

2021 ASX Limited  
Half-Year Financial Statements



ASX

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# Directors' report

The directors present their report together with the consolidated financial statements of ASX Limited (ASX or the Company) and its subsidiaries (together referred to as the Group), for the half-year ended 31 December 2020 and the auditor's report thereon. The consolidated financial statements have been reviewed and approved by the directors on the recommendation of the ASX Audit and Risk Committee.

The consolidated net profit after tax for the half-year ended 31 December 2020 attributable to the owners of ASX was \$241.8 million (31 December 2019: \$250.4 million).

## Directors

The directors of ASX in office during the half-year and at the date of this report (unless otherwise stated) were as follows:

- Mr Rick Holliday-Smith (Chairman)
- Mr Dominic J Stevens (Managing Director and CEO)
- Ms Yasmin A Allen
- Ms Melinda B Conrad
- Dr Ken R Henry AC
- Mr Peter R Marriott
- Mr Peter S Nash
- Mrs Heather M Ridout AO
- Mr Damian Roche
- Mr Robert J Woods

Mr Peter H Warne resigned as a director on 30 September 2020.

## Results of operations

The Group's net profit after tax (NPAT) for 1H21 decreased 3.4% on the prior comparative period (pcp) to \$241.8 million. A summary income statement in line with the Group's segment note is reflected in the table below.

Earnings per share (EPS) was 124.9 cents, down 3.4% compared to 129.3 cents in the pcp.

### Summary Income Statement for the period ending 31 December 2020

Based on Group segment reporting note

	1H21 \$m	1H20 \$m	Variance fav/(unfav)	
			\$m	%
Operating revenue	470.5	454.9	15.6	3.4
Operating expenses	(126.1)	(114.4)	(11.7)	(10.3)
<b>EBITDA</b>	<b>344.4</b>	<b>340.5</b>	<b>3.9</b>	<b>1.1</b>
Depreciation and amortisation	(25.3)	(25.4)	0.1	0.8
<i>Total expenses</i>	<i>(151.4)</i>	<i>(139.8)</i>	<i>(11.6)</i>	<i>(8.2)</i>
<b>EBIT</b>	<b>319.1</b>	<b>315.1</b>	<b>4.0</b>	<b>1.3</b>
Interest and dividend income	26.7	44.1	(17.4)	(39.5)
<b>Profit before tax</b>	<b>345.8</b>	<b>359.2</b>	<b>(13.4)</b>	<b>(3.7)</b>
Tax expense	(104.0)	(108.8)	4.8	4.4
<b>Profit after tax</b>	<b>241.8</b>	<b>250.4</b>	<b>(8.6)</b>	<b>(3.4)</b>

The directors have determined an interim dividend of 112.4 cents per share, down 3.4% on the pcp, reflecting the decrease in profit.

Additional information relating to dividends for the current and prior periods, including dividends determined by the Board since the end of the half-year, is set out in note 3 of the consolidated financial statements.

# Directors' report continued

## Operating revenue

Operating revenue as reflected in the Group's segment note increased 3.4% in 1H21 to \$470.5 million.

	1H21 \$m	1H20 \$m	Variance fav/(unfav)	
			\$m	%
Listings and Issuer Services	127.6	114.6	13.0	11.4
Derivatives and OTC Markets	144.6	156.7	(12.1)	(7.7)
Trading Services	130.2	124.9	5.3	4.2
Equity Post-Trade Services	68.1	58.7	9.4	16.1
<b>Total operating revenue</b>	<b>470.5</b>	<b>454.9</b>	<b>15.6</b>	<b>3.4</b>

1H21 revenue classification includes the allocation of 'other revenue' into respective revenue lines. Prior period comparative balances have been restated accordingly.

Listings and Issuer Services revenue was \$127.6 million, up 11.4% principally reflecting:

### Annual listing revenue down 5.5% to \$43.5 million

A decrease in the number of billed listed entities and a decline in market capitalisation billed resulted in lower revenue.

### Initial listing revenue down 3.7% to \$9.0 million

Capital raised in the current period of \$17.8 billion was well up on the pcp of \$9.1 billion. However, revenue is amortised over 5 years and the pattern of historical initial listing fees received resulted in a reduction of 3.7%.

### Secondary capital raisings revenue up 15.8% to \$31.4 million

Capital raised increased by 3.7% to \$34.2 billion compared to \$33.0 billion in the pcp. However, revenue is amortised over 3 years and the pattern of historical secondary listing fees received led to an increase of 15.8%.

### Other listings revenue down 1.4% to \$4.8 million

Exchange traded products (ETP) revenues increased as a result of strong growth in funds under management (FUM) balances year on year. This was more than offset by lower warrant revenue due to a lower number of new warrants created compared to pcp.

### Issuer services revenue up 43.3% to \$38.9 million

With heightened activity, there was a notable increase in the volume of CHESS holding statements and other issuer-related CHESS messages compared to the pcp.

Derivatives and OTC revenue was \$144.6 million, down 7.7% reflecting:

### Futures and OTC revenue down 11.6% to \$106.9 million

The decrease in revenue was largely due to a 15.6% decline in futures volumes. Strong growth in the 10 year bond product (up 16.8%) had partially offset decline in the short term rates products. Value cleared through the OTC clearing service was down 46.5% on the pcp.

### Equity options revenue down 18.5% to \$7.2 million

Continued subdued activity resulted in a decline in volumes, with index options down 39.3% on pcp and single stock options down 14.2% on pcp.

