



NSX LIMITED

And Controlled Entities
ABN 33 089 447 058

ANNUAL REPORT

For year ended
30 June 2021



CORPORATE DIRECTORY

DIRECTORS

Michael Aitken, AM
Timothy Hart (Chair)
Kelly Humphreys
Nickolas John Karantzis (MD, Interim CEO)
Tod McGrouther
Tony Shen (Weigou)

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Nickolas John Karantzis

COMPANY SECRETARY

Scott Evans

PRINCIPAL REGISTERED OFFICE

Level 3, 1 Bligh Street
Sydney NSW 2000.
Telephone: (02) 9233 0100

BANKERS

National Australia Bank
Sydney, NSW 2000
www.nab.com.au

SOLICITORS

Hunt & Hunt
Level 5
114 William Street,
Melbourne VIC 3000
www.hunthunt.com.au

AUDITORS

PKF Australia
Level 8,
1 O'Connell Street
Sydney NSW 2000
www.pkf.com.au

SHARE REGISTRY

Boardroom Pty Ltd
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000
Telephone: 1300 737 760
Fax: 1300 653 459
Correspondence to:
GPO BOX 3993
Sydney NSW 2001
callcentre@boardroomlimited.com.au
www.boardroomlimited.com.au

WEBSITE

www.nsx.com.au

TABLE OF CONTENTS

CORPORATE DIRECTORY	2
TABLE OF CONTENTS	3
LETTER FROM THE CHAIR.....	4
LETTER FROM THE CEO.....	6
OPERATIONS	8
<i>ClearPay Joint Venture</i>	<i>8</i>
<i>National Stock Exchange</i>	<i>11</i>
<i>Market Supervision</i>	<i>13</i>
CORPORATE GOVERNANCE	15
DIRECTOR'S REPORT	17
<i>Auditor's Independence Declaration.....</i>	<i>31</i>
FINANCIAL STATEMENTS	32
<i>Statement of Profit or Loss and Other Comprehensive Income.....</i>	<i>33</i>
<i>Statement of Financial Position</i>	<i>34</i>
<i>Statement of Changes in Equity</i>	<i>35</i>
<i>Statement of Cash Flows.....</i>	<i>36</i>
<i>Notes to the Financial Statements.....</i>	<i>37</i>
<i>Director's Declaration.....</i>	<i>68</i>
<i>Independent Auditor's report to members of NSX Limited</i>	<i>69</i>
SHAREHOLDER INFORMATION.....	74

LETTER FROM THE CHAIR

Tim Hart

Dear Shareholder,

It is with satisfaction that I present this NSX Limited' Shareholder Annual Report for the 2021 financial year.

The Board and management continue to execute the strategy that was set last year and in my second year as Chair, it is pleasing to report that several milestones that were only work in progress last year were achieved this year by the National Stock Exchange of Australia and ClearPay.

Achievements of particular note are:

1. In October, the Board enhanced its capacity with the appointment of Dr Michael Aitken, AM as an independent non-executive director. He was also appointed as a director for NSXA. This appointment follows on from the appointment of Ms Kelly Humphreys to the Board in August 2020 as reported in last year's Annual Report.
2. The regulatory approval of the NSXA Trade Acceptance Rules (TAS) rules and go live of the service in November 2020.
3. In conjunction with the TAS project, ClearPay completed its Digital Exchange Sub-register System (DESS) which is able to record the settlement and clearing data for future use by NSXA.
4. Reviewed and improved the NSXA admissions process which is yielding results.
5. Completed the cost control review without significantly impacting services.
6. Attracted a new online affiliated broker to the market.
7. Completed the review and update of all Board policies to ASX Corporate Governance Principles Edition 4 requirements.
8. Activated the employee performance rights scheme, to enable the Company to provide incentives and rewards to staff.
9. Completed several successful virtual EGMs and AGMs where we have appreciated our interactions with those shareholders that have joined the meetings.

Some of the activities that we look forward to in the coming year are:

1. Increasing the number of applications for listing and strengthening the quality of the new business pipeline.
2. Continuing to support ClearPay JV in its efforts to engage regulators with the aim of applying for its own Clearing and Settlement Facility licence.
3. Continue to market to online brokers to provide additional outlets for issuer securities to trade.
4. Enhance the current trading and matching engine by upgrading to the latest NASDAQ system which allows NSXA to satisfy current and future regulatory requirements and implement new trading models as and when required.

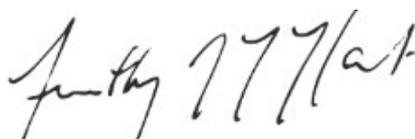
One disappointing element of the year was the short tenure of Professor Graeme Samuel AC on the Board, due to concerns over the negative press that the Company and members of the Board continue to receive.

The Board is cognisant that it is essential we continue to strive toward profitability. The current ongoing situation with COVID lockdowns has impacted all of our customers, staff, the agencies that we deal with and other stakeholders. Having said that, we have been able to improve our business pipeline and to be in a position to approve more listing applications. As a Company, we are also continually enhancing our skills and responding to new opportunities as they arise. In a highly regulated and sometimes conservative industry, opportunities translating into improvements in the bottom line can take time to eventuate. If we are anything, we are persistent and realise the value of this business.

Given the challenging operating environment I am pleased to see that staff have been able to remain productive throughout and continued to be responsive to customer needs. The Board and I wish to state our appreciation of this commitment by our management and staff.

The Company continues to rely on shareholder support while the Board and management have set about focussing the Company on its core business and exploring new opportunities. I and the Board wish to thank shareholders for their continued support and the support shown in the recent capital raising.

As we build the business, we look forward to bringing everyone along for this journey and provide a truly viable alternative platform for trading securities in the Australian capital market.



TIM HART

Chair

LETTER FROM THE CEO

N J (John) Karantzis

Dear Shareholder,

It is a pleasure to have served you as CEO and Managing Director into a second year and to be allowed to continue to transform the business into a viable alternative securities market.

The primary operations of NSX Limited are the National Stock Exchange of Australia (“NSXA”) and our Joint Venture, ClearPay, which it is working to be able to provide additional services and revenue streams.

From a financial performance perspective, it is pleasing to show that revenue from ordinary activities was up by 7.8%, and the audited loss was down 33% compared to the previous financial year. This is a result of our cost control program and heavy focus on new business generation during the year.

To achieve this and future financial results, I am tasked with overseeing the implementation of the strategy as approved by the Board. In broad terms, that strategy is two-fold:

1. To continually improve the performance of NSXA driving the business toward profitability. This will be achieved by more upgrades to our systems, to make us more efficient and easier to do business with, and by growing the number of participants, nominated advisers and issuers on the exchange through continued marketing; and
2. To build the ClearPay Joint Venture so that it complements the NSXA business and can be in a position to provide its services to other exchanges.

The work is ongoing, but to achieve progress with this strategy over the last year the Company has:

1. Provided clarification on entry level models for issuers to apply. It has done this through engaging potential issuers on its business pipeline and also with Nominated Advisers who provide services to issuers and therefore are a source of referrals to NSXA.
2. Reviewed and streamlined our engagement process with customers to provide faster turnaround on their questions and applications.
3. Employed webinars with NSXA stakeholders to provide education about the opportunities with NSXA rules and application requirements.
4. Attracted additional Participants like Morrison Securities, Taylor Collison, Euoroz Hartleys and the online trading platform Marketech to provide additional trading venues for issuer securities. This will enhance liquidity of listed securities.
5. Completed the Trade Acceptance Service (TAS) implementation which reduces back-office cost for Participants and aligns NSXA clearing and settlement services with other exchanges.
6. Launched the ClearPay Digital Exchange Sub-register System at the same time as the TAS launch,. This means that transactional data from the NSXA trading engine is being written directly to both CHESS and NSX’s DESS system managed by ClearPay. There has been no downtime with DESS since launch.

7. Responded to new business opportunities such as the Government request for expression of interest for the operation of a Carbon Exchange, responded to ASIC consultation on crypto backed exchange traded financial products, drafted rules for Exchange Traded Products that will allow open-end funds to list on NSXA.
8. Activated the employee incentive scheme which enables your Company to reward and incentivise staff with performance rights convertible into shares which can allow the Company to manage its working capital efficiently.

In the coming year the main focus of management will be on:

1. Converting the business pipeline in quality listing applications.
2. Enhancing market access with the upgraded NASDAQ trading matching engine which will provide access to new industry connectivity facilities.
3. Review the viability of new listing models and opportunities such as Special Purpose Asset Companies (SPACs), Exchange Traded Products and other financial product classes.
4. Finalising the application for a clearing and settlement licence for ClearPay during the course of 2021 which will include the DESS operations. In the mean-time DESS allows NSXA to retain control of its own transactional data via its own platform and is the first step towards bringing meaningful competition to clearing and settlement services in Australia. DESS uses Distributed Ledger Technology and will accommodate multilateral, multicurrency delivery versus payment functionality.
5. Focussing further on mutual recognition with overseas securities exchanges to allow our issuers more opportunities to dual or cross list,

As we are a service-based Company, the investment in our employees is very important, and I wish to thank all the staff that have worked tirelessly over the past year in what would normally have been a time of change and growth for the Company but also has been overlaid with the consequences of the ongoing pandemic lockdowns.

I also wish to thank you, the shareholders for your continued support during the year.

This annual report provides you with not only information on the Company's financial performance over the year, but also gives additional insights into the strategy, products and services of the Company.

As in previous years, there will be continued challenges for the Company, but also considerable opportunities. I look forward to working with the team to continue make progress against the strategic initiatives and to build NSX Limited into a strong business that delivers returns for our shareholders.

Thanking you for your support

Yours sincerely



N J (JOHN) KARANTZIS
CEO & Managing Director

OPERATIONS

CLEARPAY JOINT VENTURE

On 20 February NSX announced a Joint Venture agreement had been signed with iSignthis Limited (ASX:ISX) in order to pursue a joint venture ClearPay Pty Ltd. NSX currently has one board representative while ISX has two representatives on the board of ClearPay.

NSX investment into the ClearPay Joint Venture

NSX has invested \$3.2 million for a 41% interest in ClearPay JV with ISX holding an initial 59% interest. ISX will contribute intellectual property with its subsidiary, Probanx Solutions Ltd, leading the design and development the Distributed Ledger Technology (“DLT”) based platform.

The intent is to provide multicurrency, real-time and same day clearing of share trades across multiple exchanges.

During the year ClearPay has:

1. Had preliminary engagement with regulators regarding licensing requirements;
2. Continued development of the Delivery versus Payment platform software so that the service is ready once operation and regulatory requirements have completed; and
3. The DESS Digital Ledger Technology system has operated since the introduction of the Trade Acceptance clearing service with no downtime.



The purpose of ClearPay

ClearPay JV will develop a Delivery versus Payment (“DvP”) platform, which is planned to supersede the current

(T+ various days delayed for the clearing and settlement) process offered by current incumbent domestic and global stock exchanges. The development will also incorporate an open blockchain-based subregistry system.

The system will initially be utilised alongside with the National Stock Exchange of Australia’s (“NSXA”) current post-trade arrangements where appropriate (See Figure 01 below). However, the NSXA, intends to ultimately process all transactions via the new platform.

With ClearPay, the NSXA will be able to offer a same-day settlement (T+0) capability which will supersede the current (T+ various days delayed for the clearing and settlement) process offered by other domestic and global exchanges. Settlement by other exchanges is usually T+2 or T+3 days (See Figure 02 below)

On completion of ClearPay’s DvP platform, it is expected that the domestic and international broker network will expand and connect via industry-standard ISO20022 interface and participate using an industry-standard blockchain. This will provide the NSXA with one of the world’s most advanced DvP platforms, inclusive of an inbuilt of sub-registry.

