



# Australian Bond Exchange Holdings Limited

ABN 11 629 543 193

**Appendix 4E Preliminary Final Report**

For the Year Ended 30 June 2022

**Australian Bond Exchange Holdings Limited**

ABN 11 629 543 193

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**For the Year Ended 30 June 2022**

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## APPENDIX 4E PRELIMINARY FINAL REPORT

For the year ended 30 June 2022

**Australian Bond Exchange Holdings Limited** ABN 11 629 543 193 and its controlled entities

### 1 Details of the reporting period and the prior corresponding period

Current period: 1 July 2021 to 30 June 2022  
Prior corresponding period: 1 July 2020 to 30 June 2021

### 2 Results for announcement to the market:

Key information	Year ended		Change %
	30 Jun 2022 \$	30 Jun 2021 \$	
2.1 Revenue	2,029,717	4,031,342	down 50%
2.2 Loss from ordinary activities after tax attributable to members	(3,642,758)	(345,579)	down 954%
2.3 Loss attributable to members of the Company	(3,642,758)	(345,579)	down 954%

#### 2.4 Dividends

There were no dividends paid during the reporting period nor declared after the end of the reporting period.

#### 2.5 Record date for determining entitlements to the dividend

Not applicable

#### 2.6 Commentary

##### FY2022 Highlights

- Private client revenue grew to \$2.03 million, an increase of 228% compared to FY21.
- Growth was achieved through increased contributions from securities trading and commission income in the private client business.
- Private client numbers increased by approximately 72% over FY22.
- Successful completion of the IPO resulting in a strong balance sheet to support Australian Bond Exchange's growth strategy.
- Establishment of Singapore subsidiary to capitalise on global market connectivity.
- Commencement of a pilot program to trial Australian Bond Exchange's transaction and settlement process utilising the New Payments Platform (NPP).
- Soft launch of self-service online trade portal through which private clients can directly trade bonds.
- Completion of the post trade data feed integration with investment platform HUB24.

Australian Bond Exchange CEO Bradley McCosker said "FY22 has been a transformative year for the Australian Bond Exchange. With our successful listing and strong growth in private client revenue, we have established ourselves as the pre-eminent marketplace for investing in fixed income securities. We have a highly scalable business model and operate in a largely untapped market, presenting strong opportunities for future growth. Customers are responding well to our safe, transparent and low-cost platform, and we look forward to bringing new innovations to market in the months ahead."

## Financial Performance Review

The reporting period was dominated by the IPO mid-way through the financial year and the increased focus on the private client business.

During FY22, the group's private client revenue grew to \$2.03 million, an increase of 228% compared to FY21. This growth was achieved through significantly increased contributions from securities trading and commission income:

- Securities trading income increased 399% compared to FY21.
- Commission income increased 191% compared to FY21.

Institutional trading revenue is opportunistic and is booked as generated. The reduction in institutional trading revenue was driven by events overseas and market conditions and resulted in a decrease in total revenue and other income of 47% compared to FY21. As the private client revenue continues to grow in line with the company strategy, the impact of fluctuations in institutional trading revenue are expected to be reduced.

The consolidated loss for the Group for the year ended 30 June 2022 was \$3.64m (30 June 2021: loss \$0.35m). The result for the year reflects the evolution of Australian Bond Exchange into a publicly listed financial technology company. The period saw the company incur one-off capital raising costs and the immediate commencement of the investment of the funds raised into building the sales team, marketing and further product and technology development.

In addition, funds raised were also utilised to purchase bond inventory. At the end of the financial year, Australian Bond Exchange had a strong cash balance of \$9.05million and a clear path forward to growth focussing on private client revenue.

## Operational Performance and Activities

Despite the significant external market uncertainty over the period, Australian Bond Exchange has continued to establish itself as the preeminent marketplace for Australian private investors to invest in bonds.

As noted above, all private client business activities grew significantly and contributed strongly to private client revenue growth in FY22. The expansion of Australian Bond Exchange's dedicated private client sales and the addition of a dedicated marketing team during the period was a significant contributor to the growth:

- Private client numbers increased by 72% compared to FY21.
- Private client transaction volume grew by 148% compared to FY21.
- Very strong private client retention rate of 99%.

