

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 March 2020.

Group Cash Flow Activities

- Cash at the end of the quarter was \$2.9 million.
- During the quarter \$3.9 million in new capital net of costs was raised by way a share placement.
- Of the amount raised, \$3.2 million was utilised to subscribe for a 41% interest in the ClearPay Joint Venture.
- The cash receipts in the March quarter were up \$0.1 million or 44% on the December quarter and higher than the previous corresponding period (pcp) by 196%. This is as a result of two new issuers joining the official list.
- Cash payments for operations in the March quarter were lower than the previous quarter by \$0.9 million but in line with expenditure in the pcp.

Business Activity

During the quarter:

- The Company continued to operate the National Stock Exchange of Australia (NSXA). During the quarter two new issuers joined the Official List.
- Item 6.1 of the Cash flow report includes payments to the directors and the interim CEO's for director fees and executive services rendered during the quarter.
- As announced, new directors were appointed during the period to the Boards of NSX Limited and the National Stock Exchange of Australia. John Karantzis was appointed interim CEO.
- NSXA continued to progress the necessary rule changes and other activities to enable NSXA to participate in Clearing as part of the Trade Acceptance Service (TAS) offered by ASX.
- The Company has sent shareholders a Notice of Meeting to be held on 30 April 2020. The meeting primarily aims to raise up to \$5.8 million in additional capital. If approved, this capital raising will strengthen the NSX balance sheet and operating capacity. As stated in the Notice of Meeting the Company will use \$1.3 million of the proceeds of the raising to subscribe for an additional 9% of the ClearPay Joint Venture to bring NSX's interest to 50%. The remainder will be used for working capital.
- Due to the COVID-19 lock down requirements of both Federal and State governments, NSX, similar to other companies, implemented work from home and other operational strategies (as part of its Business Continuity Plan) to mitigate the effects on staff and operations of the spread of the virus in the wider community. The market has remained open during this time.
- In addition to the above COVID-19 arrangements, NSX's General Meeting will be a virtual meeting where, in line with ASX Listing rules, the voting for all resolutions will be performed by poll. Shareholders are able to register to attend the meeting via electronic means as described in the Notice of Meeting.

Authorised by the Board

27 April 2020

ASX Market
Announcements
Office

ASX Limited

20 Bridge St,
SYDNEY NSW 2000

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 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	354	1,825
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(10)	(26)
(d) leased assets	(11)	(481)
(e) staff costs	(450)	(2,172)
(f) administration and corporate costs	(790)	(1,854)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	25
1.5 Interest and other costs of finance paid	(37)	(117)
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	(938)	(2,800)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses (41% interest in ClearPay JV)	(3,200)	(3,200)
(c) property, plant and equipment	(45)	(127)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
(f) other non-current assets		
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 (iSignthis Ltd via a subsidiary Probanx Limited 12.96% investment in NSX Ltd via \$4.2m placement)	4,200	4,200
2.6 Net cash from / (used in) investing activities	955	873

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	33	1,964
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	(269)	(428)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(163)	(163)
3.7 Transaction costs related to loans and borrowings	(13)	(13)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(412)	1,360

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,297	3,469
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(938)	(2,800)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	955	873
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(412)	1,360
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	2,902	2,902

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	915	1,312
5.2	Call deposits	787	785
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)	2,902	3,297

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)	2,902	3,297
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)	1,702	2,097

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 related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
145
0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
0	0
0	0
0	0
0	0

7.5 Unused financing facilities available at quarter end

0

- 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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(939)
8.2 Cash and cash equivalents at quarter end (Item 4.6)*	(1,702)
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	1,702
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.81

*Excludes funding arrangements detailed in item 5.7 and 5.8

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: Due to the timing of our annual invoicing, cash inflows are expected to be higher in the next 2 quarters. In addition, Q3 saw some significant one-off costs in admin/corporate which will not be part of the operations going forward.

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: As announced to the market, the Company is pursuing a joint venture (ClearPay) which will stabilise the cost structure and increase revenue in the short and medium term. The Company has announced a General Meeting to be held on 30 April 2020. The main purpose of this meeting is to seek shareholder approval to raise up to \$5.8 million in capital. Of this \$1.3 million will be used to subscribe to a 9% interest in the ClearPay Joint Venture (making a 50% interest), used for costs of the raising and the remainder will be used for working capital. The Company has had significant interest in the capital raising once approved by shareholders.

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: For the reasons stated above, the entity expects to be able to continue its operations and to meet its business objectives.

Compliance statement

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

Date:27 April 2020.....

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.