

Australian Bond Exchange Holdings Limited

ABN: 11 629 543 193

Condensed Consolidated Interim Financial Statements

For the Half-Year Ended 31 December 2024

Australian Bond Exchange Holdings Limited

ABN: 11 629 543 193

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For the Half-Year Ended 31 December 2024

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Australian Bond Exchange Holdings Limited

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Directors' Report

31 December 2024

The Directors present their report, together with the financial statement of the Group, being Australian Bond Exchange Holdings Limited (the "Company") and its controlled entities (the "Group"), for the half-year ended 31 December 2024.

Directors

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

Names	Position
Bradley McCosker	Managing Director
Michael Vanderdonk	Director
Anthony Hartman	Non-Executive Director

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

Principal activities

Australian Bond Exchange Holdings Limited ("ABEH") is the parent company of various controlled entities ("ABE" or "the Group"). The Group operates through three main entities: Australian Bond Exchange Pty Ltd ("ABEPL"), ABE Distribution Pty Ltd ("ABE Distribution") and ABE Capital Management Pty Ltd ("ABE Capital Management"), which collectively provide fixed income advice and dealing services in corporate and government bonds and other market linked securities.

ABE operates in the global financial markets predominantly in bond trading and advisory services. During the period ABE continued the development of its Artificial Intelligence applications across areas of credit analytics and compliance as well as its order management transaction 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 general 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. Novus Capital Pty Ltd has appointed subsidiaries, ABE Distribution Pty Ltd as a Corporate Authorised Representative (No. 1307088) and ABE Capital Management Pty Ltd as a Corporate Authorised Representative (No.1307093).

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 global OTC bond market and other OTC securities. Revenue comes from the following activities:

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

Review of operations

The consolidated loss of the Group amounted to \$1,920,086 (December 2023: loss of \$3,420,009).

The reduction in the net loss for 1H25 of \$1.6 million is attributed mainly to the cost reduction programme initiated in FY24. ABE has successfully streamlined its cost base and operational model, positioning itself for sustainable growth. The total cost base reduced significantly by 42% period on period with the majority of that reduction coming from employee cost reduction due to rationalisation in the second half of FY24 and early 1H25. The leaner structure provides a strong foundation for future expansion and efficiency.

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Directors' Report

31 December 2024

Review of operations (cont'd)

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

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

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 2024 are \$784,129 (30 June 2024: \$2,714,636).

The Directors believe that the Group is in a stable financial position to expand and grow its current operations.

Financing activities

At the date of the financial statements ABE has received \$0.5 million from the issue of Convertible Notes during the first half FY25 as part of a larger commitment of \$3.5 million. A total of \$2 million has been received to date, with the remaining \$1.5 million in commitments expected to be received during the second half of FY25. The funds received from the issue will provide additional liquidity towards the funding of trading, bond and credit fund development and working capital for the Group. The Convertible Notes demonstrate the strong ongoing support of ABE and represents a flexible funding instrument for ABE.

Significant changes in state of affairs

On 15 July 2024, ABE incorporated ABE Guardian Pty Ltd ("ABE Guardian") and executed an agreement with the then existing trustee, BG Funds Management Pty Ltd ("BGFM"), to appoint ABE Guardian as the new trustee of Australian Credit Opportunities Fund ("ACOF") and remove BGFM. This agreement was effective 15 October 2024. As part of the transition to an ABE Group entity as trustee for ACOF. On 10 September 2024 ABE acquired the remaining 25% in ABE Investment Management Pty Ltd ACN 670 007 762 from BGFM.

Events after the reporting date

On 31 January 2025 the Group entered into a \$500,000 loan agreement with ABE Guardian as trustee of ACOF. Interest is payable at 8% per annum for 3 years on an unsecured basis. Payment of interest only will be made quarterly in arrears with the principal being repayable on or before the maturity date. A second loan for the same amount and on the same terms was entered into on 24 February 2025. The lender, ABE Guardian, is a related body corporate and a wholly owned subsidiary of ABEH.

No other 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.