Figure 01

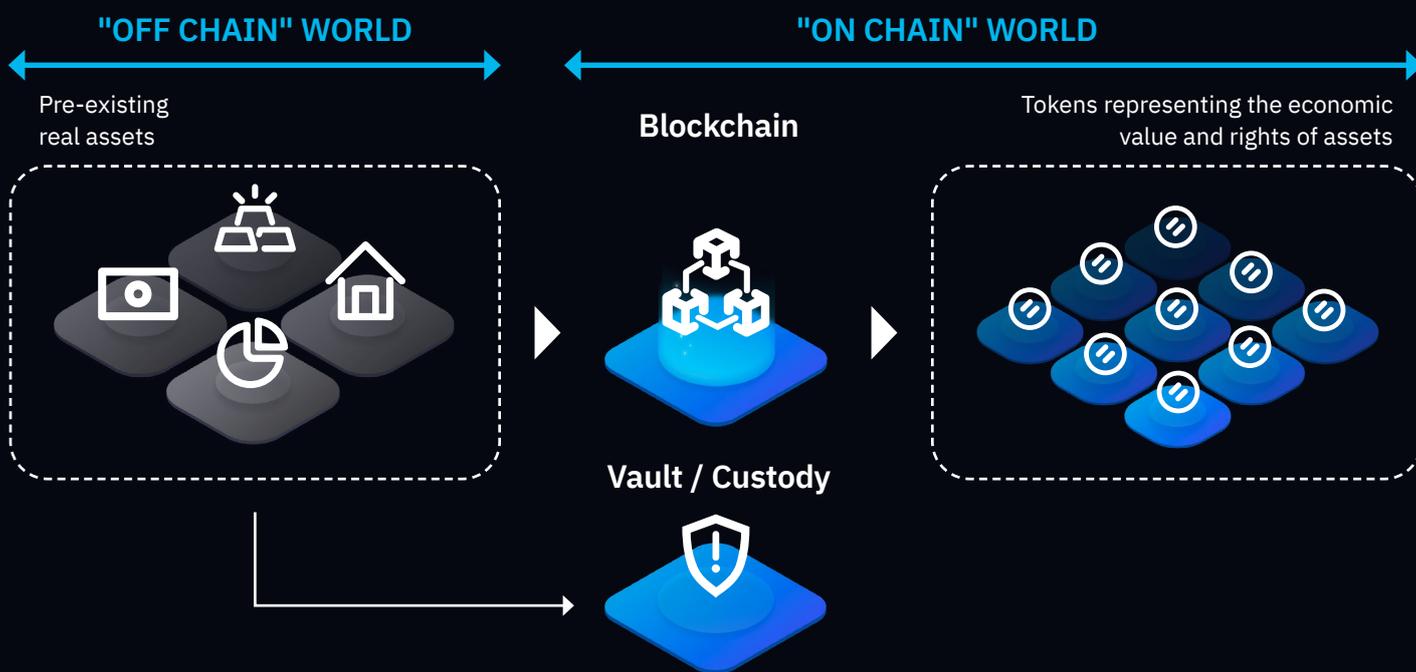
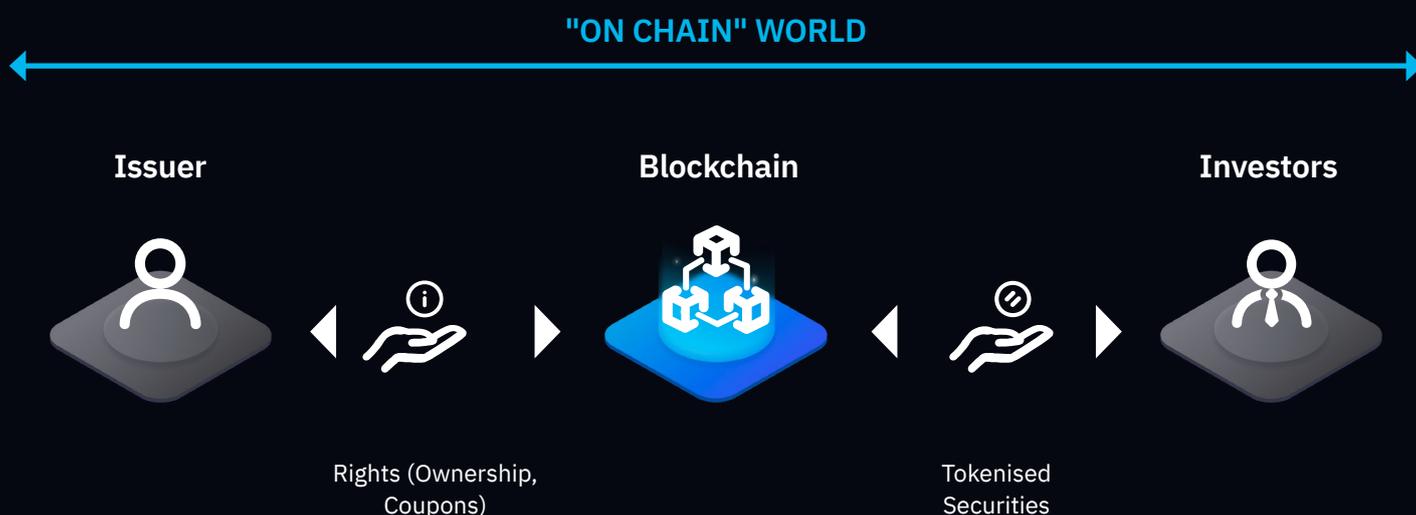


Figure 02

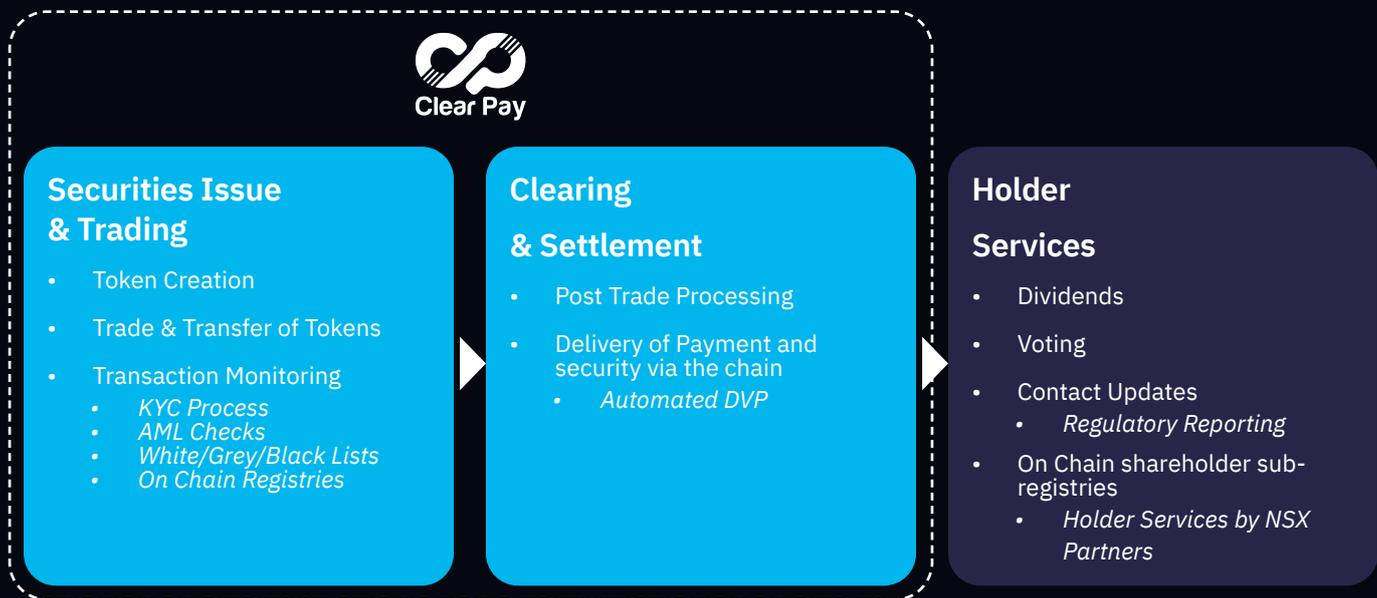


Revenue model

- Fees for services provided to Issuers & Participants including:
1. DESS.
 2. Clearing and Settlement.
 3. Customer Due Diligence services.
 4. Investor Profiles and declarations, including database of sophisticated & wholesale investors.
 5. Currency Exchange in cooperation with ADI/offshore banks for offshore Participants.

Future services

The following diagram illustrates the ClearPay product roadmap.



Medium term strategy

1. Apply for a CSF license during 2021 to service NSXA
2. Introduce competition into Clearing, Settlement & Sub-registry Services
 - a. Extend license to allow servicing of Participants in other Australian markets.
 - b. T+0 Settlement (retail), T+1 Settlement (Wholesale).
 - c. Multicurrency support (EUROS, GPB, AUD).
 - d. Offshore broker support.
 - e. Services can target participants of NSX, ASX & CHI-X markets, as well as OTC.
 - f. Provide open access to sub-registry services.
3. Encourage Government to adopt a policy similar to EU's Target2
 - a. Settlement Systems (eg CHES and DESS) independent of Clearing.
 - b. Seek interoperability requirements between C&SF licensees, such that DESS can operate with Austraclear and ClearPay with CHES.

NATIONAL STOCK EXCHANGE

NSX is the holding company of the National Stock Exchange of Australia (NSXA) which is a Tier 1 holder of an Australian Market Licensee regulated by the Australian Securities and Investments Commission (ASIC). Under this licence NSXA provides a stock exchange facility for the listing of equity securities, corporate debt and investment scheme units.

Listing

NSXA continues to research other security types and opportunities in the listing space to accommodate demand from prospective issuers. NSXA responds to regulatory consultation papers for the suitability of Issuers to list novel securities for example with crypto backed assets, reviewing similar markets such as the government proposed carbon exchange facility and will be extending its rules to cover the universe of exchange traded products (ETPs) which include exchange traded funds.

Issuers wishing to apply to the Official List and have their securities quoted are able to use one for the following entry models.

- 1. IPO** – or Initial Public Offering where an Issuer is unlisted and wishes to raise capital. A valid disclosure document (Prospectus or Product Disclosure Statement) must be lodge with ASIC as part of the application process and is used to raise capital from investors.
- 2. Compliance** – if the Issuer is already listed on a Recognised Exchange then they may apply under the Compliance model. This model is attractive to Issuers wishing to transfer their list, or are undergoing a spin-off or demerger. Reduced documentation requirements may apply.
- 3. Direct Entry** – if an Issuer has not raised capital in the preceding three months before quotation and does not need to raise capital three months after quotation then they may apply using Direct Entry.

NSXA may apply special conditions on a prospective applicant so as to be able to accommodate reporting requirements or reflect the nature of the Issuers securities and provide enhanced disclosure to investors.

NSXA Product Roadmap

	Admission Possible	Comments
Shares	✓	
Capital Raise (IPO)	✓	
Compliance Listing	✓	
Direct Entry Listing	✓	Current competitive advantage for NSXA
Other products		
Debt	✓	
Listed investment Companies & Listed Investment Trusts – Close ended	✓	
Listed investment Companies & Listed Investment Trusts – Open ended	Opportunity	Rules under development
Exchange Trade Products (ETFs & ETP) -	Opportunity	Rules under development
Hedge Funds	Opportunity	Rules under development
Unlisted Managed Funds	Opportunity	Under consideration by NSXA
Investment warrants	Opportunity	Under consideration by NSXA
Fractionalised Trading	Opportunity	ClearPay functionality to deliver

Trading

The three common trading models that NSXA offers are:

- 1. Conventional** – standard market trading model chosen by the majority of companies with no investor or trading time restrictions. Any investor can invest in any company at any time during business hours in this type of trading model. The vast majority of the listed companies choose this trading model as it represents the standard and best known form of stock trading.
- 2. Closed market** – investors are restricted to a particular group specified by the listed company. This model is popular with companies with a restricted membership type ownership base.
- 3. Trading Windows** – trading occurs only twice a year for six weeks after semi and annual reporting. This restriction in trading times has the advantages of focusing liquidity around periods where news occurs and away from quiet periods. Trading windows is currently restricted to property-based managed investment schemes.

The NSXA operates its own trader workstation terminal as well as electronic feeds for those wishing to use their own terminals to trade or for information vendors. The service is called NETS and is based on one of the most technologically advanced trading platforms in the world. NSXA sources its technology from NASDAQ.

Third parties that offer trading services are IRESS and online Participant firm Marketech. The partnership with Marketech represents a significant step in improving liquidity Issuers listed the NSXA, allowing active traders to have real time visibility of the NSXA market via their platform. This partnership brings the NSXA investment universe to online retail investors, with an affordable, high tech trading solution, connected to the CHESSE settlement process, something that was previously only available through advice brokers.

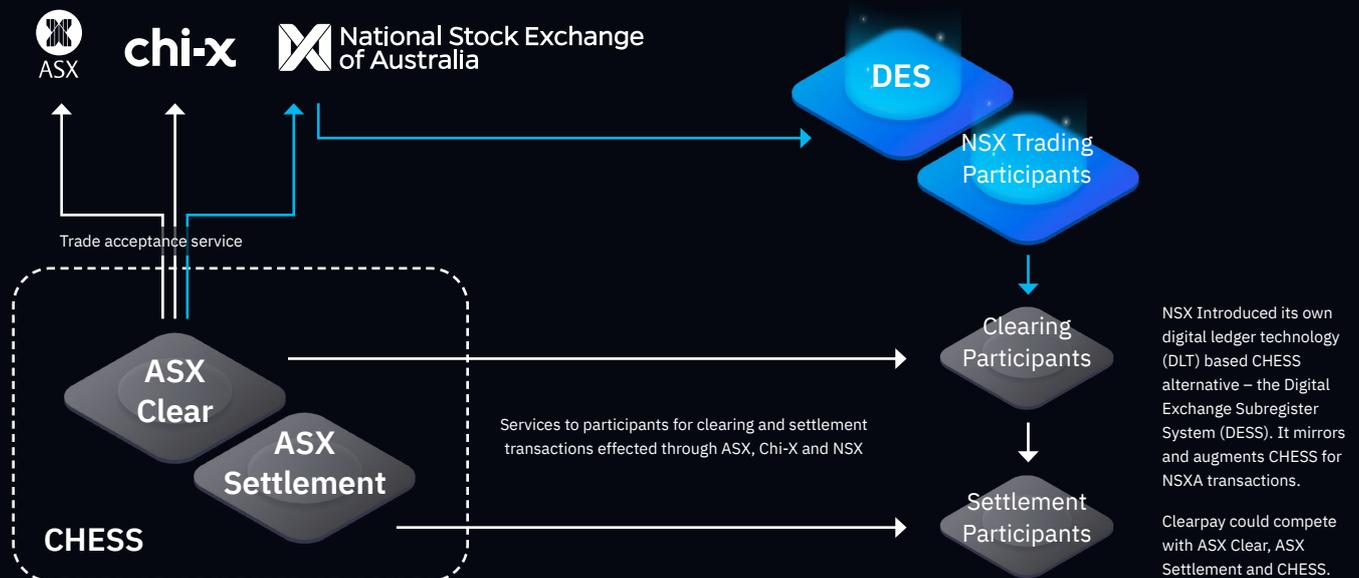
The addition of the Marketech online trading platform will improve liquidity and is another step towards the NSXA’s goal to become Australia’s leading emerging and venture company exchange.

