

30 August 2024

Australian Bond Exchange Holdings Limited – Appendix 4E Preliminary Final Report for Year Ended 30 June 2024

Australian Bond Exchange Holdings Ltd ACN 629 543 193 (ASX:ABE) is pleased to lodge its Appendix 4E Statement for the financial year ended 30 June 2024.

This announcement was authorised for release by the Board of Australian Bond Exchange Holdings Limited.

Yours sincerely

Ms 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.

Australian Bond Exchange Holdings Limited

ACN: 629 543 193

Appendix 4E Preliminary Final Report

For the Year Ended 30 June 2024

Australian Bond Exchange Holdings Limited

ACN: 629 543 193

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APPENDIX 4E PRELIMINARY FINAL REPORT

For the year ended 30 June 2024

Australian Bond Exchange Holdings Limited and its controlled entities

ACN: 629 543 193

1 Details of the reporting period and the prior corresponding period

Current period: 1 July 2023 to 30 June 2024
 Prior corresponding period: 1 July 2022 to 30 June 2023

2. Results for announcement to the market:

		Year ended		Change %
		30 June 2024 \$	30 June 2023 \$	
Key information				
2.1	Revenue	4,100,092	4,687,837	down 13%
2.2	Loss from ordinary activities after tax attributable to members	(5,620,317)	(5,034,582)	down 12%
2.3	Loss attributable to members of the Company	(5,620,317)	(5,034,582)	down 12%
2.4	Dividends	There were no dividends paid during the period nor declared after the end of the reporting period.		
2.5	Record date for determining entitlements to the dividend	Not applicable		
2.6	Commentary			

FY 2024 Highlights

- Following a significant jump in the prior year revenue (FY22 to FY23), revenue consolidated for FY24 at \$4.1 million, a decrease of 12.5% compared to FY23 showing strong resilience during a period of significant rationalisation and cost reduction on a go forward basis
- Despite this period of cost reduction, active client numbers increased by approximately 11% compared to FY23. Client growth was driven by ongoing successful execution of the Group's client acquisition strategy and product offerings designed to meet investor appetite
- Continued product innovation with \$55.35 million of new market linked instruments in FY24 taking the total of market linked products to over \$175 million
- The Group had available net cash of \$2.5 million at 30 June 2024
- Another major milestone in near real time confirmation and settlement of transaction: successful first transaction with ANZ's New Payments Platform PayTo service for Billers

Financial Performance Review

During FY24, the Group generated \$4.8 million in revenue and other income, largely driven by the following key revenue sources:

- Trading revenue of \$2.8 million
- Commission revenue of \$1.1 million

APPENDIX 4E PRELIMINARY FINAL REPORT

For the year ended 30 June 2024

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2. Results for announcement to the market: (cont'd)

Financial Performance Review (cont'd)

The consolidated loss for the Group for the year ending 30 June 2024 was \$5.6 million.

The total cost base increased marginally by 0.2% to \$10.4 million in FY24. Significant one-off costs were incurred due to the streamlining of the Group. The main cost increases were related to legal and professional expenses, information technology related expenses, custody and other operating expenses.

Advertising and marketing costs have returned to more regular levels during the year following the successful campaign to increase brand awareness and increase our client base. Employee benefit expenses reduced during the year due to reduced headcount in the second half of the reporting period.

Non-cashflow related expenses in relation to depreciation, amortisation and impairment of non-current assets increased. Depreciation on right of use assets (our current office premises) increased reflective of a full year's depreciation charge in FY24. Intangibles amortisation and impairment expenses increased due to new development being released into production, replacing earlier systems, modernising our technology, enhancing operational efficiency and the impairment of certain software development no longer being pursued.

The net assets of the Group as at 30 June 2024 are \$2,714,636 (2023: \$8,322,968). The decrease in net assets reflects the impact of the current year losses as a result of one-off costs associated with the Group's streamlining during the year.

At the end of the financial year, the Group's balance sheet had a total cash, corporate bonds and bond-linked securities and trade settlements receivables balances of \$2.5 million (2023: \$6.7 million).