### Austraclear revenue up 13.1% to \$30.5 million

The increase in revenue is primarily driven by registry with a 25.8% increase in the value of balances in the depository coupled with higher transactions when compared to pcp.

Trading Services revenue was \$130.2 million, up 4.2% reflecting:

### Cash market trading revenue up 12.8% to \$31.6 million

The movement in revenue resulted from:

- Higher average on-market traded value of \$5.9 billion per day, up 19.3% on pcp. ASX's share of on-market trading averaged 89.1% in 1H21, up 0.2% on the average of 88.9% in the pcp.
- This is partially offset by a decline in traded value for Auctions and Centre Point down 3.7% on pcp, both products are charged at a higher fee point therefore the impact to revenue is greater.

### Information services revenue up 5.2% to \$56.3 million

The increase in revenue resulted from higher retail royalties driven by the strength of retail trading activity.

### Technical services revenue down 2.7% to \$42.3 million

The decrease in revenue was largely due to a decline in futures market access fees. There was an increase in cabinet hosting with 345 cabinets at 31 December 2020 up from 324 in the pcp and growth in connections with the number of ALC cross-connections up from 1,081 to 1,132.

Equity Post-Trade operating revenue \$68.1 million, up 16.1% reflecting:

### Cash market clearing revenue up 14.0% to \$34.2 million

The daily average on-market value cleared increased 19.3% to \$6.2 billion reflecting the increase in trading across all venues in Australia. The clearing revenue share rebate provided was \$2.9 million compared to \$1.3 million in the pcp.

### Cash market settlement revenue up 18.2% to \$33.9 million

The number of messages was up on pcp, with the main message type up 14.7% on pcp and messages related to the movement and conversion of securities up 64.4% on pcp. The settlement revenue share rebate provided was \$4.6 million compared to \$0.4 million in the pcp.

# Directors' report continued

## Total expenses

Total expenses as reflected in the Group's segment note in 1H21 increased 8.2% to \$151.4 million.

- Staff costs increased 4.8% to \$75.9 million. This reflects the impact of expanding head-count to support initiatives. The average full-time equivalent (FTE) headcount increased to 737 compared to 701 in the pcp.
- Occupancy costs increased 1.7% to \$4.8 million, broadly flat on pcp.
- Equipment costs increased 30.8% to \$21.0 million, due to new licensing and maintenance costs for initiatives and projects that went live in the past 12 months. Equipment costs have increased 8.9% compared to 2H20.
- Administration costs increased 2.1% to \$13.0 million due to insurance premium uplift and consulting costs relating to initiatives.
- Variable costs increased 46.8% to \$6.8 million due to higher postage costs and elevated volumes of CHESSE statements with heightened market activity.
- ASIC supervision levy increased 21.0% to \$4.6 million due to ASIC fee revisions and heightened activity.
- Depreciation and amortisation expense decreased 0.8% to \$25.3 million, broadly flat on pcp.

	1H21	1H20	Variance fav/(unfav)	
	\$m	\$m	\$m	%
Staff	75.9	72.5	(3.4)	(4.8)
Occupancy	4.8	4.7	(0.1)	(1.7)
Equipment	21.0	16.1	(4.9)	(30.8)
Administration	13.0	12.7	(0.3)	(2.1)
Variable	6.8	4.6	(2.2)	(46.8)
ASIC supervision levy	4.6	3.8	(0.8)	(21.0)
<b>Operating expenses</b>	<b>126.1</b>	<b>114.4</b>	<b>(11.7)</b>	<b>(10.3)</b>
Depreciation and amortisation	25.3	25.4	0.1	0.8
<b>Total expenses</b>	<b>151.4</b>	<b>139.8</b>	<b>(11.6)</b>	<b>(8.2)</b>

## Capital expenditure

The Group invested \$54.5 million in capital expenditure during the half-year, compared to \$43.4 million in the pcp. Expenditure included the continued investment in distributed ledger technology for the CHESSE replacement, ASX Trade platform upgrades as well as various initiatives to strengthen resiliency of ASX services.

## Net interest income

Net interest and dividend income as reflected in the Group's segment note decreased 39.5% to \$26.7 million.

Net interest consists of two components:

- Net interest on ASX's cash balances and financing costs from borrowings and leases down 123.9% to (\$1.5) million. Cash balances incurred decreased earnings rates resulting in lower interest predominantly due to RBA rate cuts.
- Net interest earned from the investment of participant balances decreased 25.8% to \$28.2 million. Investment earnings on this portfolio decreased to 15 basis points compared to 35 basis points in the pcp. The average Futures Client charge also decreased to 31 basis points compared to 41 basis points in the pcp. This decrease was partially offset by a 25.6% increase in average cash collateral and commitment balances to \$12.7 billion.

## Financial position

At 31 December 2020, the net assets of the Group remain strong at \$3,720.7 million.