Australian Bond Exchange launched several innovative bond products during FY22, these products were selected and designed specifically for the needs of Australian private client investors and attracted significant interest from clients evidenced by the 60% oversubscribed Rolls Royce Bond Linked Security launched in June. Other bond products available through Australian Bond Exchange are linked to Jaguar Land Rover, Xerox Corporation and Goodyear Tire and Rubber Company.

The group significantly progressed a range of technology initiatives during the period, including:

- Commencement of a pilot program to trial Australian Bond Exchange's transaction and settlement process utilising the New Payments Platform (NPP);
- Overhaul and migration of the Australian Bond Exchange's Customer Relationship Management (CRM) system to support the growing sales and marketing teams and enable the business to further optimise the lead generation, marketing efforts and onboarding to support the seamless scaling up of the business;
- Completion of the post trade data feed integration with investment platform HUB24;

- Enabling HUB24 broker clients to easily use their IRESS and HUB24 systems with Australian Bond Exchange's order matching, settlement, and post trade systems;
- Soft launch of self-service online trade portal through which private clients can directly trade bonds.

### Outlook and strategic priorities

With significant achievements this past year in further enhancing the company's technology foundations, management and the Board are confident that Australian Bond Exchange is well positioned to scale its business across several key areas during FY23, including client acquisition, market integration, and product innovation.

#### 3 A statement of comprehensive income

A statement of comprehensive income together with notes to the statement is contained on page 4 and pages 8 onwards.

#### 4 A statement of financial position

A statement of financial position together with notes to the statement is contained on page 5 and pages 8 onwards.

#### 5 A statement of cash flows

A statement of cash flows together with notes to the statement is contained on page 7 and pages 8 onwards.

#### 6 A statement of changes in equity

A statement of changes in equity, showing movements is contained on page 6 and pages 8 onwards.

#### 7 Dividend Payments

There were no dividends paid during the reporting period.

#### 8 Dividend or distribution reinvestment plan details

There are no dividend or distribution reinvestment plan in place.

#### 9 Net tangible assets per ordinary share

	30 Jun 2022	30 Jun 2021	Change
Security	\$	\$	%
Ordinary Shares	0.100	0.007	up 1300%

#### 10 Control gained or lost over entities during the period, for those having material effect

A Singapore domiciled subsidiary, ABE Capital Markets Pte Ltd, was established on 26 July 2021.

#### 11 Details of any associates and joint venture entities

Not Applicable.

#### 12 Any other significant information needed by an investor

Not Applicable.

#### 13 Accounting standards used by foreign entities

Not Applicable.

#### 14 Status of audit

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. The Preliminary Final Report is unaudited and contains disclosures and which are extracted or derived from the Annual Financial Report for the year ended 30 June.

The Annual Financial Report is in the process of being audited and an unqualified audit opinion is expected to be issued.

**Australian Bond Exchange Holdings Limited**

ABN 11 629 543 193

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**For the Year Ended 30 June 2022**

		2022	2021
	Note	\$	\$
Revenue	2	2,029,717	4,031,342
Other income	2	456,680	624,315
Employee benefits expense		(2,980,395)	(1,450,414)
Brokerage costs		(548,068)	(2,581,671)
Depreciation and amortisation expense		(67,412)	(44,964)
Other expenses	3	(2,533,280)	(924,187)
<b>Loss before income tax</b>		<b>(3,642,758)</b>	<b>(345,579)</b>
Income tax expense		-	-
<b>Loss for the year attributable to members of the parent entity</b>		<b>(3,642,758)</b>	<b>(345,579)</b>
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income for the year attributable to members of the parent entity</b>		<b>(3,642,758)</b>	<b>(345,579)</b>

**Earnings per share**

From continuing operations:

Basic earnings per share (cents)	17	(3.51)	(0.43)
Diluted earnings per share (cents)	17	(3.51)	(0.43)

The accompanying notes form part of these financial statements.