Operational Performance and Activities

Overall the positive impact on business activities is reflected below:

- Face value sales of market linked instruments specifically designed for Australian private investors totalled over \$55 million
- Active client numbers increased by approximately 11% compared to FY23
- Number of investments per private client portfolio increased by 13% over FY24
- Total client holdings increased by 22% compared to FY23
- Cost rationalisation during the second half of the period saw a reduction in the run rate going forward on a comparative basis with the prior year

Australian Bond Exchange has added several new market linked products to its offering during FY24. In response to growing client demand for products tailored specifically for the Australian private investors, such as market linked securities denominated in Australian Dollars (Notes), ABE increased the number of securities offerings during the year. Additionally, ABE sourced competitive products in the secondary market, which enabled us to continue to ensure greater choice for Australian private investors.

The market linked products continue to supplement the traditional sales and trading activity in the OTC bond market in which ABE operates both in Australia and Singapore.

As part of ABE's commitment to enabling private investor access to financial markets, the Australian Credit Opportunities Fund ("The Fund") was established in September 2023. The Fund was originally created as a new wholesale, unregistered, and open-ended pooled investment trust. As at 30 June 2024, the investment in the Fund surpassed \$8 million. The Fund seeks to achieve a return over a rolling three basis of the RBA Official Cash Rate plus 3.5% per annum. The Fund is an actively managed portfolio that may invest directly or indirectly in Australian and foreign fixed income securities and other credit opportunities.

APPENDIX 4E PRELIMINARY FINAL REPORT

For the year ended 30 June 2024

Australian Bond Exchange Holdings Limited and its controlled entities

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2. Results for announcement to the market: (cont'd)

Financing Activities

During the year ABE received \$2 million (\$1.5 million received in FY24) from the issue of Convertible Notes as part of a larger commitment of \$3.5 million to be staged over second half FY24 and first half FY25. The funds raised from the issue will provide additional liquidity towards the funding of trading, bond and credit fund development and working capital for the Group. The remaining \$1.5 million in commitments are expected to be received during the first half of FY25. The Convertible Notes demonstrate the strong ongoing support of ABE and represents a flexible funding instrument for ABE.

Advancing Technology

ABE continues to progress its technology capabilities during FY24. This included the first native New Payments Platform for billers transaction (PayTo) by a major Australian bank. This transaction technology is one part of the settlement process efficiency which is one of ABE's longer-term strategic priorities, 'T+0 transactions' and is important in providing all Australians clear and transparent access to the global financial markets, such as corporate bonds.

ABE also implemented new, streamlined client onboarding technology. This reduces onboarding times and complexity, enhancing client experience for clients wishing to gain access to the bond market directly. The new technology also capitalises on automation, driving down processing times and reducing operational costs.

AI development also continued in FY24 with the 'production version' of ABE's risk assessment tool in closed beta testing with planned go live in second half FY24.

FY 2025 Outlook

During FY24, ABE undertook a significant transformation of its cost base and revenue generation strategies, demonstrating a strong commitment to ensuring the long-term stability of the business. This strategic overhaul has reinforced ABE's focus on its core mission: to provide all Australians with access to global financial markets. With a streamlined cost structure and an expanding client base, the Company's board and management are confident that the strategic decisions made during this period will enable ABE to capitalise on future opportunities and drive sustained growth.

3 A statement of profit or loss and other comprehensive income

A statement of profit or loss and other comprehensive income together with notes to the statement is contained on page 5 and pages 9 onwards.

4. A statement of financial position

A statement of financial position together with notes to the statements is contained on page 6 and pages 9 onwards.

5. A statement of changes in equity

A statement of changes in equity, showing movements is contained on page 7 and pages 9 onwards.

6. A statement of cash flows

A statement of cash flows together with notes to the statement is contained on page 8 and pages 9 onwards.

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7. Dividend payments

There were no dividends paid during the reporting period.

8. Dividend or distribution reinvestment plan details

There are no dividend or distribution reinvestment plans in place.

