



Australian Bond Exchange Holdings Ltd.
Level 19, 15 Castlereagh Street,
Sydney NSW 2000
P.O. Box R445, Royal Exchange NSW 1225
ACN 629 543 193 | AFSL 484 453

Telephone: (02) 8076 9343
support@bondexchange.com.au
www.bondexchange.com.au

30 April 2024

Australian Bond Exchange Holdings Limited (ASX: ABE) (“Australian Bond Exchange” or “ABE” or “the company”) releases its Appendix 4C Quarterly Cash Flow Report and Business Update for the quarter ended 31 March 2024 (Q3 FY24).

Highlights

- **Revenue and other income for the quarter reached \$1.46 million, a 27% increase on the prior quarter.**
- **Launch of Hertz Corporation AUD denominated Credit Linked Security further adding to ABE’s suite of products.**
- **Operating cash flow for the period resulted in \$454k used in operating activities, a 273% improvement on the prior quarter and a 191% improvement for the corresponding period last year.**

Australian Bond Exchange, an innovative financial technology and services company providing access to the OTC bond market for private investors, funds and financial institutions, is pleased to present its quarterly cash flow report for Q3 FY24.

ABE continues on its path to make bonds more accessible to Australian private investors and service the largely untapped market in Australia. ABE CEO Bradley McCosker said “For the financial year to date, we see increases in key revenue segments – across institutional and private clients, which is encouraging for the overall business. Investments in direct client acquisition has also provided good returns with number of clients increasing 14% and size of portfolio increasing 11% over the current financial year. This comes at a time where we have rationalised the business to be more operationally and cost efficient.”

Financial performance

For the quarter, the company achieved revenue and other income of \$1.46 million. Institutional trading volumes increased 82% from Q2 FY24 and 59% compared to the same quarter last year. Additionally, private client revenues contributed positively to revenue, increasing 58% from Q2 FY24.

In the quarter, the company experienced a shortfall in net operating cash flow of \$0.45 million compared to an operating cash shortfall of \$1.69 million in the previous quarter. As signalled to the market previously, ABE actively manages its cash position in conjunction with the inventory holdings, receivables and payables. This latest quarter’s fluctuation in net operating cash flow resulted from

For personal use only

increases in overall receipts from customers and decreases in expenses relating to the costs reduction program, including reductions in administration and corporate costs.

ABE continues to actively pursue sales volumes for both existing and new clients through multiple channels. As previously indicated to the market, fostering additional partnerships with other financial services firms are a key priority for revenue growth in FY24. The outcomes of building these meaningful partnerships may not be immediate but are expected to provide sustainable growth.

Operational Activities

ABE continued to innovate its product offerings over the quarter with the new Hertz Corporation Credit Linked Security introduced to the Australian market. This reinforces ABE's approach of sourcing investment opportunities from around the globe not normally available, in this case the 10.8 trillion US corporate bond market and presenting them to Australian investors in Australian dollars. This process is enhanced by ABE's analytics team utilising the internal Artificial Intelligence driven credit appraisal tool to rapidly identify opportunities in the fast-moving global markets. The Credit Artificial Intelligence Tool (CAIT), developed in conjunction with UC Berkley California and Bond University is able to provide near instant credit assessment information for use by the ABE team. The system was built from millions of permutations and combinations drawing from financial and non-financial data points to rival the credit scores and ratings of the ratings agencies such as S&P and Moody's and can be used for credit reporting, loan approvals, financing and more.

Client holdings increased 26% since the start of the financial year. Client acquisition across all areas is also achieving results, with client numbers increasing 14% and size of portfolio increasing 11% over FY24. This continued improvement reflects the attractiveness of the product and service offering of the Australian Bond Exchange.

Related party payments

In accordance with ASX Listing Rule 4.7C.3, and as noted in Item 6 of the Appendix 4C, Australian Bond Exchange Holdings Limited notes that \$14,378 was paid to related parties during the quarter ended 31 March 2024. These payments related to payments to Lannali Pty Ltd, whose advisers are related parties.

Authorised by the Board

Vicki Grey

Company Secretary

Investor Relations & Media Enquiries

Contact: +61 2 8076 9343

Email: shareholders@bondexchange.com.au

Email: investors@bondexchange.com.au

Registered office: Level 19, 15 Castlereagh Street, Sydney 2000

Contact address: Level 19, 15 Castlereagh Street, Sydney 2000

Phone: +61 2 8076 9343

Website address: www.bondexchange.com.au

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 direct access to the best of the fixed income asset class in Australia and internationally.

ABE's access and proprietary technology allows "access for all" in a transparent and efficient way. Transparent trading allows investors, brokers and advisers to deliver highly demanded fixed income asset class product to end clients.

This is coupled with an advanced AI driven Product Governance model, which allows greater investor protections, providing a new over the counter venue for private investors, financial advisers, and investment professionals to access the global financial markets.

ABE is eliminating barriers to entry to the bond market, providing access, efficiency, lower cost and transparency.

Appendix 4C

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

Name of entity

Australian Bond Exchange Holdings Limited

ABN

11 629 543 193

Quarter ended ("current quarter")

31 March 2024

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 34,640 | 118,145 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (33,353) | (115,143) |
| (c) advertising and marketing | (102) | (552) |
| (d) leased assets | (183) | (452) |
| (e) staff costs | (1,167) | (3,871) |
| (f) administration and corporate costs | (372) | (1,750) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 83 | 188 |
| 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 | (454) | (3,434) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (0) | (0) |
| (d) investments | - | - |
| (e) intellectual property | (168) | (506) |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 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 | (168) | (506) |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 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 | (0) | (0) |
| 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 | (0) | (0) |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,545 | 5,863 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (454) | (3,434) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (168) | (506) |

For personal use only

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------------|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (0) | (0) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,923 | 1,923 |

| 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 | 1,923 | 2,545 |
| 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) | 1,923 | 2,545 |

| 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 | 14 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | |
| <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 payments to Lannali Pty Ltd, whose advisers are related parties.</p> | | |

| 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) | (454) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 1,923 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 1,923 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | 4.2 |
| | <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: Not applicable | |
| | 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: Not applicable | |
| | 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: Not applicable | |
| | <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: 30 April 2024

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.