Australian Bond Exchange Holdings Limited

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Directors' Report

31 December 2024

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 2024 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: 27 February 2025

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Auditor's Independence Declaration Under S 307C Of The Corporations Act 2001 To The Directors Of Australian Bond Exchange Holdings Limited

In accordance with s 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Bond Exchange Holdings Limited. As the lead audit partner for the review of the financial report of Australian Bond Exchange Holdings Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) 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.



PROSPERITY AUDIT SERVICES



LUKE MALONE
Partner
27 February 2025
Sydney

Australian Bond Exchange Holdings Limited

ABN: 11 629 543 193

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

For the Half-Year Ended 31 December 2024

		31 December 2024	31 December 2023
	Note	\$	\$
Revenue	6	945,346	2,000,824
Other income	6	568,870	486,416
Employee benefits expense		(1,444,811)	(2,870,419)
Brokerage Costs		(85,001)	(317,376)
Depreciation and amortisation expense		(333,921)	(370,212)
Impairment loss		-	(107,204)
Other expenses	7	(1,570,569)	(2,242,038)
Loss before income tax		(1,920,086)	(3,420,009)
Income tax expense		-	-
Loss for the period		(1,920,086)	(3,420,009)
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		7,167	(1,876)
Other comprehensive income, net of income tax		7,167	(1,876)
Total comprehensive loss for the period		(1,912,919)	(3,421,885)
Loss attributable to:			
Members of the parent entity		(1,920,086)	(3,450,350)
Non-controlling interest		-	30,341
		(1,920,086)	(3,420,009)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,912,919)	(3,452,226)
Non-controlling interest		-	30,341
		(1,912,919)	(3,421,885)
Earnings per share from continuing operations			
Basic loss per share (cents)		(1.70)	(3.06)
Diluted loss per share (cents)		(1.70)	(3.06)

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

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Condensed Consolidated Interim Statement of Financial Position As at 31 December 2024

		31 December 2024	30 June 2024
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	644,323	2,481,858
Trade and other receivables	9	439,322	346,266
Other assets	10	402,670	552,260
TOTAL CURRENT ASSETS		1,486,315	3,380,384
NON-CURRENT ASSETS			
Property, plant and equipment		125,524	139,713
Intangible assets	11	2,274,417	2,147,472
Right-of-use assets	12	1,336,256	1,558,964
Investments		10	-
Other assets	10	354,833	354,833
TOTAL NON-CURRENT ASSETS		4,091,040	4,200,982
TOTAL ASSETS		5,577,355	7,581,366
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	399,405	973,929
Borrowings	14	2,107,467	1,531,614
Current tax liabilities		20,118	20,118
Lease liabilities	12	418,740	339,883
Employee benefits	15	601,960	531,869
TOTAL CURRENT LIABILITIES		3,547,690	3,397,413
NON-CURRENT LIABILITIES			
Borrowings	14	93,528	101,407
Lease liabilities	12	984,944	1,213,333
Employee benefits	15	65,864	53,377
Long-term provisions		101,200	101,200
TOTAL NON-CURRENT LIABILITIES		1,245,536	1,469,317
TOTAL LIABILITIES		4,793,226	4,866,730
NET ASSETS		784,129	2,714,636
EQUITY			
Issued capital	16	21,329,562	21,329,562
Accumulated losses		(21,300,166)	(19,380,080)
Reserves	17	754,733	747,566
Total equity attributable to equity holders of the Company		784,129	2,697,048
Non-controlling interest		-	17,588
TOTAL EQUITY		784,129	2,714,636

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

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Condensed Consolidated Interim Statement of Changes in Equity For the Half-Year Ended 31 December 2024

	Issued Capital	Accumulated Losses	Other Reserves	Non-Controlling Interests	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2024	21,329,562	(19,380,080)	747,566	17,588	2,714,636
(Loss)/profit attributable to members of the parent entity	-	(1,920,086)	-	-	(1,920,086)
Other comprehensive income	-	-	7,167	-	7,167
Total comprehensive (loss)/income for the half-year	-	(1,920,086)	7,167	-	(1,912,919)
Transactions with owners in their capacity as owners					
Purchase of non-controlling interests	-	-	-	(17,588)	(17,588)
Share based payments	18	-	-	-	-
Balance at 31 December 2024	21,329,562	(21,300,166)	754,733	-	784,129