9. Net tangible assets per ordinary share

	30 June 2024	30 June 2023	Change
	\$	\$	%
Security			
Ordinary shares	(0.009)	0.038	Down 124%

10. Control gained or lost over entries during the period, for those having material effect

Not applicable.

11. Details of any associates and joint venture entities

Not applicable.

12. Any other significant information needed by an investor

Not applicable.

13. Accounting standards used by foreign entities

Not applicable.

14. Status of the audit

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the Annual Financial Report which is in the process of being audited. The Preliminary Final Report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2024.

The Annual Financial Report is in the process of being audited and an unqualified audit opinion is expected to be issued with an 'emphasis of matter' in respect of a material uncertainty related to going concern.

Australian Bond Exchange Holdings Limited

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

		2024	2023
	Note	\$	\$
Revenue	2	4,100,092	4,687,837
Other income	2	659,559	618,405
Employee benefits expense		(4,903,081)	(5,532,968)
Brokerage expenses		(407,121)	(552,163)
Finance expenses		(135,530)	(64,388)
Depreciation, amortisation and impairment expense	3	(820,642)	(363,734)
Other expenses	3	(4,078,388)	(3,827,571)
Loss before income tax		(5,585,111)	(5,034,582)
Income tax expense		(20,118)	-
Loss after income tax expense for the year		(5,605,229)	(5,034,582)
Other comprehensive income,			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		12,829	2,330
Other comprehensive income, net of income tax		12,829	2,330
Total comprehensive expense for the year		(5,592,400)	(5,032,252)
Loss attributable to:			
Members of the parent entity		(5,620,317)	(5,034,582)
Non-controlling interest		15,088	-
		(5,605,229)	(5,034,582)
Total comprehensive income attributable to:			
Members of the parent entity		(5,607,488)	(5,032,252)
Non-controlling interest		15,088	-
		(5,592,400)	(5,032,252)
Earnings per share for loss attributable to members of the parent entity:			
Basic earnings per share (cents)	21	(4.99)	(4.38)
Diluted earnings per share (cents)	21	(4.99)	(4.38)

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

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Consolidated Statement of Financial Position As At 30 June 2024

	Note	2024 \$	2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,481,858	5,863,053
Trade and other receivables	5	346,266	629,990
Financial assets	7	-	301,850
Other assets	6	552,260	492,611
TOTAL CURRENT ASSETS		3,380,384	7,287,504
NON-CURRENT ASSETS			
Property, plant and equipment		139,713	168,804
Intangible assets	8	2,147,472	2,063,921
Right-of-use assets	12	1,558,964	2,004,380
Other assets	6	354,833	354,833
TOTAL NON-CURRENT ASSETS		4,200,982	4,591,938
TOTAL ASSETS		7,581,366	11,879,442
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	973,929	888,904
Borrowings	10	1,531,614	13,474
Current tax liabilities		20,118	-
Lease liabilities	12	339,883	332,477
Employee benefits	11	531,869	451,529
TOTAL CURRENT LIABILITIES		3,397,413	1,686,384
NON-CURRENT LIABILITIES			
Borrowings		101,407	116,144
Lease liabilities	12	1,213,333	1,607,199
Employee benefits	11	53,377	45,547
Provisions	13	101,200	101,200
TOTAL NON-CURRENT LIABILITIES		1,469,317	1,870,090
TOTAL LIABILITIES		4,866,730	3,556,474
NET ASSETS		2,714,636	8,322,968
EQUITY			
Issued capital	14	21,329,562	21,329,562
Reserves		747,566	753,169
Accumulated losses		(19,380,080)	(13,759,763)
Total equity attributable to equity holders of the Company		2,697,048	8,322,968
Non-controlling interest		17,588	-
TOTAL EQUITY		2,714,636	8,322,968

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

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Consolidated Statement of Changes in Equity For the Year Ended 30 June 2024

