29 September 2021

Australian Securities and Investments Commission
Mr Nathan Bourne
Senior Executive Leader, Market Infrastructure
Level 5, 100 Market Street
SYDNEY NSW 2000

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

DIVIDEND LETTER

Attached is a letter to shareholders from the Chairman and the Managing Director and CEO regarding ASX's FY21 final dividend and full-year financial results.

Release of market announcement authorised by:
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ASX Limited ABN 98 008 624 691

ASX Full-Year 2021

Letter to Shareholders

From the Chairman and the Managing Director and CEO

29 September 2021

Dear fellow ASX shareholders,

On 19 August 2021, ASX announced a resilient overall result for the 2021 financial year (FY21), achieved during a period of challenging conditions. Our operational performance reflects the strength of ASX's diversified business model.

Group revenue was up 1.4% to $951.5 million – a rise of $13.1 million and the ninth consecutive year of operating revenue growth.

Strong listings and equity market activity, due in part to an ongoing surge in retail trading, were tempered by the effects of the Reserve Bank of Australia's (RBA) current policy settings on both short-end futures volumes and interest income. This led to a 3.6% fall in statutory profit to $480.9 million, down $17.7 million.

Total ordinary dividends for the year were 223.6 cents per share, fully franked, down 6.4%. ASX has maintained its dividend policy to pay out 90% of earnings.

Resilient performance

There was healthy revenue growth in our Listings and Issuer Services business with 176 new listings in the period, the highest number since FY08, and almost 200 listings in total including backdoor listings.

In our data business, demand for Information Services offerings remained strong. So too in our connectivity business, Technical Services, which saw a rise in the number of customer cabinets and connections.

While revenue from areas affected by current interest rate policy settings declined compared to last year, including the Derivatives and OTC Markets business, revenue from other areas has increased over the past two years and is up 19% since FY19.

ASX's expenses rose 8.4% due to additional costs to support licence to operate and growth initiatives, and due to variable costs associated with strong issuer activity. In FY22, we expect expense growth to moderate to between 5 and 7%.

Capital expenditure was $109.8 million, reflecting the expanded CHESS replacement project and ASX's ongoing commitment to strengthen our foundations to build an exchange for the future.

Financial highlights

	FY21	Variance (pcp)
Operating revenue	$951.5 million	↑$13.1m **↑1.4%**
Total expenses (includes depreciation)	$310.3 million	↑$24.1m **↑8.4%**
Earnings before interest and tax (EBIT)	$641.2 million	↓$11.0m **↓1.7%**
Net interest income	$46.7 million	↓$37.1m **↓44.3%**
Statutory profit after tax	$480.9 million	↓$17.7m **↓3.6%**
Underlying profit after tax	$480.9 million	↓$32.9m **↓6.4%**
Statutory earnings per share	248.4 cents	↓9.2cps **↓3.6%**
Final dividend per share	111.2 cents	↓11.3cps **↓9.2%**
Total FY21 dividends (interim and final)	223.6 cents	↓15.3cps **↓6.4%**

Upgrading technology to increase resilience and reliability

We made further progress in FY21 towards our goal of transforming the technology stack at ASX. We are achieving this by upgrading older technology and hardware, and digitising manual processes. We are also introducing new technologies, such as distributed ledger technology-based systems (including for the replacement of CHESS, which is now progressing towards the testing and implementation phase) and a big data platform.

The best way to sustain ASX's long-term value is by continuing to be an innovative exchange at the leading edge of technology. This imperative has become more pronounced since the pandemic and will be particularly important over the coming 10 years.

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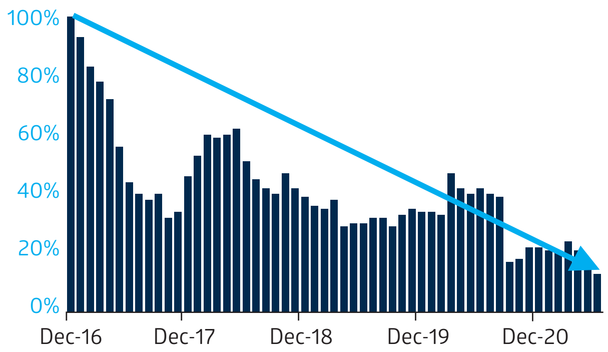
In this rapidly changing world, old technology platforms will find it hard to compete.

That’s why ASX has a specific strategy to reduce the technology debt (or age) within the organisation. Not only do these investments improve our resilience and lower our business risk, they enable greater efficiency and functionality, and faster delivery of products and services into the future.

Change is hard but worth it. Nevertheless, outages like that in November 2020 are regrettable. We hold ourselves to a high standard and have enhanced our processes and practices. We will also address all the recommendations of an independent expert commissioned to review the outage. While there’s always room for improvement, we are proud of our overall performance of reducing technology and operational incidents across ASX by close to 90% over the past five years.

The below chart highlights the significant decline in customer-facing incidents since 2016, reflecting ASX’s investment in technology and expertise.

Index of incidents that have a customer impact on a rolling six-month basis (December 2016 = 100%)



Our performance over time, not our performance on a day, is the best measure of long-term organisational resilience and reliability.

Refreshing our operating model

ASX is moving into a more technology-based future. In readying ourselves for this, we are refreshing our operating model to ensure our structure best reflects business priorities, supports growth, aligns with our customers, and enhances accountability and delivery.

Each divisional head will report directly to the CEO, enhancing accountability at the leadership level.

The new structure better reflects the four core services we provide the markets:

- **Listings** business focused on pre-trade capital markets of both companies and issuers of products
- **Securities and Payments** business focused on the administration and servicing of securities and the payments related to those services or other payments such as Sympli
- **Markets** business focused on all our trading activities from equities to derivatives, including debt, commodities and electricity
- **Technology and Data** business focused on the technical and information services we provide our customers.

Another important part of the new structure is the creation of an expanded Customer function. This aims to improve the end-to-end experience for customers, by bringing together our customer-facing operations, communications, marketing, digital and program delivery activities.

This program is not a downsizing exercise. It is about making sure we are best set up to serve the needs of our customers and deliver the significant program of work to build long-term sustainability.

Looking ahead

The outlook for our businesses is encouraging. Equities trading remains robust given ongoing uncertainty generated by COVID and the pipeline for new listings is healthy. While futures volumes remain linked to the RBA’s policy settings, market support for our suite of energy derivatives and for Austraclear activity looks positive.

ASX has entered FY22 with solid operational momentum. We are focused on delivering value to our stakeholders and putting in place the financial services infrastructure of the future.

- Complete FY21 results materials are available on the Investor Relations page of the ASX website: https://www2.asx.com.au/about/asx-shareholders
- Any questions you would like to ask ASX can be emailed to: investor.relations@asx.com.au

Thank you for your support.

Yours sincerely,

Damian Roche
Chairman

Dominic Stevens
Managing Director and Chief Executive Officer