	Issued Capital	Accumulated Losses	Other Reserves	Non-Controlling Interests	Total
Note	\$	\$	\$	\$	\$
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 loss	-	-	(1,876)	-	(1,876)
Total comprehensive loss 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	18	-	254,078	-	254,078
Balance at 31 December 2023	21,329,562	(17,210,113)	1,005,371	32,841	5,157,661

The accompanying notes form part of these financial statements.

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Condensed Consolidated Interim Statement of Cash Flows For the Half-Year Ended 31 December 2024

	31 December 2024	31 December 2023
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	27,750,977	83,505,131
Payments to suppliers and employees	(29,767,988)	(86,483,143)
Interest received	104,230	167,435
Finance costs	(5,087)	(62,276)
Net cash used in operating activities	<u>(1,917,868)</u>	<u>(2,872,853)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible asset	<u>(223,549)</u>	(209,403)
Net cash used in investing activities	<u>(223,549)</u>	<u>(209,403)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible notes	500,000	-
Repayment of borrowings	(12,290)	(12,290)
Repayment of lease liabilities	(190,995)	(221,224)
Net provided by/(used in) in financing activities	<u>296,715</u>	<u>(233,514)</u>
Net decrease in cash and cash equivalents held	(1,844,702)	(3,315,770)
Cash and cash equivalents at beginning of half-year	2,481,858	5,863,053
Effects of exchange rate changes on cash and cash equivalents	7,167	(1,876)
Cash and cash equivalents at end of half-year	8 <u>644,323</u>	<u>2,545,407</u>

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

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 Company, incorporated and domiciled in Australia.

Comparatives are consistent with prior periods, unless otherwise stated.

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 2024 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 2025.

3 Summary of Material 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 2024.

4 Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Group will meet its financial obligations in the normal course of business for the foreseeable future, being a period of at least 12 months from the date these financial statements are approved.

The Directors note the following events and conditions which have been considered in assessing the appropriateness of the going concern assumptions:

- The Group generated a loss after tax of \$1,920,086 (31 December 2023: \$3,420,009) for the half-year ended 31 December 2024 and incurred net cash outflows \$1,917,868 (31 December 2023: \$2,872,853) primarily due to the time taken to build the necessary platforms and achieve sufficient revenues to achieve profitability, consistent with other early-stage businesses. Sufficient revenues for immediate profitability have not been achieved as yet and the Group has restructured the cost base reflective of this.
- As at 31 December 2024 the Group had cash and cash equivalents of \$644,323 (30 June 2024: \$2,481,858) reflecting the cash outflows used in operations of \$1,917,868 (31 December 2023: cash outflows of \$2,872,853) offset partially by amounts raised by convertible notes during the half-year.
- Net current liabilities of \$2,061,375 (30 June 2024: Net current liabilities \$17,029), primarily reflect the inclusion of convertible notes of \$2 million, which are not expected to be cash settled.
- Convertible note funding of \$1.5 million was expected to be received by 31 October 2024 has been delayed at the date of this report. The timing of receipt is uncertain.
- The Group is in advanced discussions in relation to additional funding.
- On 31 January 2025 the Group entered into a \$500,000 loan agreement with ABE Guardian as trustee of ACOF. Interest is payable at 8% per annum for 3 years on an unsecured basis. Payment of interest only will be made quarterly in arrears with the principal being repayable on or before the maturity date. A second loan for the same amount and on the same terms was entered into on 24 February 2025.

