

1. Company details

Name of entity:	NSX Limited
ABN:	33 089 447 058
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	21.3% to	1,159,632
Loss from ordinary activities after tax attributable to the owners of NSX Limited	down	13.4% to	(1,505,276)
Loss for the half-year attributable to the owners of NSX Limited	down	13.4% to	(1,505,276)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,505,276 (31 December 2021: \$1,738,322).

3. Net tangible assets*

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.87	0.06

* ROU Assets have not been included in the calculation of NTA.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
ClearPay Pty Ltd	41.00%	41.00%	-	(9,841)
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	(9,841)
Income tax on operating activities			-	-

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

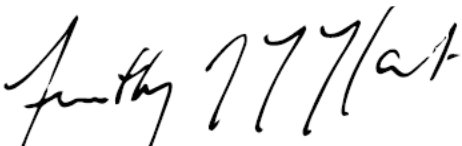
The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Financial Report. The review report contains a material uncertainty regarding going concern paragraph.

11. Attachments


Details of attachments (if any):

The Half Year Financial Report of NSX Limited for the half-year ended 31 December 2022 is attached.

12. Signed


Signed _____

Tim Hart
Director


Signed _____

Signed _____

Date: 23 February 2023

Kelly Humphreys
Director



NSX Limited

ABN 33 089 447 058

Half - Year Financial Report - 31 December 2022

NSX Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of NSX Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of NSX Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Michael Aitken	Non-Executive Director
Timothy Hart	Non-Executive Director and Chair
Kelly Humphreys	Non-Executive Director
Tod McGrouther	Non-Executive Director and acting Managing Director
Tony Shen (Weiguo)	Non-Executive Director
Barnaby Egerton-Warburton	Non-Executive Director

Company Secretary

Scott Evans has held the position of the Company Secretary (B.Ec (hons) Graduate AICD, Fellow FINSIA, Fellow GIA, DFP) since the beginning of the reporting period, to the date of this report. He was appointed on 7 March 2006.

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,505,276 (31 December 2021: \$1,738,322).

	31 December	31 December	Change	Change
	2022	2021		
	\$	\$	\$	%
Revenue from operations	864,971	955,309	(90,338)	(9%)
Other income	294,661	922	293,739	31859%
Share in loss of Associates accounted for using the equity method	-	(9,841)	9,841	(100%)
Expenses including non-recurring costs	(2,664,908)	(2,684,712)	19,804	(1%)
Net loss after tax	(1,505,276)	(1,738,322)	233,046	(13%)
Shares on issue at end of period (*)	401,814,198	284,113,079	117,701,119	41%

(*) includes 1,500,000 partly paid shares

OPERATING REVENUE

Revenue associated with the operation of the National Stock Exchange of Australia (NSXA) accounts for 95% of all receipts. The balance of revenue is principally interest earned on cash and investments held during the half-year.

The consolidated entity reported total Revenue of \$1.2 million representing an increase of \$0.2 million on the previous comparative period (pcp). This was an increase in application fees from Issuers intending to list, subsequent quotation of security fees and other revenue. There was a reduction in annual fees due to the delisting of three securities that went into administration during the period and the fact that NSXA has not increased its fees for the past 3 years.

NSX continues with its main business of listing, quotation of Issuers and their securities as well as Nominated Advisers and broker Participants.

The operating revenue for each of our business activities is reflected in the table following.

Revenue Category	31 December 2022	31 December 2021	Change
	\$	\$	%
Annual fees	544,504	627,675	(13%)
Subsequent quotation fees	118,171	114,627	3%
Application fees	202,247	156,851	28%
Other revenue	283,233	56,156	404%
Interest received	11,477	922	1145%
	<u>1,159,632</u>	<u>956,231</u>	

Discussion on the operating revenue is detailed below.

Annual fees - \$0.5 million, down 13%

Annual fees are the product of three key drivers, the number of listed securities, the market capitalisation of the listed entities and the scheduled fee charged. Annual fees were down due to the delisting of 3 issuers because they went into administration and new listings are charged a pro-rata annual fee. NSXA has not raised its fees in the last three years.