2024

		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 after income tax for the year		-	(5,620,317)	-	15,088	(5,605,229)
Other comprehensive income for the year		-	-	12,829	-	12,829
Total comprehensive income for the year		-	(5,620,317)	12,829	15,088	(5,592,400)
Transactions with owners in their capacity as owners						
Share based payments: Options	16	-	-	40,152	-	40,152
Share based payments: Employee Loan Funded Share Plan	16	-	-	(58,584)	-	(58,584)
Contribution of equity from non-controlling interest		-	-	-	2,500	2,500
Balance at 30 June 2024		21,329,562	(19,380,080)	747,566	17,588	2,714,636

2023

		Issued capital	Accumulated losses	Other reserves	Non-controlling interests	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2022		21,329,562	(8,725,181)	278,572	-	12,882,953
Loss after income tax for the year		-	(5,034,582)	-	-	(5,034,582)
Other comprehensive income for the year		-	-	2,330	-	2,330
Total comprehensive income for the year		-	(5,034,582)	2,330	-	(5,032,252)
Transactions with owners in their capacity as owners						
Share based payments: Options	16	-	-	162,731	-	162,731
Share based payments: Employee Loan Funded Share Plan	16	-	-	309,536	-	309,536
Balance at 30 June 2023		21,329,562	(13,759,763)	753,169	-	8,322,968

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

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Consolidated Statement of Cash Flows For the Year Ended 30 June 2024

	2024	2023
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	136,064,083	156,047,000
Payments to suppliers and employees	(140,638,279)	(158,933,676)
Interest received	310,172	200,338
Finance costs	(10,664)	(2,960)
Grants received	305,601	345,044
Net cash used in operating activities	22 (3,969,087)	(2,344,254)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible assets	(429,633)	(560,891)
Payments for property, plant and equipment	-	(163,480)
Net cash used in investing activities	(429,633)	(724,371)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible notes	1,500,000	-
Proceeds from borrowings	-	129,618
Repayment of borrowings	(24,581)	-
Payment of lease liabilities	(454,738)	(235,695)
Net cash (used in)/ provided by financing activities	1,020,681	(106,077)
Net decrease in cash and cash equivalents held	(3,378,039)	(3,174,702)
Effect of exchange rate changes on cash and cash equivalents	(3,156)	(9,176)
Cash and cash equivalents at beginning of year	5,863,053	9,046,931
Cash and cash equivalents at end of financial year	4 2,481,858	5,863,053

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Introduction

(a) Reporting entity

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

The Preliminary Final Report for the year ended 30 June 2024 comprises Australian Bond Exchange Holdings Limited and its controlled entities ("ABE Group" or "the Group"). The Preliminary Final Report of ABE for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 29 August 2024.

(b) Statement of compliance

The Preliminary Final Report has been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

This report is based on the Annual Report which is in the process of being audited.

The Preliminary Final Report does not include all of the notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with any public announcements made by the Company during the year in accordance with the continuous disclosure requirements under the *Corporations Act 2001* and ASX Listing Rules.

(c) Basis of preparation

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

(d) Comparatives

Comparatives are consistent with prior years, unless otherwise stated.

(e) Going Concern

Assessment of going concern

This consolidated financial report has 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.

The Group incurred a loss after tax of \$5,605,229 (2023: \$5,034,582) for the year ended 30 June 2024 and incurred net cash outflows from operating and investing activities of \$4,398,720 (2023: \$3,068,625). As at 30 June 2024 the Group had cash and cash equivalents of \$2,481,858 (2023: \$5,863,053) and net current liabilities of \$17,029 (2023: net current assets of \$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 expected date of signing of the financial report. Accordingly, the directors have concluded it appropriate to prepare the financial report on a going concern basis.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Introduction (cont'd)

(e) Going Concern (cont'd)

In forming this view, the directors have had regard to the following:

- Management and Directors continue to closely monitor operating expenses and operating cash flows. Activities to streamline the business which commenced during the year will continue with a focus on eliminating or further reducing costs to a more sustainable level.
- Management and Directors have forecast the Group's financial performance, cash flows and financial position as part of its management and monitoring of the Group's operations for a period of at least 12 months following the expected date of issuance of the consolidated financial statements 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;
- In preparing these forecasts, Management and Directors considered and, where required made assumptions, as follows:
 - o the Group secured and received \$2 million (\$1.5 million already received in FY24) from the issue of unsecured convertible notes as part of a larger commitment of \$3.5 million of funding. \$500,000 was received post year end and the remaining \$1.5 million is expected to be received in equal tranches in September, October and November 2024;
 - o anticipated expansion of new revenue opportunities introduced in FY24, including the corporate advisory business and the engagement of new affiliate partners;
 - o projected continuing growth in financial product sales volumes to both existing and new clients from the implementation of initiatives underpinning the Group's strategy;
 - o 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;
 - o the ability to complete the successful development and commercialisation of its technological projects in a manner that generates sufficient operating cash inflows;
 - o funding capital and marketing spend that would be required to execute the Group's strategy on client acquisition and brand awareness;
 - o continuing to closely manage costs and improving operating cash flows;
 - o future economic and market conditions, where there is increasing market awareness creating investor appetite for fixed income investments;
 - o the availability and opportunity to identify appropriate financial products upon which to base further products innovation, currently undertaken and developed by the Group;

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 interim financial statements.

The Preliminary Final Report does 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.

Australian Bond Exchange Holdings Limited

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Notes to the Financial Statements For the Year Ended 30 June 2024

2 Revenue and Other Income

	Note	2024 \$	2023 \$
Revenue from continuing operations – contracts with customers			
Revenue from contracts with customers has been disaggregated as follows:			
Type of contract			
- Commission revenue		1,133,810	815,984
- Arrangement revenue		-	159,370
- Other services		190,500	-
	(a)	<u>1,324,310</u>	<u>975,354</u>
Net income from financial instruments at fair value through profit or loss			
- Securities trading income		2,775,782	3,712,483
Total revenue		<u>4,100,092</u>	<u>4,687,837</u>
Other Income			
- R&D refundable tax rebate		238,150	336,389
- Interest received		310,172	200,338
- Other income		111,237	81,678
		<u>659,559</u>	<u>618,405</u>

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

3 Result for the Year

The result for the year includes the following specific expenses:

	2024 \$	2023 \$
Other expenses		
- Rent expense	106,364	294,246
- Advertising and marketing	671,502	879,479
- Administrative expenses	613,596	707,995
- Legal and professional fees	1,247,881	733,503
- Insurance expense	421,885	363,175
- Accounting and audit fees	441,869	349,080
- Research fees	62,306	115,411
- Information technology related expenses	512,985	384,682
	<u>4,078,388</u>	<u>3,827,571</u>
Depreciation, amortisation and impairment		
- Depreciation - property, plant and equipment	29,144	14,469
- Depreciation - right of use assets	445,416	222,709
- Amortisation - intangible assets	211,189	84,782
- Impairment - intangible assets	134,893	41,774
	<u>820,642</u>	<u>363,734</u>

Australian Bond Exchange Holdings Limited

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Notes to the Financial Statements For the Year Ended 30 June 2024

4 Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash and cash equivalents	2,481,858	5,863,053
	<u>2,481,858</u>	<u>5,863,053</u>

Cash and cash equivalents do not include the amount of \$2,985,907 held in client trust accounts as at 30 June 2024 (June 2023: \$12,398,462).

5 Trade and Other Receivables

	Note	2024	2023
		\$	\$
CURRENT			
Trade receivables		-	271,742
Allowance for expected credit losses	(a)	-	-
		<u>-</u>	<u>271,742</u>
GST receivable		51,562	19,673
R&D tax rebate receivable		268,937	336,389
Other receivable		<u>25,767</u>	<u>2,186</u>
Total current trade and other receivables		<u>346,266</u>	<u>629,990</u>

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

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

(a) Allowance for expected credit losses

The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

The ECL on trade receivables are estimated using a provision matrix by reference to past default experience. Trade receivables are normally collected within two days and to date the Group has not written off any receivable balances and all money owing has been fully recovered. Accordingly, the Group has determined the expected loss rates to be 0% for all receivables (2023: 0%).