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

4 Going concern (cont'd)

In light of the events and conditions, material uncertainty exists in relation to the Group's ability to continue as a going concern, and therefore whether it may be able to realise its assets and discharge its liabilities in the normal course of operations. As a consequence, the Directors have regard to the following in assessing the appropriateness of the going concern assumption:

- the Group has cash and cash equivalents of \$706,611 at the date of this report.
- the Group secured and received \$2 million (\$1.5 million received in FY24 and \$0.5 million received in FY25) from the issue of unsecured convertible notes as part of a larger commitment of \$3.5 million of funding. The remaining tranche of convertible note funding of \$1.5 million which was expected to be received by 31 October 2024 has been delayed at the date of this report, with timing of receipt uncertain.
- the Group is in advanced discussions in relation to additional funding.
- the Group secured shareholder approval at the AGM to raise up to an additional \$10 million in convertible note funding.
- anticipated expansion of new revenue opportunities introduced in FY24, including the corporate advisory business with contracts signed during the period and subsequent to 31 December 2024 that will generate cash inflows of approximately \$2 million to be received before 30 June 2025, with the receipts expected in March and June 2025. In addition, the Group has agreed to commercial terms with new affiliate partners that will generate additional revenues.
- 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 technological projects in a manner that generates sufficient operating cash inflows.
- continuing to closely manage costs and improving operating cash flows following a significant reduction in the Group's operating expenses.
- future economic and market conditions, where there is increasing market awareness creating investor appetite for fixed income investments.

Based on the above factors and means, the directors are confident that the Group will be able to fund its activities and meet its funding requirements and hence being able to continue as a going concern.

Accordingly, the Directors consider it is appropriate to prepare the consolidated 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 significant doubt on whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

The consolidated 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 2024. During the period, management reviewed estimates in respect of:

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

Australian Bond Exchange Holdings Limited

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

6 Revenue and Other Income

Revenue from continuing operations - contracts with customers

Revenue from contracts with customers has been disaggregated as follows:

	31 December 2024	31 December 2023
Note	\$	\$
Type of customer contract		
- Commission income	290,199	593,191
	(a) 290,199	593,191
Net income from financial instruments at fair value through profit or loss		
- Securities trading income	655,147	1,407,633
Total revenue	945,346	2,000,824

(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.

Other Income

- Fees	200,000	80,500
- Interest received	104,230	167,434
- Other income	144,640	101,561
- R&D refundable tax rebate	120,000	136,921
Total other income	568,870	486,416

7 Result for the Half-Year

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

	31 December 2024	31 December 2023
	\$	\$
Other expenses:		
Rent expense	57,571	51,773
Advertising	67,252	484,260
Administration and management fees	533,417	172,769
Legal and professional fees	230,043	377,218
Insurance	186,899	219,838
Accounting fees	128,514	182,128
Research fees	-	62,306
Information technology related expenses	244,810	256,149
Public relations	1,000	100,100
Interest expense on convertible notes	75,178	-
Interest expense on lease liabilities	45,885	62,276

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

8 Cash and Cash Equivalents

	31 December 2024	30 June 2024
	\$	\$
Cash at bank and in hand	<u>644,323</u>	2,481,858
	<u><u>644,323</u></u>	<u><u>2,481,858</u></u>

Cash and cash equivalents do not include the amount of \$7,922,101 (30 June 2024: \$2,985,907) held in client trust accounts at 31 December 2024.

9 Trade and Other Receivables

	31 December 2024	30 June 2024
	\$	\$
CURRENT		
Trade receivables	35,092	-
Allowance for expected credit losses	-	-
	<u>35,092</u>	-
GST receivable	9,292	51,562
R&D tax rebate receivable	388,938	268,937
Other receivables	6,000	25,767
Total current trade and other receivables	<u><u>439,322</u></u>	<u><u>346,266</u></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.

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

10 Other Assets

		31 December 2024	30 June 2024
	Note	\$	\$
CURRENT			
Prepayments		380,978	532,150
Deposits		21,692	20,110
		<u>402,670</u>	<u>552,260</u>
NON - CURRENT			
Bank guarantee	(a)	<u>354,833</u>	<u>354,833</u>

(a) A bank guarantee is held as security in favour of the lessor in respect of the office lease. As the deposit is secured under these terms, it is not accessible by the Group. The potential exposure is treated as a contingent liability. Further information is presented in Note 12.