### Summary Balance Sheet as at 31 December 2020

As at	31 Dec 2020 \$m	30 Jun 2020 \$m	Variance increase/ (decrease)	
			\$m	%
<b>Assets</b>				
Cash	680.9	858.1	(177.2)	(20.6)
Other financial assets <sup>1</sup>	13,072.8	12,998.9	73.9	0.6
Intangibles (excluding software)	2,325.7	2,325.9	(0.2)	-
Investments	86.4	85.6	0.8	1.0
Other assets <sup>2</sup>	1,188.0	1,146.3	41.7	3.6
<b>Total assets</b>	<b>17,353.8</b>	<b>17,414.8</b>	<b>(61.0)</b>	<b>(0.4)</b>
<b>Liabilities</b>				
Amounts owing to participants	12,574.8	12,677.2	(102.4)	(0.8)
Other liabilities	1,058.3	1,017.2	41.1	4.0
<b>Total liabilities</b>	<b>13,633.1</b>	<b>13,694.4</b>	<b>(61.3)</b>	<b>(0.4)</b>
<b>Equity</b>				
Capital	3,027.2	3,027.2	-	-
Retained earnings	608.5	603.8	4.7	0.8
Reserves	85.0	89.4	(4.4)	(4.8)
<b>Total equity</b>	<b>3,720.7</b>	<b>3,720.4</b>	<b>0.3</b>	<b>-</b>

<sup>1</sup> Includes other financial assets at amortised cost and financial assets at fair value through profit or loss.

<sup>2</sup> Other assets include software.

# Directors' report continued

## Investments

Investments for the period were up \$0.8 million or 1.0% on the prior year and reflect the movement in carrying value of ASX's investments as detailed below:

- 44.8% shareholding in Yieldbroker Pty Limited, up \$0.5 million reflecting year to date performance of the company. An unlisted entity operating licensed electronic markets for trading Australian and New Zealand debt securities.
- 8.7% shareholding in Digital Asset Holdings LLC, down \$2.3 million, primarily due to foreign exchange movement partially offset by a further \$2.9 million (USD 2.0 million) investment in Digital Asset in July 2020. An unlisted US domiciled technology entity.
- 49.5% shareholding in Sympli Australia Pty Limited, up \$2.6 million mainly attributable to \$4.3 million additional investment. An unlisted entity established to provide electronic property conveyancing and settlement services.

## Amounts owing to participants

Amounts owing to participants were down \$102.4 million or 0.8% compared to 30 June 2020, reflecting a decrease in the open positions held in interest rate and equity index futures at period end. ASX holds these collateral positions to cover cash market and derivatives exposures as part of its clearing operations. The decrease in participant balances results in a corresponding decrease in cash and other financial assets, as the balances are invested by ASX.

## Total equity

Total equity was up \$0.3 million. This was primarily due to the \$241.8 million six monthly profit in FY21, which was offset by payment of \$237.1 million of dividends as well as a \$4.4 million decrease in reserve balances principally due to the FX revaluation of Digital Asset.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

## Rounding of amounts

ASX is a company of the kind referred to in ASIC Legislative Instrument 2016/191. In accordance with that instrument, amounts in the consolidated financial statements and the Directors' Report have been rounded to the nearest hundred thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the directors:



**Rick Holliday-Smith**  
Chairman



**Dominic Stevens**  
Managing Director and CEO  
Sydney, 11 February 2021



## Auditor's independence declaration

As lead auditor for the review of ASX Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ASX Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'V. Papageorgiou', written in a cursive style.

**Voula Papageorgiou**  
Partner  
PricewaterhouseCoopers

Sydney, 11 February 2021

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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# Consolidated statement of comprehensive income

For the period ended	31 Dec 2020 \$m	31 Dec 2019 \$m
<b>Revenue</b>		
Listings and Issuer Services <sup>1</sup>	128.2	115.3
Derivatives and OTC Markets <sup>1</sup>	146.0	160.0
Trading Services <sup>1</sup>	131.2	126.0
Equity Post-Trade Services <sup>1</sup>	68.1	58.7
Interest income	34.8	88.8
Share of net (loss) of equity accounted investments	(1.2)	(2.7)
	<b>507.1</b>	<b>546.1</b>
<b>Expenses</b>		
Staff	(75.9)	(72.5)
Occupancy	(4.8)	(4.7)
Equipment	(22.3)	(16.9)
Administration	(24.0)	(22.0)
Finance costs	(8.1)	(44.7)
Depreciation and amortisation	(26.2)	(26.1)
	<b>(161.3)</b>	<b>(186.9)</b>
<b>Profit before income tax expense</b>	<b>345.8</b>	<b>359.2</b>
Income tax expense	(104.0)	(108.8)
<b>Net profit for the period attributable to owners of the Company</b>	<b>241.8</b>	<b>250.4</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss:</b>		
Change in the fair value of cash flow hedges	(0.7)	(0.5)
<b>Items that cannot be reclassified to profit or loss:</b>		
Change in the fair value of investments in equity instruments	(3.6)	(0.5)
<b>Other comprehensive income for the period, net of tax</b>	<b>(4.3)</b>	<b>(1.0)</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>237.5</b>	<b>249.4</b>
<b>Earnings per share</b>		
<b>Basic earnings per share (cents per share)</b>	<b>124.9</b>	<b>129.3</b>
<b>Diluted earnings per share (cents per share)</b>	<b>124.9</b>	<b>129.3</b>

<sup>1</sup> Comparative balances have been restated to be in line with revenue classifications initially adopted in FY20. See ASX FY2020 Annual report. Revenue classification includes the allocation of 'other revenue' into respective revenue lines.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