(b) Collateral held as security

The Group does not hold any collateral over any receivables balances.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

6 Other Assets

	2024	2023
	\$	\$
Note		
CURRENT		
Prepayments	532,150	483,759
Deposits	20,110	8,852
	<u>552,260</u>	<u>492,611</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

7 Financial Assets

Financial assets at fair value through profit or loss

	2024	2023
	\$	\$
CURRENT		
Corporate bond	-	19,000
Market Linked Instruments	-	282,850
Total	<u>-</u>	<u>301,850</u>

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

7 Financial Assets (cont'd)

Financial assets at fair value through profit or loss

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.

8 Intangible Assets

	2024	2023
	\$	\$
Software		
Cost	1,398,304	1,228,100
Accumulated amortisation and impairment	(500,686)	(226,424)
	<u>897,618</u>	<u>1,001,676</u>
Software development costs		
Cost	1,321,674	1,062,245
Accumulated amortisation and impairment	(71,820)	-
	<u>1,249,854</u>	<u>1,062,245</u>
Total Intangible assets	<u>2,147,472</u>	<u>2,063,921</u>

The aggregate amount of research and development expenditure recognised as an expense during the period is \$188,615 (2023: \$212,416).

(a) Movements in carrying amounts of intangible assets

	Software	Software development costs	Total
	\$	\$	\$
Year ended 30 June 2024			
Balance at the beginning of the year	1,001,676	1,062,245	2,063,921
Additions	-	429,633	429,633
Transfer	170,204	(170,204)	-
Amortisation	(211,189)	-	(211,189)
Impairment loss in income	(ii) (63,073)	(71,820)	(134,893)
Closing value at 30 June 2024	<u>897,618</u>	<u>1,249,854</u>	<u>2,147,472</u>
Year ended 30 June 2023			
Balance at the beginning of the year	566,435	1,063,151	1,629,586
Additions	-	560,891	560,891
Transfers	(i) 561,797	(561,797)	-
Amortisation	(84,782)	-	(84,782)
Impairment loss in income	(ii) (41,774)	-	(41,774)
Closing value at 30 June 2023	<u>1,001,676</u>	<u>1,062,245</u>	<u>2,063,921</u>

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For the Year Ended 30 June 2024

8 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.
- (ii) 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.

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 June 2024 and the following key assumptions were used in the VIU model.

- a. Revenue growth rate of 49% in year one and 7% in each of years 2 to 5;
- b. Pre-tax discount rate of 20%;
- c. Long term growth rate of 2% beyond five-year period for the CGU; and
- d. Operating costs and overheads based on current expenditure levels adjusted for inflationary increases.

9 Trade and Other Payables

	2024	2023
	\$	\$
CURRENT		
Trade payables	632,614	340,107
Other payables	341,315	548,797
	<u>973,929</u>	<u>888,904</u>

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

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Notes to the Financial Statements For the Year Ended 30 June 2024

10 Borrowings

	2024 \$	2023 \$
CURRENT		
Convertible notes	1,500,000	-
Interest on convertible notes	16,877	-
Other borrowings	14,737	13,474
	1,531,614	13,474

The Group issued 1,500,000 convertible notes during the year for total consideration of \$1,500,000. The following terms apply to the convertible note:

- The convertible notes are unsecured and rank at least equally with all past and future unsubordinated and unsecured obligations of the Group
- Interest rate of 8% per annum, payable in cash or shares at the noteholders' election
- The convertible notes mature three years from the date of issue, being 24 April 2027 for the first tranche of 500,000, 24 May 2027 for the second tranche of 500,000, and 24 June 2027 for the third tranche of 500,000
- 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.
- All notes are convertible at any time 12 months after the date of issuance, at the discretion of the noteholders.
- If the convertible notes have not converted prior to the maturity date, any outstanding amounts must be repaid by the Group to the noteholder.

