



Australian Bond Exchange Holdings Ltd.

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Australian Bond Exchange Holdings Limited (ASX: ABE)

ASX Announcement

28 April 2022

March Quarter (Q3 FY2022) Quarterly Activity Report, Appendix 4C Quarterly Cash Flow Report, and Business Update

Highlights

- **Metrics for Q3 FY2022 show strong growth in private client business across all components of the private client business**
- **Q3 FY2022 Private Client Revenue was \$575.5k, up 283% versus Q3 FY2021. This growth was achieved across all parts of the private client business**
 - **Q3 FY2022 Private Client Brokerage Revenue was 95% higher compared to Q3 FY2021**
 - **Q3 FY2022 Private Client Trading Revenue up 386% versus Q3 FY2021**
 - **Q3 FY2022 Origination Revenue up 371% versus Q3 FY2021**

Australian Bond Exchange Holdings Limited (ABE) is pleased to announce strong private client growth in Q3 2022. Despite the turmoil in global financial markets during the period, ABE continued its course of private client growth in Australia.

During the Q3 FY2022 period ABE experienced over 283% growth in revenue compared to the corresponding period the previous year. This growth was achieved through contributions across all components of the private client business – brokerage revenue, trading margin, and origination fees.

Of note during the period was the launch of two new financial products available to both wholesale and retail investors totalling \$20 million in face value. These two products were created via the innovative collaboration with ABE's global network of financial institution counterparties. This is in line with ABE's strategy of providing attractive investments specifically designed for the Australian private investor.

ABE continues to expand its sales and marketing capability in the private client space as previously signalled in its prospectus last calendar year. This capability includes activity in SEO, direct search marketing, EDM, affiliate agreements, advertising, branding and sales.

As in any fixed income business, ABE manages its bond inventory in conjunction with its cash position. The bond inventory is readily convertible into cash. At any point in time the company's cash position needs to be viewed in conjunction with its inventory holding, receivables and payables to give a true reflection of the funding available to the business. At the end of the period, ABE was holding \$5,398,000 of inventory which is immediately available for sale to investors. The revenue for this inventory will be brought to account in the following period.

Use of Funds

In accordance with ASX Listing Rule 4.7C.2, Australian Bond Exchange Holdings Limited provides the following update on its use of funds (unaudited) below.

Use of Funds	Use of funds as per Prospectus (\$AUD'000)	Expenditure Quarter ended 31 Mar 2022 (\$AUD'000)	Total Actual Expenditure (\$AUD'000)
Sales and Marketing	6,592	899	1,535
Further Development of ABE technology and Intellectual Property protection	450	109	202
Operational Expenses	700	99	195
Working Capital	2,000	0	0
Inventory and Liquidity Funding	4,347	0	4,347
Expenses of the Offer	1,583	44	1,852
Total	15,672	1,151	8,131

Steve Alperstein
Company Secretary

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About Australian Bond Exchange Holdings

Australian Bond Exchange Holdings (ASX: ABE) is an Australian financial services company that uses its proprietary technology to provide Australian Investors with access to the global financial markets. ABE has developed a direct, efficient and cost-effective system and method for facilitating the transaction and settlement of financial instruments that provides a transparent trading experience for investors, brokers and advisers.

In an era of low-yielding bank deposits, market uncertainty and increasing inflation, investors are searching for higher-yielding investments that offer greater capital protection. Through our innovative technology, we're eliminating barriers to entry to the bond market, providing improved access, more efficient trading, lower transaction costs, and introducing new levels of transparency.

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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	34,184	81,815
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(37,180)	(85,547)
(c) advertising and marketing	(78)	(149)
(d) leased assets	-	-
(e) staff costs	(1,059)	(1,807)
(f) administration and corporate costs	(418)	(1,165)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
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	(4,548)	(6,850)
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	(109)	(293)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(109)	(293)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(44)	(1,885)
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	(44)	13,787

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,786	1,441
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,548)	(6,850)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(109)	(293)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(44)	13,787
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,085	8,085

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	8,085	12,786
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)	8,085	12,786

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	230
6.2	Aggregate amount of payments to related parties and their associates included in item 2	23
<p><i>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.</i></p> <p>Payments in 6.1 relate to CEO remuneration, CTO Remuneration, Chairman Fees and net brokerage paid to Lannali Pty Ltd (who's adviser is a related party)</p>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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)	(4,548)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,085
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,085
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.8
<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: No. The current level of net operating cash flows reflects a significant amount of inventory purchases. The entity has \$5,398,000 of inventory which can be readily turned into cash within 2 days and the (\$4,548,000) in cash outflows is not a true reflection of the operating activities as it includes inventory purchases made during the quarter.	
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: Yes. With current cash of \$8,085,000 as well as bond inventory of \$5,398,000 which is readily convertible to cash, the entity remains well funded.

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.

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: 22 April 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.