11 Intangible Assets

	31 December 2024	30 June 2024
	\$	\$
Software	1,519,350	1,398,304
Accumulated amortisation and impairment	(597,290)	(500,686)
	<u>922,060</u>	897,618
Software development costs	1,424,177	1,321,674
Accumulated amortisation and impairment	(71,820)	(71,820)
	<u>1,352,357</u>	1,249,854
Total Intangible assets	<u>2,274,417</u>	<u>2,147,472</u>

(a) Movements in carrying amounts of intangible assets

	Note	Software \$	Software development costs \$	Total \$
Half-year ended 30 June 2024				
Balance at the beginning of the half-year		897,618	1,249,854	2,147,472
Transfers	(b)	64,618	(64,618)	-
Additions		56,428	167,121	223,549
Amortisation		(96,604)	-	(96,604)
Impairment		-	-	-
Closing value at 31 December 2024		<u>922,060</u>	<u>1,352,357</u>	<u>2,274,417</u>

Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

11 Intangible Assets (cont'd)

(i) When the software is available for use, the asset is transferred from software development costs to software in line with the Group's accounting policy.

(b) **Transfers**

When the software is available for use, the asset is transferred from software development costs to software in line with the Group's accounting policy.

(c) **Impairment**

Impairment expenses relate to capitalised software development costs for projects which were abandoned during the 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.

(d) **Impairment testing**

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 last assessed at 31 December 2024 and the following key assumptions were used in the VIU model:

- a) Revenue growth rate of 256% for the first 6 months to 30 June 2025, a 50% increase in the 2026 financial year and a 7% increase in each of years 2 to 5;
- b) Pre-tax discount rate of 20% (30 June 2024: 20%);
- c) Long term growth rate of 2% (30 June 2024: 2%) beyond five-year period for the CGU; and
- d) Operating costs and overheads based on current expenditure levels adjusted for inflationary increases.

Sensitivity analysis:

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue	Based on performance and management's expectations of market development.
Long-term growth rate	This is the growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	Reflect specific risks relating to the Group. During the year, the Group considered its assumptions in respect of its cost of capital and other risks and arrived at a 20% pre-tax discount rate.

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

11 Intangible Assets (cont'd)

Sensitivity

The Directors have made judgements and estimates in respect of impairment testing of intangible assets. Should these judgements and estimates not occur the resulting intangible assets carrying amount may decrease. The sensitivities are as follows:

- Revenue growth rate in financial year 2026 would need to decrease to 14% with the Group achieving a revenue growth rate of 256% for the first 6 months to 30 June 2025 before intangible assets would need to be impaired, with all other assumptions remaining constant.
- Revenue growth rate in years 2 to 5 would need to decrease to 4.6% in each of the years before intangible assets would need to be impaired, with all other assumptions remaining constant.
- The pre-tax discount rate would need to increase to 45% before intangible assets would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of \$8 million intangible assets is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of intangible assets is based, this may result in an impairment charge for the intangible assets.

12 Right-of-use Assets and Lease Liabilities

The leases 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.

A bank guarantee for \$354,833 is held as security in favour of the lessor in respect of the office lease entered into. As the deposit is secured under these terms, it is not accessible by the Group. The potential exposure is treated as a contingent liability. Refer to Note 10 and Note 23 for further details.

	31 December 2024	30 June 2024
	\$	\$
Right-of-use assets	2,227,089	2,227,089
Accumulated depreciation	(890,833)	(668,125)
	<u>1,336,256</u>	<u>1,558,964</u>

Movements in carrying amounts

Right-of-use assets

	Buildings \$	Total \$
Half-year ended 31 December 2024		
Balance at beginning of half-year	1,558,964	1,558,964
Depreciation charge	(222,708)	(222,708)
Balance at the end of half-year	<u>1,336,256</u>	<u>1,336,256</u>

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

12 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 2024	30 June 2024
	\$	\$
<i>Current</i>		
Lease liabilities	492,523	440,856
<i>Non-current</i>		
Lease liabilities	1,065,399	1,311,660

Lease liabilities included in the statement of financial position of \$1,403,684 (30 June 2024: \$1,553,216) incorporates current liability of \$418,740 and non-current liability of \$984,944 as of 31 December 2024 (current liability of \$339,883 and non-current liability of \$1,213,333 as of 30 June 2024).

