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Australian Bond Exchange Holdings Limited

Appendix 4D Half-Year Report

29 February 2024

Australian Bond Exchange Holdings Limited (ASX: ABE) ("Australian Bond Exchange" or "ABE" or "the company") releases its Appendix 4D Half-Year Report for the half-year ended 31 December 2023 (H1 FY24).

Highlights

- **Revenue and other income for the half-year was $2.49 million.**
- **Launch of MA Financial, Macy's Inc and Barclays PLC AUD denominated Market-Linked Securities added to ABE's suite of structured products.**
- **H1 24 growth:**
  - **Total client holdings up 23%;**
  - **Client numbers up 12%;**
- **Near real time confirmation and settlement of transactions: successful first transaction with ANZ's NPP PayTo service for Billers.**

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 half-year report for H1 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 "Our business continues to grow with active client numbers up 12% over the half-year and total client holdings increasing 23%. In addition to secondary market trading activity, we continued to see growth in our popular market-linked securities with $38,000,000 of additional products being sold."

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. As signalled to the market previously, these channels are a key priority for revenue growth in FY24.

ABE commenced a number of cost reduction activities and measures during the reporting period to move towards a more efficient cost base. These actions are expected to see results in future reporting periods. Also, ABE announced to the market that effective 1 October 2023 the Board and C-Suite had reduced directors' fees and executive salaries by 33 1/3 %. This reduction included various objectives at an individual and team level that is expected to result in a recoupment of salaries to their original levels. Accordingly, a provision of $100,250 has been recognised during the period with respect to the expectations to repay salaries upon those recoupment conditions being met.

ABE continues to progress its technology capabilities during the period. This included the successful first NPP PayTo service for Billers transaction, ANZ Managing Director Transaction Banking Lisa Vasic said: "We're pleased to have worked with Australian Bond Exchange to successfully execute our first PayTo payment agreement and payment initiation, the first major bank in Australia to have done so via a solution that has been built internally.

"We see PayTo as a game changer in the account-to-account payment space, enabling the creation of new payment experiences not possible under existing payment rails in Australia. We know payment friction is real and this service will help make collecting payments, and initiating third-party payments, easier and more transparent - while also offering more control over the payments process."

Transaction technology is one part of the settlement process efficiency that is important in enabling all Australians access to the global financial markets, such as corporate bonds. ABE CTO Michael Vanderdonk said: "This service will allow ABE to provide its clients with the ability to confirm and settle transactions in near real time which helps deliver trust and security in the payments system. We are looking forward to working closely with ANZ on this program. This remains a core value and mission of ABE - to provide access for all Australians."

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 4D HALF-YEAR REPORT

For the half-year ended 31 December 2023
ASX Listing Rule 4.2A.3

Australian Bond Exchange Holdings Limited and its controlled entities

ABN: 11 629 543 193

1 Details of the reporting period and the prior corresponding period

Current period:	1 July 2023 to 31 December 2023
Prior corresponding period:	1 July 2022 to 31 December 2022

2. Results for announcement to the market

Key information	31 Dec 2023 $	Movement $	Change %
Revenue	2,000,824	(461,966)	down 19%
Loss from ordinary activities after tax attributable to members	(3,450,350)	(1,667,393)	down 94%
Loss attributable to members of the Company	(3,450,350)	(1,667,393)	down 94%

Commentary

The results reflect a consolidation and renewed focus on efficiency that saw cost reductions occur in the second half of the period. The activities undertaken are expected to have a positive impact on future periods.

The main cost increases were related to employee benefits expense, and amortisation expense on internally developed intangible assets.

Employee benefits expense (excluding share-based payments) amounted to $2,616,341 for the half-year ended 31 December 2023. Whilst this was higher than the previous half-year ended 31 December 2022 of $2,031,849, employee benefits expense was lower than the second half to 30 June 2023 of $3,028,851. This represents a reduction of employee benefits expenses of $412,509 compared to the six months ended 30 June 2023.

Internally developed intangible assets were also reviewed, with some latent assets being impaired, and some assets having a reduction in useful life. This resulted in the depreciation, amortisation and impairment expenses tracking to $477,416 (31 December 2022: $97,409).