Clearing and Settlement

The NSXA has made a number of very significant technology upgrades in the last 12 months, including the connection to the Trade Acceptance Service (TAS) last November allowing fully automated trading and novated settlement on the NSXA for the first time.

Importantly, this development has harmonised the market practice for trade registration and post-trade processing between ASX, NSXA and Chi-X markets, and provides automation that is necessary for scaling NSXA operations. The resulting post-trade automation will also reduce risks and deliver greater efficiencies to NSXA participants.

Trade Acceptance Service



Australia as of 23rd November 2020 has harmonised post-trade market practice across all three Tier 1 Markets

MARKET SUPERVISION

NSXA is supervised by the Australian Securities & Investments Commission (“ASIC”) and is subject to ASIC reviews as required by section 794C of the Corporations Act 2001. Under the Australian Market Licence, Market Licensee’s primary obligations are to conduct a fair, orderly and transparent market. It is an obligation placed on the directors of each Licensee to ensure that the Licensee has sufficient resources to meet its obligations.

As part of this role, the Licensee reviews the trading activity and disclosure of its Listed Issuers as well as the operations of its Participants. For listed issuers, this means adherence to the continuous disclosure regime and also periodic disclosure as required by the Listing Rules so as to maintain an informed market. For Participants, this means adherence to the Business Rules and the ASIC Market Integrity Rules; adherence to high standards in trading and settlement of transactions; monthly submission of risk based capital adequacy reports; and annual reviews by NSXA of Participant operations. From 1 August 2010 this also means adherence to ASIC Market Integrity Rules.

The following outlines some of the committees and structures operating within the NSX Limited Group that supervise the NSXA markets.

Participants

NSXA permits licensed organisations to apply to become Participants. Once a member of a licenced market, these organisations can call themselves stockbrokers according to the Corporations Act. Participants offer services such as raising capital, trade execution, underwriting, research, investment advice, settlement and corporate advisory services. Participant services for each new listing includes assisting the listing applicant to obtain sufficient spread of shareholders and working capital requirements as a sponsoring participant. Membership of a licenced stock exchange imposes a higher standard of compliance on Participants including extra capital adequacy.

Monitoring of Participant Capital Adequacy to Trade

NSXA maintains investor confidence in the integrity of the markets by regulating the conduct of market participants and monitoring market activity for any irregularities.

The external Exchange Examining Accountant (“EEA”) operates under a service agreement from the NSXA to provide reviews of Participant Capital Adequacy on a monthly basis and auditing or investigation where called upon. Reports are provided to the NSXA Compliance Committee for review.

From 6 May 2019 all NSXA participants must comply with the ASIC Market Integrity Rules (Capital) 2017. This means that Participants lodge their Risk Based Capital reports to ASIC as well as the EEA. These reports are to demonstrate how Participants have or are meeting their capital adequacy requirements. Participants failing to meet business rule requirements are referred to the Compliance Committee.

Nominated Advisers

NSXA permits organisations to apply to become Nominated Advisers to NSXA. By becoming a Nominated Adviser these organisations facilitate the listing process onto NSXA by ensuring and confirming to NSXA that in relation to any application for admission to the official list of the NSXA market by an issuer:

1. The directors of the issuer have received advice and guidance (from the nominated adviser or other appropriate professional adviser) as to the nature of their responsibilities and obligations to ensure compliance with NSXA rules;
2. To the best of the knowledge and belief of the nominated adviser, all relevant requirements of NSXA rules have been complied with; and that it will be available at all times to advise and guide the directors of the issuer as to their responsibilities and obligations to ensure compliance by the issuer on an ongoing basis with NSXA’s rules.

Nominated Advisers provide an extra layer of compliance supervision for listed issuers.

Listing & Admissions Committee

An important aspect of corporate governance of the market is the independent Listing & Admissions Committee (LAC) which operates under a charter from the Board of the National Stock Exchange of Australia Limited. The Committee is made up of members external to the NSXA which are independent of the Board and the operations of the NSXA.

The role of the Committee is to review applications for listing by Issuers, Participants (stockbrokers) and Nominated Advisers. Only if the information provided by the Issuer to Applicant is acceptable as being sufficient to ensure an informed market in the relevant securities will a recommendation for acceptance of admission to the Official List be made.

Compliance Committee

Alongside the LAC, the Compliance Committee is another important component of corporate governance of the market. The independent Committee operates under a charter from the Board of the National Stock Exchange of Australia Limited. The Committee is made up of members external to the NSXA which are independent of the Board and the operations of the NSXA.

The role of the Committee is to:

1. Recommend waivers from the NSXA Listing Rules;
2. Make recommendations to the Board concerning Issuer obligations, breaches of the Listing Rules and disciplinary action, including suspension and removal of Issuers from the Official List;
3. Make recommendations to the Board concerning Nominated Adviser obligations, breaches of the Listing Rules and disciplinary action, including suspension and removal of Nominated Adviser registration;
4. Review and monitor Participant obligations in accordance with the NSXA Business Rules;
5. Make recommendations to the Board concerning Participant obligations, breaches of the Business Rules and disciplinary action, including suspension and removal of Participant recognition;
6. Review the Compensation Arrangements; and
7. Adjudicate on appeals.

Compensation Arrangements

The NSXA Compensation arrangements provide a mechanism whereby retail clients of Participants may claim recompense for losses under certain circumstances as defined by the Corporations Act 2001.

From 11th March 2004 the NSXA Fidelity Fund operates under Part 7.5 of the Corporations Act 2001 for the purpose of covering Division 3 losses specified by section 885C, but excluding losses under section 885D. NSXA has also set aside capital to supplement the Fidelity Fund balance in order to meet its Australian Market Licence conditions. These amounts, combined, comprise the Compensation arrangements.

Information about the Compensation Arrangements for NSXA is available from the NSXA website. A Market Licensee is obliged to maintain this arrangement for six months after a Market Licensee ceases to hold an Australian Markets Licence as part of the runoff arrangements.

Complaint Handling

The NSXA takes complaints seriously as part of its framework to provide the highest degree of market integrity. With this in mind, NSXA welcomes all efforts by the public to ensure that NSXA maintains excellence in regulation.

Examples of situations where a complaint may be filed with the NSXA are:

1. Disclosure practices of NSXA listed companies;
2. Poor execution of an order by a Participant of NSXA;
3. Possible violations of operating rules by any Participant of NSXA;
4. Listing or Business rules of NSXA;
5. Possible insider trading or market manipulation;
6. Compensation arrangements; and
7. Complaints about NSXA Products and Services.

Information about making complaints is available from the NSXA website as well as a form for lodging a complaint. All complaints must be made in writing outlining the full details of the complaint and cannot be anonymous.

CORPORATE GOVERNANCE

As well as the Market Supervision structures, policies and procedures that are in place for the National Stock Exchange which provide enhanced corporate governance controls, NSX Limited adheres to the ASX Corporate Governance Council Guidelines edition 4 and best practice recommendations. During the year, the NSX Limited Board continued its program to review all Board policies and procedures with the aim of making sure they are up to date with current practice and fit for purpose.

The Compliance Committee and Listing and Admissions Committee have independent members, separate from the Board for NSX and NSXA and also separate from the operations of the Exchange. In addition, NSX operates separate boards and committees to maintain separation

between its commercial and regulatory requirements and to meet its corporate governance standards. The following table outlines the membership of each board and committee by the directors of NSX.

Director	Member of NSX Board	Member of NSXA Board	Member of Audit & Risk Committee
Michael Aitken	✓	✓	
Tim Hart	✓ (Chair)	✓	✓
Kelly Humphreys	✓	✓	✓ (Chair)
John Karantzis	✓		
Tod McGrouther	✓	✓ (Chair)	✓
Tony Shen	✓		

Corporate Governance Statement

NSX has adopted the 4th edition of the ASX Corporate Governance Principles which is effective from 1 January 2020. This publication is the basis for the NSX's own corporate governance statement as a listed entity. The NSX does not believe in a one size fits all approach and has responded to the guidelines appropriately with respect to the size of its business. Where NSX does not meet all of the criteria specified in the guidelines an if not why not response has been provided in the Corporate Governance Statement.

In most cases, NSX has adopted the Guidelines per se, however where this has not been possible NSX has highlighted the steps taken to ensure compliance with the intent or "spirit" of the Guidelines on an "if not, why not basis". As per ASX Listing Rule 4.7.3 NSX lodges Appendix 4G: Key Disclosures – Corporate Governance Council Principles and recommendations at the same time as this Annual Report and also lodges its Corporate Governance Statement.

NSX's Corporate Governance statement is available on it's website at the following link www.nsx.com.au/about/governance/constitution-and-policies/.

Audit and Risk Committee

From July 2020 the Audit and Risk Committee structure has been activated. Prior to this the NSX Board oversaw these functions. The primary function of the Committee is to assist the Board of Directors to carry out, amongst other things as per the Committee Charter, the following:

1. monitor the integrity of statutory financial reports and statements;
2. monitor management's framework to identify and manage enterprise risk and internal control;
3. monitor compliance with laws and regulations and code of conduct;
4. monitor the performance and independence of the external auditor; and
5. make recommendations to the Board.
6. The Committee Charter is available on the NSX website.

Remuneration and Nomination Committee

Due to the size of the Company, the Remuneration and Nomination Committee functions is overseen by the NSX Board. The Board is of the view that this is the best arrangement to grow the business of the NSX in the current development cycle of the Company.

The Committee's primary functions are, amongst other things as per the Committee Charter, to:

1. review director competence standards;

2. review Board succession plans;
3. evaluate the Board's performance;
4. make recommendations for the appointment and removal of directors to the Board; and
5. make recommendations to the Board on, executive remuneration and incentive policies, the remuneration packages of senior management, recruitment, retention and termination policies for senior management, incentive schemes, and remuneration for directors.
6. The Committee Charter is available on the NSX website.

Conflicts of Interest.

As part of the requirements of its corporate governance arrangements and as a part of the obligations for holding an Australian Market licence able to operate a Stock Exchange in Australia, NSXA, and by extension NSX, has a number of policies and procedures to help manage conflicts of interests that is officers and employees may face in the course of their day to day activities.

Further, NSX has obligations to disclose potential or actual conflicts of interest. Disclosure is in two forms (1) the conflicts of interest that officers and staff may have to manage on a day to day basis and (2) conflicts that NSX, its officers and its staff may have when the NSX supervises third parties known as Review Parties.

A commercial conflict of interest is a situation where an employee interest and NSX interest(s) are in conflict and the employee gives preference to the employee's interest usually for a financial gain or other benefit, ahead of the interest(s) of NSX. For example a director or employee is involved with a supplier to NSX, a Nominated Adviser, a Participant of NSXA or a listed Issuer on NSXA and by the Director or employee actions that Participant or Issuer derives a benefit that they would not have ordinarily obtained.

Further, where NSXA may supervise a competitor who is a Participant of the NSXA market, then there is potential for conflict if the NSXA makes a decision, potentially unfairly, that is to the detriment of that competitor. Also, there may be a potential regulatory conflict where NSXA's commercial interests or those commercial interests of the parties that Directors and Staff are involved with potentially override the regulatory obligations of the NSXA as a holder of an Australian Market Licence.

NSX and NSXA have in place policies and procedures to manage conflicts of interest.

DIRECTOR'S REPORT



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 year ended 30 June 2021.

Directors

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

Director	Position
Michael Aitken, AM	Non-Executive Director (Appointed 26 October 2020)
Timothy Hart	Non-Executive Director and Chair
Kelly Humphreys	Non-Executive Director
Nickolas John Karantzis	Managing Director and Interim Chief Executive Officer
Tod McGrouther	Non- Executive Director
Thomas Price	Non- Executive Director (Removed 30 October 2020)
Graeme Samuel, AC	Non-Executive Director (Appointed 27 April 2021, resigned 13 August 2021)
Tony Shen (Weiguo)	Non- Executive Director

Company secretary

Scott Evans has held the position of 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.