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

	31 December 2024	31 December 2023
	\$	\$
Interest expense on lease liabilities	45,885	56,572
Depreciation of right-of-use assets	222,708	222,708
	268,593	279,280

13 Trade and Other Payables

	31 December 2024	30 June 2024
	\$	\$
CURRENT		
Trade payables	119,014	632,614
GST payable	2,777	-
Other payables	277,614	341,315
	399,405	973,929

Trade payables include 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.

Australian Bond Exchange Holdings Limited

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

14 Borrowings

	31 December 2024 \$	30 June 2024 \$
CURRENT		
Convertible notes	2,000,000	1,500,000
Interest on convertible notes	92,055	16,877
Finance lease obligations	15,412	14,737
	<u>2,107,467</u>	<u>1,531,614</u>
NON-CURRENT		
Finance lease obligations	93,528	101,407
	<u>93,528</u>	<u>101,407</u>

(a) Convertible notes

The Group issued an additional 500,000 convertible notes during the half-year for total consideration of \$500,000. The Group issued 1,500,000 convertible notes during the previous financial year for total consideration of \$1,500,000. The following terms apply to the convertible notes:

- i. The convertible notes are unsecured and rank at least equally with all past and future unsubordinated and unsecured obligations of the Group.
- ii. Interest accrues at a rate of 8% per annum, payable in cash quarterly or shares at the noteholders' election.
- iii. The convertible notes mature three years from the date of issue, being 15 April 2027 for the first tranche of 500,000, 10 May 2027 for the second tranche of 500,000, 6 June 2027 for the third tranche of 500,000 and 20 August 2027 for the fourth tranche.
- iv. Conversion price is the lower of 80% of the 90-day volume weighted average price of the Company's shares at the time of conversion and \$0.40, but not less than \$0.07. This gives rise to a derivative financial liability with a fair value of \$nil.
- v. All notes are convertible at any time 12 months after the date of issuance, at the discretion of the noteholders.
- vi. If the convertible notes have not converted prior to the maturity date, any outstanding amounts must be repaid by the Group to the noteholder.

(b) Finance lease obligations

The Group entered into a finance lease to purchase a motor vehicle. The lease is payable in 60 monthly instalments at an interest rate of 8.99%. A residual value of \$55,413 is payable in full at the end of the lease.

Australian Bond Exchange Holdings Limited

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

15 Employee Benefits

	31 December 2024	30 June 2024
	\$	\$
CURRENT		
Other employee benefits	5,488	6,517
Leave obligations	440,333	369,213
Deferred salaries (a)	156,139	156,139
	<u>601,960</u>	<u>531,869</u>
NON-CURRENT		
Leave obligations	65,864	53,377
	<u>65,864</u>	<u>53,377</u>

- (a) On 10 October 2023, the Group announced to the market that the Board and C-Suite had been subject to a 33.33% reduction in directors' fees and executive salaries with effect from 1 October 2023. From 1 May 2024, the full amount of directors' fees and executive salaries was reinstated for the remaining Directors/Executives. Accordingly, a provision of \$156,139 has been recognised for the period 1 October 2023 to 30 April 2024 within 'Employee benefits expense' with respect to the expectations to repay salaries upon those recoupment conditions being met.

16 Issued Capital

	31 December 2024	30 June 2024
	\$	\$
113,863,338 (30 June 2024: 113,863,338) Ordinary shares	21,779,922	21,779,922
Less: Treasury shares 1,195,223 (30 June 2024: 1,195,223)	(450,360)	(450,360)
	<u>21,329,562</u>	<u>21,329,562</u>

(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

There were no share restrictions as at 31 December 2024 (excluding treasury shares). 73,915,012 ordinary shares (excluding treasury shares) restricted from trading until 6 December 2023 were released from escrow during the previous year.