Other expenses largely increased as the Group continues to drive sales activities, target new clients and build brand awareness, with advertising and marketing costs increased to $484,260 (31 December 2022: $443,411).

During the half-year, the Group invested in its online marketing and advertising campaigns to support the growth in client numbers, with client numbers increasing 3% over the quarter and 12% for the half-year. This is also matched by the increase in total client holdings by 5% over the quarter and 23% for the half-year. Administrative expenses of $172,769 (31 December 2022: $54,995) for the period included recruitment, training, travel and registry service fees. Legal and professional fees of $377,218 (31 December 2022: $354,712) included legal fees along with advisory board and other professional fees.

The Group commenced a number of cost reduction activities and measures during the reporting period to move towards a more efficient cost base. These actions are expected to see results in future reporting periods.

In relation to revenue growth, the Group 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. As signalled to the market previously, these channels are a key priority for revenue growth in FY24.

The decrease in securities trading income to $1,407,633 (31 December 2022: $1,935,784) was offset by an increase in commissions revenue to $593,191 (31 December 2022: $372,636).

The Group continues with its product innovation with new Market Linked Instruments being introduced to the Australian market Macy's Inc and Barclays PLC, both examples where the Group sources investment opportunities from around the globe and presents them to Australian investors in Australian dollars. Demand for local corporations was also strong, of note was the $30 million of MA Financial new Market Linked Instrument issuance.

3. Net tangible assets per ordinary share

Security	31 Dec 2023 $	31 Dec 2022 $	Change %
Ordinary shares	0.012	0.062	down 81%

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 were no dividend or distribution reinvestment plan in place.

7. Investment in associates and joint ventures

Not Applicable

8. Accounting standards used by foreign entities

Not Applicable

9. Audit qualification or review

The consolidated interim financial statements were reviewed by the Group's Independent Auditor. The Independent Auditor's Review Report is included as part of the Consolidated Interim Financial Statements. An unmodified conclusion has been issued. A material uncertainty related to going concern has been included in the Independent Auditor's Review Report and the auditor's conclusion is not modified in respect of this matter.

The above information in the Appendix 4D should be read in conjunction with the 31 December 2023 Consolidated Interim Financial Statements.

Australian Bond Exchange Holdings Limited

ABN: 11 629 543 193

Consolidated Interim Financial Statements

For the Half-Year Ended 31 December 2023

Australian Bond Exchange Holdings Limited

ABN: 11 629 543 193

Contents

For the Half-Year Ended 31 December 2023

Directors' Report
31 December 2023

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 2023.

Directors

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

Names	Position	Appointed/Resigned
Allan Farrar	Non-Executive Chairman	Resigned on 19 January 2024
Bradley McCosker	Managing Director	
Michael Vanderdonk	Director	
Nina Vanneck	Non-Executive Director	Resigned on 19 January 2024
Anthony Hartman	Non-Executive Director	Appointed on 19 January 2024

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 transaction as part of our financial advice and dealing services division; and
- origination and arranging fees.

Review of operations

The consolidated loss of the Group amounted to $3,420,009 (31 December 2022: loss of $1,782,957).

The results reflect increased costs in order to support business growth opportunities. There has been a 27% decrease in securities trading income to $1,407,633 (31 December 2022: $1,935,784) and commissions revenue has increased 59% to $593,191 (31 December 2022: $372,636).

Review of operations (cont'd)

The main cost increases were related to staff costs, advertising and marketing spend, and administrative expenses. To continue to drive sales activities, target new clients and build brand awareness, advertising and marketing costs increased to $484,260 (December 2022: $443,411).

Furthermore, the Board, during the second half of the reporting period, instigated a cost reduction program across all aspects of the business including reducing dependency on third party agencies, reviewing staffing levels and allocation, and other measures which are expected to reduce ongoing operating overheads in future periods.

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 2023 are $5,157,661 (30 June 2023: $8,322,968).

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

The Group established two new subsidiaries during the half year.

- ABE Capital Management Pty Ltd incorporated on 3 October 2023; and
- ABE Distribution Pty Ltd incorporated on 24 November 2023.