Principal activities

The principal activities of the Group during the financial year were the operation of the National Stock Exchange of Australia Limited.

Operating Results

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$3,000,738 (30 June 2020: loss of \$4,465,241).

Dividends

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

Review of operations

Revenue

Revenue associated with the operation of the National Stock Exchange of Australia (NSXA) accounts for 90% of all receipts. The balance of revenue is principally the COVID-19 related Government Cash Flow Boost and JobKeeper Rebate along with interest earned on cash and investments held during the period.

The consolidated entity reported total Revenue of \$2 million representing an increase of \$0.1 million on the previous comparative period (pcp). This is a consequence of the increase in quotation of additional securities from our Issuers due to the issue of shares from placements or exercise of options and rights. Evidence of this can be seen with 38 applications for quotation of additional securities including market capitalisation of \$77,857,389 for FY20 whereas 42 applications for quotation of additional securities including a market capitalisation of \$334,360,806.32 for FY21.

On 23 November 2020 NSX announced that its wholly owned subsidiary the National Stock Exchange of Australia (NSXA) had completed its Trade Acceptance Service ("TAS") integration to the ASX Clear system. TAS brings the ability to enter orders into NSXA's trading system via IRESS, resulting in NSXA securities trading now being fully automated from order routing through to clearing and settlement.

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 below table.

30 June Revenue Category	2021 \$'000	2020 \$'000	Change %
Annual fees	1,161.7	1,222.3	(5)
Subsequent quotation	350.4	187.4	87
Application fees	286.4	258.1	11
Interest received	10.4	32.4	(68)
Other revenue	194.1	172.0	13
Total revenue	2,003.0	1,872.2	7

Discussion on the operating revenue is detailed below.

Annual fees - \$1.1 million, down 5%

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 \$0.06 million lower than the pcp reflecting the net impact of 58 listed securities in the current period compared to 59 in the pcp, with an average market capitalisation of \$46.2 million, up from \$9.7 million in the prior period. The total market capitalisation of the exchange as at 30 June 2021 was \$2.6 billion.

Subsequent quotation fees - \$0.3 million, up 87%

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 \$0.16 million reflecting a higher run off of escrowed securities in the current period. A total of \$334 million in new capital was raised by companies listed on the exchange in the current year, compared to \$77 million in the pcp.

Application fees - \$0.3 million, up 11%

The drivers of this revenue line are the number of new listings approved in the period, the market capitalisation of those Issuers and the scheduled fee charged. The increase in application fees from the pcp reflects a higher average market capitalisation of new Issuers and 7 new listings to the official list during the period.

Expenses

The consolidated entity incurred \$4.2 million (2020: \$5.3 million) in expenses excluding depreciation and amortisation in expenses in FY21.

Employee benefits, including NSXA and NSX Corporate resources, increased by \$0.2 million. This was driven by the appointment of additional staff and additional Board members during the year.

Market trading expenses of \$0.7 million encompass costs associated with the trading and settlement activities of the exchanges, including trading systems, data centres, security, market access and regulatory fees.

Consultancy expenses for the period were \$0.2 million, which is a decrease of 57% in comparison with the pcp. Included in this item are contractor payments and external advisers.

Administration and other expenses decreased by \$0.3 million.

Depreciation and amortisation of \$0.6 million reflects the investment in PP&E, intangibles and right of use assets of the group.

Legal expenses decreased by 81% on prior year to \$0.1 million. NSX has previously contributed the excess of \$0.1 million in the prior year for a claim filed against it in October 2019. NSX insurers are funding the claim so there are no additional costs.

30 June Expense Category	2021 \$'000	2020 \$'000	Change \$	Change %
Employee benefits expense	1,977.1	1,761.0	216.1	12
Market trading expenses	691.9	979.5	(287.6)	(29)
Consultancy expenses	263.2	609.1	(345.9)	(57)
Administration and other expenses	990.8	1,345.1	(354.3)	(26)
Depreciation, amortisation and impairments	628.2	553.3	74.9	14
Occupancy expenses	60.7	65.3	(4.6)	(7)
Compliance expenses	72.3	50.7	21.6	43
Marketing and promotion expenses	32.0	29.4	2.6	9
Legal expenses	59.6	322.1	(262.5)	(81)
Finance costs	131.9	159.6	(27.7)	(17)
Total expenses	4,907.7	5,875.1	(967.4)	(16)

Balance Sheet	30 June 2021	30 June 2020	Change \$	Change %
Cash	2,437,532	3,116,981	(679,449)	(22)
Financial Assets	983,571	1,480,233	(496,662)	(34)
Investment accounting for using the equity method	2,641,426	2,737,652	(96,226)	(4)
Other assets	3,193,271	2,979,791	213,480	7
Total assets	9,255,800	10,314,657	(1,058,857)	
Payables	(1,211,590)	(1,404,291)	192,701	(14)
Provisions	(161,525)	(125,672)	(35,853)	29
Lease liabilities	(2,350,546)	(2,574,717)	224,171	(9)
Total liabilities	(3,723,661)	(4,104,680)	381,019	
Total equity	5,532,139	6,209,977	(677,838)	

As at 30 June 2021, net current assets were reduced by \$733,087 from 30 June 2020 (largely attributable to a reduction in cash on hand) and net assets were reduced by \$677,838 from 30 June 2020.

Trade and other liabilities of \$3.7 million is represented by \$2.3 million in lease liabilities plus \$0.5 million in contract liabilities and \$0.9 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.

Consolidated summary

The following table provides a summary of the group results.

30 June Summary	2021 \$'000	2020 \$'000	Change %
Revenue (including share of losses from joint ventures)	1,907	1,410	35
Expense (excluding Depreciation/Amortisation)	4,279	5,322	(20)
EBITDA	(2,373)	(3,912)	(39)
Depreciation/Amortisation	628	553	14
Net loss after tax	(3,001)	(4,465)	(33)

Key Statistics	2021	2020	Change %
Earnings per share (cents)	(1.2)	(2.2)	(46.47)
Net tangible asset backing (cents)	2.0	2.5	(18.79)
Share price at the end of period (cents)	11.5	9.0	27.78
Shares on issue at the end of the period (mil)	275.2	257.3	6.94
Market capitalisation (\$'mil)	31.6	23.2	36.65
Cash at bank (\$'000)	3,421.1	4,597.2	(25.58)
Cash held for statutory purposes (\$'000)	983.6	1,480.2	(33.55)
Working Capital (\$'000)	2,437.5	3,117.0	(21.80)

The net loss after tax for the consolidated entity was \$3 million for the year (2020: \$4.5 million).

Revenue for the operation of the National Stock Exchange of Australia ("NSXA") in FY21 was \$2 million, \$0.1 million higher than the pcp. The increase in subsequent quotation fees from the pcp reflects a higher market capitalisation of new issue of shares as a result of shares placement and exercise of options and rights.

The consolidated entity maintains a cash balance of \$3.4 million at the end of the period. Of the cash held, \$1 million is held as part of the compensation arrangements of the NSXA Market Licence and other general guarantees leaving \$2.4 million as working capital of the consolidated entity as at 30 June 2021.

The net assets of the consolidated entity have decreased from \$6,209,977 as at 30 June 2020 to \$5,532,139 as at 30 June 2021.

Earnings per share (EPS) decreased from (2.2) cents per share to (1.2) cents per share or a decrease of 46% based on a weighted average number of shares of 258,332,367. Net tangible asset backing per share decreased from 2.5 cents to 2 cents.

The impact of the Coronavirus (COVID-19) pandemic on day-to-day operations of the Company has been minimal as staff have been able to successfully work from home as and when required.

Capital Raises

On 10 June 2021 NSX issued 17,507,151 new fully paid ordinary shares at \$0.14 per share. The net proceeds will be used for working capital.

On 11 June 2021 NSX issued 350,000 new fully paid ordinary shares at \$0.14 per share. The net proceeds will be used for working capital.

Trade Acceptance Service (TAS)

On 23 November 2020 NSX announced that its wholly owned subsidiary the National Stock Exchange of Australia (NSXA) had completed its TAS integration to the ASX Clear system. TAS brings the ability to enter orders into NSXA's trading system via IRESS, resulting in NSXA securities trading now being fully automated from order routing through to clearing and settlement.

NSX also advised that mirrored transactional data is being written directly to both CHES and the Company's Digital Exchange Subregister System (DESS), managed by its 41% owned associate, ClearPay Pty Ltd ("ClearPay") and developed by Probanx Solutions Ltd.

ClearPay intends to apply for a clearing and settlement licence ("CS&F") during the course of 2021, including for DESS operations as outlined in the ASX announcement dated 23 November 2020.

In the meantime, DESS allows NSXA to retain control of its trading and transactional data via its own platform, and is the first step towards bringing meaningful competition to clearing and settlement services in Australia.

Information on Directors

Category	Director details
Name:	Michael Aitken, AM
Title:	Non-Executive Director (Appointed 26 October 2020)
Qualifications:	PhD in security market design from the Australian Graduate School of Management at the University of New South Wales.
Experience and expertise:	<p>Dr Aitken has had a long and distinguished career at the nexus of building businesses as part of introducing postgraduate students to entrepreneurial endeavour predominately in financial markets. Much of his work was conducted under the auspices of Capital Markets Cooperative Research Centre - CMCRC. He is currently the Chief Scientist of the Rozetta Institute (formerly CMCRC).</p> <p>Early in his career, he designed courses and computer programs to support the curriculum for fourth year honours and PhD programs. Along with "Trading and Dealing in Security Markets" and "Broking and Market-Making", he designed "REPLAY", a program that enables the dynamics of any automated security market to be replayed in its entirety, providing access to the working dynamics of securities markets for research and training purposes. Dr Aitken also designed the software program "SPREAD", which is a time-series visualisation of stock market trading behaviour. Both programs became part of SMARTS, the world-leading software for market surveillance which he designed and sold to NASDAQ in 2010.</p> <p>Dr Aitken is a well respected expert witness in cases involving insider trading, market manipulation having worked on cases in the United Kingdom, Singapore, New Zealand, Malaysia, the UAE and Australia.</p>
Other current Directorships:	Nil
Former Directorships (last 3 years):	Nil
Interests in shares:	Nil

Category	Director details
Name:	Timothy Hart
Title:	Non- Executive Director and Chair (Appointed 26 February 2020 and 26 March 2020 respectively)
Qualifications:	Postgraduate Diplomas from Said Business School, The University of Oxford (Strategy & Innovation and Organisational Leadership) and holds a number of degrees from University of Melbourne- Bachelor of Science, Master of Management and Master of Marketing and Master of Education
Experience and expertise:	<p>Managing Director and CEO of Ridley Corporation Limited. His varied experience covers governance, general management, finance, regtech, strategic marketing, sales, and logistics. Before joining Ridley Timothy was CEO of Sugar Australia for eight years, after a long career in fast-moving consumer goods industry with SCA and in packaging with Carter Holt Harvey, ACI and Amcor.</p> <p>Mr Hart is a fellow of the Australian Institute of Company Directors and of the Institute of Managers and Leaders (Australia and New Zealand).</p>
Other current Directorships:	Chair iSignthis Limited (ASX: ISX)
Former Directorships (last 3 years):	Nil
Interests in shares:	56,499,033 Fully paid ordinary shares

Category	Director Details
Name:	Kelly Humphreys
Title:	Non-Executive Director (Appointed 18 June 2020)
Qualifications:	Master of Management, Diploma in Financial Services and a graduate member of Australian Institute of Company Directors.
Experience and expertise:	<p>Ms Humphreys is an experienced Non-Executive Director with existing Board and committee roles spanning industry sectors including financial service, health, regulation, and education. Kelly has extensive executive experience in financial services and a depth of technical expertise in operations, risk management and governance. She brings a strong commercial approach to achieving objectives in complex regulatory environments and working effectively to deliver growth and improved performance.</p> <p>Kelly is also a Non-Executive Director of Latrobe Private Health and the Accident Compensation Conciliation Service and a Commissioner of the Victorian Building Authority.</p>
Other current Directorships:	Non-Executive Director of Raiz Invest Limited (ASX: RZI).
Former Directorships (last 3 years):	Nil
Interests in shares:	300,000 Fully paid ordinary shares

Category	Director Details
Name:	Nickolas John Karantzis
Title:	Managing Director and Interim Chief Executive Officer (Appointed 11 March 2020)
Qualifications:	B.E. M. Commercial Law, M.Enterp FIEAust CPEng NER APEC Engineer IntPE(Aus). Mr Karantzis holds qualifications in engineering (University of Western Australia), law and business (University of Melbourne).
Experience and expertise:	Mr Karantzis is the founder of iSignthis, a prudentially regulated EU monetary financial institution, and has led that Company to entry to the ASX300 and profitability in 5 years from listing on the ASX. Nickolas has over 25 years' experience in a number of sectors, including payments, online media, secure communications, and e-commerce. His previous public company experience includes Directorships with ASX Pacific Star Network Limited (ASX: PNW) and Reeltime Media Limited (ASX:RMA).
Other current Directorships:	Founder and current MD of iSignthis Limited (ASX: ISX)
Former Directorships (last 3 years):	None
Interests in shares:	56,499,033 Fully paid ordinary shares

