



**AYONDO LTD.**

(Company Registration No.: 201728417D)  
(Incorporated in the Republic of Singapore)

---

## PROFIT WARNING FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

---

The Board of Directors (the “**Board**”) of ayondo Ltd. (“**ayondo**” or the “**Company**” together with its subsidiaries, the “**Group**”) wishes to issue a profit warning with respect to the Group’s unaudited financial results for the financial year ended 31 December 2018 (“**FY2018**”).

Following a preliminary assessment of the Group’s financial results, the Directors would like to advise shareholders that the Group expects to register a greater net loss in FY2018 due mainly to the impairment of certain intangible assets arising from poor financial performance. The financial performance of the Group in FY2018 has been negatively impacted by adverse markets characterised by low volatility and unfavourable trading conditions in the Group’s core contract for difference (CFD) markets. The latter was due mainly to tightening measures implemented by European and UK regulators in August and December 2018, resulting in lower revenue in the second half of FY2018 as compared to the first half of FY2018. These measures mainly relates to limiting leverage of CFD products, introducing negative balance protection, closing customer positions if their funds fall to 50% of margin, a ban on firms offering inducements to encourage trading, standard risk warnings about retail investor losses clearly displayed on all websites and the banning of binary options.

These measures hit the Group harder than expected even though the Group had already operated in compliance with many of the new restrictions, for example, ayondo had already negative balance protection in place for years, had prudent leverage caps compared to competitors and had never offered binary products. However, volumes of traded CFD’s have declined significantly across the market as a whole.

The Board wishes to highlight the following to illustrate the difficult environment facing the European CFD market currently:

- CMC Markets PLC, one of the leading CFD brokers in the UK, had on 22 November 2018 announced a net profit decline of 76% in H1 2019 which it attributed to the regulatory tightening measures as a reason<sup>1</sup>
- CMC Markets PLC also announced changes to its board and said that it expects full year CFD and spread betting revenues for FY2019 to decline by 37%<sup>2</sup>
- IG Group, the CFD market leader, reported interim results on 22 January 2019 showing ESMA region revenues declining -13% in H1 2019, and EU revenues down by -29%<sup>3</sup>.

---

<sup>1</sup> Source: Information extracted from CMC website found at: <https://assets.cmcmarkets.com/pdfs/CMC-Markets-H1-FY19-RNS-Results-Announcement.pdf>

<sup>2</sup> Source: Information extracted from a news article entitled “CMC Markets expects 37% YoY lower CFD and spread -bet revenue in FY 2019” published on Leaprate’s website found at <https://www.leaprate.com/forex/brokers/cmc-markets-expects-37-yoy-lower-cfd-and-spread-bet-revenue-in-fy-2019/>

<sup>3</sup> Source: Information extracted from IG Group website found at: [https://www.iggroup.com/sites/ig-group/files/H1%20FY19%20Interim%20Results%20Announcement\\_FINAL.pdf](https://www.iggroup.com/sites/ig-group/files/H1%20FY19%20Interim%20Results%20Announcement_FINAL.pdf)

- Listed CFD companies in the UK have been issuing profit warnings. Plus 500 PLC, one such company, had on 12 February 2019 cited in Reuters the new regulatory measures as the reason and reported that its active clients had more than halved in the last quarter of 2018. The market capitalisation of Plus 500 PLC fell by a third immediately following this announcement.<sup>44</sup>
- Andrew Edwards, CEO of Saxo Capital Markets, as reported in LeapRate.com on 11 March 2019 stated that the CFD industry will undergo major consolidation<sup>5</sup>.

The Board believes that the impact of the regulatory changes has surprised industry players and the Board is of the view that the prospects for the European CFD market will not improve in the short term. In addition, the ongoing developments around Brexit add to uncertainties. The Board will thus evaluate all available strategic options and will update shareholders on developments.

The financial performance of the Group in FY2018 was also negatively affected by certain business initiatives by the Group which did not perform as expected, hence the Group fell short of expected revenues and did not receive the returns on investments on these initiatives. Other business initiatives have also taken longer to materialize than originally expected.

The Group had previously announced on 14 February 2019 that it had entered into a non-binding Heads of Terms with BUX Holding B.V. ("**BUX**") for the disposal of ayondo Markets Ltd ("**AML**") to BUX, to enable the latter to inject fresh capital into AML. This was a step taken to remedy any working capital or regulatory capital shortfall in AML arising from the breach of its CET1 ratio due to the adoption by AML of the new accounting treatment based on the report of KPMG as announced by the Company on 14 February 2019 as well as impairment losses as a result of the difficult business environment as explained above.

The Group had further announced on 20 February 2019 a non-binding strategic alliance with Golden Nugget Jinzan Limited ("iMaibo"), which offers a cost-efficient social investing platform for Asian and other global CFDs to facilitate investment-related business, via its network of social media influencers and key opinion leaders ("**KOLs**"), followers of such KOLs, and third-party service and product providers. Together with iMaibo, the Company intends to relaunch its business focussed primarily in Asia and social trading and will also update Shareholders on any developments.

The Company had on 29 March 2019 made an application to Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for an extension of time to, *inter alia*, release its unaudited financial statements for FY2018 by 1 May 2019. On 17 April 2019, the SGX-ST informed the Company that it has no objection to granting the Company the extension of time. Further details of the Group's financial performance will be disclosed in the unaudited financial statements for FY2018 to be released on the SGXNET.

By Order of the Board

Thomas Winkler  
Non-Executive Chairman  
23 April 2019

<sup>4</sup> Source: Information extracted from a news article entitled "Update 1 – online trading platform Plus500 slumps on profit warning" published on Reuters' website found at <https://www.reuters.com/article/plus500-results/update-2-online-trading-platform-plus500-slumps-on-profit-warning-idUJL3N2072F2>

<sup>5</sup> Source: Information extracted from a news article entitled "Saxo Capital Markets CEO comments on the impact of ESMA rules on responsible leverage" published on Leaprate.com found at <https://www.leaprate.com/financial-services/rules-and-regulation/saxo-bank-ceo-comments-on-the-impact-of-esma-rules-on-responsible-leverage/>

Each of the above organisations or corporations (as the case may be) has not consented to the inclusion of the above information in this announcement. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this announcement in its proper form and context, they, nor any party, have not independently verified the accuracy of the relevant information.

---

## About ayondo Ltd.

SGX-listed global Financial Technology Group, with subsidiaries authorised and regulated in the UK (FCA) and Germany (BaFin), is considered as one of the FinTech pioneers in Europe which has capitalised on the opportunity arising from emerging digital technologies and changing trends in the financial industry. While having their core retail customer markets in Europe, the Group focusses on pursuing their Asian B2B strategy. With currently more than 25 B2B partners, ranging from white label partners to introducing brokers, ayondo provides self-directed trading as well as Social Trading services. In recent years, ayondo has won several accolades including Europe's leading Financial Technology providers ("FinTech 50"). Other honours include the International Financial Award Best Social Trading Platform and Broker of the Year.

---

ayondo Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 March 2018. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the "**Sponsor**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Gregory Wee Toon Lee, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.