



Australian Bond Exchange Holdings Ltd.
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Australian Bond Exchange Holdings Limited (ASX: ABE)
ASX Announcement
28 February 2023

In accordance with ASX Listing Rule 4.2A, the following half-year information is attached for immediate release:

1. Appendix 4D
2. Condensed Consolidated Interim Financial Report for the half-year ended 31 December 2022.

This information should be read in conjunction with the Annual Report for the year ended 30 June 2022.

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. This is coupled with advanced investor protections, provide an attractive venue for private investors, financial advisers, and investment professionals to access the global financial markets.

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.

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APPENDIX 4D HALF-YEAR REPORT

For the half-year ended 31 December 2022

ASX Listing Rule 4.2A

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 2022 to 31 December 2022

Prior corresponding period: 1 July 2021 to 31 December 2021

2 Results for announcement to the market:

Key information	Half-year ended		Change %
	31 Dec 2022	31 Dec 2021	
	\$	\$	
Revenue	2,462,790	809,538	up 204%
Loss from ordinary activities after tax attributable to members	(1,782,957)	(1,589,232)	down 12%
Loss attributable to members of the Company	(1,782,957)	(1,589,232)	down 12%

Commentary

During the first half of the 2023 financial year, the Group continued business as a specialist fixed income adviser and dealer in Australia.

The consolidated loss of the Group amounted to \$1,782,957 (December 2021: loss of \$1,589,232). Revenue was up 204% for the 6-month period compared to the corresponding previous period, on the back of an increase in the number of Private Clients, which increased by 86% compared to H1 2022, and is correlated with the increase spend on marketing. The Group continued to launch new products, with \$41m of market linked products launched in H1 2023, which significantly contributed to the good revenue result finishing the half year at \$2,462,790 (December 2021: \$809,538). The face value of bonds available through ABE increased 121% on H1 2022.

Expenses for the period however were also higher, coming in at \$4,578,107 (December 2021: \$2,573,732) for the half year. An increase in staff costs accounted for half of this, which is attributable to the Group's commitment to expanding its sales and marketing team capability. ABE finished H1 2023 with a strong debt-free balance sheet with available cash of \$6,590,176.

The first half of FY2023 also saw ABE successfully complete 3 pilots of our transaction and settlement system on the New Payments Platform.

3 Net tangible assets per ordinary share

Security	31 Dec 2022	31 Dec 2021	Change
	\$	\$	%
Ordinary Shares	0.062	0.144	down 57%

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

No entities were acquired or disposed of during the period which have material effect.

5 Dividend Payments

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

6 Dividend or distribution reinvestment plan details

There are no dividend or distribution reinvestment plan in place.

7 Investments in associates and joint ventures

Not Applicable

8 Accounting standards used by foreign entities

Not Applicable

9 Audit qualification or review

The interim financial statements were reviewed by the Group's auditors. Their review report is included as part of the Consolidated Condensed Interim Financial Statements. There was no modification or qualification contained in the report.

The above information in the Appendix 4D should be read in conjunction with the 31 December 2022 Consolidated Condensed Interim Financial Statements.

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Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

Australian Bond Exchange Holdings Limited

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For the half-year ended 31 December 2022

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Australian Bond Exchange Holdings Limited

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Directors' Report

31 December 2022

The directors present their report, together with the financial statements of the Group, being Australian Bond Exchange Holdings Limited ("the Company") and its controlled entities ("the Group"), for the half-year ended 31 December 2022.

Directors

The names of the directors in office at any time during, or since the end of, the half-year are:

Names	Position
Allan Farrar	Non-Executive Chairman
Bradley McCosker	Managing Director
Michael Vanderdonk	Director
Nina Vanneck	Non-Executive Director

Directors have been in office for the whole of the half-year to the date of this report unless otherwise stated.

Principal activities

Australian Bond Exchange Holdings Limited ("ABEH") is the parent company of various controlled entities ("ABE" or "ABE Group"). The main operating entity is Australian Bond Exchange Pty Ltd ("ABEPL") which provides fixed income advice and dealing services in corporate and government bonds and other market-linked instruments.

ABE operates in the global financial markets predominantly in bond trading and advisory services. During the period ABE continued the development of a bond trading and settlement system and method, in addition to its operation as a specialist fixed income dealer and broker. ABEPL owns and operates the fixed income portal www.bondexchange.com.au.

