

## **QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C CASHFLOW STATEMENT**

Sydney, NSW – NSX Limited (ASX: NSX) submits the following activities and Appendix 4C Cashflow Statement for the period ended 31 December 2019.

### **Group Cash Flow Activities**

- Cash at the end of the quarter was \$3.3 million
- During the quarter \$1.8 million in new capital net of costs was raised by way a share placement.
- The cash receipts in the December quarter were down \$1.2 million or 83% on the September quarter but higher than the previous corresponding period (pcp) by 19%. This is as a result of timing of receipts and a lower number of issuers.
- Cash payments for operations in the December quarter were higher than the previous quarter by \$0.8 million due to timing of payments.

### **Business Activity**

During the quarter:

- \$0.3 million in cash receipts from customers for the period. This is an increase of 19% or \$0.04 million when comparing to the pcp.
- Cash payments for administration and corporate costs for the period were up by \$0.2 million on the last quarter and \$0.5 million better than the pcp.
- Cash payments for staff, corporate and board costs for the period were \$1 million and are higher than expected due to payouts for staff leaving and higher than the pcp by \$0.2m.
- As previously advised to the market Michael Cox resigned as interim CEO, Chairman and Director of NSX effective 19 February 2020. Tom Price was appointed interim CEO. Further announcements about the appointment of a replacement director will provided in due course.
- The Company is also investigating a capital raising by way a placement under the ASX listing rule 15% facility and if required, subject to shareholder approval. This will strengthen the NSX balance sheet and operating capacity given the changes to reporting of Cash Flow activities that became effective from 1 January 2020 as per ASX listing rules.

Authorised by the Board

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

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31 January 2020

ASX Market  
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## 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 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers (ex GST)	245	1,471
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(16)	(16)
(d) leased assets	(350)	(470)
(e) staff costs	(950)	(1,722)
(f) administration and corporate costs	(809)	(1,063)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	18
1.5 Interest and other costs of finance paid	(39)	(80)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Lease incentive received)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,911)</b>	<b>(1,862)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(82)
(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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(16)</b>	<b>(82)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,931	1,931
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	(159)	(159)
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		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,772</b>	<b>1,772</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,452	3,469
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,911)	(1,862)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(16)	(82)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,772	1,772
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>3,297</b>	<b>3,297</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,312	1,467
5.2 Call deposits	785	785
5.3 Bank overdrafts		
5.4 Other (provide details)	1,200	1,200
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,297</b>	<b>3,452</b>

**Item 5: Other disclosures required by AASB 107: Cash available for use by the Group.**

**Reconciliation of funding arrangements to support business operations privilege**

	Current quarter \$A'000	Previous quarter \$A'000
5.6 Total cash at end of quarter (item 4.6)	3,297	3,469
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)
<b>Total: cash on hand and at bank (items 5.1 and 5.2)</b>	<b>2,097</b>	<b>2,269</b>

**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 \$580,000 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

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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 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. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	125
9.5 Staff costs	760
9.6 Administration and corporate costs	530
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>1,415</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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		