11 Employee Benefits

	Note	2024 \$	2023 \$
CURRENT			
Leave obligations		369,213	436,616
Deferred salaries	(a)	156,139	-
Other employee benefits		6,517	14,913
		531,869	451,529
NON-CURRENT			
Leave obligations		53,377	45,547
		53,377	45,547

- 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. Effective 1 May 2024, the full amount of directors' fees and executive salaries was reinstated for the remaining directors. 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.

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Notes to the Financial Statements For the Year Ended 30 June 2024

12 Right-of-use Assets and Lease Liabilities

The Group as a lessee

The Group 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 during the year. As the deposit is secured under these terms, it is not accessible by the Group. The potential exposure is treated as a contingent liability. Refer to note 6 and 19.

The lease terms include an obligation to 'make good' the leased premises at the end of the lease term. Refer to note 13.

Right-of-use assets

	Buildings \$	TOTAL \$
Year ended 30 June 2024		
Balance at beginning of year	2,004,380	2,004,380
Depreciation charge	(445,416)	(445,416)
Balance at end of year	1,558,964	1,558,964
Year ended 30 June 2023		
Additions to right-of-use assets	2,227,089	2,227,089
Depreciation charge	(222,709)	(222,709)
Balance at end of year	2,004,380	2,004,380

Lease liabilities

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

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Consolidated Statement Of Financial Position \$
2024					
Lease liabilities	440,856	1,311,660	-	1,752,516	1,553,216
2023					
Lease liabilities	454,738	1,791,435	-	2,246,173	1,939,676

Lease liabilities included in the statement of financial position of \$1,553,216 (2023: \$1,939,676) incorporates a current liability of \$339,883 (2023: \$332,477) and non-current liability of \$1,213,333 (2023: \$1,607,199) as of 30 June 2024.

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Notes to the Financial Statements For the Year Ended 30 June 2024

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

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2024	2023
	\$	\$
Interest expense on lease liabilities	107,989	61,427
Depreciation of right-of-use assets	445,416	222,709
Expenses relating to short-term leases	106,364	308,518
	659,769	592,654

Statement of Cash Flows

Total cash outflow for leases	669,091	605,640
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13 Provisions

	2024	2023
Note	\$	\$
NON-CURRENT		
Make good provision	101,200	101,200

14 Issued Capital

	2024	2023
	\$	\$
113,863,338 (2023: 114,858,561) Ordinary shares	21,779,922	22,154,922
Less: 1,195,223 (2023: 2,190,446) Treasury shares	(450,360)	(825,360)
Total	21,329,562	21,329,562

(a) Movement in ordinary shares

	No.	\$
Opening balance at 1 July 2023	114,858,561	22,154,922
8 March 2024: Forfeiture of shares under ELFSP	(995,223)	(375,000)
Balance as at 30 June 2024	113,863,338	21,779,922
Opening balance at 1 July 2022	114,858,561	22,154,922
Movements	-	-
Balance as at 30 June 2023	114,858,561	22,154,922

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Notes to the Financial Statements For the Year Ended 30 June 2024

14 Issued Capital (cont'd)

(b) Movement in treasury shares

	No.	\$
Opening balance at 1 July 2023	(2,190,446)	(825,360)
8 March 2024: Forfeiture of shares under ELFSP	995,223	375,000
Balance as at 30 June 2024	(1,195,223)	(450,360)
Opening balance at 1 July 2022	(2,190,446)	(825,360)
Movement	-	-
Balance as at 30 June 2023	(2,190,446)	(825,360)

Treasury shares

Treasury shares relate to ELFSP shares, which are restricted until the associated loans have been fully repaid – refer to note 17(b). 1,195,223 ordinary shares are restricted from trading until 9 May 2025, under the terms of the ELFSP.

15 Reserves

(a) Share based payment reserve

The share-based payment 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.

Movement in reserves

	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	16(b)	-	(995,223)	(58,584)
Share based payments: Options	16(d)	(2,466,667)	-	40,152
Balance at 30 June 2024		5,151,384	1,195,223	732,407
Opening balance at 1 July 2022		3,918,051	2,190,446	278,572
Share based payments: ELFSP shares	16(b)	-	-	309,536
Share based payments: Options	16(d)	3,700,000	-	162,731
Balance at 30 June 2023		7,618,051	2,190,446	750,839

(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.