ABEPL holds Australian Financial Services License No. 484453 issued by the Australian Securities and Investments Commission ("ASIC") to provide financial product advice and deal in basic deposit products, deposit products other than basic deposit products, debentures, stocks or bonds issued by a government, managed investment schemes, and securities and also to provide custodial or depository services to wholesale and retail clients.

ABE's business includes providing investment advice and trade execution services and providing financial advisers and brokers with access to an Over The Counter (OTC) trade execution and settlement service where they can provide their clients with direct, efficient and cost-effective access to the Australian OTC bond market. Our revenue comes from the following activities:

- securities trading
- brokerage on transactions as part of our financial advice and dealing services division; and
- origination and arranging fees.

Review of operations

During the first half of the 2023 financial year, the Group continued business as a specialist fixed income adviser and dealer in Australia.

The consolidated loss of the Group amounted to \$1,782,957 (December 2021: loss of \$1,589,232). Revenue was up 204% for the 6-month period compared to the corresponding previous period, on the back of increase in number of Private Clients, which increased by 86% compared to H1 2022, and is correlated with the increase spend on marketing. The Group continued to launch new products, with \$41m of market linked products launched in H1 2023, which significantly contributed to the good revenue result finishing the half year at \$2,462,790 (December 2021: \$809,538). The face value of bonds available through ABE increased 121% on H1 2022.

Expenses for the period however were also higher, coming in at \$4,578,107 (December 2021: \$2,573,732) for the half year. An increase in staff costs accounted for half of this, which is attributable to the Group's commitment to expanding its sales and marketing team capability. ABE finished H1 2023 with a strong debt-free balance sheet with available cash of \$6,590,176.

The first half of FY2023 also saw ABE successfully complete 3 pilots of our transaction and settlement system on the New Payments Platform.

Australian Bond Exchange Holdings Limited

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Directors' Report

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Financial position

The net assets of the Group at 31 December 2022 are \$11,185,478 (30 June 2022: \$12,882,953).
The Directors believe that the Group is in a stable financial position to expand and grow its current operations.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Group during the half-year.

Events after the reporting date

The Group issued 3,700,000 options to a new employee as a long term incentive pursuant to their employment contract. The options were issued on 14 February 2023 and are to vest and be exercisable in three equal instalments on the anniversary dates of employment for 3 years, expiring on 14 February 2028. The estimated value of the options is \$656,133 which will be recognised in future periods as a share-based payment expense over the vesting period.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

Auditor's independence declaration

The auditors independence declaration is in accordance with Section 307C of the Corporations Act 2001 for the half-year ended 31 December 2022 has been received and can be found on page 3 of this financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Bradley McCosker

Director: 
Michael Vanderdonk

Dated this27th..... day ofFebruary 2023.....

Auditor's Independence Declaration

As lead auditor for the review of Australian Bond Exchange Holdings Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Bond Exchange Holdings Limited and the entities it controlled during the period.



Kamal Thakkar
Director

KrestonSW Audit Pty Ltd
Sydney
27 February 2023

Australian Bond Exchange Holdings Limited

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

For the Half-year ended 31 December 2022

	Half-year	
	31 Dec 2022	31 Dec 2021
Note	\$	\$
Revenue	5 2,462,790	809,538
Other income	5 332,360	174,962
Employee benefits expense	(2,117,330)	(1,024,919)
Brokerage costs	(258,098)	(306,769)
Depreciation and amortisation expense	(57,628)	(28,256)
Other expenses	6 (2,145,051)	(1,213,788)
Loss before income tax	(1,782,957)	(1,589,232)
Income tax expense	-	-
Loss for the period attributable to members of the Company	(1,782,957)	(1,589,232)
Other comprehensive income, net of income tax	-	-
Total comprehensive income for the period attributable to members of the Company	(1,782,957)	(1,589,232)
Earnings per share		
From continuing operations:		
Basic earnings per share (cents)	(1.58)	(1.67)
Diluted earnings per share (cents)	(1.58)	(1.67)

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Condensed Consolidated Statement of Financial Position