**Australian Bond Exchange Holdings Limited**

ABN 11 629 543 193

**Consolidated Statement of Financial Position**

As At 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	9,046,931	1,440,661
Trade and other receivables	5	929,800	945,945
Financial assets	6	1,631,866	552,975
Other assets	7	583,632	217,626
<b>TOTAL CURRENT ASSETS</b>		<b>12,192,229</b>	3,157,207
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		19,793	9,091
Intangible assets	8	1,629,586	1,151,118
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,649,379</b>	1,160,209
<b>TOTAL ASSETS</b>		<b>13,841,608</b>	4,317,416
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	644,152	1,999,162
Employee benefits	10	314,503	591,833
<b>TOTAL CURRENT LIABILITIES</b>		<b>958,655</b>	2,590,995
<b>NON-CURRENT LIABILITIES</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>958,655</b>	2,590,995
<b>NET ASSETS</b>		<b>12,882,953</b>	1,726,421
<b>EQUITY</b>			
Issued capital	11	21,329,562	6,808,844
Accumulated losses		(8,725,181)	(5,082,423)
Reserves	12	278,572	-
<b>TOTAL EQUITY</b>		<b>12,882,953</b>	1,726,421

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

ABN 11 629 543 193

**Consolidated Statement of Changes in Equity**

For the Year Ended 30 June 2022

2022

	Note	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
<b>Balance at 1 July 2021</b>	11	6,808,844	(5,082,423)	-	1,726,421
Loss attributable to members of the parent entity		-	(3,642,758)	-	(3,642,758)
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		-	(3,642,758)	-	(3,642,758)
<b>Transactions with owners in their capacity as owners</b>					
Issue of ordinary shares	11	15,702,203	-	-	15,702,203
Capital raising costs	11	(1,181,485)	-	-	(1,181,485)
Issue of options	12	-	-	254,673	254,673
Issue of shares under Executive Loan Funded Share Plan	12	-	-	23,899	23,899
<b>Balance at 30 June 2022</b>		<b>21,329,562</b>	<b>(8,725,181)</b>	<b>278,572</b>	<b>12,882,953</b>

2021

	Note	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
<b>Restated Balance at 1 July 2020</b>	11	6,999,994	(4,736,844)	-	2,263,150
Loss attributable to members of the parent entity		-	(345,579)	-	(345,579)
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		-	(345,579)	-	(345,579)
<b>Transactions with owners in their capacity as owners</b>					
Capital raising costs	11	(191,150)	-	-	(191,150)
<b>Balance at 30 June 2021</b>		<b>6,808,844</b>	<b>(5,082,423)</b>	<b>-</b>	<b>1,726,421</b>

The accompanying notes form part of these financial statements.



**Australian Bond Exchange Holdings Limited**

ABN 11 629 543 193

**Consolidated Statement of Cash Flows**

For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	106,576,682	69,369,525
Payments to suppliers and employees	(112,597,243)	(69,648,719)
Interest received	13,718	16,069
Interest paid	-	(6,549)
Grants received	298,436	324,702
Net cash provided by/(used in) operating activities	18 <u>(5,708,407)</u>	<u>55,028</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for intangible assets	(570,251)	(418,741)
Purchase of property, plant and equipment	(17,069)	(4,854)
Net cash provided by/(used in) investing activities	<u>(587,320)</u>	<u>(423,595)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issues of shares	15,672,203	-
Payment of transaction costs attributable to issuance of shares	(1,770,206)	(161,151)
Net cash provided by/(used in) operating activities	<u>13,901,997</u>	<u>(161,151)</u>
Net increase/(decrease) in cash and cash equivalents held	7,606,270	(529,718)
Cash and cash equivalents at beginning of year	1,440,661	1,970,379
Cash and cash equivalents at end of financial year	4 <u>9,046,931</u>	<u>1,440,661</u>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2022**

### **1 Introduction**

#### **(a) Reporting entity**

Australian Bond Exchange Holdings Limited (ABE) is a for-profit company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

The Preliminary Final Report for the year ended 30 June 2022 comprises ABE and its controlled entities (together referred to as the ABE Group or the Group). The Preliminary Final Report of ABE for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 30 August 2022.