Category	Director Details
Name:	Tod McGrouther
Title:	Non-Executive Director (Appointed 18 February 2020)
Qualifications:	Bachelor of Law (First Class Honours and University Medal) University of Sydney and Bachelor of Commerce (First Class Honours) and University Medal from University of New South Wales, Diploma of Finance Securities Institute of Australia
Experience and expertise:	Mr McGrouther has worked in the Australian corporate advisory industry and equity capital markets since 1986 commencing as Associate Director of Bankers Trust Australia and advising a large number of corporate advisory assignments including the State Bank of Victoria, the South Australian Government, the Bank of New Zealand, the State Bank of New South Wales, the Commonwealth Bank and Qantas. Between 1994 and 1998 Tod was Director of the Corporate Finance Department of Prudential Bache Securities Limited. During this time, he completed a number of equity capital raising assignments specialising in the resources sector for the clients including Anaconda Nickel Limited, Australian Goldfields Limited, Sipa Resources Limited and Legend Mining Limited. He also completed a large number of industrial sector initial public offerings including the demutualising and listing of Namoi Cotton Limited.
Other current Directorships:	Urbanise Limited (ASX: UBN), Love Group Global Limited (ASX: LVE), European Cannabis Corporation Limited
Former Directorships (last 3 years):	Nil
Interests in shares:	Nil

Category	Director Details
Name:	Graeme Samuel, AC
Title:	Non-Executive Director (Appointed 27 April 2021, resigned 13 August 2021)
Qualifications:	Master of Laws (LL.M) Anti-trust and corporations law from Monash University and a Bachelor of Laws from Melbourne University.
Experience and expertise:	<p>Professor Samuel was a member of the Australian Prudential Regulation Authority's Panel to conduct a Prudential Inquiry into the culture, governance and accountability of Commonwealth Bank of Australia and was Chair of the panel which conducted a Capability Review of APRA. He conducted an Independent Review commissioned by the Commonwealth Government of the Environment Protection and Biodiversity Conservation Act, as well as a review for the Commonwealth Government of the Food and Grocery Code of Conduct.</p> <p>Mr Samuel has held a number of roles in public life including former Chairman of the Australian Competition and Consumer Commission, Associate Member of the Australian Communications and Media Authority, President of the National Competition Council, Chairman of the Melbourne and Olympic Parks Trust, Commissioner of the Australian Football League, President of the Australian Chamber of Commerce and Industry, Chairman of Playbox Theatre Company and Opera Australia, Trustee of the Melbourne Cricket Ground Trust and Chairman of the Inner and Eastern Health Care Network. He served for eight years (from 2011 to 2019) as a member of the ANU Council, and seven years as Chair of the ANU Finance Committee.</p> <p>He was appointed an Officer of the Order of Australia in 1998. In 2010 he was elevated to a Companion of the Order of Australia "for eminent service to public administration through contributions in the area of economic reform and competition law, and to the community through leadership roles with sporting and cultural organisations".</p>
Other current Directorships:	Nil
Former Directorships (last 3 years):	Nil
Interests in shares:	200,000 Fully paid ordinary shares

Category	Director Details
Name:	Tony Shen (Weiguo)
Title:	Non-Executive Director (Appointed 29 September 2016)
Qualifications:	B.Economics & Management
Experience and expertise:	Mr Shen is an Executive Director and a controlling shareholder of SHKL Group Limited. Mr Shen is an Executive Director of KSTV (Hong Kong) Limited and Shanghai Kuntun Cultural Media Co., Limited. Mr Shen is a Director and substantial shareholder of KSTV Group Limited. In addition to the above companies, Mr Shen is also either an officer and/or has an interest in a number of private companies registered and operating exclusively in China.
Other current Directorships:	SHKL Group Limited
Former Directorships (last 3 years):	Nil
Interests in shares:	24,285,000 Fully paid ordinary shares

Category	Director Details
Name:	Thomas Price
Title:	Non-Executive Director (Appointed 17 November 2009 and removed 30 October 2020)
Qualifications:	B.Arts (Macquarie)
Experience and expertise:	Mr Price is an Executive Director of the Financial & Energy Exchange Limited (FEX), a Director of the Australian Market licensed interest rate and currency swap market operator, Mercari Pty Ltd, and a Strategy Advisor on the environmental product development joint venture between FEX, Macquarie Capital Group and Climate Exchange plc (Envex). In his role at FEX, Mr Price is responsible for the overall implementation of operational technology and regulatory infrastructure for business development including the proposed energy, commodity and environmental derivative markets. He works closely with NASDAQ on technology issues and is also responsible for overall market connectivity infrastructure for the FEX group. Previously, Mr Price was an Australian based Derivative Asset Manager and Consultant with over 15 years experience in derivative transactions, derivatives trading and option pricing.
Other current Directorships:	Nil
Former Directorships (last 3 years):	Nil
Interests in shares:	Nil

'Other current Directorships' quoted above are current Directorships for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

'Former Directorships (last 3 years)' quoted above are Directorships held in the last 3 years for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were

Director	Directors Meetings		Special Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended
Thomas Price	6	6	3	3
Tony Shen (Weiguo)	14	6	4	-
Tod McGrouther	14	14	4	4
Timothy Hart	14	14	4	4
Nickolas John Karantzis	14	14	4	4
Kelly Humphreys	14	14	4	4
Michael Aitken, AM	8	7	2	1
Graeme Samuel, AC	2	2	-	-
Total Meetings	14		4	

Meetings of Audit & Risk Committee

During the period, the Board had a three person Audit & Risk Committee.

Committee member	Eligible to attend	Number attended
Tod McGrouther	6	6
Timothy Hart	6	6
Kelly Humphreys (Chair)	6	6
Total Meetings	6	

Meetings of Remuneration and Nomination Committee

Due to the size of the organisation the functions of this committee are performed by the entire Board.

Remuneration Report (Audited)

This report details the performance and remuneration of key management personnel (KMP) for the period.

Under the Board Charter, the NSX Board retains ultimate responsibility for the remuneration of KMP. It is the policy of the Board that remuneration be intended to create and enhance shareholder wealth. This involves ensuring that individual remuneration is set by reference to a calculus of factors including: market remuneration levels, the nature of the role and duties performed, the skill set of the individual and the significance of their role within the NSX corporate group. Currently, the policy is that remuneration is reviewed by the Board on a periodic basis to ensure continued support of the commercial and regulatory interests of the exchange and its shareholders.

The Board policy with respect to the consolidated entity KMP also applies to KMP of its subsidiary entities.

This policy ensures that Directors and KMP are paid without prejudice to the interests of a particular business of the company. This is because Directors and KMP are expected to be able to contribute to each cash generating unit in a positive manner thereby enhancing the performance of each of the cash generating units. The NSX subsidiary National Stock Exchange of Australia Limited (NSXA) is highly regulated by ASIC and as such NSXA must have in place policies and procedures to avoid conflicts of interest when dealing with compliance and admissions decisions. Conflicts could arise if KMP remuneration was based on successful listing applications or compliance decisions which negate the independence and fairness of such decisions.

NSX shareholders approved a performance rights plan at a General Meeting on 30 April 2020 for KMP excluding the Board.

The Board is cognisant of general shareholder concern that long-term equity-based rewards for staff should be linked to the achievement by the Company of a performance condition. Performance Rights granted under the Performance Rights Plan to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting and the employee being advised that the vesting conditions have been met, Shares will be issued to the employee exercising the Performance Rights.

The Performance Rights Scheme was activated on 1 July 2021 by NSX. On 29 July 2021, 429,536 performance rights were issued to the current employees of the NSX with the following vesting conditions:

Vesting condition 1:

50% of the rights will vest on 1 July 2022 if:

1. No disciplinary action or warning is recorded against the employee during the first period; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

Vesting condition 2:

50% of the rights will vest on 1 July 2023 if:

1. No disciplinary action or warning is recorded against the employee during the second period; and
2. The employee remains employed by the Company two years from the anniversary of the vesting date.

Remuneration Practices

The Board's policy for determining the nature and amount of compensation of Directors and other key management for the consolidated entity is as follows:

1. Approved by shareholders at the AGM of 9 November 2017, the remuneration pool for Non-Executive Directors is \$400,000 per annum inclusive of any superannuation guarantee remittances. Non-executive Chair and Director fees are comprised of a fixed component being \$87,600 and \$43,800 respectively inclusive of superannuation. Non-Executive Director fees were increased effective 1 July 2021 due to the change in legislated superannuation from 9.5% to 10%.
2. Executive Director fees for service are by mutual agreement with the Board.
3. The Directors are allowed to claim reimbursement for expenses incurred when acting on behalf of the NSX.
4. Directors are allowed to claim remuneration approved by the Board of Directors as a member of the Audit & Risk Committee, Remuneration & Nomination Committee, Compliance Committee or Listing & Admissions Committee. Currently, the Board has approved that remuneration for any committee work undertaken by Non-Executive Directors is included within their fixed stipend.

Disclosures for Director fees paid during the financial year are provided below.

Short-Term Incentive Plan

No short-term incentive scheme had been approved by the Board or shareholders.

Long-Term Incentive Plan

No long-term incentive scheme had been approved by the Board or shareholders.

Non-Executive Director (Appointed 26 October 2020) – Michael Aitken, AM

There is no employment or service agreement agreed to by the Board for Mr Aitken. Non-Executive Directors enter into an agreement related to their Director duties. Mr Aitken's Director stipend as a Director is \$43,800 inclusive of superannuation per annum.

The actual remuneration paid to Mr Aitken for the year ended 30 June 2021 is provided in the table below. Related Party transactions with Mr Aitken are disclosed in note 29.

Non-Executive Director and Chair – Timothy Hart

There is no employment or service agreement agreed to by the Board for Mr Hart. Non-Executive Directors enter into an agreement related to their Director duties. Mr Hart's Director stipend as a Director and Chair is \$87,600 inclusive of superannuation per annum.

The actual remuneration paid to Mr Hart for the year ended 30 June 2021 is provided in the table below. Related Party transactions with Mr Hart are disclosed in note 29.

Managing Director and Interim Chief Executive Officer – Nickolas John Karantzis

There is no employment or service agreement agreed to by the Board for Mr Karantzis. Mr Karantzis's remuneration as Managing Director is \$87,600 inclusive of superannuation per annum.

The actual remuneration paid to Mr Karantzis for the year ended 30 June 2021 is provided in the table below. Related Party transactions with Mr Karantzis are disclosed in note 29.

Non-Executive Director – Kelly Humphreys

There is no employment or service agreement agreed to by the Board for Ms Humphreys. Non-Executive Directors enter into an agreement related to their Director duties. Ms Humphreys' Director stipend as a Director is \$43,800 inclusive of superannuation per annum.

The actual remuneration paid to Ms Humphreys for the year ended 30 June 2021 is provided in the table below. Related Party transactions with Ms Humphreys are disclosed in note 29.

Non-Executive Director – Tod McGrouther

There is no employment or service agreement agreed to by the Board for Mr McGrouther. Non-Executive Directors enter into an agreement related to their Director duties. Mr McGrouther's Director stipend as a Director is \$43,800 inclusive of superannuation per annum. As Chair of the National Stock Exchange of Australia Limited Mr McGrouther also receives an additional stipend of \$43,800 inclusive of superannuation per annum.

The actual remuneration paid to Mr McGrouther for the year ended 30 June 2021 is provided in the table below. Related Party transactions with Mr McGrouther are disclosed in note 29.

Non-Executive Director (Removed 30 October 2020) – Thomas Price

For performance of the role of Non-Executive Director Mr Price was paid a stipend of \$43,800 inclusive of superannuation per annum. The actual remuneration paid to Mr Price for the year ended 30 June 2021 is provided in the table below. Related party transactions with Mr Price are disclosed in note 29.

Non-Executive Director (Appointed 27 April 2021, resigned 13 August 2021) – Graeme Samuel, AC

There is no employment or service agreement agreed to by the Board for Mr Samuel. Non-Executive Directors enter into an agreement related to their Director duties. Mr Samuel's Director stipend as a Director is \$43,800 inclusive of superannuation per annum.

The actual remuneration paid to Mr Samuel for the year ended 30 June 2021 is provided in the table below. Related Party transactions with Mr Samuel are disclosed in note 29.

Non-Executive Director – Tony Shen (Weigou)

There is no employment or service agreement agreed to by the Board for Mr Shen. Non-Executive Directors enter into an agreement related to their Director duties. Mr Shen's Director stipend as a Director is \$43,800 inclusive of superannuation per annum.

The actual remuneration paid to Mr Shen for the year ended 30 June 2021 is provided in the table below. Related Party transactions with Mr Shen are disclosed in note 29.