As At 31 December 2022

		As at	
	Note	31 Dec 2022 \$	30 Jun 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,590,176	9,046,931
Trade and other receivables	8	725,711	929,800
Financial assets	9	4,754,782	1,631,866
Other assets	10	619,485	583,632
TOTAL CURRENT ASSETS		12,690,154	12,192,229
NON-CURRENT ASSETS			
Property, plant and equipment		33,208	19,793
Intangible assets	11	1,882,649	1,629,586
Right-of-use-assets	12	2,212,721	-
Other assets	10	354,833	-
TOTAL NON-CURRENT ASSETS		4,483,411	1,649,379
TOTAL ASSETS		17,173,565	13,841,608
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	3,298,653	644,152
Lease liability	12	325,026	-
Employee benefits		470,395	314,503
TOTAL CURRENT LIABILITIES		4,094,074	958,655
NON-CURRENT LIABILITIES			
Lease liability	12	1,792,813	-
Provisions		101,200	-
TOTAL NON-CURRENT LIABILITIES		1,894,013	958,655
TOTAL LIABILITIES		5,988,087	958,655
NET ASSETS		11,185,478	12,882,953
EQUITY			
Issued capital	14	21,329,562	21,329,562
Accumulated losses		(10,508,138)	(8,725,181)
Reserves	15	364,054	278,572
TOTAL EQUITY		11,185,478	12,882,953

Condensed Consolidated Statement of Changes in Equity

For the Half-year ended 31 December 2022

2022

	Note	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance at 1 July 2022		21,329,562	(8,725,181)	278,572	12,882,953
Loss attributable to members of the parent entity		-	(1,782,957)	-	(1,782,957)
Other comprehensive income for the half-year		-	-	-	-
Total comprehensive income for the half-year		-	(1,782,957)	-	(1,782,957)
Transactions with owners in their capacity as owners					
Share-based payments	15	-	-	85,482	85,482
Balance at 31 December 2022		21,329,562	(10,508,138)	364,054	11,185,478

2021

	Note	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Restated Balance at 1 July 2021		6,808,844	(5,082,423)	-	1,726,421
Loss attributable to members of the parent entity		-	(1,589,232)	-	(1,589,232)
Other comprehensive income for the half-year		-	-	-	-
Total comprehensive Income for the half-year		-	(1,589,232)	-	(1,589,232)
Transactions with owners in their capacity as owners					
Issue of ordinary shares	14	15,672,203	-	-	15,672,203
Capital raising costs	14	(1,161,583)	-	-	(1,161,583)
Issue of options	15	-	-	254,673	254,673
Balance at 31 December 2021		21,319,464	(6,671,655)	254,673	14,902,482

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Condensed Consolidated Statement of Cash Flows

For the Half-year ended 31 December 2022

	half-year	
	31 Dec 2022	31 Dec 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	81,394,998	47,631,009
Payments to suppliers and employees	(83,610,294)	(49,933,229)
Interest received	103,793	461
Net cash used in operating activities	<u>(2,111,503)</u>	<u>(2,301,759)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for intangible assets	(313,523)	(184,013)
Purchase of property, plant and equipment	(17,036)	-
Net cash used in investing activities	<u>(330,559)</u>	<u>(184,013)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issues of equity securities	-	15,672,209
Payment of transaction costs	(14,693)	(1,841,160)
Net cash (used in)/provided by financing activities	<u>(14,693)</u>	<u>13,831,049</u>
Net (decrease)/increase in cash and cash equivalents held	(2,456,755)	11,345,277
Cash and cash equivalents at beginning of half-year	9,046,931	1,440,661
Cash and cash equivalents at end of half-year	<u>6,590,176</u>	<u>12,785,938</u>

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

1 Reporting entity

The condensed consolidated interim financial statements cover Australian Bond Exchange Holdings Limited ("ABEH" or "The Company") and its controlled entities ("the Group"). Australian Bond Exchange Holdings Limited is a for-profit proprietary Company, incorporated and domiciled in Australia.

Comparatives are consistent with prior periods, unless otherwise stated. During the period certain reclassifications were undertaken in the Group's Statement of Profit and Loss and Other Comprehensive Income to better align the expenses to their nature. These reclassifications have been applied consistently to the comparative period and did not change the results for the period.

2 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed consolidated interim financial statements do not include all of the information required for a full annual financial report, and should be read in conjunction with the 2022 Annual Report and any public announcements made by the Company during the interim reporting period, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The condensed consolidated interim financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The condensed consolidated interim financial statements were approved by the Board of Directors on 27 February 2023.

3 Summary of Significant Accounting Policies

The accounting policies applied by the Group in the condensed consolidated interim financial report are consistent with those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2022.