Annual fees were \$0.05 million lower than the pcp reflecting the net impact of 52 listed securities in the current period down from 59 in the pcp, with an average market capitalisation of \$40 million, down from \$51 million in the prior period. The total market capitalisation of the exchange at 31 December 2022 was \$2.1 billion.

Subsequent quotation fees - \$0.1 million, up 3%

The drivers of this revenue line are the number of new listings approved in preceding periods, the market capitalisation of those issuers, subsequent capital raised on the exchange, restricted securities that are released from escrow, and the scheduled fees charged. Subsequent quotation fees on the exchange increased by \$4,000 reflecting a higher run off of escrowed securities in the current period. A total of \$16.8 million in new capital was raised by companies listed on the exchange (excluding IPO capital raised) in the six-month period to 31 December 2022, compared to \$5.5 million in the pcp.

Application fees - \$0.2 million, up 28.9%

The drivers of this revenue line are the number of new listing approved in the period, the market capitalisation of those issuers and the scheduled fee charged. The increase in Listing Fees from the pcp reflects a higher average market capitalisation of new issuers and three new listings to the official list during period.

Other revenue - 0.2 million, up by 404%

Other revenue reports revenue received from the South Pacific Stock Exchange (SPX) and any other once off or miscellaneous revenue not elsewhere categorized. During the period, Other revenue increased by \$237,976 as the Company was reimbursed for funds paid in February 2020 that were previously considered unrecoverable. The amount is recognized the current period as revenue as the amount had previously been allocated to expenses in the 2020/2021 financial year.

OPERATING EXPENSES

Operating expenses decreased by 3% from \$2.68 million to \$2.64 million. This is mainly due to an decrease in employment expenses, marketing, occupancy, and legal costs.

31 December Expense Category	2022	2021	Change	Change
	\$	\$	\$	%
Employee benefits expense	795,211	957,851	(162,640)	(17%)
Marketing trading expenses	447,876	414,597	33,279	8%
Consultancy expenses	271,339	158,398	112,941	71%
Administration and other expenses	499,865	475,788	24,077	5%
Depreciation, amortisation and impairments	355,295	357,669	(2,374)	-
Occupancy expenses	19,750	34,137	(14,387)	(42%)
Compliance expenses	40,160	30,625	9,535	31%
Marketing and promotion expenses	9,266	25,191	(15,925)	(63%)
Legal expenses	30,808	92,155	(61,347)	(67%)
Finance costs	54,357	69,374	(15,017)	(22%)
IT costs	65,780	44,535	21,245	48%
Share-based payment expense	75,201	24,392	50,809	208%
	<u>2,664,908</u>	<u>2,684,712</u>	<u>(19,804)</u>	

Employee benefits expense decreased by 17% pcp to \$0.79 million due to the resignation of staff since December 2021.

Consultancy expenses increased by 71% pcp to \$0.27 million as a result of hiring contractors on various projects including business development activities.

Administration expenses and other expenses increased by 5% to \$0.5 million as a result of increase in the ASIC Industry Funding Levy.

BALANCE SHEET

Balance Sheet	31 December	30 June	Change	Change
	2022	2022	\$	%
	\$	\$	\$	%
Cash	4,706,945	797,312	3,909,633	490%
Financial assets	359,763	359,631	132	-
Other assets	2,833,436	2,908,748	(75,312)	3%
Total assets	<u>7,900,144</u>	<u>4,065,691</u>	<u>3,834,453</u>	
Payables	(2,540,767)	(1,641,308)	(899,459)	55%
Provisions	(195,277)	(202,461)	7,184	(4%)
Lease liabilities	(1,693,110)	(1,981,796)	288,686	(15%)
Total liabilities	<u>(4,429,154)</u>	<u>(3,825,565)</u>	<u>(603,589)</u>	
Equity	<u>3,470,990</u>	<u>240,126</u>	<u>4,438,042</u>	

As at 31 December 2022, net current assets were increased by \$3,386,329 from 30 June 2022 (largely attributable to an increase in cash) and net assets were increased by \$3,230,864 from 30 June 2022.

