



Australian Bond Exchange Holdings Ltd.
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31 July 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 30 June 2024 (Q4 FY24).

Highlights

- **Generated \$1.1 million in cash flows from revenue and other income operating activities for the quarter.**
- **Initial funding commitments of \$1.5 million received from Convertible Note issue**
- **Completed structural rationalization of the business to realign with the strategic purpose of the company**

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 Q4 FY24.

ABE continues on its path to make bonds more accessible to Australian private investors and service this 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 11% and the average size of portfolios also increasing 11% over the current financial year. During the reporting period ABE completed the business rationalization to realign the business with the strategic purpose of the company. This attracted some one off restructuring costs during the period.”

Financial performance

Cash flows generated from revenue and other income operating activities of \$1.1 million was achieved for the quarter. Private client trading and brokerage continue to deliver sustained contributions to revenue as did continued contributions from institutional trading activity.

Net operating cash flow for the quarter was a shortfall of \$0.8 million compared to an operating cash shortfall of \$0.45 million in the previous quarter. The increase in the net operating cash shortfall is largely driven by slightly smaller trading volumes, restructuring costs, and timing differentials, which included annual prepayments with IT and marketing platform vendors to support ABE’s client acquisitions strategy.

In relation to revenue growth, ABE continues to pursue sales volumes for both existing and new clients, and through multiple channels. Income from business development activities often lags, with client engagement and integration into various partner firms not as quick as anticipated.

Operational Activities

During the quarter ABE continued to focus on business rationalization. The result of which is that the company heads into FY2025 with a far more efficient operation comprised of a team focussed on turning the potential of the company into real results.

Client holdings increased 22% since the start of the financial year. Client acquisition across all areas is also returning results, with client numbers increasing 11% and size of portfolio increasing 11% over FY24.

ABE continues focus its sales and marketing activities on its client acquisition strategy. During the quarter ABE continued its investment in online marketing and advertising campaign to drive the growth in client numbers.

Financing Activities

As signalled to the market in previous reports, ABE secured funding via the issue of unsecured convertible notes (**Convertible Notes**). During the reporting period, ABE received \$1.5 million of proceeds from the issue of these Convertible Notes. The funds raised from the issue will provide additional liquidity towards the funding of trading, bond and credit fund development and working capital for the Group. The remaining \$2 million in commitments are expected to be issued over the next 4 months. The Convertible Notes demonstrate investor's strong ongoing support and represents a flexible funding instrument for ABE.

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 \$66,874 was paid to related parties during the quarter ended 30 June 2024. These payments related to payments to Lannali Pty Ltd, whose advisers are related parties.

Authorised by the Board

Vicki Grey
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 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")

30 June 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	12,876	131,021
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(12,176)	(127,343)
(c) advertising and marketing	(80)	(633)
(d) leased assets	(141)	(593)
(e) staff costs	(1,076)	(5,118)
(f) administration and corporate costs	(586)	(2,337)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	60	275
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	306	306
1.8 Other (provide details if material)	0	-
1.9 Net cash from / (used in) operating activities	(817)	(4,422)

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	(125)	(460)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
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	(125)	(460)

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	1,500	1,500
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	1,500	1,500

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,924	5,864
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(817)	(4,422)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(125)	(460)

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)	1,500	1,500
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,482	2,482

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	2,482	1,923
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)	2,482	1,923

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	67
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<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>	

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)	(817)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,482
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,482
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.0
	<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:31 July 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.