4 Critical Accounting Estimates and Judgments

The preparation of Interim financial statements requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving significant estimates and judgements were the same as those that applied to the consolidated financial report for the year ended 30 June 2022. During the period, management reviewed estimates in respect of:

- Software development costs
- Provisions
- Share-based payment transactions
- Value-in-use calculations

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

5 Revenue and Other Income

Revenue from continuing operations - contracts with customers	31 Dec 2022	31 Dec 2021
	\$	\$
Revenue from contracts with customers has been disaggregated as follows:		
Type of contract		
- Arrangement fees	154,370	52,374
- Commission income	372,636	171,246
	<u>527,006</u>	<u>223,620</u>
(a)		
Net Income from financial instruments at fair value through profit or loss		
- Securities trading income	1,935,784	585,918
Total Revenue	<u>2,462,790</u>	<u>809,538</u>

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

Other Income

- Interest received	91,212	4,298
- Other income	34,635	20,664
- R&D refundable tax rebate	206,513	150,000
Total Other income	<u>332,360</u>	<u>174,962</u>

6 Results for the half-year

The result for the half-year includes the following specific expenses:

	31 Dec 2022	31 Dec 2021
	\$	\$
Other expenses:		
Rent expense	171,812	76,181
Advertising	443,411	75,578
Administration and management fees	54,995	134,096
Legal and professional fees	354,712	314,396
Insurance	182,755	85,958
Accounting fees	100,465	75,321
Research fees	76,470	75,000
Information technology related expenses	194,236	148,565
Public Relations	186,913	44,000

Capital raising costs of \$ nil (December 2021: \$533,627) are included in the above expense classifications.

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

7 Cash and Cash Equivalents

	31 Dec 2022	30 Jun 2022
	\$	\$
Cash at bank and in hand	<u>6,590,176</u>	<u>9,046,931</u>
	<u>6,590,176</u>	<u>9,046,931</u>

Cash and cash equivalents do not include the amount of \$3,492,101 (30 June 2022: \$606,733) held in client trust accounts at 31 December 2022.

8 Trade and Other Receivables

	31 Dec 2022	30 Jun 2022
	\$	\$
CURRENT		
Trade receivables	142,241	533,622
Allowance for expected credit losses	-	-
	<u>142,241</u>	<u>533,622</u>
GST receivable	31,913	44,809
R&D tax rebate receivable	551,557	345,044
Other receivable	-	6,325
Total current trade and other receivables	<u>725,711</u>	<u>929,800</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.

9 Financial assets**Financial assets at fair value through profit or loss**

	31 Dec 2022	30 Jun 2022
	\$	\$
CURRENT		
Corporate bonds	327,951	-
Market Linked Instruments	<u>4,426,831</u>	<u>1,631,866</u>
Total	<u>4,754,782</u>	<u>1,631,866</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

9 Financial assets - continued

Fair value measurement

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the above table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for bonds are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active and transparent markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

All the Group's financial assets and liabilities at fair value through profit or loss have been recognised at level 2. The specific valuation techniques used to value the financial instruments held on balance sheet include actual observable market prices, quoted market prices, dealer quotes for the corporate bonds and/or for similar market linked instruments.

10 Other assets

	Note	31 Dec 2022 \$	30 Jun 2022 \$
CURRENT			
Prepayments		502,867	527,719
Deposits		116,618	55,913
TOTAL CURRENT		<u>619,485</u>	<u>583,632</u>
NON-CURRENT			
Bank guarantee	(a)	354,833	-
TOTAL NON-CURRENT		<u>354,833</u>	<u>-</u>
TOTAL OTHER ASSETS		<u>974,318</u>	<u>583,632</u>

- (a) A bank guarantee is held as security in favour of the lessor in respect of the office lease entered into during the half-year. As the deposit is secured under these terms, it is not accessible by the Group. The potential exposure is treated as a contingent liability.

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

11 Intangible assets

	31 Dec 2022	30 Jun 2022
	\$	\$
Software	1,092,052	666,303
Accumulated amortisation	(138,717)	(99,868)
Accumulated impairment loss	(39,781)	-
Total software	<u>913,554</u>	566,435
Software development costs	<u>969,095</u>	1,063,151
Total Intangibles	<u>1,882,649</u>	1,629,586

(a) Movements in carrying amounts of intangible assets

	Note	Software \$	Software Development costs \$	Total \$
Half-year ended 31 December 2022				
Balance at the beginning of the half-year		566,435	1,063,151	1,629,586
Additions		-	331,693	331,693
Transfers	(i)	425,749	(425,749)	-
Amortisation expense		(38,849)	-	(38,849)
Impairment expense	(ii)	(39,781)	-	(39,781)
Closing value at 31 December 2022		<u>913,554</u>	<u>969,095</u>	<u>1,882,649</u>

- (i) When the software is available for use, the asset is transferred from software development costs to software in line with the groups accounting policy.
- (ii) Impairment expenses relate to capitalised software development costs for a project which was abandoned during the half year. The Group therefore recognised an impairment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in line with its accounting policy.

