



3Q22 QUARTERLY ACTIVITIES REPORT & APPENDIX 4C

Quarter Highlights

NSX Limited:

- NSX Limited signed an MOU with Ajlan & Bros Holding Group (“Abilitii”) to explore the establishment of a second securities exchange in the Kingdom of Saudi Arabia.

National Stock Exchange:

- Regulatory engagement to expand product range continues.
- Seeking new applicants to list via various marketing and promotion activities continues.

27 April 2022

ASX Market
Announcements Office

ASX Limited
20 Bridge St,
SYDNEY NSW 2000

Sydney, NSW – NSX Limited (ASX:NSX), (“the Company”), is pleased to provide its Activities Report and ASX Appendix 4C Cashflow Statement for the period ended 31 March 2022 (3Q22).

Group Cash Flow Activities Report

- Cash at the end of the quarter was \$1.9 million, following a net cash outflow of \$1.3 million as part of continuing operations.
- During the quarter \$0.3 million in cash receipts were received from customers. The cash receipts in the March quarter were up \$0.09 million on the previous quarter, and up \$0.1 million on the previous corresponding period (pcp). The company receives most of its annual revenue (on a cash basis) in the September quarter.
- Cash payments for administration costs for the quarter are \$0.7 million down \$0.1 million on December quarter but up \$0.3 million on the September quarter. There were some one-off costs paid during December quarter related to ASX fees for \$0.2 million and legal fees for \$0.04 million. ASIC Industry Levy for \$0.3 million was paid in March 2022.
- Cash payments for intellectual property for the period are \$0.21 million up \$0.09 million on the December quarter and up \$0.2 million on the September quarter. This is part of ongoing software upgrades.
- Cash payments to staff, corporate and the board for the period were \$0.4 million down \$0.1 million on the previous quarter. This is mainly to reduction of staff during the previous quarter.

Quarterly Business Activities Report

NSX Limited Activities

- Directors being related parties of the Company, for the purposes of this report, were paid remuneration in the amount of \$102,000 during the March quarter. No other related party payments were made.
- On 15 March 2022, Mr John Karantzis tendered his resignation. Mr Tod McGrouther was appointed the NSX interim CEO and Managing Director.
- On 12 April 2022, NSX announced the appointment of Mr Barnaby Egerton-Warburton as a non-executive, independent director to the boards of NSXL and NSXA after receiving ASICs non-objection.

Quarterly Business Activities Report (cont.)

NSX Limited Activities (cont.)

- The Board is aware of the cash position as disclosed in the Appendix 4C, section 8. The Company has several methods which will increase the cash available to the Company. These are:
 - The bulk of cash drive from the operations of the business is received in the first quarter of each financial year. This means that the Company will satisfy the two quarters reporting requirement at that time; plus
 - As the proposed JV in with Abiliti progresses it is expected that the JV will raise capital to support the operations and licence capital requirements during 2022/2023 financial year. NSX's participation and support is in knowledge transfer and consulting which will generate consulting fees for the business; and
 - The Company retains its ability to place up to 25% of the issued capital to interested parties and/or conduct a rights issue.
 - The Company's major shareholder has provided written support that they would support a capital raise at the appropriate time.

ClearPay Joint Venture Activities

- DvP platform software development continues; and
- DESS Digital Ledger Technology system continues to operate with no downtime.

KSA Commodities & Securities Exchange MOU Activities

- As announced on 29 September 2021, NSX Limited entered into a joint venture with Ajlan & Bros Holding Group ("Abiliti") in the Kingdom of Saudi Arabia ("KSA") to explore opportunities to create a second securities and the first commodities exchange.
- The Company has continued its work on the business plan for submission to KSA regulators, and if this is successful would move to a joint venture arrangement.
- Meetings were held with the JV partner and representatives from the KSA Government and regulators during the period. Further information on market licence application conditions are expected in the next few weeks. This will provide further insights on how the JV may proceed.