#### **(b) Statement of compliance**

The Preliminary Final Report has been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Preliminary Final Report also complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Annual Financial Report is in the process of being audited.

The Preliminary Final Report should also be read in conjunction with any public announcements made by ABE during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

#### **(c) Basis of preparation**

The Preliminary Final Report has been prepared on a going concern basis, which assumes the Group will be able to meet its obligations as and when they fall due. The Preliminary Final Report is presented in Australian dollars, which is the functional currency of the Group, and has been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **(d) Comparatives**

Comparatives are consistent with prior years, unless otherwise stated. Where applicable, comparative balances have been reclassified to align with current period presentation.

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 2 Revenue and Other Income

Revenue from continuing operations - contracts with customers	2022	2021
	\$	\$
Revenue from contracts with customers has been disaggregated as follows:		
Type of contract		
- Securities trading income	1,433,220	287,248
- Net fees on securities trading	-	3,412,445
- Arrangement fees	168,724	184,500
- Commission income	427,773	147,149
	<u>2,029,717</u>	<u>4,031,342</u>
Other Income		
- Interest received	15,407	5,717
- Other income	87,561	15,318
- Corporate advisory fees	8,668	-
- R&D refundable tax rebate	345,044	298,436
- Cash flow boost grant income	-	123,644
- Job keeper grant income	-	181,200
	<u>456,680</u>	<u>624,315</u>
<b>Total Revenue and Other Income</b>	<u><b>2,486,397</b></u>	<u><b>4,655,657</b></u>

(a) Gross fees from securities trading was \$nil (2021: \$4,056,300) for the period. Fees attributed to the principal of the arrangement acting on behalf of the Group was \$nil (2021: \$643,855), leaving Net fees on securities trading of \$nil (2021: \$3,412,445).

(b) Total Gross Revenue and Other Income when including gross fees from securities trading per (a) above is \$2,486,397 (2021: \$5,299,512).

(c) All revenue from contracts with customers is recognised at a point in time, when the performance obligation is satisfied.

### 3 Results for the year

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
Other expenses:		
Rent expense	203,998	140,243
Advertising	508,939	125,440
Administration and management fees	170,220	35,607
Legal and professional fees	543,370	60,552
Insurance	199,562	98,548
Accounting fees	107,975	83,665
Research fees	151,441	37,500
Information technology related expenses	371,280	273,050

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 4 Cash and Cash Equivalents

	2022 \$	2021 \$
Cash at bank and in hand	9,046,931	1,440,661
	<u>9,046,931</u>	<u>1,440,661</u>

Cash and cash equivalents do not include the amount of \$606,733 (June 2021: \$12,848,650) held in client trust accounts at 30 June 2022.

### 5 Trade and Other Receivables

	Note	2022 \$	2021 \$
CURRENT			
Trade receivables		533,622	602,481
Allowance for expected credit losses	(a)	-	-
		<u>533,622</u>	<u>602,481</u>
GST receivable		44,809	45,028
R&D tax rebate receivable		345,044	298,436
Other receivable		<u>6,325</u>	-
<b>Total current trade and other receivables</b>		<u><b>929,800</b></u>	<u><b>945,945</b></u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The amounts are contractually due within two days of recognition of the receivable.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

#### (a) Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2022 is determined as follows, the expected credit losses incorporate forward looking information.

The receivable balance of \$533,622 is current, with a nil expected credit loss provision.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience. Trade receivables are normally collected within two days and to date the company has not written off any receivable balances and all money owing has been fully recovered.

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 6 Financial Assets

#### Financial assets at fair value through profit or loss

	2022	2021
	\$	\$
CURRENT		
Corporate bonds	-	552,975
Market Linked Instruments	<b>1,631,866</b>	-
<b>Total</b>	<b>1,631,866</b>	<b>552,975</b>

#### Fair value measurement

The Group's financial assets at fair value through profit or loss have been recognised at level 2.