# Consolidated balance sheet

As at	Note	31 Dec 2020 \$m	30 Jun 2020 \$m
<b>Current assets</b>			
Cash		680.9	858.1
Other financial assets at amortised cost		12,745.9	12,511.4
Financial assets at fair value through profit or loss	6	326.9	487.5
Trade and other receivables		765.3	761.6
Prepayments		26.2	23.3
<b>Total current assets</b>		<b>14,545.2</b>	<b>14,641.9</b>
<b>Non-current assets</b>			
Investments in equity instruments	6,7	42.8	45.1
Equity accounted investments		43.6	40.5
Intangible assets		2,534.8	2,496.8
Net deferred tax asset		49.3	44.8
Property, plant and equipment		58.1	62.1
Right-of-use assets		69.9	74.9
Prepayments		10.1	8.7
<b>Total non-current assets</b>		<b>2,808.6</b>	<b>2,772.9</b>
<b>Total assets</b>		<b>17,353.8</b>	<b>17,414.8</b>
<b>Current liabilities</b>			
Amounts owing to participants	5	12,374.8	12,477.2
Trade and other payables		720.9	726.8
Current tax liabilities		24.4	25.8
Provisions		20.2	17.9
Borrowings		20.0	-
Lease liabilities		10.0	9.5
Revenue received in advance	2	109.3	89.1
<b>Total current liabilities</b>		<b>13,279.6</b>	<b>13,346.3</b>
<b>Non-current liabilities</b>			
Amounts owing to participants	5	200.0	200.0
Provisions		4.7	5.5
Lease liabilities		67.1	71.6
Revenue received in advance	2	81.7	71.0
<b>Total non-current liabilities</b>		<b>353.5</b>	<b>348.1</b>
<b>Total liabilities</b>		<b>13,633.1</b>	<b>13,694.4</b>
<b>Net assets</b>		<b>3,720.7</b>	<b>3,720.4</b>
<b>Equity</b>			
Issued capital	4	3,027.2	3,027.2
Retained earnings		608.5	603.8
Reserves		85.0	89.4
<b>Total equity</b>		<b>3,720.7</b>	<b>3,720.4</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

For the period ended	Note	Issued capital \$m	Retained earnings \$m	Reserves \$m	Total equity \$m
<b>Opening balance at 1 July 2020</b>		3,027.2	603.8	89.4	3,720.4
Profit for the period		-	241.8	-	241.8
Other comprehensive income for the period		-	-	(4.3)	(4.3)
<b>Total comprehensive income for the period, net of tax</b>		-	241.8	(4.3)	237.5
<b>Transactions with owners in their capacity as owners:</b>					
Incentive plans – value of employee services		-	-	(0.1)	(0.1)
Dividends paid	3	-	(237.1)	-	(237.1)
<b>Closing balance at 31 December 2020</b>		3,027.2	608.5	85.0	3,720.7
<b>Opening balance at 1 July 2019</b>					
		3,027.2	801.7	87.5	3,916.4
Profit for the period		-	250.4	-	250.4
Other comprehensive income for the period		-	-	(1.0)	(1.0)
<b>Total comprehensive income for the period, net of tax</b>		-	250.4	(1.0)	249.4
<b>Transactions with owners in their capacity as owners:</b>					
Incentive plans – value of employee services		-	-	1.4	1.4
Dividends paid	3	-	(471.2)	-	(471.2)
<b>Closing balance at 31 December 2019</b>		3,027.2	580.9	87.9	3,696.0

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows

For the period ended	31 Dec 2020 \$m	31 Dec 2019 \$m
<b>Cash flows from operating activities</b>		
Receipts from customers	546.6	560.8
Payments to suppliers and employees	(183.1)	(163.4)
	<b>363.5</b>	<b>397.4</b>
Increase in participants' margins and commitments <sup>1</sup>	58.7	119.2
Net movement in financial assets at amortised cost	(225.4)	163.0
Interest received	28.2	60.9
Interest paid	(9.2)	(48.9)
Income taxes paid	(108.2)	(178.2)
<b>Net cash inflow from operating activities</b>	<b>107.6</b>	<b>513.4</b>
<b>Cash flows from investing activities</b>		
Payments for investments in equity instruments	(2.9)	(14.9)
Payments for equity accounted investments	(4.3)	(5.8)
Payments for other non-current assets	(54.3)	(43.0)
<b>Net cash (outflow) from investing activities</b>	<b>(61.5)</b>	<b>(63.7)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(237.1)	(471.2)
Proceeds from borrowings	120.0	-
Repayment of borrowings	(100.0)	-
Principal payments for leased assets	(4.8)	(4.0)
<b>Net cash (outflow) from financing activities</b>	<b>(221.9)</b>	<b>(475.2)</b>
<b>Net (decrease) in cash</b>	<b>(175.8)</b>	<b>(25.5)</b>
(Decrease) in the fair value of cash	(0.9)	(0.7)
(Decrease) in cash due to changes in foreign exchange rates	(0.5)	(0.5)
Cash at the beginning of the period	858.1	333.1
<b>Cash at the end of the period</b>	<b>680.9</b>	<b>306.4</b>

The total funds available for the Group to invest comprises the following:

ASX Group funds	1,178.9	1,188.0
Participants' margins and commitments	12,574.8	10,705.3
Less: non-cash collateral	(326.9)	(892.1)
<b>Total</b>	<b>13,426.8</b>	<b>11,001.2</b>
Cash	680.9	306.4
Other financial assets at amortised cost	12,745.9	10,694.8
<b>Total</b>	<b>13,426.8</b>	<b>11,001.2</b>

<sup>1</sup> Commitments are cash backed and included under 'Amounts owing to participants' in non-current liabilities.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows continued

