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31 January 2025

Australian Bond Exchange Holdings Limited (ASX: ABE)

Appendix 4C Quarterly Cash Flow Report & Business Update – Q2 FY25

Highlights

- Cost reduction program initiated in FY24 is delivering tangible results.
- Launched the Good Year Tire and Rubber Company AUD-denominated market-linked security, further expanding ABE's suite of unique products.
- Artificial Intelligence program continues to demonstrate significant potential.

Australian Bond Exchange Holdings Limited ("Australian Bond Exchange" or "ABE" or "the Company"), an innovative financial technology and services company providing private investors, funds, and financial institutions with access to the OTC bond market, is pleased to present its **Appendix 4C Quarterly Cash Flow Report** for the quarter ended **31 December 2024 (Q2 FY25)**.

ABE remains committed to its **vision** of democratizing financial markets—ensuring that financial products and markets are more **inclusive, transparent, and accessible** to all investors. The Company continues to play a key role in the evolution of financial markets and remains focused on expanding its capabilities.

During the quarter, ABE added to its unique product offerings, releasing a new market linked security enhancing the traditional OTC market trading. It continued developing software solutions including its Artificial Intelligence based compliance efficiency and client protection software suite and its transaction processing capabilities to advance the OTC global financial markets democratization.

Financial Performance

ABE reported a **net operating cash flow shortfall of \$0.7 million** for the quarter, a significant improvement from the **\$1.5 million shortfall** in the previous quarter. This reduction is primarily attributed to seasonal factors, as well as the **impact of the cost reduction program initiated in FY24**, which is now yielding results.

ABE has successfully streamlined its **cost base and operational model**, positioning itself for sustainable growth. The leaner structure provides a strong foundation for future expansion and efficiency.

Operational Activities

With the cost reduction program now complete, ABE is shifting its focus to **growth**, leveraging its **unique product offerings** and expanding its client base. The Company remains **resilient and adaptable**, closely monitoring market trends while maintaining an **agile** approach to emerging opportunities and challenges.

During the quarter, ABE continued its **product innovation strategy** with the introduction of the **Good Year Tire and Rubber Company market-linked security** to the Australian market. This addition increased the total face value of **market-linked products to over \$180 million**, reinforcing ABE's commitment to **providing access to global investment opportunities** typically unavailable to Australian investors.

Technology & Innovation

ABE remains at the forefront of technological advancements, ensuring **equal access to financial markets for individual Australian investors**. Key developments during the quarter include:

- Completion of the **first phase of its AI-based conversation monitoring tool**, which evaluates one-sided conversations to enhance **advisory quality and sales effectiveness**. The trial processed over **3,800 conversation snippets**, yielding valuable insights into the application of AI in financial services.
- Continued integration of **ISO20022 (New Payments Platform - NPP) protocols** into its transaction processing and settlement systems. This implementation is expected to **reduce operational time and costs**, while improving **efficiency, performance, and accuracy**.

Financing Activities

As previously signalled to the market, ABE secured funding through the **issuance of unsecured convertible notes**. No convertible notes were issued during the quarter, and **\$1.5 million in outstanding commitments** remain to be issued.

Authorised by the Board

Vicki Grey

Company Secretary

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About Australian Bond Exchange Holdings

Australian Bond Exchange Holdings (ASX: ABE) is a leading Australian financial services company that leverages **proprietary technology** to provide investors with direct access to **the fixed-income asset class** both domestically and internationally.

ABE's **transparent and efficient trading platform** empowers investors, brokers, and financial advisers to access **high-demand fixed-income products**. The Company's **AI-driven product governance model** enhances **investor protections**, creating a **new over-the-counter (OTC) venue** for private investors and financial professionals to engage with global financial markets.

By eliminating traditional **barriers to entry**, ABE is redefining access to the **bond market**—offering **efficiency, lower costs, and increased transparency** to investors across Australia.

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 December 2024

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		13,437	27,751
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(13,087)	(27,083)
(c) advertising and marketing		(29)	(63)
(d) leased assets		(98)	(240)
(e) staff costs		(716)	(1,590)
(f) administration and corporate costs		(250)	(1,049)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		60	109
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		(683)	(2,165)
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		(72)	(180)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(72)	(180)

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	-	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	-	500

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,392	2,482
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(683)	(2,165)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(72)	(180)

Appendix 4C

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

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)	-	500
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	637	637

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	637	1,392
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)	637	1,392

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

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.

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	3,500	2,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		1,500
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.		
	ABE has agreed to issue convertible notes to a private investor. The convertible notes are unsecured. Interest accrues at a rate of 8% per annum, payable in cash quarterly or shares at the noteholders' election. The convertible notes mature three years from the date of issuer. All notes are convertible at any time 12 months and after the date of issuance, at the discretion of the noteholder. No convertible notes were issued during the current quarter.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(683)
8.2	Cash and cash equivalents at quarter end (item 4.6)	637
8.3	Unused finance facilities available at quarter end (item 7.5)	1,500
8.4	Total available funding (item 8.2 + item 8.3)	2,137
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.1
	<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 January 2025.....

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.