Events after the reporting date

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

Directors' Report

31 December 2023

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2023 has been received and can be found on page 4 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director: .... Bradley McCosker

Director: .... Michael Vanderdonk

Dated: 29 February 2024

KRESTON STANLEY WILLIAMSON

KrestonSW Audit Pty Ltd

Auditor’s Independence Declaration

As lead auditor for the review of Australian Bond Exchange Holdings Limited for the half-year ended 31 December 2023, 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

29 February 2024

ADVISORS FOR YOUR FUTURE

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Australian Bond Exchange Holdings Limited

ABN: 11 629 543193

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2023

	Note	31 December 2023 $	31 December 2022 $
Revenue	6	**2,000,824**	2,462,790
Other income	6	**486,416**	332,360
Employee benefits expense		**(2,870,419)**	(2,117,330)
Brokerage costs		**(317,376)**	(258,098)
Depreciation and amortisation expense		**(370,212)**	(57,628)
Impairment loss on non-financial assets		**(107,204)**	(39,781)
Other expenses	7	**(2,242,038)**	(2,105,270)
Loss before income tax		**(3,420,009)**	(1,782,957)
Income tax expense		**-**	-
Loss for the half-year		**(3,420,009)**	(1,782,957)
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		**(1,876)**	-
Other comprehensive income, net of income tax		**(1,876)**	-
Total comprehensive income for the half-year		**(3,421,885)**	(1,782,957)
(Loss)/ profit attributable to:			
Members of the parent entity		**(3,450,350)**	(1,782,957)
Non-controlling interest		**30,341**	-
		(3,420,009)	(1,782,957)
Total comprehensive income attributable to:			
Members of the parent entity		**(3,452,226)**	(1,782,957)
Non-controlling interest		**30,341**	-
		(3,421,885)	(1,782,957)
Earnings per share for loss attributable to members of the parent entity:			
Basic earnings per share (cents)		**(3.06)**	(1.58)
Diluted earnings per share (cents)		**(3.06)**	(1.58)

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

ABN: 11 629 543 193

Consolidated Interim Statement of Financial Position

As At 31 December 2023

	Note	31 December 2023 $	30 June 2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**2,545,407**	5,863,053
Trade and other receivables	9	**574,047**	629,990
Other financial assets	10	**239,681**	301,850
Other assets	11	**417,847**	492,611
TOTAL CURRENT ASSETS		**3,776,982**	7,287,504
NON-CURRENT ASSETS			
Property, plant and equipment		**154,170**	168,804
Intangible assets	12	**2,033,248**	2,063,921
Right-of-use assets	13	**1,781,672**	2,004,380
Other assets	11	**354,833**	354,833
TOTAL NON-CURRENT ASSETS		**4,323,923**	4,591,938
TOTAL ASSETS		**8,100,905**	11,879,442
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**442,472**	888,904
Borrowings		**14,090**	13,474
Lease liabilities	13	**369,727**	332,477
Employee benefits	15	**458,813**	451,529
TOTAL CURRENT LIABILITIES		**1,285,102**	1,686,384
NON-CURRENT LIABILITIES			
Borrowings		**108,940**	116,144
Lease liabilities	13	**1,402,455**	1,607,199
Employee benefits	15	**45,547**	45,547
Long-term provisions		**101,200**	101,200
TOTAL NON-CURRENT LIABILITIES		**1,658,142**	1,870,090
TOTAL LIABILITIES		**2,943,244**	3,556,474
NET ASSETS		**5,157,661**	8,322,968
EQUITY			
Issued capital	16	**21,329,562**	21,329,562
Accumulated losses		**(17,210,113)**	(13,759,763)
Other reserves		**1,005,371**	753,169
Total equity attributable to equity holders of the Company		**5,124,820**	8,322,968
Non-controlling interest		**32,841**	-
TOTAL EQUITY		**5,157,661**	8,322,968

The accompanying notes form part of these financial statements.