Reconciliation of the operating profit after income tax to the net cash flows from operating activities:	31 Dec 2020 \$m	31 Dec 2019 \$m
<b>Net profit after tax</b>	<b>241.8</b>	<b>250.4</b>
<b>Add non-cash items:</b>		
Depreciation and amortisation	26.2	26.1
Share-based payments	(0.1)	1.5
Share of net loss of equity accounted investments	1.2	2.7
Foreign currency revaluation	0.5	0.5
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in other financial assets at amortised cost <sup>1</sup>	(234.5)	130.6
Decrease in financial assets at fair value through profit or loss (FVTPL)	160.6	214.4
(Decrease) in amounts owing to participants <sup>2</sup>	(102.4)	(95.7)
(Decrease) in tax balances	(4.2)	(69.4)
Decrease in current receivables <sup>3</sup>	2.8	3.2
(Increase) in prepayments	(4.3)	(8.2)
(Decrease) in trade and other payables <sup>3</sup>	(12.4)	(13.1)
Increase in revenue received in advance	30.9	69.6
Increase in provisions	1.5	0.8
<b>Net cash inflow from operating activities</b>	<b>107.6</b>	<b>513.4</b>

<sup>1</sup> Reconciliation of this line item to the Statement of cash flows on page 11 includes interest from discount securities reflected within net profit after tax.

<sup>2</sup> Reconciliation of this line item to the Statement of cash flows on page 11 includes foreign currency revaluation on amounts owing to participants reflected within the non-cash items above. The line item reflects the net effect of changes in FVTPL and changes in amounts owing to participants.

<sup>3</sup> Changes in assets and liabilities from investing and financing activities such as margins receivable/payable, certain accruals, makegood provisions and securities pledged under repurchase agreements are excluded.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements

ASX Limited (ASX or the Company) is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements.

The condensed financial statements for the consolidated entity which consists of ASX and its subsidiaries (together referred to as the Group) for the half-year ended 31 December 2020 were authorised for issue by the Board of Directors on 11 February 2021. The directors have the power to amend and reissue the financial statements.

The half-year financial statements are general purpose financial statements that:

- have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 *Interim Financial Reporting* and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)
- include the assets and liabilities of all subsidiaries of the Company as at 31 December 2020 and the results of the subsidiaries for the half-year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation
- have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investments in equity instruments which have been measured at fair value through other comprehensive income
- are measured and presented in Australian dollars which is ASX's functional and presentation currency with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Legislative Instrument 2016/191.

The half-year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2020 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Group's accounting policies have been consistently applied to all periods presented, unless otherwise stated.

Certain comparative balances have been reclassified to ensure consistency with changes to current period presentation and classification.

## 1. Segment reporting

### (a) Description of segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO.

The CODM assesses performance of the Group as a single segment, being an integrated organisation that provides a multi-asset class product offering which includes:

- listing and issuer services offered to public companies and other issuers
- trading venue or exchange activities for trading
- clearing and settlement activities
- exchange-traded and over-the-counter (OTC) products
- information and technical services supporting the Group's activities.

Multi-asset class service offerings include equities, interest rate, commodity and energy products across cash and derivatives markets.

In addition to reviewing performance based on statutory profit after tax, the CODM assesses the performance of the Group based on underlying profit after tax. This measure excludes amounts regarded as significant items of revenue and expense such as those that may be associated with significant business restructuring or individual transactions of an infrequent nature. There were no items reported as significant in the current or prior financial period.

Group performance measures, including earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA), are also reviewed by the CODM. In assessing performance, expected credit loss (ECL) allowances and arrangements where revenue is shared with external parties are reclassified from expenses to operating revenue; certain expenses are reclassified within operating expenses; and interest income is presented net of interest expense.

### (b) Segment results

The information provided on a regular basis to the CODM is presented along with a reconciliation to statutory profit after tax for the period attributable to owners of the Company.

ASX derives all external customer revenue within Australia, however some services are accessible and some customers are located offshore.

No single customer generates revenue greater than 10% of the Group's total revenue.