(b) Impairment assesment

The group identifies its operations as a single cash-generating unit ('CGU') and, therefore, the recoverable amount has been determined at the Group level.

The recoverable amount of the group's CGU has been determined by value-in-use ('VIU') calculations. The calculations use cash flow projections based on the business plan approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. The following key assumptions were used in the VIU model:

- Pre-tax discount rate of 40% (June 2022: 40%);
- Projected growth rate of 2% (June 2022: 2%) beyond five year period for the CGU; and
- Increase in operating costs and overheads based on current expenditure levels adjusted for inflationary increases.

Sensitivity analysis:

Management estimates that any reasonable changes in the key assumptions would not have a significant impact on the value-in-use of software development that would require the assets to be impaired.

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

12 Right-of-use assets and Lease liabilities

The Group entered into a lease during the half year for an office premises with a term of 5 years without an option to extend. The lease is subject to a 3.75% annual fixed increase and incorporates a monthly lease incentive which is subject to the Group meeting its obligations on time under the agreement. The Group has provided a bank guarantee for \$354,833 in accordance with the terms of the agreement, refer to note 10 for further details.

Right-of-use-assets

	31 Dec 2022	30 Jun 2022
	\$	\$
Right of use asset	2,227,089	-
Less: Accumulated depreciation	(14,368)	-
Total Right of use assets	2,212,721	-

(a) Movements in Carrying Amounts

	Buildings	Total
	\$	\$
Half-year ended 31 December 2022		
Balance at the beginning of the half-year	-	-
Additions	2,227,089	2,227,089
Depreciation expense	(14,368)	(14,368)
Balance at the end of the half-year	2,212,721	2,212,721

	31 Dec 2022	30 Jun 2022
	\$	\$
Lease liabilities		
<i>Current liabilities</i>		
Lease liabilities	325,026	-
<i>Non-current liabilities</i>		
Lease liabilities	1,792,813	-
Total lease liabilities	2,117,839	-

Amounts recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income

Depreciation expense on right-of-use assets	14,368	-
Interest expense on lease liabilities	4,091	-
	18,459	-

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

13 Trade and other payables

	31 Dec 2022	30 Jun 2022
	\$	\$
CURRENT		
Trade payables	2,975,207	425,825
Other payables	323,446	218,327
	<u>3,298,653</u>	<u>644,152</u>

Trade payables includes 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. When the Group gets involved in new issuances, the trade payables may extend beyond the usual two days, which can be up to 30 to 40 days past when the liability is first recognised.

14 Issued capital

	31 Dec 2022	30 Jun 2022
	\$	\$
114,858,561 (30 June 2022: 114,858,561) Ordinary shares	22,154,922	22,154,922
Less: 2,190,446 (2022: 2,190,446) Treasury shares	(825,360)	(825,360)
	<u>21,329,562</u>	<u>21,329,562</u>

(a) Movements in ordinary shares

	No.	\$
Opening Balance at 1 July 2022	114,858,561	22,154,922
Movement	-	-
Balance as at 31 December 2022	114,858,561	22,154,922
	No.	\$
Opening Balance at 1 July 2021	80,972,416	6,808,844
Movement		
6 Sep 2021: Issue of additional converting note shares	3,661,540	-
8 Sep 2021: Issue of Pre IPO shares	10,000,000	5,000,000
21 Sep 2021: Issue of Pre IPO shares	6,800,000	3,400,000
29 Nov 2021: Issue of Subscription Shares under the Offer	11,188,005	7,272,203
Less: Capital raising costs	-	(1,161,583)
Balance as at 31 December 2021	112,621,961	21,319,464

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.

Restricted shares

Of the 114,858,561 shares on issue, there are 73,915,012 ordinary shares (excluding treasury shares) restricted from trading until 6 December 2023 (77,791,933 restricted shares as at 30 June 2022).

Australian Bond Exchange Holdings Limited

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

14 Issued capital continued

(b) Movements in treasury shares

	No.	\$
Opening Balance at 1 July 2022	(2,190,446)	(825,360)
Movement	-	-
Balance as at 31 Dec 2022	(2,190,446)	(825,360)

Treasury shares

Treasury shares relate to ELFSP shares, which are restricted until the associated loans have been fully repaid. - refer to note 16(a)

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

15 Share-based payments reserve

The reserve is used to recognise the value of equity settled transactions with employees as part of their remuneration and other parties as part of their compensation for services performed.