Consolidated Interim Statement of Changes in Equity

For the Half-Year Ended 31 December 2023

	Note	Issued Capital $	Accumulated Losses $	Other Reserves $	Non-Controlling Interests $	Total $
Balance at 1 July 2023		**21,329,562**	**(13,759,763)**	**753,169**	**-**	**8,322,968**
(Loss)/profit attributable to members of the parent entity		**-**	**(3,450,350)**	**-**	**30,341**	**(3,420,009)**
Other comprehensive income for the half-year		**-**	**-**	**(1,876)**	**-**	**(1,876)**
Total comprehensive income for the half- year		**-**	**(3,450,350)**	**(1,876)**	**30,341**	**(3,421,885)**
Transactions with owners in their capacity as owners						
Contribution of equity from non-controlling interests		**-**	**-**	**-**	**2,500**	**2,500**
Share-based payments	17	**-**	**-**	**254,078**	**-**	**254,078**
Balance at 31 December 2023		**21,329,562**	**(17,210,113)**	**1,005,371**	**32,841**	**5,157,661**

	Note	Issued Capital $	Accumulated Losses $	Other Reserves $	Non-Controlling Interests $	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	17	-	-	85,482	-	85,482
Balance at 31 December 2022		21,329,562	(10,508,138)	364,054	-	11,185,478

The accompanying notes form part of these financial statements.

Consolidated Interim Statement of Cash Flows
For the Half-Year Ended 31 December 2023

	Note	31 December 2023 $	31 December 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**83,505,131**	81,394,998
Payments to suppliers and employees		**(86,483,143)**	(83,610,294)
Interest received		**167,435**	103,793
Finance costs		**(62,276)**	-
Net cash used in operating activities		**(2,872,853)**	(2,111,503)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for intangible assets		**(209,403)**	(313,523)
Payments for property, plant and equipment		**-**	(17,036)
Net cash used in investing activities		**(209,403)**	(330,559)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of transaction costs		**-**	(14,693)
Repayment of borrowings		**(12,290)**	
Repayment of lease liabilities		**(221,224)**	-
Net cash used in financing activities		**(233,514)**	(14,693)
Net decrease in cash and cash equivalents held		**(3,315,770)**	(2,456,755)
Effects of exchange rate changes on cash and cash equivalents		**(1,876)**	-
Cash and cash equivalents at beginning of half-year		**5,863,053**	9,046,931
Cash and cash equivalents at end of half-year	8	**2,545,407**	6,590,176

The accompanying notes form part of these financial statements.

Notes to the Consolidated Interim Financial Statements

For the Half - Year Ended 31 December 2023

1 Reporting entity

The 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 Company, incorporated and domiciled in Australia.

Comparatives are consistent with prior periods, unless otherwise stated.

2 Basis of Preparation

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

These 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 2023 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 consolidated interim financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The consolidated interim financial statements were approved by the Board of Directors on 29 February 2024.

3 Summary of Material Accounting Policies

The accounting policies applied by the Group in the 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 2023.

4 Going concern

This consolidated interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Group incurred a loss after tax of $3,420,009 (31 December 2022: $1,782,957) for the half-year ended 31 December 2023 and incurred net cash outflows from operating activities of $2,872,853 (31 December 2022: $2,111,503) and net cash outflows for the period of $3,315,770 (31 December 2022: outflows of $2,456,755). As at 31 December 2023 the Group had cash and cash equivalents of $2,545,407 (30 June 2023: $5,863,053) and net current assets of $2,491,880 (30 June 2023: $5,601,120).

Based on assumptions in Management's cash flow forecasts, assessing the Group's financial performance, cash flows and financial position as part of its management and monitoring of the Group's operations in order to assess the ongoing liquidity of the Group and its ability to meet its financial commitments as and when they fall due in the normal course of business, the Group expects to have sufficient cash flows and liquidity for at least 12 months from the date of signing of the financial report. Accordingly, the directors have concluded it appropriate to prepare the financial report on a going concern basis.

4 Going concern (cont'd)

The Directors have had regard to the following pertinent matters in forming this conclusion:

- As at the date of this report, the Directors have received a commitment from investors to secure funding of $3 million through the issue of convertible notes over a period from 30 April 2024 to 30 September 2024;
- The Group continues to pursue other capital raising opportunities;
- The Group commenced a number of cost reduction activities and measures during the reporting period to move towards a more efficient cost base. These actions are expected to see results in future reporting periods;
- The Group’s ability to continue sales and client acquisition growth rates consistent with that achieved and from the implementation of initiatives underpinning the Group’s strategy;
- The ability to complete the successful development and commercialisation of its projects in a manner that generates sufficient operating cash inflows;
- Continuing to closely manage costs including taking steps to reduce operating expenses and improve operating cash flows; and
- The availability and opportunity to identify appropriate financial products upon which to base further products innovation, currently undertaken and developed by the Group.