Level 2: The fair value of financial instruments that are traded in a less active and transparent market (for example, over-the-counter bonds and derivatives) is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

### 7 Other Assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	<b>527,719</b>	138,444
Deposits	<b>55,913</b>	35,248
Other advances	-	43,934
	<b>583,632</b>	<b>217,626</b>

### 8 Intangible assets

	2022	2021
	\$	\$
Software	<b>666,303</b>	495,215
Accumulated amortisation	<b>(99,868)</b>	(41,130)
Total software	<b>566,435</b>	454,085
Software development costs	<b>1,063,151</b>	694,833
Logo	-	2,200
<b>Total Intangibles</b>	<b>1,629,586</b>	<b>1,151,118</b>

The aggregate amount of research and development expenditure recognised as an expense during the period is \$312,987 (2021: \$307,999).

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 8 Intangible assets continued

#### (a) Movements in carrying amounts of intangible assets

	Logo \$	Software \$	Software Development costs \$	Total \$
<b>Year ended 30 June 2022</b>				
Balance at the beginning of the year	2,200	454,085	694,833	1,151,118
Transferred to (in use)	-	24,344	(24,344)	-
Additions	-	146,744	392,662	539,406
Amortisation expense	(2,200)	(58,738)	-	(60,938)
<b>Closing value at 30 June 2022</b>	<b>-</b>	<b>566,435</b>	<b>1,063,151</b>	<b>1,629,586</b>
<b>Year ended 30 June 2021</b>				
Balance at the beginning of the year	2,200	-	771,307	773,507
Transferred to (in use)	-	300,429	(300,429)	-
Additions	-	194,786	223,955	418,741
Amortisation expense	-	(41,130)	-	(41,130)
<b>Closing value at 30 June 2021</b>	<b>2,200</b>	<b>454,085</b>	<b>694,833</b>	<b>1,151,118</b>

### 9 Trade and Other Payables

	2022 \$	2021 \$
CURRENT		
Trade payables	425,825	1,822,455
Other payables	218,327	176,707
	<b>644,152</b>	<b>1,999,162</b>

Trade payables represent the liabilities outstanding at the end of the reporting period for securities trading activities performed in the ordinary course of business which remain unpaid at the reporting date and where the amounts are contractually due within two days of recognition of the liability.

### 10 Employee Benefits

	2021 \$	2020 \$
CURRENT		
Annual leave	310,719	174,392
Other employee benefits	3,784	417,441
	<b>314,503</b>	<b>591,833</b>

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 11 Issued Capital

	2022	2021
	\$	\$
114,858,561 (2021: 80,972,416) Ordinary shares	22,154,922	6,808,844
Less: Treasury shares 2,190,446 (2021: nil)	(825,360)	-
	<u>21,329,562</u>	<u>6,808,844</u>

#### (a) Movements in ordinary shares

	No.	\$
<b>Opening Balance at 1 July 2021</b>	<b>80,972,416</b>	<b>6,808,844</b>
Movement		
6 Sep 2021: Issue of additional converting note shares (i)	3,661,540	-
8 Sep 2021: Issue of Pre IPO shares (ii)	10,000,000	5,000,000
21 Sep 2021: Issue of Pre IPO shares (iii)	6,800,000	3,400,000
29 Nov 2021: Issue of Subscription Shares under the Offer (iv)	11,188,005	7,272,203
9 May 2022: Issue of shares under Executive Loan Funded Share Plan (ELFSP) (v)	2,190,446	825,360
13 May 2022: Issue of shares to employees (vi)	46,154	30,000
Less: Capital raising costs (vii)	-	(1,181,485)
<b>Balance as at 30 June 2022</b>	<u><b>114,858,561</b></u>	<u><b>22,154,922</b></u>

	No.	\$
<b>Opening Balance at 1 July 2020</b>	<b>80,972,416</b>	<b>6,999,994</b>
Movement		
Less: Capital raising costs	-	(191,150)
<b>Balance as at 30 June 2021</b>	<u><b>80,972,416</b></u>	<u><b>6,808,844</b></u>

#### (b) Movements in treasury shares

	No.	\$
<b>Opening Balance at 1 July 2021</b>	-	-
Movement		
9 May 2022: Issue of shares under Executive Loan Funded Share Plan (ELFSP) (v)	(2,190,446)	(825,360)
<b>Balance as at 30 June 2022</b>	<u><b>(2,190,446)</b></u>	<u><b>(825,360)</b></u>

