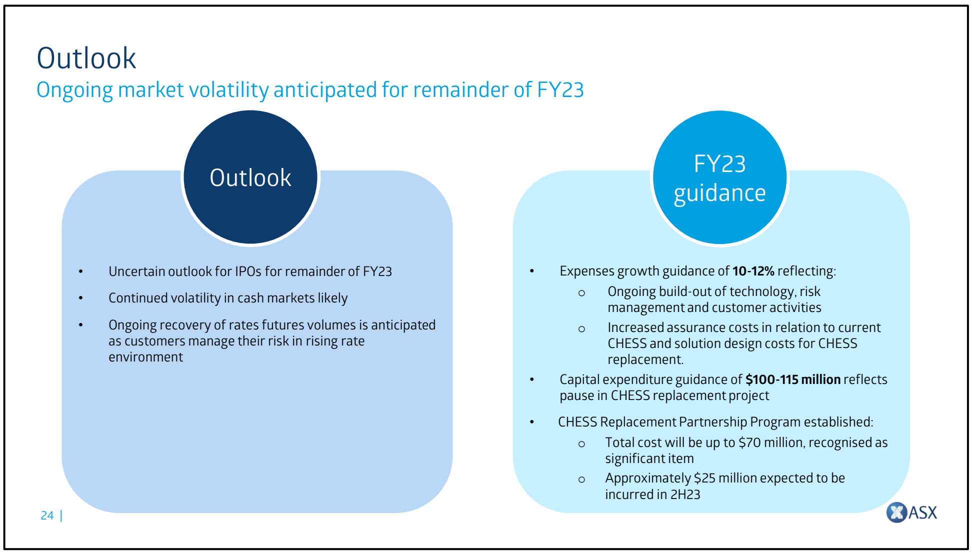


ASX supports sustainability in all its forms, and we remain committed to supporting corporate Australia in achieving its sustainability goals. We are on track to meet our commitment of sourcing 100% renewable energy this financial year and are targeting net zero Scope 1 and 2 emissions by FY25.

We are also looking at ways to further reduce our carbon footprint. We are working with the industry to encourage take-up of CHESS eStatements to reduce paper usage and are developing our e-waste strategy that includes our hardware providers. We look forward to sharing more on this in due course.

We continue to look for opportunities to support the decarbonisation of the Australian economy. Our electricity futures products are an important tool supporting investment in decarbonisation and we are continuing to develop our carbon futures products. We are also under consideration by the Clean Energy Regulator to operate the Australian Carbon Exchange and remain excited about this opportunity. Sustainability disclosures and reporting are also an area of focus and we continue to support our issuers through education sessions to keep them up to date with emerging global standards in sustainability.

I'll turn now to the outlook for the remainder of this financial year.



Ongoing global economic conditions and inflationary pressures combined with geopolitical tensions continue to create uncertainty. The IPO market remains subdued due to this ongoing uncertainty which is also impacting cash market trading volumes. The rising interest rate environment has seen activity in interest rate futures continue to increase early in the second half, particularly in the 90-day bank bill and 3-year bond futures, as our customers manage their risk in this rising rate environment.

Our expense growth guidance remains unchanged at 10 - 12%, reflecting the ongoing build-out of technology, risk management and customer activities. We also have increased our assurance costs in relation to current CHESS and solution design costs for CHESS replacement which impact the second half.

Capex guidance has been revised downwards to $100 - $115 million, reflecting the pause in the CHESS replacement project.

And we have established the CHESS Replacement Partnership Program which will be a total cost of up to $70 million and recognised as a significant item. Approximately $25 million is expected to be incurred in the second half of this financial year.

To conclude, we have delivered a resilient underlying financial result, despite challenging market conditions. We have a roadmap for the reassessment of the CHESS replacement solution design, with an announcement targeted for the

December quarter of 2023 and an implementation plan to follow. And we look forward to detailing our strategic plan, including the themes discussed earlier, at our strategy day in June.

We will now take your questions and I will hand back to the moderator.