# Notes to the consolidated financial statements continued

For the period ended	31 Dec 2020			31 Dec 2019		
	Segment information \$m	Adjustments \$m	Consolidated income statement \$m	Segment information \$m	Adjustments \$m	Consolidated income statement \$m
<b>Revenue</b>						
Listings <sup>1</sup>	88.7	0.6	89.3	87.4	0.7	88.1
Issuer services <sup>1</sup>	38.9	-	38.9	27.2	-	27.2
<b>Listings and Issuer Services</b>	<b>127.6</b>	<b>0.6</b>	<b>128.2</b>	<b>114.6</b>	<b>0.7</b>	<b>115.3</b>
Equity options <sup>1</sup>	7.2	-	7.2	8.9	0.2	9.1
Futures and OTC Clearing <sup>1</sup>	106.9	(0.4)	106.5	120.9	0.5	121.4
Austraclear <sup>1</sup>	30.5	1.8	32.3	26.9	2.6	29.5
<b>Derivatives and OTC Markets</b>	<b>144.6</b>	<b>1.4</b>	<b>146.0</b>	<b>156.7</b>	<b>3.3</b>	<b>160.0</b>
Cash market trading <sup>1</sup>	31.6	-	31.6	27.9	-	27.9
Information services <sup>1</sup>	56.3	-	56.3	53.5	-	53.5
Technical services <sup>1</sup>	42.3	1.0	43.3	43.5	1.1	44.6
<b>Trading Services</b>	<b>130.2</b>	<b>1.0</b>	<b>131.2</b>	<b>124.9</b>	<b>1.1</b>	<b>126.0</b>
Cash market clearing <sup>1</sup>	34.2	-	34.2	30.0	-	30.0
Cash market settlement <sup>1</sup>	33.9	-	33.9	28.7	-	28.7
<b>Equity Post-Trade Services</b>	<b>68.1</b>	<b>-</b>	<b>68.1</b>	<b>58.7</b>	<b>-</b>	<b>58.7</b>
<b>Operating revenue</b>	<b>470.5</b>			<b>454.9</b>		
Interest income		34.8	34.8		88.8	88.8
Share of net (loss) of equity accounted investments		(1.2)	(1.2)		(2.7)	(2.7)
<b>Total revenue</b>		<b>36.6</b>	<b>507.1</b>		<b>91.2</b>	<b>546.1</b>
<b>Expenses</b>						
Staff	(75.9)	-	(75.9)	(72.5)	-	(72.5)
Occupancy	(4.8)	-	(4.8)	(4.7)	-	(4.7)
Equipment	(21.0)	(1.3)	(22.3)	(16.1)	(0.8)	(16.9)
Administration	(13.0)	(11.0)	(24.0)	(12.7)	(9.3)	(22.0)
Variable	(6.8)	6.8	-	(4.6)	4.6	-
ASIC levy	(4.6)	4.6	-	(3.8)	3.8	-
<b>Operating expenses</b>	<b>(126.1)</b>			<b>(114.4)</b>		
<b>EBITDA</b>	<b>344.4</b>			<b>340.5</b>		
Finance costs	-	(8.1)	(8.1)	-	(44.7)	(44.7)
Depreciation and amortisation	(25.3)	(0.9)	(26.2)	(25.4)	(0.7)	(26.1)
<b>Total expenses</b>	<b>(25.3)</b>	<b>(9.9)</b>	<b>(161.3)</b>	<b>(25.4)</b>	<b>(47.1)</b>	<b>(186.9)</b>
<b>EBIT</b>	<b>319.1</b>			<b>315.1</b>		
<b>Net interest and dividend income</b>						
Net interest	(1.5)	1.5	-	6.1	(6.1)	-
Net interest on participant balances	28.2	(28.2)	-	38.0	(38.0)	-
<b>Net interest and dividend income</b>	<b>26.7</b>	<b>(26.7)</b>	<b>-</b>	<b>44.1</b>	<b>(44.1)</b>	<b>-</b>
<b>Underlying profit before tax</b>	<b>345.8</b>	<b>-</b>	<b>345.8</b>	<b>359.2</b>	<b>-</b>	<b>359.2</b>
Income tax expense	(104.0)	-	(104.0)	(108.8)	-	(108.8)
<b>Underlying profit after tax</b>	<b>241.8</b>	<b>-</b>	<b>241.8</b>	<b>250.4</b>	<b>-</b>	<b>250.4</b>
<b>Statutory profit after tax</b>	<b>241.8</b>	<b>-</b>	<b>241.8</b>	<b>250.4</b>	<b>-</b>	<b>250.4</b>

<sup>1</sup>Comparative balances have been restated to be in line with revenue classifications initially adopted in FY20. See ASX FY2020 Annual report. Revenue classification includes the allocation of 'other revenue' into respective revenue lines.

# Notes to the consolidated financial statements continued

## 2. Revenue from contracts with customers

### (a) Disaggregation of revenue

The Group derives its revenue from the transfer of services over time and at a point in time. The following table provides a breakdown of revenue by the timing of when performance obligations are satisfied and by major business line.

For the period ended 31 Dec 2020	Services satisfied at a point in time \$m	Services satisfied over time \$m	Total
Listings and Issuer Services	36.9	91.3	128.2
Derivatives and OTC Markets	128.8	17.2	146.0
Trading Services	33.2	98.0	131.2
Equity Post-Trade Services	67.9	0.2	68.1
<b>Total revenue from contracts with customers</b>	<b>266.8</b>	<b>206.7</b>	<b>473.5</b>

For the period ended 31 Dec 2019	Services satisfied at a point in time \$m	Services satisfied over time \$m	Total
Listings and Issuer Services	25.1	90.2	115.3
Derivatives and OTC Markets	144.3	15.7	160.0
Trading Services	30.0	96.0	126.0
Equity Post-Trade Services	58.5	0.2	58.7
<b>Total revenue from contracts with customers</b>	<b>257.9</b>	<b>202.1</b>	<b>460.0</b>

Comparative balances have been restated to allocate 'other revenue' into respective revenue lines.

As disclosed in note 1, the Group has one operating segment, the disaggregated revenue in this note differs from the reportable segment as the expected credit loss allowance and certain revenue share agreements with external parties are reclassified from expenses to operating revenue.

### (b) Revenue received in advance

The Group has recognised the following revenue received in advance related to contracts with customers as at reporting date. The balances represents the aggregate transaction price allocated to contract liabilities for performance obligations that are partially unsatisfied at reporting date. There is no consideration that has been excluded from the transaction price.

As at	31 Dec 2020 \$m	30 Jun 2020 \$m
<b>Current</b>		
Listings and Issuer Services	84.3	68.8
Austraclear	15.0	12.6
Information Services	7.0	6.4
Memberships	3.0	1.3
<b>Total current revenue received in advance</b>	<b>109.3</b>	<b>89.1</b>
<b>Non-current</b>		
Listings and Issuer Services	81.7	71.0
<b>Total non-current revenue received in advance</b>	<b>81.7</b>	<b>71.0</b>
<b>Total revenue received in advance</b>	<b>191.0</b>	<b>160.1</b>

## 3. Dividends

The Board's policy is to pay a dividend based on 90% of underlying net profit after tax. This is reviewed each time the Board considers payment of a dividend. The policy is unchanged from the prior year.