Trade and other liabilities of \$4.4 million is represented by \$1.7 million in lease liabilities plus \$1.01 million in contract liabilities and \$1.69 million in creditors and other accrued liabilities. Contract liabilities reflect the unamortised balance of annual listing fees that have been billed and collected from issuers and are recognised over 3 years as well as annual fees recognised over the current year. Consequently, as at 31 December, only part of the revenue has been recognised. The balance of \$1.01 million will be recognised as revenue in the Statement of Profit and Loss in future periods.

WORKING CAPITAL

The NSX Group maintains a cash balance of \$5.06 million (31 December 2021: \$3.2 million) at the end of the period. Of the working cash held, \$0.4 million is held as part of the market compensation arrangements and rental bonds. Interest derived from the cash held on deposit is used for working capital. The following discussion details various arrangements that have an impact on the Company's cash balances held.

Reconciliation of Cash	31 December 2022	31 December 2021
	\$	\$
Cash on hand and at bank	4,706,945	2,345,751
Deposits at call	359,763	847,540
	<u>5,066,708</u>	<u>3,193,291</u>
Total cash at end of period	<u>5,066,708</u>	<u>3,193,291</u>

Capital Raise

On 25 August 2022 NSX issued 58,888,891 new fully paid ordinary shares at \$0.045 per share as a placement to various sophisticated investors. On 30 September 2022 NSX issued 19,147,460 new fully paid ordinary shares at \$0.045 per share as a part of an entitlement offer to all shareholders. On 22 December 2022 NSX issued 39,400,000 new fully paid ordinary shares at \$0.045 per share to a sophisticated investor Fintech HQ Pty Ltd which was part of the shortfall of shares from the entitlement offer. The net proceeds will be used for working capital.

Compensation Arrangements

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, the NSX Group operates investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. National Stock Exchange of Australia Limited has provided a cash deposit of \$0.2 million as part of its Compensation Arrangements. This is over and above the money that is included in the Fidelity Fund operated by NSXA which currently has a balance of \$0.6 million. Interest generated by the Fidelity Fund is re-invested into the fund.

Rental Bonds and Other Bank Guarantees

NSX Limited has in place a bank guarantee for the rental of premises in Sydney of \$147,763 (2021: \$147,540). These amounts are not available cash for use by the NSX Group as working capital. Interest generated from the cash held in the NSX deposit is re-invested into the Bond to allow for growth in the Bond requirements over time.

Net Working Capital

The following table details the impact of the bank guarantee arrangements on NSX Limited's current cash balances available for use.

Net Working Capital	31 December 2022	31 December 2021
	\$	\$
Total cash at end of the period	5,066,708	3,193,291
Deposits held for equity markets compensation arrangements	(212,000)	(700,000)
Other bank guarantees	(147,763)	(147,540)
	<u>4,706,945</u>	<u>2,345,751</u>
Total: cash available for use by the NSX group at the end of the period	<u>4,706,945</u>	<u>2,345,751</u>

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

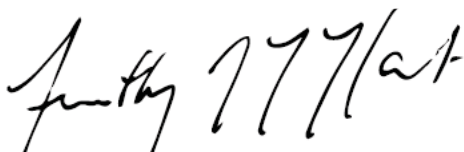
On 3 January 2023, the Company announced the issue of 7,500,000 unlisted share options at \$0.0675 per option to KG Capital Partners or their nominee exercisable on or before 3 January 2027 in part satisfaction of the lead manager fees for the placement completed on 22 December 2022.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Tim Hart
Director

23 February 2023



Kelly Humphreys
Director

NSX Limited

Auditor's Independence Declaration under section 307C of the *Corporation Act 2001*

I am pleased to provide the following declaration of independence to the Directors of NSX Limited.

As lead audit partner for the review of the financial statements of NSX Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



PKF



MARTIN MATTHEWS
PARTNER

23 FEBRUARY 2023
NEWCASTLE, NSW

NSX Limited
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31 December 2022

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General information

The financial statements cover NSX Limited as a consolidated entity consisting of NSX Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is NSX Limited's functional and presentation currency.

NSX Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, Suite 3-04
1 Bligh Street, Sydney

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2023.