The Directors are satisfied there is a reasonable basis that the Group will be able to achieve adequate advancement on a combination of the matters set out above and thus it is appropriate to prepare the consolidated interim financial statements on a going concern basis. In the event the Group is unable to achieve the matters set out above to enable the Group to have sufficient funding for ongoing operations, there is a material uncertainty that may cast doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise it assets and discharge its liabilities in the normal course of business at the amounts stated in the consolidated interim financial statements.

The consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that may be necessary should the Group not be able to continue as a going concern.

5 Critical Accounting Estimates and Judgements

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 2023. During the period, management reviewed estimates in respect of:

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

Notes to the Consolidated Interim Financial Statements

For the Half - Year Ended 31 December 2023

6 Revenue and Other Income

Revenue from continuing operations - contracts with customers

Revenue from contracts with customers has been disaggregated as follows:

	Note	31 December 2023 $	31 December 2022 $
Type of customer contract			
- Arrangement fees		-	154,370
- Commission income		**593,191**	372,636
	(a)	**593,191**	527,006
Net Income from financial instruments at fair value through profit or loss			
- Securities trading income		**1,407,633**	1,935,784
Total Revenue		**2,000,824**	2,462,790

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

	31 December 2023 $	31 December 2022 $
Other Income		
- application fees	**80,500**	-
- Interest received	**167,434**	91,212
- Other income	**101,561**	34,635
- R&D refundable tax rebate	**136,921**	206,513
Total other income	**486,416**	332,360

7 Other expenses

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

	31 December 2023 $	31 December 2022 $
Other expenses:		
Rent expense	**51,773**	171,812
Advertising	**484,260**	443,411
Administration and management fees	**172,769**	54,995
Legal and professional fees	**377,218**	354,712
Insurance	**219,838**	182,755
Accounting fees	**182,128**	100,465
Research fees	**62,306**	76,470
Information technology related expenses	**256,149**	194,236
Public relations	**100,100**	186,913
Interest expenses	**62,276**	4,091

8 Cash and Cash Equivalents

	31 December 2023 $	30 June 2023 $
Cash at bank and in hand	**2,545,407**	5,863,053
	2,545,407	5,863,053

Cash and cash equivalents do not include the amount of $7,353,077 (30 June 2023: $12,398,461) held in client trust accounts at 31 December 2023.

9 Trade and Other Receivables

	31 December 2023 $	30 June 2023 $
CURRENT		
Trade receivables	**-**	271,742
Allowance for expected credit losses	**-**	-
	-	271,742
GST receivable	**36,475**	19,673
R&D tax rebate receivable	**473,310**	336,389
Other receivables	**64,262**	2,186
Total current trade and other receivables	**574,047**	629,990

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.

10 Financial Assets

Financial assets at fair value through profit or loss

	31 December 2023 $	30 June 2023 $
CURRENT		
Corporate bonds	**25,270**	19,000
Market-Linked Instruments	**214,411**	282,850
Total	**239,681**	301,850

10 Financial Assets (cont'd)

Fair value measurement

Fair value estimation

The fair values of financial assets 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 instrument and/or for similar market-linked instruments.

11 Other Assets

	31 December 2023 $	30 June 2023 $
CURRENT		
Prepayments	**409,021**	483,759
Deposits	**8,826**	8,852
	417,847	492,611
NON - CURRENT		
Bank guarantee	**354,833**	354,833

12 Intangible Assets

	31 December 2023 $	30 June 2023 $
Software	**1,331,482**	1,228,100
Accumulated amortisation and impairment	**(422,369)**	(226,424)
	909,113	1,001,676
Software development costs	**1,168,266**	1,062,245
Accumulated amortisation and impairment	**(44,131)**	-
	1,124,135	1,062,245
Total Intangibles	**2,033,248**	2,063,921