The following table includes information relating to dividends recognised and paid by ASX during the periods ended 31 December 2020 and 31 December 2019.

For the period ended 31 Dec 2020	Cents per share	Total amount \$m
Final dividend for the year ended 30 June 2020	122.5	237.2
<b>For the period ended 31 Dec 2019</b>		
Final dividend for the year ended 30 June 2019	114.3	221.3
Special dividend	129.1	249.9

The above dividends paid by the Company include amounts attached to certain shares held by the Group's Long-Term Incentive Plan Trust (LTIP). The dividend revenue recognised by LTIP is eliminated on consolidation.

Since the end of the half-year, the directors have determined an interim dividend of 112.4 cents per share totalling \$217.6 million. This will be paid on 24 March 2021. The dividend will be fully franked based on tax paid at 30%.

The interim dividend has not been recognised in the financial statements for the half-year ended 31 December 2020, and will be recognised in the following reporting period.

# Notes to the consolidated financial statements continued

## 4. Issued capital

### (a) Movements in ordinary share capital

At 31 December 2020, the closing balance of ordinary share capital was \$3,027.2 million (2019: \$3,027.2 million) and the number of shares outstanding was 193,595,162 (2019: 193,595,162). There were no movements in the balance of ordinary share capital or the number of shares outstanding in the current or prior period.

### (b) Treasury shares

The following table presents the movement in the number of treasury shares during the period:

For the period ended	31 Dec 2020 No. of shares	30 Jun 2020 No. of shares
Opening balance	7,221	9,844
Issue of shares under the Long-Term Incentive plan	(5,222)	(6,520)
Shares transferred to LTIP	-	3,897
Closing balance	1,999	7,221

## 5. Amounts owing to participants

The Group undertakes central counterparty clearing and collects margins and other balances (commitments) from clearing participants as security for clearing risk undertaken.

Participants' margins and commitments lodged and recognised on balance sheet at period end comprised the following:

As at	31 Dec 2020 \$m	30 Jun 2020 \$m
<b>Current</b>		
Cash	12,047.9	11,989.7
Debt securities	326.9	487.5
<b>Total current amounts owing to participants</b>	<b>12,374.8</b>	<b>12,477.2</b>
<b>Non-current</b>		
Cash commitments	200.0	200.0
<b>Total non-current amounts owing to participants</b>	<b>200.0</b>	<b>200.0</b>
<b>Total amounts owing to participants</b>	<b>12,574.8</b>	<b>12,677.2</b>

Collateral and commitments lodged by clearing participants as at report date comprised the following:

As at 31 Dec 2020	ASX Clear \$m	ASX Clear (Futures) \$m	Total \$m
Cash	725.5	11,522.4	12,247.9
Debt securities	-	326.9	326.9
<b>Total amounts owing to participants</b>	<b>725.5</b>	<b>11,849.3</b>	<b>12,574.8</b>
Equity securities <sup>1</sup>	3,271.0	-	3,271.0

<sup>1</sup> Equity securities are not recognised on the balance sheet.

As at 30 Jun 2020	ASX Clear \$m	ASX Clear (Futures) \$m	Total \$m
Cash	1,286.4	10,903.3	12,189.7
Debt securities	-	487.5	487.5
<b>Total amounts owing to participants</b>	<b>1,286.4</b>	<b>11,390.8</b>	<b>12,677.2</b>
Equity securities <sup>1</sup>	3,191.4	-	3,191.4

<sup>1</sup> Equity securities are not recognised on the balance sheet.

All net delivery and net payment obligations relating to cash market and derivative securities owing to or by participants as at 31 December 2020 were subsequently settled.

## 6. Fair value measurements of financial instruments

### (a) Fair value hierarchy and valuation techniques

The following table presents the Group's financial assets measured and recognised at fair value at report date. The Group does not have any financial liabilities measured at fair value.

As at 31 Dec 2020	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial assets</b>				
Investments in equity instruments	-	-	42.8	42.8
Financial assets at fair value through profit or loss (FVTPL)	258.7	68.2	-	326.9
<b>Total financial assets</b>	<b>258.7</b>	<b>68.2</b>	<b>42.8</b>	<b>369.7</b>
As at 30 Jun 2020	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Financial assets</b>				
Investments in equity instruments	-	-	45.1	45.1
Financial assets at FVTPL	305.5	182.0	-	487.5
<b>Total financial assets</b>	<b>305.5</b>	<b>182.0</b>	<b>45.1</b>	<b>532.6</b>

There were no transfers between levels for recurring measurements during the year. The Group did not measure any financial assets at fair value on a non-recurring basis as at 31 December 2020.

The classification of financial instruments within the fair value hierarchy and the valuation techniques used to determine their values are detailed below.

#### Level 1

Level 1 inputs are unadjusted quoted prices in active markets at the measurement date for identical assets and liabilities. Financial instruments included in this category consists of Australian Government bonds. The fair value of Australian Government bonds are determined by reference to readily observable quoted prices for identical assets in active markets.



# Notes to the consolidated financial statements continued

## Level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Financial instruments included in this category include Semi Government bonds as their fair values were determined using observable market prices for identical assets that were not actively traded.