(i) On 6 September 2021, the Company issued additional shares to the original Noteholders under the following terms:

- the Converting Notes had a value of \$0.60 [which was 40% discount to the then proposed listing issue price of \$1.00];
- if the listing issue price was less than \$1.00, then ABEH was to issue the Noteholder with further shares on a pro rata basis, with the result that at the time of lodgement of a prospectus by the Issuer with ASIC, the number of shares held by the Noteholder in ABEH in aggregate would reflect a shareholding issued at a 40% discount to the listing issue price;
- the conversion of the Converting Notes into fully paid ordinary shares in the Issuer occurred on 6 September 2021.

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 11 Issued Capital continued

As the listing price agreed with the Lead Manager had been set at \$0.65 per ordinary share, the Noteholders had been issued with further shares to reflect a conversion of their notes to ordinary shares at a 40% discount to that issue price. The effective issue price to noteholders upon conversion now being \$0.39 ( $\$0.65 \times 60\%$ ).

- (ii) On 8 September 2021, the Company issued 10,000,000 shares at \$0.50 as part of the Pre IPO offer.
- (iii) On 21 September 2021, the Company further issued 6,800,000 shares at \$0.50 as the final close of its Pre IPO raising.
- (iv) On 29 November 2021, the public share offer closed with 11,188,005 shares issued at \$0.65.
- (v) On 9 May 2022, the Company issued 2,190,446 shares at \$0.38 to employees under the Executive Loan Funded Share Plan, and are treated as treasury shares.
- (vi) On 13 May 2022, the Company issued 46,154 shares at \$0.65 to an employee under the terms of employment agreement.
- (vii) Capital raising costs recognised against equity include costs associated with the Pre IPO and IPO raisings, which include lead manager options, refer to note 12(a).

#### (b) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

#### (c) Restricted shares

Of the 114,858,561 shares on issue, there are 79,982,379 restricted ordinary shares as follows:

- 2,307,691 ordinary shares are restricted from trading until 8 September 2022;
- 1,569,230 ordinary shares are restricted from trading until 21 September 2022;
- 73,915,012 ordinary shares are restricted from trading until 6 December 2023;

#### (d) Treasury shares

Treasury shares relate to ELFSP shares, which are restricted until the associated loans have been fully repaid. - refer to note 12(b)

- 2,190,446 ordinary shares are restricted from trading until 9 May 2025, under the terms of the ELFSP.

### 12 Share based payments

#### (a) Lead manager options

On 21 September 2021 the Company issued 2,100,000 Options to lead manager and associated brokers upon the completion of the Pre IPO capital raising. On 29 November 2021 a further 1,818,051 Options were issued to the lead manager and associated brokers upon the completion of the public offer. In total there were 3,918,051 options issued.

Shares issued on exercise of the Options will rank equally in relation to voting rights and entitlements to participate in dividends.



## Australian Bond Exchange Holdings Limited

ABN 11 629 543 193

### Notes to the Financial Statements

For the Year Ended 30 June 2022

#### 12 Share based payments continued

The following expenses relate to lead manager options and were recognised as capital raising costs in issued capital with a corresponding entry to the share based payments reserve:

	30 Jun 2022	30 Jun 2021
	\$	\$
Lead Manager Options	254,673	-

#### Fair Value Measurement

The options were valued independently using the Black-Scholes Model.

The model inputs for Lead Manager Options issued during the year ended 30 June 2022 included:

- Lead Manager Options were issued for no consideration;
- an exercise price of \$1.95 per Option;
- Options are exercisable at any time after 15 January 2024 and expiring on 6 December 2026;
- Annualised volatility was assumed between 39.5% and 50.6% ( with midpoint being applied);
- Risk free interest rate assumed was a constant Australian risk-free rate of 1.25%.