(a) Movements in carrying amounts of intangible assets

		Software $	Software Development costs $	Total $
Half-year ended 31 December 2023				
Balance at the beginning of the half-year		**1,001,676**	**1,062,245**	**2,063,921**
Transfers	(i)	**1,886**	**(1,886)**	**-**
Additions		**101,496**	**107,907**	**209,403**
Amortisation		**(132,872)**	**-**	**(132,872)**
Impairment	(ii)	**(63,073)**	**(44,131)**	**(107,204)**
Closing value at 31 December 2023		**909,113**	**1,124,135**	**2,033,248**

(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 expense related to capitalised software development costs for a project which was abandoned during the year and latent software assets. The Group recognises an impairment expense in the Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income in line with its accounting policy

(b) Impairment assessment

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 recoverable amount was assessed at 31 December 2023 and the following key assumptions were used in the VIU model:

12 Intangible Assets (cont'd)

(b) **Impairment assessment (cont'd)**

a. Revenue growth rate of 7% in the first five-year period;
b. Pre-tax discount rate of 15-20%;
c. Long term growth rate of 2% beyond five-year period for the CGU; and
d. Increase in operating costs and overheads based on current forecasted expenditure levels adjusted for inflationary increases.

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.

13 Right-of-use Assets and Lease Liabilities

The Group has a lease for an office premise 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.

A bank guarantee for $354,833 is held as security in favour of the lessor in respect of the office lease entered. Refer to note 11 for further details.

	31 December 2023 $	30 June 2023 $
Right-of-use assets	**2,227,089**	2,227,089
Accumulated depreciation	**(445,417)**	(222,709)
	1,781,672	2,004,380

Movements in carrying amounts

Right-of-use assets

	Buildings $	Total $
Half-year ended 31 December 2023		
Balance at beginning of half-year	**2,004,380**	**2,004,380**
Depreciation charge	**(222,708)**	**(222,708)**
Balance at the end of half-year	**1,781,672**	**1,781,672**

13 Right-of-use Assets and Lease Liabilities (cont'd)

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	31 December 2023 $	30 June 2023 $
Current		
Lease liabilities	**467,026**	454,738
Non-current		
Lease liabilities	**1,557,922**	1,791,435

Discounted lease liabilities stated in the consolidated interim statement of financial position includes a current liability of $369,727 and non- current liability of $1,402,455 as of 31 December 2023 (current liability of $332,477 and non-current liability of $1,607,199 as of 30 June 2023).

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

	31 December 2023 $	31 December 2022 $
Interest expense on lease liabilities	**56,572**	4,091
Depreciation of right-of-use assets	**222,708**	14,368
Expenses related to short-term leases	**51,773**	171,811
	331,053	190,270

14 Trade and Other Payables

	31 December 2023 $	30 June 2023 $
CURRENT		
Trade payables	**207,404**	340,107
Other payables	**235,068**	548,797
	442,472	888,904

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.

15 Employee Benefits

	Note	31 December 2023 $	30 June 2023 $
CURRENT			
Other employee benefits	(i)	**100,250**	14,913
Annual leave		**358,563**	436,616
		458,813	451,529
NON-CURRENT			
Long service leave		**45,547**	45,547

(i) ABE announced to the market that effective 1 October 2023 the Board and C-Suite had reduced directors' fees and executive salaries by 33 1/3 %. This reduction included various objectives at an individual and team level that is expected to result in a recoupment of salaries to their original levels. Accordingly, a provision of $100,250 has been recognised during the period with respect to the expectations to repay salaries upon those recoupment conditions being met.

16 Issued Capital

	31 December 2023 $	30 June 2023 $
114,858,561 (30 June 2023: 114,858,561) Ordinary shares	**22,154,922**	22,154,922
Less: Treasury shares 2,190,446 (30 June 2023: 2,190,446)	**(825,360)**	(825,360)
	21,329,562	21,329,562

(a) 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 were 73,915,012 ordinary shares (excluding treasury shares) restricted from trading until 6 December 2023 and these shares were released from escrow on that date. There were no share restrictions as at 31 December 2023.

(b) Treasury shares

Treasury shares relate to ELFSP shares, which are restricted until the associated loans are fully repaid. Refer to note 18(a). 2,190,446 ordinary shares are restricted from trading until 9 May 2025, under the terms of the ELFSP.