## Level 3

Level 3 inputs are based on unobservable market data. The fair value of the Group's unlisted equity investment is determined using a discounted cash flow model which includes unobservable inputs and therefore is classified as a Level 3 instrument.

### (b) Fair values of other financial instruments

The Group has a number of financial instruments which are not measured at fair value on the balance sheet. The carrying amounts of current trade and other receivables, cash, term deposits, reverse repurchase agreements, current trade and other payables and current amounts owing to participants are assumed to approximate their fair value due to their short-term nature. The carrying amount of non-current amounts owing to participants approximates their fair value as the impact of discounting is not significant.

The table below presents other financial assets at amortised cost (excluding those mentioned above) had they been measured on a fair value basis.

As at	31 Dec 2020 \$m	30 Jun 2020 \$m
NCDs	755.0	924.8
P-Notes	2,062.8	4,183.7
T-Notes	337.0	791.6
<b>Closing balance – fair value</b>	<b>3,154.8</b>	<b>5,900.1</b>
<b>Closing balance – amortised cost<sup>1</sup></b>	<b>3,152.8</b>	<b>5,894.2</b>

<sup>1</sup> This represents the amount carried on the balance sheet as at the respective period ends.

### (c) Level 3 fair value instruments

The following table presents the changes in Level 3 fair value instruments during the period:

For the period ended 31 Dec 2020	Investments in unlisted entities <sup>1</sup> \$m	Investments at FVTPL \$m	Total \$m
<b>Opening balance at 1 July 2020</b>	<b>45.1</b>	<b>-</b>	<b>45.1</b>
Additions	2.9	-	2.9
FX revaluation:			
– Recognised in equity	(3.6)	-	(3.6)
– Recognised in deferred tax	(1.6)	-	(1.6)
<b>Closing balance at 31 December 2020</b>	<b>42.8</b>	<b>-</b>	<b>42.8</b>

<sup>1</sup> The revaluation (loss) or gain, net of tax, has been recognised within the asset revaluation reserve.

For the period ended 30 Jun 2020	Investments in unlisted entities <sup>1</sup> \$m	Investments at FVTPL <sup>2</sup> \$m	Total \$m
<b>Opening balance at 1 July 2019</b>	<b>24.3</b>	<b>5.3</b>	<b>29.6</b>
Additions	20.5	-	20.5
Disposals	-	(5.4)	(5.4)
FX revaluation:			
– Recognised in equity	0.2	-	0.2
– Recognised in profit or loss	-	0.1	0.1
– Recognised in deferred tax	0.1	-	0.1
<b>Closing balance at 30 June 2020</b>	<b>45.1</b>	<b>-</b>	<b>45.1</b>

<sup>1</sup> The revaluation (loss) or gain, net of tax, has been recognised within the asset revaluation reserve.

<sup>2</sup> The revaluation gain, net of tax, has been recognised within administration expenses in the statement of comprehensive income.

## 7. Investments in equity instruments

As at	31 Dec 2020 \$m	30 Jun 2020 \$m
Investments in unlisted entities	42.8	45.1
<b>Total investments in equity instruments</b>	<b>42.8</b>	<b>45.1</b>

In July 2020, ASX invested a further \$2.9 million (USD 2.0 million) in Digital Asset using the same pricing as in the previous Series C funding round completed in FY20. This additional investment has increased ASX's shareholding in Digital Asset to 8.7%. Refer to note 6 for further details of the movement in fair value.

## 8. Intangible assets

### (a) Software

During the half-year ended 31 December 2020, the Group incurred \$50.6 million of capital expenditure for intangible assets - software (31 December 2019: \$33.6 million). The total net book value of software at 31 December 2020 is \$209.0 million (30 June 2020: \$170.9 million).

### (b) Goodwill

During the half-year ended 31 December 2020, the Group updated the following key assumptions that management has based its determination of the cash generating unit's (CGU) recoverable amount to reflect the low interest rate environment and revised growth outlook.

The pre-tax discount rate used is 10.64% (8.07% post-tax discount rate (30 June 2020: 9.3%)) for all CGUs. The growth rate used to extrapolate cash flow projections beyond five years is 2.0% (30 June 2020: 3.2%) per annum for the exchange-traded CGU and 2.0% (30 June 2020: 3.2%) per annum for the non-exchange-traded CGU.

The updated key assumptions have not resulted in an impairment charge being recognised.

# Notes to the consolidated financial statements continued

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## 9. New and amended standards and interpretations

### (a) New and amended standards and interpretations adopted by the Group

The AASB has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2020. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the December 2020 half-year report that materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

### (b) New and amended standards and interpretations not yet adopted by the Group

The AASB has issued a number of new or amended accounting standards and interpretations that are not mandatory for the first time in the reporting period commenced 1 July 2020. The Group has assessed and determined that there are no standards or amendments to standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting period.

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## 10. Subsequent events

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

# Directors' declaration

In the opinion of the directors of ASX Limited (the Company):

(a) the financial statements and notes that are contained in pages 8 to 18 are in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Rick Holliday-Smith  
Chairman



Dominic Stevens  
Managing Director and CEO

Sydney, 11 February 2021



# Independent auditor's review report to the members of ASX Limited

## Report on the half-year financial report

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### Conclusion

We have reviewed the half-year financial report of ASX Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of ASX Limited does not comply with the Corporations Act 2001 including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
  2. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- 

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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## Independent auditor's review report to the members of ASX Limited continued

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### Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*V. Papageorgiou*

Voula Papageorgiou  
Partner

Sydney, 11 February 2021