



AUSTRALIAN BOND EXCHANGE

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Australian Bond Exchange Holdings Limited (ASX: ABE)

ASX Announcement

28 January 2022

Quarterly Activity Report and Appendix 4C - Quarterly Cash Flow Report

Australian Bond Exchange Holdings Limited (ABE) (“ABE” or “the Company”) (ASX: ABE) is an Australian fintech and market disruptor bringing real time transaction capabilities to the corporate bond market in Australia. The Australian Bond Exchange's tech platform is transforming the bond investment market, making it accessible to all.

Bond investment has long been restricted to banks, institutions and large investors who can trade in \$500k parcels. In addition, the lack of familiarity with the bond market, and the focus on equities and property by Australian investors, has meant that our ageing population is overweight in riskier forms of investment and will potentially not have appropriate investments to ensure a safe and secure income in retirement.

ABE advises the following in relation to progress made in a number of the key performance metrics during the first period.

Quarter Financial Highlights

In **Q2 FY22** ABE raised an additional \$7.272m from its IPO which together with the pre-IPO \$8.4m raising in Q1 FY22 brought the total raised in 1H FY22 to \$15.672m.

Costs associated with the IPO and Pre-IPO raising amounted to \$1.841m resulting in a net cash increase of \$13.831m.

Q2 FY22 Private Client Revenue was \$453.5K, up 100% on Q2 FY21 (\$227.1K). The main contributor to the increase was Origination Revenue of \$288.2K in **Q2 FY22**, which is up 155% on Q2 FY21.

New Private Client transactions in **Q2 FY22** were up 88% on Q2 FY21 and up 159% when comparing H1 FY22 and H1 FY21.

Q2 FY22 Revenue (unaudited) of \$491.3K was down 60% on Q2 FY21 due primarily to the decrease in institutional trading activity which historically has been a source of revenue but is not the key focus for the company going forward due to its market related volatility.

Customer Retention remains a strongpoint with over 99% of clients continuing to invest with us.

Cash at the end of the quarter was \$12.786m.

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The first period of reporting has been affected by a number of factors including delays in completing the IPO capital raising and ASX listing due to the number of companies seeking listings and the resultant delay in completing onboarding with our global trading partners to facilitate product acquisitions.

COVID-19 has also impacted staff and advisers which has seen approximately 50% of the team affected during the period and has seen our Capital Markets division being affected by travel restrictions including imposed quarantine obligations during the period.

Revenue has also been impacted by our focus on the private client market and reduced interbank activity in the first half year.

While these factors have meant that the first half budget was behind target in terms of timing by approximately 60 days, the team is working diligently to improve the product development and trading timeframes in the second half.

Our top priorities involve focusing on broadening our product offering, building our client base, building our sales and marketing teams and increasing client volumes. The team has built a very strong demand pipeline ready to take up new product once it is ready for distribution.

During the last two months we engaged new marketing and sales personnel and commenced a number of operational initiatives to increase client numbers and volumes whilst also building out the demand pipeline to take up new products as they are introduced.

The company remains well-funded and focused on developing the private client market from which the significant majority of future business is expected to be derived as market volatility increases due to Treasury actions in global economies.

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Company Secretary

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Australian Bond Exchange Holdings Limited

ABN

11 629 529 543

Quarter ended ("current quarter")

31 December 2021

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 16,718 | 47,631 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (16,664) | (48,367) |
| (c) advertising and marketing | (42) | (71) |
| (d) leased assets | - | - |
| (e) staff costs | (424) | (748) |
| (f) administration and corporate costs | (313) | (747) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 2 | 0 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (723) | (2,302) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | - | - |
| (e) intellectual property | (93) | (184) |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (93) | (184) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 7,272 | 15,672 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (1,322) | (1,841) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 5,950 | 13,831 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 7,652 | 1,441 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (723) | (2,302) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (93) | (184) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 5,950 | 13,831 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 12,786 | 12,786 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|----------------------------|-----------------------------|
| 5.1 | Bank balances | 12,786 | 7,652 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 12,786 | 7,652 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----|--|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 202 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 30 |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments in 6.1 relate to CEO and CTO remuneration, Chairman Fees and net brokerage paid to Lannali Pty Ltd.

Payments in 6.2 relate to CEO and CTO remuneration capitalised as part of software development costs.

| 7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (723) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 12,786 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 Total available funding (item 8.2 + item 8.3) | 12,786 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 17 |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> | |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions: | |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: N/A | |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: N/A | |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| Answer: N/A | |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i> | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2022

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.