NSX Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

		Consolidated	
		31 December 2022	31 December 2021
	Note	\$	\$
Revenue	3	1,148,155	955,309
Share of losses of joint ventures accounted for using the equity method	4	-	(9,841)
Interest revenue calculated using the effective interest method		11,477	922
Expenses			
Employee benefits expense		(795,211)	(957,851)
Market trading expense		(447,876)	(414,597)
Administration		(471,003)	(459,103)
Occupancy expense		(19,750)	(34,137)
Depreciation and amortisation expense		(355,295)	(357,669)
IT costs		(65,780)	(44,535)
Legal expenses		(30,808)	(92,155)
Consultancy expenses		(271,339)	(158,398)
Compliance expenses		(40,160)	(30,625)
Other expenses		(28,862)	(16,685)
Finance costs		(54,357)	(69,374)
Marketing		(9,266)	(25,191)
Share-based payment expense		(75,201)	(24,392)
Loss before income tax expense		(1,505,276)	(1,738,322)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of NSX Limited		(1,505,276)	(1,738,322)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of NSX Limited		<u>(1,505,276)</u>	<u>(1,738,322)</u>
		Cents	Cents
Basic earnings per share	14	(0.45)	(0.62)
Diluted earnings per share	14	(0.45)	(0.62)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

NSX Limited
Statement of financial position
As at 31 December 2022

		Consolidated	
	Note	31 December	30 June 2022
		2022	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		4,706,945	797,312
Trade and other receivables		81,249	94,102
Financial assets		359,763	359,631
Other current assets		1,037,653	744,817
Total current assets		<u>6,185,610</u>	<u>1,995,862</u>
Non-current assets			
Property, plant and equipment		19,127	25,211
Right-of-use assets	5	1,453,086	1,722,095
Intangibles		242,321	322,523
Total non-current assets		<u>1,714,534</u>	<u>2,069,829</u>
Total assets		<u>7,900,144</u>	<u>4,065,691</u>
Liabilities			
Current liabilities			
Trade and other payables		1,529,893	1,208,412
Lease liabilities	6	548,571	593,603
Employee benefits		180,406	191,116
Contract liabilities	7	812,669	274,989
Total current liabilities		<u>3,071,539</u>	<u>2,268,120</u>
Non-current liabilities			
Lease liabilities	6	1,144,539	1,388,193
Employee benefits		14,871	11,345
Contract liabilities	7	198,205	157,907
Total non-current liabilities		<u>1,357,615</u>	<u>1,557,445</u>
Total liabilities		<u>4,429,154</u>	<u>3,825,565</u>
Net assets		<u>3,470,990</u>	<u>240,126</u>
Equity			
Issued capital	8	64,554,384	59,877,458
Reserves	9	1,541,612	1,482,398
Accumulated losses		<u>(62,625,006)</u>	<u>(61,119,730)</u>
Total equity		<u>3,470,990</u>	<u>240,126</u>

The above statement of financial position should be read in conjunction with the accompanying notes

NSX Limited
Statement of changes in equity
For the half-year ended 31 December 2022

Consolidated	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2021	58,906,002	(54,759,022)	1,385,159	5,532,139
Loss after income tax expense for the half-year	-	(1,738,322)	-	(1,738,322)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(1,738,322)	-	(1,738,322)
Shares issued	1,043,000	-	-	1,043,000
Transaction cost on share issue	(71,544)	-	-	(71,544)
Share-based payments (note 15)	-	-	24,392	24,392
Balance at 31 December 2021	<u>59,877,458</u>	<u>(56,497,344)</u>	<u>1,409,551</u>	<u>4,789,665</u>
Consolidated	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2022	59,877,458	(61,119,730)	1,482,398	240,126
Loss after income tax expense for the half-year	-	(1,505,276)	-	(1,505,276)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(1,505,276)	-	(1,505,276)
Shares issued	5,300,623	-	-	5,300,623
Transaction cost on share issue	(623,697)	-	-	(623,697)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 15)	-	-	59,214	59,214
Balance at 31 December 2022	<u>64,554,384</u>	<u>(62,625,006)</u>	<u>1,541,612</u>	<u>3,470,990</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