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Notes to the Financial Statements
For the Year Ended 30 June 2024

16 Share-Based Payments

(a) 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 options granted were subject to a vesting condition such that options shall be exercisable by the employee in three equal tranches of 1,233,333 options, vesting on the anniversaries of the employment contract over three years from the grant date. The options shall expire in five years, being 8 February 2028.

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.

In accordance with Australian accounting standards, a share-based payments expense of \$40,152 was recognised in the consolidated statement of profit or loss and other comprehensive income representing the amounts vested, and forfeited, for the year ended 30 June 2024 (2023: \$162,731).

(b) Employee loan funded share plan (ELFSP)

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 year, Mr Simon McCarthy, KMP and a participant in the ELFSP, retired. 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. This resulted in a total expense of \$28,492 being recognised in respect of Mr McCarthy's ELFSP shares for the year.

Other employees who are not members of key management personnel may also be offered participation in the ELFSP. One participant in the ELFSP left the Group during the year, forfeiting their shares. This resulted in a reversal of expense amounting to \$87,076 and a reduction to the number and value of treasury shares by 995,223 and \$375,000 respectively.

The following share-based payment (income)/expense has been recognised in the statement of profit or loss and other comprehensive income with a corresponding entry to the share-based payment reserve:

	2024	2023
	\$	\$
Share based payments: ELFSP shares	(58,584)	309,536

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Notes to the Financial Statements
For the Year Ended 30 June 2024

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

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

	2024	2023
	\$	\$
Share issued under ELFSP	(58,584)	309,536
Options issued to employees under employment terms	40,152	162,731
	<u>(18,432)</u>	<u>472,267</u>

17 Operating Segments

Segment information

Identification of reportable segments

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

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

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

18 Dividends

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

19 Contingencies

The Group provides a bank guarantee for its office premises to its lessor as security against loss or damage. The outstanding bank guarantee at 30 June 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 value of the lease incentive at initial recognition is \$1,064,497. The condition of receiving the lease incentive is that the Group must continue to meet its obligations under the lease agreement. Should the Group fail to meet its obligations, the incentive would be suspended until such time the breach is remedied. This could impact the value of the lease liability resulting in additional repayments being due of up to \$727,407 over the remaining lease term.

In the opinion of the Directors, the Company did not have any other contingencies at 30 June 2024 (30 June 2023: None).

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Notes to the Financial Statements

For the Year Ended 30 June 2024

20 Contracted Commitments

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

	2024	2023
	\$	\$
Partnership agreements for research and marketing service	194,165	145,466
Public and Investor relations	-	82,500

21 Earnings Per Share

	2024	2023
	\$	\$
Loss from continuing operations	(5,620,317)	(5,034,582)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	112,668,115	112,668,115

The 5,151,384 options outstanding (2023: 7,618,051) and convertible notes of \$1,500,000 (2023: nil) are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2024. These could potentially dilute basic earnings per share in the future.

The weighted average number of ordinary shares to calculate basic earnings per share excludes 1,882,336 (2023: 2,190,446) treasury shares.

22 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2024	2023
	\$	\$
Total loss for the year	(5,605,229)	(5,034,582)
Non-cash flows in loss:		
- lease finance costs	107,989	61,427
- share based (credit)/expenses	(18,432)	472,267
- depreciation	474,560	237,178
- amortisation	211,189	84,782
- impairment	134,893	41,774
- other	6,705	(439)
Changes in operating assets and liabilities:		
- (increase)/decrease in trade and other receivables	283,724	299,810
- (increase)/decrease in other assets	(59,649)	(263,812)
- (increase)/decrease in financial assets	301,850	1,330,016
- increase/(decrease) in trade and other payables	85,025	244,752
- increase/(decrease) in employee benefits	88,170	182,573
- increase/(decrease) in current tax liabilities	20,118	-
Cashflows from operations	(3,969,087)	(2,344,254)