National Stock Exchange (NSXA) Activities

- The activities of the Company's wholly owned subsidiary, National Stock Exchange of Australia ("NSXA"), involved business as usual processing of new admission applications and market operations.
- During the period 2 new issuers commenced quotation with another entity progressing through the admissions process.
- The NSXA continues to position itself as the venture and emerging companies exchange, creating a clear differentiation from other Australian markets.
- Draft ETP and ETF Rules completed and NSXA is working toward a package of informal rule lodgements in consultation with ASIC that also include alignment of rules with recent changes to ASIC Market Integrity Rules and the work associated with the NSX Trading System upgrade.
- NSXA is reviewing its position on Special Purpose Acquisition Companies ("SPAC's"), after the receipt of correspondence from ASIC on 7 April 2022.

Authorised by the Board of Directors

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

NSX Limited

ABN

33 089 447 058

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	286	1,925
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(5)	(30)
(d) leased assets	-	-
(e) staff costs	(411)	(1,352)
(f) administration and corporate costs	(658)	(1,854)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(31)	(106)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(819)	(1,416)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(207)	(352)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(207)	(352)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,043
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(72)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(257)	(706)
3.7	Transaction costs related to loans and borrowings	(8)	(16)
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	(265)	249

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,193	3,421
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(819)	(1,416)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(207)	(352)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(265)	249
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,902	1,902

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	747	1,838
5.2	Call deposits	655	655
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Other (see below)	500	700
5.6	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,902	3,193

Item 5: Other disclosures required by AASB 107: Cash available for use by the Group.**Reconciliation of funding arrangements to support business operations**

	Current quarter \$A'000	Previous quarter \$A'000
5.7 Total cash at end of quarter (item 4.6)	1,902	3,193
5.8 Cash Deposits held for Equity Markets Compensation Arrangements.	(500)	(700)
5.9 Total: cash on hand and at bank (items 5.1, 5.2, 5.3 and 5.4)	1,402	2,493

Item 5.8 - Exchange Compensation Arrangements

On 2 March 2022, \$200,000 funds were received as part of the reduction of the Letter of Credit (previous balance \$700,000). The funds received have been used for working capital purposes.

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets License, NSX operates investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The minimum cover required by the License is \$800,000. The sources for the cover is a Fidelity Fund and also a Letter of Credit as allowed by the Act. The Fidelity Fund currently has over \$590,000 on deposit. To support the Letter of Credit the National Stock Exchange of Australia Limited has provided a cash deposit of \$500,000. There is currently excess funds to the cover required

in the compensation arrangements. The cash balances for the Fidelity Fund are not consolidated with NSX accounts above. Therefore \$500,000 is not available cash for use by the NSX Group as working capital. Interest earned from the cash deposits is available for working capital purposes.

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	102
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note to Item 6.1: The amount of \$102k was payment of Director remuneration for the quarter ended 31 March 2022.

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(819)
8.2 Cash and cash equivalents at quarter end (item 5.8)	1,402
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,402
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.71
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
<i>Note: item 8.2 refers to item 5.9 instead of item 4.6 as item 5.9 excludes cash deposits that are held for the Compensation Arrangements (\$500k).</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes

1. As noted elsewhere in this report, the Company receives the bulk of its cash as part of the annual renewal issued to customers in the first quarter of each financial year. This cash is used as working capital to fund operations this will mean that the Company will satisfy the two quarters requirements of this section at that time; plus
2. Additional funding is expected to eventuate as the proposed Joint Venture progresses with Abiliti as it is expected that the JV will raise capital to fund its operations and to satisfy the licence capital requirements to operate during the 2022/2023 financial year. If that eventuates the Company will receive cash by way of consulting fees for its part of establishing and providing support to the JV business; plus
3. The Company is able to place up to 25% of the issued capital of the Company if required with interested parties.
4. The Company has written support from its major shareholder that has indicated that it would participate in any capital raising such as a rights issue.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, on the basis as described in section 8.6.2

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:27 April 2022.....

Authorised by:**By the Board**.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the

[name of board committee – eg *Audit and Risk Committee*]. If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.