NSX Limited
Statement of cash flows
For the half-year ended 31 December 2022

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,829,363	1,638,820
Payments to suppliers (inclusive of GST)	(2,344,184)	(2,162,325)
Interest received	11,107	747
Interest and other finance costs paid	<u>(54,155)</u>	<u>(83,342)</u>
Net cash used in operating activities	<u>(557,869)</u>	<u>(606,100)</u>
Cash flows from investing activities		
Payments for intangibles	<u>-</u>	<u>(144,313)</u>
Net cash used in investing activities	<u>-</u>	<u>(144,313)</u>
Cash flows from financing activities		
Proceeds from issue of shares	5,284,637	1,043,000
Share issue transaction costs	(267,147)	(71,686)
Repayment of borrowings	<u>(549,858)</u>	<u>(448,713)</u>
Net cash from financing activities	<u>4,467,632</u>	<u>522,601</u>
Net increase/(decrease) in cash and cash equivalents	3,909,763	(227,812)
Cash and cash equivalents at the beginning of the financial half-year	<u>1,156,945</u>	<u>3,421,103</u>
Cash and cash equivalents at the end of the financial half-year (*)	<u><u>5,066,708</u></u>	<u><u>3,193,291</u></u>

(*) Comprises of cash and cash equivalents (\$4,706,945) and financial assets (\$359,763)

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going Concern

As at 31 December 2022, NSX Limited was in a net asset position of \$3,470,990 (30 June 2022: \$240,126). During the period the NSX Group incurred a loss of \$1,505,276 (31 December 2021: \$1,738,322) and incurred cash outflows from operating activities of \$557,869 (31 December 2021: \$606,100).

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Notwithstanding the above, the Directors believe there are reasonable grounds to believe that the NSX Group will be able to continue as a going concern after consideration of the following factors:

- Capital inflows remaining from the recent capital raises.
- Continued progression of the pipeline of new sales that management expect to convert over the coming period with a target of 10-12 or approximately 1 per month.
- While cost control continues to be a priority, this is not at the expense of continuing to deploy new technology and progressing work on the replacement trading engine. The capabilities of the NSXA continue to be at a level to allow for operations at scale where further participants (brokers) can be readily integrated into automated trade, clearing, settlement, and post trade services. The replacement trading engine enhances NSXA's ability to connect to participants and information vendors, as well as satisfying changes in ASIC Market Integrity Rules over time.
- NSX progressing with an AFSL application, Tier 2 market licence application and ESA (RBA) licence application to support future business development in the Private Markets space and certificated issuer settlement.
- In October 2022, the NSX Group announced that it had signed terms with Ajlan & Bros Holding Group Company ("Ajlan") with the purpose of establishing a Second Exchange in Saudi Arabia to be known as the KSA Metals and Mining Exchange, which will bring a variety of financial products with an initial focus on mining issuers and metals (commodities) trading in the Kingdom of Saudi Arabia. NSX has been finalising agreement terms which may result in revenue contribution as the project progresses.

Management's internal forecast (which assumes achievement of the above factors) indicates that the NSX Group can continue as a going concern for at least the next 12 months.

Should the forecast assumptions not eventuate or take longer than foreseen, the Group may be unable to continue normal operations into the foreseeable future while it is not cashflow positive. The Group has a history of being able to raise capital and restructure operations when required and the Directors are therefore confident that should the need arise they will be able to raise sufficient funds from alternative sources to continue normal operations into the foreseeable future.

The Company is confident that with the clear progress in realising the NSXA as a viable secondary cash equity market to the ASX's current monopoly, that share price and investor interest will increase. The Company has managed to previously raise capital under circumstances that have been less attractive historically.

Note 1. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Treatment of ClearPay Pty Ltd

In 2020, NSX and iSignthisLtd (ASX: ISX; "ISX") entered into a Shareholders Agreement to form a joint venture vehicle ClearPay Pty Ltd ("ClearPay JV"). ISX Financial EU Plc ("ISXF") demerged from iSignthis Ltd in October 2021. The ClearPay Pty Ltd shareholding stayed with ISX Financial EU Plc as part of that demerger.