(b) Treasury shares

Treasury shares relate to ELFSP shares, which are restricted until the associated loans are fully repaid. Refer to Note 18(a). 1,195,223 ordinary shares are restricted from trading until 9 May 2025, under the terms of the ELFSP.

Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

17 Reserves

(a) 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 2024		5,151,384	1,195,223	732,407
Share-based payments: ELFSP shares	18(a)	-	-	-
Share-based payments: Options		-	-	-
Closing balance at 31 December 2024		5,151,384	1,195,223	732,407

	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)	-	(995,223)	(58,584)
Share-based payments: Options	18(c)	(2,466,667)	-	40,152
Closing balance at 30 June 2024		5,151,384	1,195,223	732,407

(b) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income – foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Movement in foreign currency translation reserve:

	31 December 2024 \$	30 June 2024 \$
Opening balance	15,159	2,330
Movement	7,167	12,829
Closing balance	22,326	15,159

Australian Bond Exchange Holdings Limited

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Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

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.

(b) Lead manager options

During the financial year ended 30 June 2022, the Company issued 3,918,051 options to lead managers and associated brokers in relation to the IPO capital raising and public offer. Shares issued on exercise of the Options will rank equally in relation to the voting rights and entitlements to participate in dividends.

(c) Options issued to employees under employment terms

During the previous financial year, ABE granted 3,700,000 options to Kevin Hall on his appointment as Chief Operating Officer, under the terms of his employment agreement. The options were issued as a long-term incentive without any escrow conditions attached to the underlying shares upon vesting or exercise of the options.

The terms of the agreement were such that if Mr Hall ceased to be employed by the Group before the vesting period, he would no longer be entitled to the options. Mr Hall's position was made redundant on 9 March 2024 and accordingly the second two tranches totalling 2,466,667 options were forfeited.

(d) 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 2024	31 December 2023
	\$	\$
Share-based payment expense	-	254,078

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 2024	31 December 2023
	\$	\$
Partnership agreements for research and marketing service	186,151	-

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 end for the year ended 30 June 2024.

Australian Bond Exchange Holdings Limited

ABN: 11 629 543 193

Notes to the Condensed Consolidated Interim Financial Statements For the Half - Year Ended 31 December 2024

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.

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 2024 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 except for the matters stated in Note 25 of this report. Refer to the full 2024 Annual Report for further information.

25 Events Occurring After the Reporting Date

On 31 January 2025 the Group entered into a \$500,000 loan agreement with ABE Guardian as trustee of ACOF. Interest is payable at 8% per annum for 3 years on an unsecured basis. Payment of interest only will be made quarterly in arrears with the principal being repayable on or before the maturity date. A second loan for the same amount and on the same terms was entered into on 24 February 2025. The lender, ABE Guardian, is a related body corporate and a wholly owned subsidiary of ABEH.

No other 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.

Australian Bond Exchange Holdings Limited

ABN: 11 629 543 193

Directors' Declaration

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

1. the condensed consolidated interim financial statements and notes, as set out on pages 5 to 21 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 2024 and of its performance for the half-year ended on that date; and
 - (b) complying with 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: 27 February 2025

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Independent Auditor's Review Report to the members of Australian Bond Exchange Holdings Limited

Report on the Condensed Consolidated Interim Financial Report

Qualified Conclusion

We have reviewed the 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 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated statement of cash flows for the half-year then ended, a summary of material accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, except for the possible effects of the matter described in the Basis for Qualified Conclusion section, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial report of the Group does not comply with the *Corporations Act 2001* including:

- a. giving a true and fair view of the condensed consolidated interim financial position of the Group as at 31 December 2024, and of its financial performance and its cash flows 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*.

Basis for Qualified Conclusion

Included in the condensed consolidated statement of financial position are intangible assets of \$2,274,417 at 31 December 2024 and \$2,147,472 at 30 June 2024 as disclosed in Note 11. In accordance with the requirements of AASB 136 *Impairment of assets*, the Group has undertaken an impairment assessment of its intangible assets.