#### (b) Employee loan funded share plan (ELFSP)

Australian Bond Exchange Holdings Limited (ABE) has adopted an Executive Loan Funded Share Plan (ELFSP) to attract high quality talent and foster an ownership culture within ABE and to motivate senior management and

Under the ELFSP, interest free non-recourse loans totalling \$825,360 (2021: \$nil) were provided to executives to acquire shares in the Company. 2,190,446 (2021: nil) ordinary shares were granted on 9 May 2022 and are to remain in escrow until 9 May 2025. The non recourse loans are repayable by 9 May 2028.

The shares granted under the ELFSP are subject to a vesting condition such that employees must remain continuously employed for a period of 3 years from grant date.

As the share purchases are funded by non recourse loans, they are treated for accounting purposes as grants of share options and accounted for as equity settled share based payments. The shares issued under the ELFSP are fair valued on the date they are granted and amortised as an expense in the profit or loss over the vesting period.

The fair value of the ELFSP shares as at the grant date, 9 May 2022, was assessed to be \$503,715 (2021: \$nil).

As the loans and associated shares are not recorded in the statement of financial position on the grant date, there are no transactions in the statement of financial position relating to the issue of shares under the ELFSP. However, the following share based payment expense has been recognised in the statement of profit and loss with a corresponding entry to the share based payments reserve:

	30 Jun 2022	30 Jun 2021
	\$	\$
ELFSP shares issued	23,899	-

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 12 Share based payments reserve continued

#### Fair Value Measurement

The options were valued independently using the Black-Scholes Model.

The model inputs used to determine the fair value of ELFSP shares granted during the year ended 30 June 2022 include:

- grant date: 9 May 2022
- expiry date: 9 May 2025 to 9 May 2028
- share price at grant date: \$0.41
- exercise price: \$0.3768
- estimated annualised volatility: 70.0%, based on the 3-5 year rolling volatility of comparable companies
- risk free interest rate: 3.01% p.a. for 3 years and 3.34% p.a. for 6 years as at grant date.

#### (c) Shares issued to Executives under Employment Terms

On 13 May 2022, ABE issued 46,154 shares to an executive under the terms of their employment agreement. The shares were issued without any conditions or restrictions attached, and for no consideration. A share based payment expense of \$30,000 (2021: \$nil) has been recognised in employee benefits expense in the statement of profit or loss and other comprehensive income. The fair value was determined with reference to the share price on issue date.

### 13 Contractual commitments

Future expenditure arising from contracts entered into as the end of the reporting period but not yet recognised as liabilities is as follows:

	2022	2021
	\$	\$
Partnership agreements for research and marketing services	123,750	332,750
Rental agreements	203,575	145,745
Public and Investor relations	110,550	-

### 14 Operating Segments

#### Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

The Group has one reportable segment, being the provision of fixed income advice and dealing in Fixed Income Instruments.

### 15 Dividends

There were no dividends paid during the reporting period nor declared after the end of the reporting period.

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 16 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2022 (30 June 2021:None).

### 17 Earnings per Share

	2022	2021
	\$	\$
Loss from continuing operations	<u>(3,642,758)</u>	<u>(345,579)</u>
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	<u>103,822,657</u>	<u>80,972,416</u>

The 3,918,051 options granted in September and November 2021 are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2022. These options could potentially dilute basic earnings per share in the future.

The weighted average number of ordinary shares to calculate basic earnings per share excludes 2,190,446 (2021: nil) treasury shares.

### 18 Cash Flow Information

#### Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022	2021
	\$	\$
Loss for the year	(3,642,758)	(345,579)
Cash flows included in loss for the year attributable to financing activities	516,642	-
Non-cash flows in loss:		
- share based expense	53,899	-
- depreciation	6,474	3,834
- amortisation	60,938	41,130
Changes in operating assets and liabilities:		
- (increase)/decrease in trade and other receivables	16,145	(534,152)
- (increase) in other assets	(41,454)	(80,908)
- (increase) in financial assets	(1,078,891)	(552,975)
- increase/(decrease) in trade and other payables	(1,322,072)	1,457,213
- increase/(decrease) in employee benefits	(277,330)	66,465
Cashflows (used in) operations	<u>(5,708,407)</u>	<u>55,028</u>