Management have concluded that under AASB 11 Joint Arrangements NSX has significant influence of ClearPay JV and it should be classified as an investment in associates and joint ventures for the following reasons:

Note 2. Critical accounting judgements, estimates and assumptions (continued)

- The shareholder deed requires at least one NSX representative and one ISXF representative at each Board meeting with a quorum of 2. As at 30 June 2022, there were 4 Board members in total, NSX has two board members and ISXF has two board members therefore NSX holds 50% of the voting power;
- NSX has 41% shareholding in ClearPay JV.; and
- NSX has the power to participate in the financial and operating policy decisions of ClearPay JV.

Note 3. Revenue

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Application fees	202,247	156,851
Secondary capital raising	118,171	114,627
Annual fees	544,504	627,675
Other revenue	283,233	56,156
	<u>1,148,155</u>	<u>955,309</u>
Revenue	<u>1,148,155</u>	<u>955,309</u>

Operating Segments

Identification of reportable operating segments

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

The NSX Group operates in one operating segment, being:

- Stock Exchanges

There is no aggregation of operating segments into reportable segments, given that each segment represents a distinct business.

Note 4. Share of losses of joint ventures accounted for using the equity method

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Share of loss - Clearpay JV	-	(9,841)
	<u>-</u>	<u>(9,841)</u>

Note 5. Right-of-use assets

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Right-of-use	4,506,324	4,506,324
Less: Accumulated depreciation	<u>(3,053,238)</u>	<u>(2,784,229)</u>
	<u>1,453,086</u>	<u>1,722,095</u>

The consolidated entity's right-of-use asset includes lease of an office and a technology lease. Details below:

Sydney office lease

The NSX moved into its premises at Level 3, 1 Bligh Street Sydney in October 2016, with a 5 year term which expired in August 2021. NSX entered into a variation of lease from 1 September 2021 with a 2 year term expiring on 31 August 2023.

Technology leases

NSX Limited has an agreement with NASDAQ to provide technology related services to enable the consolidated entity to operate a market for trading securities. The lease commenced on 31 July 2016 for a period of 10 years.

Note 6. Lease liabilities

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Lease liabilities	<u>548,571</u>	<u>593,603</u>
<i>Non-current liabilities</i>		
Lease liabilities	<u>1,144,539</u>	<u>1,388,193</u>
	<u>1,693,110</u>	<u>1,981,796</u>

Note 7. Contract liabilities

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>812,669</u>	<u>274,989</u>
<i>Non-current liabilities</i>		
Contract liabilities	<u>198,205</u>	<u>157,907</u>
	<u>1,010,874</u>	<u>432,896</u>

Note 8. Issued capital

	Consolidated			
	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	400,314,198	282,613,079	64,554,384	59,877,458

Movements in ordinary share capital

Details	Date	Ordinary Shares	Issue price	\$
Balance	1 July 2022	282,613,079		59,877,458
Issue of shares - conversion of performance rights	1 July 2022	181,434	\$0.03	5,987
Issue of shares - placement	25 August 2022	58,888,891	\$0.04	2,650,000
Issue of shares - entitlement offer	30 September 2022	19,147,460	\$0.04	861,636
Issue of shares - conversion of performance rights	20 December 2022	83,334	\$0.12	10,000
Issue of shares - placement	22 December 2022	39,400,000	\$0.04	1,773,000
Capital raise costs		-	\$0.00	(623,697)
Balance	31 December 2022	<u>400,314,198</u>		<u>64,554,384</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are \$1,500,000 ordinary shares paid to 1 cent. The party paid shares are only callable at the option of the holder. They can be voted in proportion to the amount that is paid up.

Note 9. Reserves

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Options reserve	1,385,159	1,385,159
Other reserves	156,453	97,239
	<u>1,541,612</u>	<u>1,482,398</u>

Options reserve

The reserve is used to recognise the value of equity benefits provided to CPS Capital Group Pty Ltd (CPS) or their nominee and KG Capital Partners Pty Ltd ("KG") or their nominee. CPS and KG acted as the lead brokers in capital raises in previous financial years.

Performance rights reserve

The reserve is used to recognise the value of equity benefits provided to employees under the Employee Incentive Plan.