Significant changes in the state of affairs

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

Legal Proceedings

A company previously listed on the National Stock Exchange Limited filed a statement of claim with the federal court against NSXA on 25 October 2019 as a result of a compliance decision by NSXA to suspend the Company on 10 April 2019 pursuant to the NSXA listing rules. The NSXA insurers have agreed to fund the claim with NSXA contributing the excess of \$100,000. NSX has had confirmation from the insurers that funding has not been withdrawn and therefore NSX has not established a contingent liability for these proceedings.

Matters subsequent to the end of the financial year

On 1 July 2021, NSX activated their staff Performance Rights Scheme as approved by shareholders at the General Meeting held on 30 April 2020.

On 29 July 2021, 429,536 performance rights were issued to the current employees of the NSX with the following vesting conditions:

Vesting condition 1:

50% of the rights will vest on 1 July 2022 if:

1. No disciplinary action or warning is recorded against the employee during the first period; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

Vesting condition 2:

50% of the rights will vest on 1 July 2023 if:

1. No disciplinary action or warning is recorded against the employee during the second period; and
2. The employee remains employed by the Company two years from the anniversary of the vesting date.

On 13 August 2021, 7,050,000 shares were issued at a subscription price of 14 cents per share as part of the tranche 2 capital raise to iSignthis Ltd subsidiary, ISX Financial EU Ltd, taking their holdings to 19.991%. An additional 400,000 shares were issued to two Directors at a subscription price of 14 cents per share. The funds raised will be used for working capital.

On 13 August 2021, Graeme Samuel resigned as a Non-Executive Director of NSX Limited and its subsidiary the National Stock Exchange of Australia. This resignation also includes the resignation of the Directorship of ClearPay JV where Professor Samuel was NSX's representative on the board.

As a result of Professor Samuel's resignation of the Directorship of ClearPay JV under AASB 11 Joint Arrangements NSX has changed from having joint control of ClearPayJV to significant influence for the following reasons:

1. Currently, there are 3 Board members in total, NSX has one board member and ISX has two board members therefore NSX holds 33.3% of the voting power; and
2. NSX has the power to participate in the financial and operating policy decisions of ClearPay JV.

No other matter or circumstance has arisen since 30 June 2021 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.

Future developments

Likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Economic Entity.

Environmental and Governance

Environmental commitment

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State. The Directors are not aware of any significant material environmental issues arising from the operations of the consolidated entity during the year.

Corporate Governance

NSX's Board of Directors is responsible for the corporate governance of NSX Limited. The Board guides and monitors the business affairs of the Group on behalf of stakeholders and its activities are governed by the Constitution.

Our Corporate Governance Statement is founded on the ASX Corporate Governance Council's principles and recommendations. The statement is periodically reviewed and, if necessary, revised.

The responsibilities of the Board of Directors and those functions reserved to the Board, together with the responsibilities of the Managing Director are set out in our Board Charter. To assist with governance NSX has established relevant policies and procedures.

For copies of policies, procedures and charters, please visit the NSX website and navigate to Governance > Constitution and Policies.

Non-audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

1. all Non-audit services are reviewed and approved by the board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
2. the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's APES 110: Code of Ethics for Professional Accountants

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2021:

	2021 \$	2020 \$
Tax Services - Income Tax	2,200	2,944

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 on page 31.

Indemnity officers or auditors

The consolidated entity has paid a premium to indemnify the Directors and officers of the consolidated entity against liability incurred in their capacity as Directors and officers.

Options

At the date of this report, there are no unissued options of NSX Limited.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

2021	Cash salary and fees \$	Short-term benefits		Post employment benefits	Long-term benefits	Share-based payments	Total \$
		Cash bonus \$	Non-monetary \$	Superannuation \$	Long service leave \$	Equity-settled \$	

Non-Executive Directors:

Thomas Price	13,333	-	-	1,267	-	-	14,600
Tony Shen (Weiguo)	40,000	-	-	3,800	-	-	43,800
Tod McGrouther	87,600	-	-	-	-	-	87,600
Timothy Hart	80,000	-	-	7,600	-	-	87,600
Kelly Humphreys	40,000	-	-	3,800	-	-	43,800
Michael Aitken, AM	32,850	-	-	-	-	-	32,850
Graeme Samuel, AC	10,000	-	-	950	-	-	10,950

Executive Directors:

Nickolas John Karantzis	87,600	-	-	-	-	-	87,600
Total	391,383	-	-	17,417	-	-	408,800

2020	Cash salary and fees \$	Short-term benefits		Post employment benefits	Long-term benefits	Share-based payments	Total W\$
		Cash bonus \$	Non-monetary \$	Superannuation \$	Long service leave \$	Equity-settled \$	

Non-Executive Directors:

Tony Shen (Weiguo)	40,000	-	-	3,800	-	-	43,800
Tod McGrouther	32,850	-	-	-	-	-	32,850
Timothy Hart	28,615	-	-	2,718	-	-	31,333
Thomas Price	109,462	-	-	8,598	-	-	118,060
Kelly Humphreys	2,769	-	-	263	-	-	3,032

Executive Directors:

Michael Cox	52,308	-	-	4,969	-	-	57,277
Ann Bowering	46,154	-	-	767	-	-	46,921
Nickolas John Karantzis	29,300	-	-	-	-	-	29,300
Total	341,458	-	-	21,115	-	-	362,573

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Kelly Humphreys
Director



Tod McGrouther
Director

26 August 2021

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

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of NSX Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



PKF



MARTIN MATTHEWS
PARTNER

26 AUGUST 2021
NEWCASTLE, NSW

FINANCIAL STATEMENTS

Financial Year Ended 30 June 2021

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 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, 1 Bligh Street Sydney NSW 2000

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 26 August 2021. The Directors have the power to amend and reissue the financial statements.

Corporate Governance Statement

The Corporate Governance Statement is available on the Company's website at nsx.com.au/about/governance/constitution-and-policies/

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial Year Ended 30 June 2021

	Note	Consolidated	
		2021 \$	2020 \$
Revenue	4	1,798,473	1,667,765
Share of losses of joint ventures accounted for using the equity method	5	(96,227)	(462,348)
Other income	6	204,547	204,433
Expenses			
Employee benefits expense	7	(1,977,056)	(1,761,041)
Depreciation and amortisation expense	7	(628,220)	(553,265)
Consultancy fees		(263,154)	(609,096)
Compliance expense		(72,264)	(50,667)
Legal expenses		(59,630)	(322,101)
Market trading expenses		(691,935)	(979,484)
Marketing and promotion		(31,987)	(29,398)
Occupancy expenses		(60,660)	(65,306)
Administration expenses		(830,588)	(1,113,377)
Other expenses		(160,171)	(231,723)
Finance costs	7	(131,866)	(159,633)
Loss before income tax expense		(3,000,738)	(4,465,241)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of NSX Limited	23	(3,000,738)	(4,465,241)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of NSX Limited		(3,000,738)	(4,465,241)

	Note	Cents	Cents
Basic earnings per share	37	(1.16)	(2.17)
Diluted earnings per share	37	(1.16)	(2.17)

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

STATEMENT OF FINANCIAL POSITION

Financial Year Ended 30 June 2021

		Consolidated	
	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents		2,437,532	3,116,981
Trade and other receivables	9	150,097	150,596
Financial assets		983,571	1,480,233
Other current assets		581,559	204,081
Total current assets		4,152,759	4,951,891
Non-current assets			
Investment accounted for using the equity method	10	2,641,426	2,737,652
Property, plant and equipment	11	71,098	164,282
Right-of-use assets	12	2,098,914	2,255,528
Intangibles	13	291,603	205,304
Total non-current assets		5,103,041	5,362,766
Total assets		9,255,800	10,314,657
Liabilities			
Current Liabilities			
Trade and other payables	14	726,798	805,726
Lease liabilities	15	512,469	533,383
Employee benefits	16	158,472	109,982
Contract liabilities	17	270,385	285,078
Total current liabilities		1,668,124	1,734,169
Non-current liabilities			
Lease liabilities	18	1,838,077	2,041,334
Employee benefits	19	3,053	15,690
Contract liabilities	20	214,407	313,487
Total non-current liabilities		2,055,537	2,370,511
Total Liabilities		3,723,661	4,104,680
Net assets		5,532,139	6,209,977
Equity			
Issued capital	21	58,906,002	56,583,102
Reserves	22	1,385,159	1,385,159
Accumulated losses	23	(54,759,022)	(51,758,284)
Total equity		5,532,139	6,209,977

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

STATEMENT OF CHANGES IN EQUITY

Financial Year Ended 30 June 2021

Consolidated	Issued capital \$	Accumulated losses \$	Share Option Reserve \$	Total equity \$
Balance at 1 July 2019	49,378,875	(47,051,382)	-	2,327,493
Adjustment for change in accounting policy	-	(241,661)	-	(241,661)
Balance at 1 July 2019 - restated	49,378,875	(47,293,043)	-	2,085,832
Loss after income tax expense for the year	-	(4,465,241)	-	(4,465,241)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(4,465,241)	-	(4,465,241)
Shares issued	9,231,809	-	-	9,231,809
Transaction cost on share issue	(2,027,582)	-	-	(2,027,582)
Options issued	-	-	1,385,159	1,385,159
Balance at 30 June 2020	56,583,102	(51,758,284)	1,385,159	6,209,977

Consolidated	Issued capital \$	Accumulated losses \$	Share Option Reserve \$	Total equity \$
Balance at 1 July 2020	56,583,102	(51,758,284)	1,385,159	6,209,977
Loss after income tax expense for the year	-	(3,000,738)	-	(3,000,738)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(3,000,738)	-	(3,000,738)
Transactions with owners in their capacity as owners:	-	-	-	-
Shares issued	2,500,001	-	-	2,500,001
Transaction cost on share issue	(177,101)	-	-	(177,101)
Balance at 30 June 2021	58,906,002	(54,759,022)	1,385,159	5,532,139

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

STATEMENT OF CASH FLOWS

Financial Year Ended 30 June 2021

		Consolidated	
Cash flows from operating activities	Note	2021 \$	2020 \$
Receipts from customers (inclusive of GST)		1,943,582	2,224,803
Payments to suppliers and employees (inclusive of GST)		(3,955,871)	(5,237,243)
Interest received		13,538	29,204
Government grants (JobKeeper Rebate & Cash Boost)		146,000	92,000
Interest and other finance costs paid		(182,615)	(228,074)
Net cash used in operating activities	35	(2,035,366)	(3,119,310)
Cash flows from investing activities			
Payments for property, plant and equipment	11	-	(26,441)
Payments for intangibles	13	(433,787)	(205,304)
Payment for investment in joint venture		-	(3,200,000)
Net cash used in investing activities		(433,787)	(3,431,745)
Cash flows from financing activities			
Proceeds from issue of shares	21	2,500,001	9,231,810
Cost of issue of shares		(156,248)	(625,960)
Repayment of borrowings		(1,032,929)	(910,195)
Repayment of lease liabilities		(17,782)	(16,722)
Net cash from financing activities		1,293,042	7,678,933
Net increase/(decrease) in cash and cash equivalents		(1,176,111)	1,127,878
Cash and cash equivalents at the beginning of the financial year		4,597,214	3,469,336
Cash and cash equivalents at the end of the financial year		3,421,103	4,597,214

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

Financial Year Ended 30 June 2021

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Going concern

As at 30 June 2021, NSX Limited was in a net asset position of \$5,532,139 (30 June 2020: \$6,209,977). During the year the Company incurred a loss of \$3,000,738 (30 June 2020: \$4,465,241) and incurred cash outflows from operating activities of \$2,035,366 (30 June 2020: \$3,119,310).

The group is continuing to monitor and respond to the effects of the COVID-19 virus which represents a material uncertainty in the wider business environment. The impact on operations and control processes to date has been minimal, all staff are able to work remotely and projects and business development activities have continued with only some delays. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

The financial report will be 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.

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

1. The cash outflow from operations has decreased and the move to positive cashflow is predicated on the forward pipeline converting to approved admissions to the official list thereby boosting revenue.
2. The forward pipeline for new listings is now in the order of 20 potential applicants, with the volumes and interest appreciably starting to rise.
3. The focus of the last three quarters has been to reduce operating costs through delivering efficiencies whilst enhancing the capability of the exchange, primarily through the deployment of new and updated technologies. The capabilities of the NSXA are now at a level to allow for operations at scale where further participants (brokers) can be readily integrated into our automated trade, clearing, settlement, and post trade services.
4. NSXA met its target date of 23 November 2020 for go live of the NSXA TAS service. This service provides clearing and settlement services to NSXA listed Issuers and participants. NSXA has applied to ASX for cancellation of the Settlement Bond associated with the previous Settlement Transfer Service which is no longer required. In February 2021 ASX approved the release of the Bank Guarantee and returned the Bank Guarantee to NSX. On lodgement of the guarantee, National Australia Bank have approved the release of the holding lock on the \$500,000 term deposit and these funds are now available for working capital purposes.
5. The ClearPay Delivery VS Payment platform (under construction by Probanx) is based upon digital ledger technology and incorporates the Digital Exchange Subregister System (DESS) as a core sub-system. DESS was deployed last quarter and is now ready for operation at scale. DESS will record trade data from our NASDAQ trade match engine in parallel

Note 1. Significant accounting policies (continued)

to CHES, and in due course will allow NSXA to operate autonomously from CHES. NSXA is preparing regulatory submissions calling for structural separation of clearing from settlement activities, in order to promote competition in the Australian capital market. Structural separation of clearing from settlement has been a feature of the EU securities landscape since 2015 with the introduction of Target2Securities. NSXA, in conjunction with iSignthis Ltd, conducted further detailing of ClearPay DLT based DvP platform and liaising with Probanx with respect to the software development.