Notes to the Consolidated Interim Financial Statements

For the Half - Year Ended 31 December 2023

17 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.

	Note	Options No.	ELFSP shares No.	$
Opening balance at 1 July 2023		**7,618,051**	**2,190,446**	**750,839**
Share-based payments: ELFSP shares	18(a)	-	-	66,915
Share-based payments: Options		-	-	187,163
Closing balance at 31 December 2023		7,618,051	2,190,446	1,004,917

	Note	Options No.	ELFSP shares No.	$
Opening balance at 1 July 2022		3,918,051	2,190,446	278,572
Share-based payments: ELFSP shares	18(a)	-	-	85,482
Closing balance at 31 December 2022		3,918,051	2,190,446	364,054

18 Share-Based Payments

(a) Employee loan funded share plan (ELFSP)

Australian Bond Exchange Holdings Limited (ABE) has adopted an Employee 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.

During the half-year, a share-based payment expense for ELFSP of $66,914 (31 December 2022: $85,482) was recognised in employee benefits expenses in the consolidated interim statement of profit or loss and other comprehensive income.

Included in this share-based payment expense recognised, is an amount pertaining to Mr Simon McCarthy, a Key Management Person and a participant in the ELFSP who retired during the half-year. As Mr McCarthy ceased his employment and thereby did not meet the vesting conditions of shares granted to him under the ELFSP, ordinarily a forfeiture of his shares and reversal of the related share-based payment expense recognised to date would have resulted. The Board, however, decided to waive the forfeiture terms for Mr McCarthy's ELFSP shares, allowing him to retain the shares granted with all other terms and conditions to remain unchanged.

In accordance with the Accounting Standards, this waiver is deemed a fulfilment of all vesting conditions at the date of his resignation, resulting in the remaining fair value of the share-based payment, amounting to $20,771, to be recognised and expensed fully in the half-year ended 31 December 2023. This resulted in a total expense of $28,492 being recognised in the Statement of Profit or Loss and Other Comprehensive Income in respect of Mr McCarthy's ELFSP shares.

18 Share-Based Payments (cont'd)

(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:

	31 December 2023 $	31 December 2022 $
Share-based payment expense	**251,747**	85,482

19 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 December 2023 $	30 June 2023 $
Partnership agreements for research and marketing service	-	145,466
Public and investor relations	-	82,500

20 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 the and for the year ended 30 June 2023.

21 Operating Segments

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; or any external regulatory requirements; and

- Performance is measured based on segment profit before income tax as included in the internal financial reports.

21 Operating Segments (cont'd)

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

22 Dividends

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

23 Contingencies

The Group provides a bank guarantee to its lessor as security against loss or damage. The outstanding bank guarantee at 31 December 2023 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 is also 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 its obligations, the incentive would be suspended until such time the breach is remedied and therefore may impact the value of the lease liability.

24 Related Parties

There have been no significant changes to the arrangements with related parties. Refer to the full 2023 Annual Report for further information.

25 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

26 Statutory information

The registered office and principal place of business of the Company is:
Australian Bond Exchange Holdings Limited
Level 19, 15 Castlereagh Street
SYDNEY NSW 2000.

Directors' Declaration

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

1. the consolidated interim financial statements and notes, as set out on pages 5 to 20 are in accordance with the *Corporations Act 2001*, including:

   (a) give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year 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 the 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 ....
Michael Vanderdonk

Dated:29 February 2024

Independent Auditor's Review Report
To the Members of Australian Bond Exchange Holdings Limited

Report on the Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying consolidated interim financial report of Australian Bond Exchange Holdings Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 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 2023 and of its financial performance for the half-year ended on that date; and

ii) Complying with Australian 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 Consolidated Interim Financial Report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the *Corporations Act 2001* and 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the consolidated interim financial report, which describes the events or conditions which give rise to the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KrestonSW Audit Pty Ltd > ABN 73 624 822 386
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Responsibility of the Directors for the Consolidated Interim Financial Report

The directors of the Company are responsible for the preparation of the 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 consolidated interim financial report that is free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express a conclusion on the 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 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 2023 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 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.

KrestonSW Audit Pty Ltd

Kamal Thakkar

Director

Sydney

29 February 2024