Movements in reserves

	Options No.	ELFSP shares No.	\$
Opening Balance at 1 July 2022	3,918,051	2,190,446	278,572
Share-based payment	-	-	85,482
Balance as at 31 Dec 2022	3,918,051	2,190,446	364,054
	Options No.	ELFSP shares No.	\$
Opening Balance at 1 July 2021	-	-	-
21 September 2021: Issue of pre-IPO lead manager options	2,100,000	-	136,500
29 November 2021: Issue of IPO lead manager options	1,818,051	-	118,173
Balance as at 31 Dec 2021	3,918,051	-	254,673

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

16 Share-based payments

(a) 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 Directors to achieve performance targets of the Group.

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

(b) Share-based payment transactions recognised directly in profit or loss

Total expenses arising from share-based payment transactions recognised during the half-year as part of employee benefits expense in the statement of profit or loss and other comprehensive income were as follows:

	Half-year	
	31 Dec 2022	31 Dec 2021
	\$	\$
Share-based payment expense	85,482	-
	<u>85,482</u>	<u>-</u>

17 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:

	31 Dec 2022	30 Jun 2022
	\$	\$
Partnership agreements for research and marketing services	41,250	123,750
Rental agreements	81,430	203,575
Public and Investor relations	82,500	110,550

18 Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2022.

Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

19 Operating Segments

Segment information

Identification of reportable segments

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.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The products sold and/or services provided by the segment; the type or class of customer for the products or services; any external regulatory requirements.
- Performance is measured based on segment profit before income tax as included in the internal financial reports.

The Group has one reportable segment, being the provision of fixed income advice and dealing in Corporate and Government Bonds and fixed income instruments.

20 Dividends

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

21 Contingencies

The Group provides a bank guarantee to its lessor as security against loss or damage. The outstanding bank guarantee at 31 December 2022 was \$354,833, expiring on December 2027. The Group has met its obligations under the contract and accordingly, no claims have been made against the bank guarantees up to the date of this financial report.

The Group also is entitled to a monthly lease incentive under the terms of its office lease agreement, reducing the Group's lease payments. The condition of receiving the lease incentive is that the Group must continue to meet its obligations under the lease agreement. The value of the lease incentive is \$1,064,497. Should the Group fail to meet their obligations, the incentive will be suspended until such time the breach is remedied and therefore may impact the value of the lease liability.

22 Related Parties

There have been no significant changes to the arrangements with related parties. Refer to the full 2022 Annual Report for further information.

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Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 31 December 2022

23 Events Occurring After the Reporting Date

The Group issued 3,700,000 options to a new employee as a long term incentive pursuant to their employment contract. The options were issued on 14 February 2023 and are to vest and be exercisable in three equal instalments on the anniversary dates of employment for 3 years, expiring on 14 February 2028. The estimated value of the options is \$656,133 which will be recognised in future periods as a share-based payment expense over the vesting period.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

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Directors' Declaration

In the opinion of the Directors of Australian Bond Exchange Holdings Limited:

1. the condensed consolidated interim financial statements and notes set out on pages 4 to 18, are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the six month period ended on that date; and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that Australian Bond Exchange Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
.....
Bradley McCosker

Director: 
.....
Allan Farrar

Dated this27th..... day ofFebruary 2023.....

Independent Auditor's Review Report
To the Members of Australian Bond Exchange Holdings Limited
Report on the Condensed Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying condensed consolidated interim financial report of Australian Bond Exchange Holdings Limited (the Company) and its controlled entities (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed consolidated interim financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.

Our responsibilities are further described in the *Auditor's Responsibility for the Review of the Condensed Consolidated Interim Financial Report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

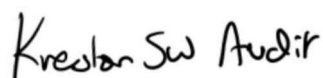
Responsibility of the Directors for the Condensed Consolidated Interim Financial Report

The directors of the Company are responsible for the preparation of the condensed consolidated interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the condensed consolidated interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Condensed Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the condensed consolidated interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the condensed consolidated interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a condensed consolidated interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads "KrestonSW Audit".

KrestonSW Audit Pty Ltd

A handwritten signature in black ink that reads "K Thakkar".

Kamal Thakkar

Director

Sydney

27 February 2023