6. Agreements have been entered into with suppliers to provide all new issuers with an initial independent investment research note, an ABN Newswire profile and newswire services for Issuer announcements. The newswire reaches key financial media outlets such as Bloomberg, Yahoo finance, IRESS and the Financial Times.
7. On 2 June 2021, the Company successfully concluded a capital raise of \$3.5 million at a share price of \$0.14. The first tranche of the capital raise settled on 10 June 2021 with \$2.4 million (net of costs) received. The second tranche was settled on 13 August 2021 with the remaining \$1.1 million.
8. The NSX 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.

Management's forecast (which assumes achievement of the above factors) indicates that the 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. 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.

Basis of preparation

The consolidated financial statements and notes comprise the results of NSX Limited ('The Company') and its controlled entities ('The Group'). These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The significant accounting policies adopted in the preparation of these financial statements are presented below.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (NSX Limited) and all of the subsidiaries. Subsidiaries are entities the parent entity controls. The parent entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the

Note 1. Significant accounting policies (continued)

date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non controlling interests”. The Group initially recognises non controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

A list of controlled entities is contained in note 31 to the financial statements. All controlled entities have a June financial year end.

Operating segments

Operating segments are presented using the ‘management approach’, where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (‘CODM’). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue as follows:

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from contracts with customers

The following 5 steps have been applied in analysing transactions to determine when revenue is recognised:

Step 1 – Identify the contract with a customer

Step 2 – Identify the separate performance obligations in the contract

Step 3 – Determine the transaction price

Step 4 – Allocate the transaction price to the separate performance obligation in the contract

Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

Listing fees are deferred and recognised over the period in which it is estimated that the listing service will be provided. Services provided in relation to initial or subsequent listings are not considered to be distinct from the ongoing listing service provided throughout the period which the entity has listed and as such are also recognised over the estimated future listing period. Details of the estimated period for which the services will be provided are included in note 2.

Revenue from the rendering of other services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Government grants

Government assistance provided in the form of Job Keeper and Cash Boost payments are recognised when it is reasonable that the Consolidated Entity has satisfied all criteria and conditions of the requirements set by the Australian Taxation Office.

The Job Keeper payment is recognised in the period in which the associated payroll costs have been expensed in the profit and loss.

The Cash Flow Boost is recognised at the point in which the eligibility criteria were met, being the date of the Government announcement for financial assistance.

All government assistance amounts are presented as “Other Income” in the statement of comprehensive income.

Income tax

The income tax expense or benefit for the period is the tax payable on that period’s taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

1. When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
2. When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

NSX Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less such as term deposits, and bank overdrafts. Term deposits held on a short term basis in support of operating guarantee and letter of credit for the NSXA Compensation Arrangement has been classified as a current financial asset. This is due to a requirement that these deposits be available for immediate payment to a claimant, should they be called upon, and the obligations of section 885B(1)(g) of the Corporations Act, which requires the Company to provide timely access to Compensation Arrangements. Bank overdrafts are shown within short term borrowings in current liabilities on the Statement of Financial Position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Profits earned from joint venture entities will increase the carrying amount of the investment whilst any losses decrease the carrying amount up to the extent the investment in joint venture reaches a carrying value of nil.

Investments and other financial assets

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following category:

1. amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

1. financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Note 1. Significant accounting policies (continued)

The Group uses the presumption that a financial asset is in default when:

1. the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
2. the financial assets are more than 90 days past due.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and finance lease liabilities

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

The depreciable amounts of all fixed assets are depreciated on either a straight line or diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
<i>Plant and equipment</i>	<i>20-40%</i>

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at

Note 1. Significant accounting policies (continued)

the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are only amortised once the developed asset is ready for use at which point they are amortised on a straight-line basis over the period of their expected benefit.

Trade Acceptance Service ('TAS') Project

Significant costs associated with the TAS Project are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2.4 years.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled compensation benefits are provided to others in exchange for the rendering of services.

Equity-settled transactions are awards of shares, or options over shares, that are provided to others in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

1. during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
2. from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Note 1. Significant accounting policies (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares and options are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of NSX Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021.

The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Revenue recognition

The Group estimates that the initial listing fees of new issuers should be deferred over a three year period (based on historical data).

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 others in exchange for the rendering of services 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 the 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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Control of ClearPay Pty Ltd

In 2020, NSX and iSignthis Ltd (ASX: ISX; "ISX") entered into a Shareholders Agreement to form a joint venture vehicle ClearPay Pty Ltd ("ClearPay JV").

Management have concluded that under AASB 11 Joint Arrangements NSX has joint control of ClearPay JV and it should be classified as a joint venture for the following reasons:

1. The shareholder deed requires at least one NSX representative and one ISX representative at each Board meeting with a quorum of 2. As at 30 June 2021, there were 4 Board members in total, NSX has two board members and ISX has two board members therefore NSX holds 50% of the voting power; and
2. NSX has the power to participate in the financial and operating policy decisions of ClearPay JV.

Note 3. Segment reporting

Primary reporting - Business segments

Major Customers - The Group has a number of customers to which it provides both products and services. During the period the NSX Group had no major customers that contributed more than 5.0% (2020: no major customers contributed more than 5.0%) of total revenue.

Consolidated - 2021	Stock exchanges \$	Unallocated items \$	Total \$
Revenue			
External sales services	1,798,473	-	1,798,473
Interest revenue	10,397	-	10,397
Other revenue	-	194,150	194,150
Total revenue	1,808,870	194,150	2,003,020
Segment net loss before tax	715,610	(3,716,348)	(3,000,738)
Profit/(loss) before income tax expense	715,610	(3,716,348)	(3,000,738)
Income tax expense			-
Loss after income tax expense			(3,000,738)
Other items			
Depreciation and amortisation	166,642	461,578	628,220
Assets			
Segment assets	1,192,252	8,063,547	9,255,799
Total assets			9,255,799
Liabilities			
Segment liabilities	778,022	2,945,639	3,723,661
Total liabilities			3,723,661

Consolidated - 2020	Stock exchanges \$	Unallocated items \$	Total \$
Revenue			
External sales services	1,667,765	-	1,667,765
Interest revenue	32,434	-	32,434
Other revenue	-	171,999	171,999
Total revenue	1,700,199	171,999	1,872,198
Segment net loss before tax	(445,619)	(4,019,622)	(4,465,241)
Loss before income tax expense	(445,619)	(4,019,622)	(4,465,241)
Income tax expense			-
Loss after income tax expense			(4,465,241)
Other items			
Depreciation and amortisation	99,701	453,564	553,265
Assets			
Segment assets	1,315,633	8,999,024	10,314,657
Total assets			10,314,657
Liabilities			
Segment liabilities	1,034,740	3,069,940	4,104,680
Total liabilities			4,104,680

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, intangibles, property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated entity at an arm's length. These transfers are eliminated on consolidation.

Business and Geographic Segments

Business segment

The consolidated entity has the following business segments:

The Stock Exchange segment primarily includes the activities of the National Stock Exchange of Australia.

Geographic segments

The consolidated entity's business segments are located in Australia

Note 4. Revenue

	Consolidated	
	2021 \$	2020 \$
Trading & listing fees (exchanges)	1,798,473	1,667,765

Disaggregation of revenue from contracts with customers

The Company derives revenue from the provision of services both over time and at a point in time. The Company's major category of revenue is enabling Issuers the ability to list on a Stock Exchange. This aligns with the Company's segment disclosures included in note 3.

Consolidated - 2021	Reportable segments Stock Exchange \$	Total \$
Timing of revenue recognition		
At a point in time	357,922	357,922
Over time	1,440,551	1,440,551
Trading & listing fees (exchanges) revenue	1,798,473	1,798,473

Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from listing applications received.

	Consolidated	
	2021 \$	2020 \$
Aggregate amount of the transaction price allocated to listing applications that are partially or fully unsatisfied at 30 June	484,792	598,565

Management expects that 56% of the amount allocated to the unsatisfied contracts as of 30 June 2021 will be recognised as revenue during the next reporting period (\$270,385). Of the remaining balance 38% and 6% is expected to be recognised as revenue in the years ended 2023 and 2024 respectively.

Note 5. Share of losses of joint ventures accounted for using the equity method

	Consolidated	
	2021 \$	2020 \$
Share of loss - ClearPay JV	(96,227)	(462,348)

See note 32 for information on the ClearPay JV.

Note 6. Other income

	Consolidated	
	2021 \$	2020 \$
ATO COVID-19 Cash flow boost	50,000	50,000
ATO COVID-19 JobKeeper Subsidy	73,500	64,500
Interest received	10,397	32,434
Other revenue	70,650	57,499
Other income	204,547	204,433

Note 7. Expenses

	Consolidated	
	2021 \$	2020 \$
Loss before income tax includes the following specific expenses:	2021 \$	2020 \$
Depreciation		
Plant and equipment	71,184	99,701
Buildings right-of-use assets	461,578	453,564
Total depreciation	532,762	553,265
Amortisation		
TAS project	95,458	-
Total depreciation and amortisation	628,220	553,265
Finance costs		
Interest and finance charges paid/payable on borrowings	6,377	6,930
Interest and finance charges paid/payable on lease liabilities	125,489	152,703
Finance costs expensed	131,866	159,633
Superannuation expense		
Defined contribution superannuation expense	141,350	137,230
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	1,835,706	1,623,811

Note 8. Income tax expense

	Consolidated	
	2021 \$	2020 \$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,000,738)	(4,465,241)
Tax at the statutory tax rate of 27.5%	(825,203)	(1,227,941)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax losses not recognised in the accounts	825,203	1,227,941
Income tax expense	-	-

	Consolidated	
	2021 \$	2020 \$
Tax losses not recognised		
Unrecognised carried forward losses not brought into account, the benefits will only be realised if the conditions for deductibility set out in note 1 occur	34,388,634	31,387,896
Potential tax benefit @ 27.5%	9,456,874	8,631,671

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2021 \$	2020 \$
Trade receivables	92,308	103,834
Payroll tax refund	5,000	-
GST receivable	52,789	46,762
	150,097	150,596

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Collateral held as security

The Group does not hold any collateral over any receivables balances.

Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2021 has been determined to be Nil (0%).

Note 10. Non-current assets - investment accounted for using the equity method

	Consolidated	
	2021 \$	2020 \$
Investment in joint venture	2,641,426	2,737,652
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	2,737,652	-
Additions	-	3,200,000
Share of loss	(96,226)	(462,348)
Closing carrying amount	2,641,426	2,737,652

See note 32 for details of the investment in the joint venture vehicle ClearPay Pty Ltd.

Note 11. Non-current assets - property, plant and equipment

	Consolidated	
	2021 \$	2020 \$
Plant and equipment - at cost	885,997	907,997
Less: Accumulated depreciation	(814,899)	(743,715)
	71,098	164,282

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Property plant and equipment \$	Total \$
Balance at 1 July 2019	237,542	237,542
Additions	26,441	26,441
Depreciation expense	(99,701)	(99,701)
Balance at 30 June 2020	164,282	164,282
Write off of assets	(22,000)	(22,000)
Depreciation expense	(71,184)	(71,184)
Balance at 30 June 2021	71,098	71,098

Note 12. Non-current assets - right-of-use assets

	Consolidated	
	2021 \$	2020 \$
Right-of-use asset	4,358,682	4,053,719
Less: Accumulated depreciation	(2,259,768)	(1,798,191)
	2,098,914	2,255,528

Note 12. Non-current assets – right of use assets (continued)

The consolidated entities 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 expiring August 2021. NSX has entered into a variation of lease from 1 September 2021 with a 2 year term expiring on 31 August 2023. The impact of the variation of lease has been recognised as at 30 June 2021.

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 13. Non-current assets - intangibles

	Consolidated	
	2021 \$	2020 \$
Trade Acceptance Service ("TAS") project - at cost	387,061	205,304
Less: Accumulated amortisation	(95,458)	-
	291,603	205,304

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Trade Acceptance Service \$	Total \$
Balance at 1 July 2019	-	-
Additions	205,304	205,304
Balance at 30 June 2020	205,304	205,304
Additions	181,757	181,757
Amortisation expense	(95,458)	(95,458)
Balance at 30 June 2021	291,603	291,603

Additions during the year are in relation to the NSXA Trade Acceptance Service ("TAS") project conducting testing, operational preparedness reviews, and participant liaison. On 23 November 2020 NSXA TAS Service went live. This service provides clearing and settlement services to NSXA listed Issuers and participants.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2021 \$	2020 \$
Trade payables	187,583	128,688
Sundry payables	190,437	144,393
Accrued expenses	348,778	526,366
FBT Liability	-	6,279
	726,798	805,726

Refer to note 25 for further information on financial instruments.