Note 9. Reserves (continued)

Movements in reserves

Movements in options and performance rights reserves during the current financial half-year are set out below:

Consolidated	Options Reserves \$	Performance rights reserve \$	Total \$
Balance at 1 July 2022	1,385,159	97,239	1,482,398
Vesting of performance rights	-	59,214	59,214
Balance at 31 December 2022	<u>1,385,159</u>	<u>156,453</u>	<u>1,541,612</u>

Options

Details	Date	Share Options
Balance	1 July 2019	-
Issue of unlisted broker options	10 October 2019	4,827,500
Issue of unlisted placement options	10 October 2019	4,827,500
Issue of unlisted success options	15 May 2020	13,000,000
Issue of unlisted success options	3 June 2020	2,000,000
Issue of unlisted success options	19 June 2020	7,500,000
Balance		<u>32,155,000</u>

On 10 October 2019 NSX issued 4,827,500 unlisted share options issued at \$0.0001 per option to CPS Capital Group Pty Ltd or their nominee. CPS acted as the manager to coordinate and manage the Placement in October 2019. The Broker Options had an exercise price of \$0.30 and an expiration date of 29 August 2022. Vesting occurred on date of issue. The unlisted share options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation was \$0.079 per Unlisted Option (total of \$378,959) which was accounted as a Capital raising cost.

On the same date NSX issued 4,827,500 unlisted free attaching options to the placement shares. Those options have an exercise price of \$0.30 and an expiration date of 29 August 2022.

22,500,000 Success Options were issued to KG Capital Partners Pty Ltd ("KG") or their nominee as a component of compensation for providing introductory and lead manager services for a placement undertaken by NSX. The 22,500,000 Success Options were issued across three issues, as follows:

- Success Options Issue 1 – 13,000,000 unlisted options issued on 15 May 2020. Each option entitles the holder to one fully paid ordinary share in NSX upon exercise. The options are exercisable at a price of \$0.25 and have an expiry date of 14 May 2023. The unlisted share options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.044 per Unlisted Option (total of \$575,900) which was accounted as a Capital raising cost.
- Success Options Issue 2 – 2,000,000 unlisted options issued on 3 June 2020. Each option entitles the holder to one fully paid ordinary share in NSX upon exercise. The options are exercisable at a price of \$0.25 and have an expiry date of 3 June 2023. The unlisted share options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.045 per Unlisted Option (total of \$89,800) which was accounted as a Capital raising cost.
- Success Options Issue 3 – 7,500,000 unlisted options issued on 19 June 2020. Each option entitles the holder to one fully paid ordinary share in NSX upon exercise. The options are exercisable at a price of \$0.25 and have an expiry date of 19 June 2023. The unlisted success options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.045 per Unlisted Option (total of \$340,500) which was accounted as a Capital raising cost.

There were no options exercised during the half year ended 31 December 2022.

Note 9. Reserves (continued)

Performance rights

Details	Date	Performance rights
Balance	01/07/2022	3,054,364
Rights converted to shares (note 15)	01/07/2022	(181,434)
Issue of performance rights to CoSec (note 15)	20/12/2022	222,222
Rights converted to shares (note 15)	20/12/2022	<u>(83,334)</u>
		<u>3,011,818</u>

On 20 December 2022, 222,222 performance rights were issued to the current Company Secretary of the NSX under the Employee Incentive Plan with the following vesting conditions:

Vesting condition:

100% of the rights will vest on 24 November 2023 if the Company Secretary remains employed by the NSX throughout the period until the vesting date.

Note 10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Contingent liabilities

Compensation Arrangements

Part 7.5 of the *Corporations Act 2001* requires licensed markets through which participants provide services for retail clients to have compensation arrangements. The compensation arrangements are limited to the coverage of losses arising from defalcation of client assets held by participants registered with the Exchanges as the holders of Australian Market Licenses (AML) as detailed in the *Corporations Act 2001*.

National Stock Exchange of Australia Limited Compensation Arrangements

The minimum cover that NSX is required to have as part of the compensation arrangements is \$0.8 million. The arrangements to meet the minimum cover are in two parts: (a) the NSX Fidelity Fund of \$0.6 million and (b) a Letter of Credit for the amount of \$0.2 million. The combined sources have over \$0.8 million in funds which exceeds the minimum cover required.