Independent Auditor's Review Report to the members of Australian Bond Exchange Holdings Limited

Due to the significant uncertainty of the future cash flows included in the Group's impairment model of the assets, we were unable to satisfy ourselves as to the appropriateness and reliability of the forecast of future cashflows. Therefore, we were unable to obtain sufficient appropriate audit evidence about the carrying value of the intangible assets as at 31 December 2024 and the comparative period at 30 June 2024, noting that the previous auditor had qualified his opinion in respect of the carrying value of intangible assets at 30 June 2024.

Consequently, we were unable to determine the quantum of adjustment to the carrying of the intangible assets in the consolidated statement of financial position for the half-year ended 31 December 2024, and the year ended 30 June 2024.

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 Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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.

Material uncertainty relating 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.

Responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the condensed consolidated interim financial report 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 and fair presentation of the condensed consolidated interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the condensed consolidated interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the condensed consolidated financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Independent Auditor's Review Report to the members of Australian Bond Exchange Holdings Limited

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.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES

Luke Malone

LUKE MALONE

Partner

27 February 2025

Sydney

APPENDIX 4D HALF-YEAR REPORT

For the half-year ended 31 December 2024
ASX Listing Rule 4.2A

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 2024 to 31 December 2024
Prior corresponding period: 1 July 2023 to 31 December 2023

2. Results for announcement to the market

	31 Dec 2024	Movement	Change
	\$	\$	%
Key information			
Revenue	945,346	(1,055,478)	down 53%
Loss from ordinary activities after tax attributable to members	(1,920,086)	1,530,264	down 44%
Loss attributable to members of the Company	(1,920,086)	1,530,264	down 44%

Commentary

ABE has significantly reduced its net loss, driven by a strategic cost reduction program initiated in FY24. By streamlining its cost base and optimising its operational model, the Company has built a solid foundation for long-term sustainability. Total costs were cut by more than 42% period-on-period, with the majority of savings achieved through workforce rationalisation in the latter half of FY24 and early 1H25. Additionally, ABE's acquisition of the remaining 25% stake in ABE Investment Management Pty Ltd will further reduce expenses and enhance profit retention. This leaner structure ensures greater operational efficiency and positions ABE for scalable growth.

With cost optimisation now complete, ABE is refocusing on expansion—leveraging its unique product offerings and growing its client base while maintaining a disciplined, agile cost structure. The Company remains resilient, closely monitoring market trends and proactively adapting to emerging opportunities and challenges.

Committed to its vision of **democratising financial markets**, ABE continues to drive inclusivity, transparency, and accessibility in the investment space. The Company remains a key innovator in financial markets, expanding its capabilities to better serve investors.

Driving Revenue Growth and Market Innovation

ABE is actively scaling revenue by increasing sales volumes across existing and new clients through multiple distribution channels. Given the nature of business development, revenue realisation from client engagement and integration efforts often involves significant lag times. However, these initiatives are expected to translate into stable, annuity-like revenue streams over time, forming a critical pillar of ABE's long-term growth strategy.

In line with its commitment to product innovation, ABE introduced **market-linked securities for XEROX and The Goodyear Tire & Rubber Company** to the Australian market during the quarter. These additions expanded the total face value of market-linked products to over \$180 million, reinforcing ABE's dedication to providing Australian investors with access to global investment opportunities traditionally beyond their reach.

As ABE enters its next phase of growth, it remains focused on innovation, expansion, and delivering sustainable value to investors.

APPENDIX 4D HALF-YEAR REPORT

For the half-year ended 31 December 2024
ASX Listing Rule 4.2A

Australian Bond Exchange Holdings Limited and its controlled entities

ABN: 11 629 543 193

3. Net tangible assets per ordinary share

	31 Dec 2024	31 Dec 2023	Change
	\$	\$	%
Security			
Ordinary shares	(0.024)	0.012	down 300%

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

On 10 September 2024 ABE acquired the remaining 25% in ABE Investment Management Pty Ltd.

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 plans 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. A modified conclusion has been issued with respect to the carrying value of intangible assets. 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 2024 Consolidated Interim Financial Statements.