

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C CASHFLOW STATEMENT

31 January 2019

Sydney, NSW – NSX Limited (ASX: NSX) submits the following activities and Appendix 4C Cashflow Statement for the period ended 31 December 2018.

ASX Market
Announcements
Office

Group Cash Flow Activities

ASX Limited

- Cash at the end of the quarter was \$5.5 million.
- During the quarter \$4.9 million in new capital net of costs was raised by way of a placement to four new shareholders, and a non-renounceable rights issue.

20 Bridge St,
SYDNEY NSW 2000

Cash Flow by Business Unit

National Stock Exchange of Australia (NSXA) Cash Flow Activities:

- Cash receipts from customers were \$0.2 million lower in the quarter compared to the pcp driven by two less listings being approved in the current period.
- Staff costs for the period were up \$0.1 million from the prior quarter as a result of an additional pay period falling in the quarter. Otherwise cost drivers remained consistent.
- Administration and corporate costs were up \$0.3 million on the pcp due to the timing difference on payments which were accrued in prior periods and paid in the current quarter. Expense incurred year to date remain consistent with the pcp.

IR Plus Cash Flow Activities:

- \$0.1 million was paid in final settlement for the wind up of the IR Plus Joint Venture.

Business Activities by Business Unit

National Stock Exchange of Australia Business Activities

During the quarter:

- Approval to access TAS

NSXA received approval from ASX Ltd (ASX) to access the Trade Acceptance Service (TAS) for clearing and settlement of trades executed on the NSX cash equity market. This is significant as it enables transactions effected through non-ASX AMOs to be accepted for clearing and settlement in an identical fashion to trades executed on other cash equity markets in Australia. This delivers a standardisation of post trade processes for market participants, irrespective of which market the trade was executed on.

Three significant changes to the NSX market model will occur as a result of gaining access to the Trade Acceptance Service:

1. A straight through digital process will be adopted for the management of post trade actions for participants, thereby removing present limitations of the manual DVP process currently required for NSX trades;
2. An alignment of post trade processes and messages between NSX, ASX and Chi-X, thereby reducing costs and increasing efficiencies for participants; and
3. The introduction of clearing to the NSX transaction flow, whereby ASX Clear will accept the counterparty risk for eligible trades executed on the market, replacing the existing DVP bi-lateral structure.

- Onboarding of Canaccord Genuity as an NSXA participant

During the quarter NSXA onboarded Canaccord Genuity (Australia) Limited (Canaccord) as a

Participant.

Canaccord's deep knowledge of, and experience in growth and venture markets all around the world, in particular in Canada on the TSXV and CSE, and also on AIM in the UK, makes the step to become a participant of the NSX a logical and valuable enhancement to the client service and distribution model for NSX listed issuers.

- Approved FinClear

During the December quarter, NSXA approved FinClear Execution Limited (FinClear) as a Participant.

The FinClear is uniquely positioned as the only Australian broker to own its full licensing and technology infrastructure stack in an end to end solution and is also a third party clearer in the Australian equity market.

- Live with Bloomberg

NSXA completed its real-time market data and company announcements development and integration project, which will in turn create a platform of opportunities for connectivity, placing NSX listed securities in reach of global investors, and form the heart of its product distribution infrastructure.

- NSX live into ASX Net

NSXA went live with its ASX Net connectivity during December, bringing the exchange closer to participants and enhancing speed and access to the NSX market.

Activities Post Quarter End

- During the month of January 2019, NSXA has approved one new company, Senterprisys Limited, for listing early in February 2019.
- Mr Yemi Oluwi has commenced as the new Head of Technology for NSX. Yemi has extensive market insight having joined NSX after six years at ASX, having worked at Deutsche Bank for nearly six years prior to that. Further, as the co-chair of the Australian Working Group of the FIX Protocol Group, Yemi brings with him an in-depth knowledge of FIX and a strong network within the global FIX community.

For further information on the financial aspects of the activities please refer to the attached Appendix 4C or contact:

Ann Bowering
Managing Director and CEO
NSX Limited
ann.bowering@nsx.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/0 9/16

Name of entity

NSX Limited

ABN

33 089 447 058

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	207	1,746
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(762)	(1,422)
(f) administration and corporate costs	(1,310)	(2,085)
1.3 Dividends received (see note 3)		
1.4 Interest received	19	29
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Lease incentive received)		
1.9 Net cash from / (used in) operating activities	(1,846)	(1,732)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) 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	-	-
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	4,895	4,895
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
- Capital raise costs		
3.10 Net cash from / (used in) financing activities	4,895	4,895

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,420	2,307
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,846)	(1,733)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	4,895	4,895
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of quarter	5,469	5,469

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	3,249	442
5.2 Call deposits	778	778
5.3 Bank overdrafts		
5.4 Other (provide details)	1,200	1,200
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,469	2,420

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
5.6 Total cash at end of quarter (item 4.6)	5,469	2,420
5.7 Cash Deposits held for Equity Markets Compensation Arrangements.	(700)	(700)
5.8 Cash Deposit held while National Stock Exchange of Australia is registered as a General Settlement Participant of ASX Settlement Pty Ltd.	(500)	(500)
Total: cash on hand and at bank (items 5.1 and 5.2)	4,269	1,220

Item 5.7 - Exchange Compensation Arrangement

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, NSX operates investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The minimum cover required by the Licence 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 \$520,000 on deposit. To support the Letter of Credit the National Stock Exchange of Australia Limited has provided a cash deposit of \$700,000. 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 \$700,000 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.

Item 5.8 - General Settlement Participant Requirements

As part of the requirements for the National Stock Exchange of Australia (NSXA) to be registered as a General Settlement Participant for the purposes of ASX Settlement Pty Ltd Operating Rules (ASXOR 4.3.13) NSX has to lodge a Settlement Bond in the form of a Bank Guarantee with ASX Settlement. The amount of the settlement bond is \$500,000 and is used to compensate ASX Settlement if and only if NSX, as a Settlement Participant, breaches any rule that causes ASX Settlement to suffer or incur any losses or damages as a result of that breach.

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 directors of the entity and their associates

Current quarter
\$A'000

6.1 Aggregate amount of payments to these parties included in item 1.2

124

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Includes payments to Ann Bowering both as a director and Managing Director of the Company along with Michael Cox, Thomas Price and Weiguo Shen as Directors of the company.

7. Payments to related entities of the entity and their associates

Current quarter
\$A'000

7.1 Aggregate amount of payments to these parties included in item 1.2

NIL

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	700
9.6 Administration and corporate costs	850
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,550

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here:Michael Cox..... Date:31 January 2019...
(Director/~~Company secretary~~)

Print name:Michael Cox.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.