Note 12. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties.

Transactions with related parties

There were no transactions with related parties during the current half-year.

Note 12. Related party transactions (continued)

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The following transactions occurred with related parties:

	Consolidated 31 December 2022 \$	31 December 2021 \$
Payment for other expenses:		
Consulting fees paid to other related party	-	111,988

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 31 December 2022 \$	30 June 2022 \$
Current payables:		
Trade payables to other related party (*)	-	28,593

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 13. Events after the reporting period

On 3 January 2023, the Company announced the issue of 7,500,000 unlisted share options at \$0.0675 per option to KG Capital Partners or their nominee exercisable on or before 3 January 2027 in part satisfaction of the lead manager fees for the placement completed on 22 December 2022.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Earnings per share

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Loss after income tax attributable to the owners of NSX Limited	<u>(1,505,276)</u>	<u>(1,738,322)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>335,905,278</u>	<u>280,872,046</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>335,905,278</u>	<u>280,872,046</u>
	Cents	Cents
Basic earnings per share	(0.45)	(0.62)
Diluted earnings per share	(0.45)	(0.62)

Note 15. Share-based payments

Performance rights

On 1 July 2022, 181,434 performance rights were converted to fully paid ordinary shares to the current employees of the NSX under the Employee Incentive Plan.

On 20 December 2022, 222,222 performance rights were issued to the current Company Secretary of the NSX under the Employee Incentive Plan.

On 20 December 2022, 83,334 performance rights were approved by the Board to be converted to shares for the current Company Secretary of the NSX under the Employee Incentive Plan.

Set out below are summaries of performance rights granted under the plan:

31 December
2022

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other*	Balance at the end of the half-year
16/07/2021	16/07/2026	\$0.00	362,868	-	(181,434)	-	181,434
24/11/2021	24/11/2026	\$0.00	916,668	-	(83,334)	-	833,334
07/04/2022	15/04/2026	\$0.00	664,918	-	-	-	664,918
08/04/2022	15/04/2026	\$0.00	1,109,910	-	-	-	1,109,910
20/12/2022	24/11/2027	\$0.00	-	222,222	-	-	222,222
			3,054,364	222,222	(264,768)	-	3,011,818

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 3.2 years (2021:0.93 years).

Note 15. Share-based payments (continued)

For the performance rights granted previously and during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/07/2021	16/07/2026	\$0.12	\$0.00	214.14%	-	0.01%	\$0.125
24/11/2021	24/11/2026	\$0.08	\$0.00	214.14%	-	0.40%	\$0.088
07/04/2022	15/04/2026	\$0.05	\$0.00	206.55%	-	2.11%	\$0.050
08/04/2022	15/04/2026	\$0.05	\$0.00	206.55%	-	2.11%	\$0.050
20/12/2022	24/11/2027	\$0.04	\$0.00	216.80%	-	1.40%	\$0.050

Total share-based payments expense recorded in the profit or loss for the period ended 31 December 2022 amounted to \$75,201 (2021: 24,392).

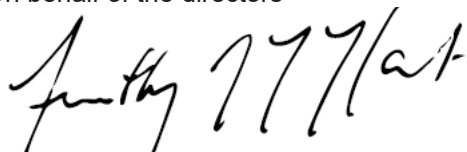
NSX Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Tim Hart
Director



Kelly Humphreys
Director

23 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF NSX LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of NSX Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year..

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NSX Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 of the half-year financial report, which describes management's assessment of the consolidated entity's ability to continue as a going concern. The consolidated entity incurred a net loss after tax from continuing operations of \$1,505,276 for the half year ended 31 December 2022 and had net assets of \$3,470,990 at that date. These conditions along with the matters described in Note 1, indicate a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the Company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

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Auditor's Responsibility for the Review of the Half-Year Financial Report



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

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

A stylized, handwritten-style logo for PKF in a dark blue color.

PKF

A handwritten signature in black ink that reads 'Martin Matthews'.

MARTIN MATTHEWS
PARTNER

23 FEBRUARY 2023
NEWCASTLE, NSW