Note 15. Current liabilities - lease liabilities

	Consolidated	
	2021 \$	2020 \$
Lease liability	512,469	533,383

Refer to note 25 for further information on financial instruments.

Note 16. Current liabilities - employee benefits

	Consolidated	
	2021 \$	2020 \$
Annual leave	107,051	75,584
Long service leave	51,421	34,398
	158,472	109,982

Note 17. Current liabilities - contract liabilities

	Consolidated	
	2021 \$	2020 \$
Contract liabilities	270,385	285,078

Management expects that 100% of this amount allocated to unsatisfied contracts as of 30 June 2021 will be recognised as revenue during the next reporting period.

Note 18. Non-current liabilities - lease liabilities

	Consolidated	
	2021 \$	2020 \$
Lease liability	1,838,077	2,041,334

Refer to note 25 for further information on financial instruments.

Note 19. Non-current liabilities - employee benefits

	Consolidated	
	2021 \$	2020 \$
Long service leave	3,053	15,690

Note 20. Non-current liabilities - contract liabilities

	Consolidated	
	2021 \$	2020 \$
Contract liabilities	214,407	313,487

Management expects that 87% of this amount allocated to unsatisfied contracts as of 30 June 2021 will be recognised as revenue during the year ended 30 June 2023 and a remaining 13% will be recognised during the year ended 30 June 2024.

Note 21. Equity - issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	275,163,079	257,305,928	58,906,002	56,583,102

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	184,954,043		49,378,875
Issue of shares- placement	10 October 2019	9,655,000	\$0.20	1,931,484
Issue of shares- placement	28 February 2020	29,190,517	\$0.15	4,232,625
Issue of shares - payment to KG Capital Partners	15 May 2020	344,828	\$0.15	50,000
Issue of shares- placement	3 June 2020	33,161,540	\$0.09	3,017,700
Capital raise costs		-	\$0.00	(2,027,582)
Balance	30 June 2020	257,305,928		56,583,102
Issue of shares- placement	10 June 2021	17,507,151	\$0.14	2,451,001
Issue of shares- placement	11 June 2021	350,000	\$0.14	49,000
Capital raise costs		-	\$0.00	(177,101)
Balance	30 June 2021	275,163,079		58,906,002

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.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. See note 28 for further information.

The capital risk management policy remains unchanged from the date of the Annual Report.

Note 22. Equity - reserves

	Consolidated	
	2021 \$	2020 \$
Options reserve	1,385,159	1,385,159

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 during the year ended 30 June 2020.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	\$	Total \$
Balance at 1 July 2019	-	-
Issue of options as part of capital raising	1,385,159	1,385,159
Balance at 30 June 2020	1,385,159	1,385,159
Balance at 30 June 2021	1,385,159	1,385,159

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
		32,155,000

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. The Broker Options have 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 is \$0.079 per Unlisted Option which is \$378,959 recognised as part of Capital raising costs.

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:

1. 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 which is \$575,900 recognised as part of Capital raising costs.
2. 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 which is \$89,800 recognised as part of Capital raising costs.

Note 22. Equity Reserves (continued)

3. 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 which is \$340,500 recognised as part of Capital raising costs.

Note 23. Equity - accumulated losses

	Consolidated	
	2021 \$	2020 \$
Accumulated losses at the beginning of the financial year	(51,758,284)	(47,051,382)
Adjustment for change in accounting policy	-	(241,661)
Accumulated losses at the beginning of the financial year - restated	(51,758,284)	(47,293,043)
Loss after income tax expense for the year	(3,000,738)	(4,465,241)
Accumulated losses at the end of the financial year	(54,759,022)	(51,758,284)

Note 24. Equity - dividends

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

Note 25. Financial instruments

Financial risk management objectives

The Group's finance function provides services to the business, co-ordinates access to banking facilities, and monitors and manages the financial risks relating to the operations of the Group in accordance with the decisions of the Directors.

In the reporting period, the Group was not exposed to material financial risks of changes in foreign currency exchange rates. Accordingly, the Group did not employ derivative financial instruments to hedge currency risk exposures.

	Consolidated	
	2021 \$	2020 \$
Finance assets		
Cash and cash equivalents	2,437,532	3,116,981
Other receivables and other assets	639,346	250,843
Other financial assets	983,571	1,480,233
	4,060,449	4,848,057
Financial liabilities		
Trade and other payables	726,798	805,726
Lease liabilities	2,350,546	2,574,717
	3,077,344	3,380,443

Credit Standby Arrangement and Loan Facilities

The company has commercial credit card facilities with a limit of \$20,000 in any one calendar month. At 30 June 2021, \$7,839 of this facility was used (2020: \$2,327). Interest rates are variable.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's cash held on term deposit. A sensitivity analysis was performed and the assessment determined that a movement in interest rates is not considered to be material to the group's profit and loss.

Interest rate sensitivity analysis

Consolidated - 2021	Carrying amount	-0.25% Net result	Interest rate risk Equity	0.5% Net result	Equity
Cash	2,437,532	(6,094)	(6,094)	12,188	12,188
Term Deposit	983,571	(2,459)	(2,459)	4,918	4,918
Increase/decrease		(8,553)	(8,553)	17,106	17,106

Consolidated - 2020	Carrying amount	-0.25% Net result	Interest rate risk Equity	0.5% Net result	Equity
Cash	3,116,981	(7,792)	(7,792)	15,585	15,585
Term Deposit	1,480,233	(3,701)	(3,701)	7,401	7,401
Increase/decrease		(11,493)	(11,493)	22,986	22,986

Note 25. Financial instruments (continued)

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate 2021 %	Weighted average effective interest rate 2020 %	Floating interest rate 2021	Floating interest rate 2020	Maturing within 1 year 2021	Maturing within 1 year 2020	Total 2021	Total 2020
Financial Assets:								
Cash and cash equivalents	1.50%	1.50%	2,437,532	3,116,981	-	-	2,437,532	3,116,981
Term deposits	0.54%	1.57%	-	-	983,571	1,480,233	983,571	1,480,233
Total financial assets			2,437,532	3,116,981	983,571	1,480,233	3,421,103	4,597,214

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The consolidated entity does not have significant credit risk exposure to any single counterparty at the reporting date.

The credit risk on liquid cash funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Net Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the Statement of Financial Position and notes to the financial statements.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

Liquidity risk

Liquidity risk is the risk that the consolidated entity is unable to meet its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the board of Directors, which periodically reviews the consolidate entities short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities where possible.

Note 26. Key management personnel disclosures

Directors

The following persons were Directors of NSX Limited during the financial year:

Director	Position
Michael Aitken, AM	Non-Executive Director (Appointed 26 October 2020)
Timothy Hart	Non-Executive Director and Chair
Kelly Humphreys	Non-Executive Director
Nickolas John Karantzis	Managing Director and Interim Chief Executive Officer
Tod McGrouther	Non- Executive Director
Thomas Price	Non- Executive Director (Removed 30 October 2020)
Graeme Samuel, AC	Non-Executive Director (Appointed 27 April 2021, resigned 13 August 2021)
Tony Shen (Weiguo)	Non- Executive Director

	Consolidated	
	2021 \$	2020 \$
Short-term employee benefits	391,383	341,458
Post-employment benefits	17,417	21,115
	408,800	362,573

Compensation options

No options were issued during the year.

Shares issued on Exercise of Remuneration Options

There were no shares issued on the exercise of remuneration options during this financial year.

Shareholdings

Number of Ordinary Fully Paid Shares held by Director & Key Management Personnel as at 30 June 2021.

2021	Notes	Balance 1/07/2020 No.	Received as remuneration No.	Options exercised No.	Net change other No.	Balance 30/06/2021 No.
Tony Shen (Weiguo)	-	24,285,000	-	-	-	24,285,000
Timothy Hart & Nickolas John Karantzis ⁽¹⁾	1	45,449,033	-	-	4,000,000	49,449,033
Kelly Humphreys ⁽²⁾	2	-	-	-	100,000	100,000
		69,734,033	-	-	4,100,000	73,834,033

1. Relevant interest held by iSignthis Limited (ASX: ISX) of which Mr Karantzis and Mr Hart are Directors. The interest arises due to the ownership of shares by ISX Financial EU Ltd (which is a subsidiary of iSignthis Limited). The relevant interest for Timothy Hart & Nickolas John Karantzis as at 13 August 2021 is 19.99% of the issued capital of NSX or 56,499,033 shares.
2. Interest held by Loire Investments Pty Ltd of which Ms Humphreys is a Director. Ms Humphreys was issued 200,000 shares at a subscription price of 14 cents per share or \$28,000 on 13 August 2021.

Note 26. Key management personnel disclosures (continued)

2020	Notes	Balance 1/07/2019 No.	Received as remuneration No.	Options exercised No.	Net change other No.	Balance 30/06/2020 No.
Michael Cox ⁽¹⁾	1	6,065	-	-	-	6,065
Tony Shen (Weiguo)	-	24,285,000	-	-	-	24,285,000
Timothy Hart & Nicholas John Karantzis ⁽²⁾	2	-	-	-	45,449,033	45,449,033
		24,291,065	-	-	45,449,033	69,740,098

1. Michael Cox resigned his role as Executive Director and Chair on 28 February 2020.
2. Relevant interest held by iSignthis Limited (ASX: ISX) of which Mr Karantzis and Mr Hart are Directors. The interest arises due to the ownership of shares by ISX Financial EU Ltd (which is a subsidiary of iSignthis Limited). The relevant interest for Timothy Hart & Nickolas John Karantzis as at 13 August 2021 is 19.99% of the issued capital of NSX or 56,499,033 shares.

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF, the auditor of the company:

	Consolidated	
	2021 \$	2020 \$
Audit services - PKF		
Audit or review of the financial statements	66,250	64,500
Other services - PKF		
Tax services	2,200	2,944
	68,450	67,444

Note 28. Contingent liabilities

	Consolidated	
	2021 \$	2020 \$
Estimates of the maximum amounts of contingent liabilities that may become payable:		
Compensation Arrangements	800,000	800,000
ASX Settlement Performance Bond	-	500,000
	800,000	1,300,000

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 Licences (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 \$800,000. The arrangements to meet the minimum cover are in two parts: (a) the NSX Fidelity Fund as detailed in this report note 36, and (b) a Letter of Credit for the amount of \$700,000. The combined sources have over \$1.2 million in funds which exceeds the minimum cover by over \$400,000.

During the period there were no claims on the compensation arrangements.

ASX Settlement Performance Bond

During the year NSX resigned its status as a general settlement participant with ASX on the introduction of the Trade Acceptance Service.

NSX applied to ASX Settlement for the return of the Bank Guarantee supporting the Performance Bond and ASX returned the Bank Guarantee to NSX. On lodgement of the guarantee, National Australia Bank approved the release of the holding lock on the \$500,000 term deposit and these funds have been used for working capital purposes.

Note 29. Related party transactions

Parent entity

NSX Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Joint ventures

Interests in joint ventures are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the Directors' report.

Beneficial Holdings

The direct, indirect and beneficial holdings of Directors and their Director related entities in the share and share options of the consolidated entity as at 30 June 2021 were:

Ordinary Shares: 73,834,033 (2020: 69,740,098) fully paid ordinary shares

Partly Paid Shares: Nil (2020: 700,000) partly paid shares to 1 cent

Share Options: Nil (2020: Nil)

Transactions with related parties

Mr Tony Shen is a Director of NSX and also a Director of SHKL Group Limited a company which was delisted from the National Stock Exchange of Australia on 14 July 2020. SHKL owns 8.83% of the issued capital of NSX. SHKL paid annual listing fees to NSXA while listed on the National Stock Exchange of Australia.

Mr John Karantzis has a relevant interest in 49,449,033 NSX Limited shares or 17.97% of the issued capital at the date of this report as outlined in the table below.

Holder of relevant interest	Nature of relevant interest	Class and number of securities
Nickolas John Karantzis	Mr Karantzis controls Select All Enterprise Limited as he holds 100% of the shares, which means Mr Karantzis has a relevant interest under section 608(3)(b) of the Corporations Act 2001 (Cth) (the Act).	49,449,033 fully paid ordinary shares
Select All Enterprise Limited (BVI Co No 2003943)	Select All Enterprise Limited (Select) has voting power above 20% in relation to ISIGNTHIS Limited as Select holds 41% of the shares, which means Select has a relevant interest under section 608(3)(a) of the Act.	49,449,033 fully paid ordinary shares
ISIGNTHIS Limited (ACN 075 419 715)	ISIGNTHIS Limited (ISX) controls ISX Financial EU Limited as ISX holds 100% of the shares, which means ISX has a relevant interest under section 608(3)(b) of the Act.	49,449,033 fully paid ordinary shares
ISX Financial EU Ltd	ISX Financial EU Ltd (ISXF) controls ISX Holdings Limited as ISXF holds 100% of the shares, which means ISXF has a relevant interest under section 608(3)(b) of the Act.	49,449,033 fully paid ordinary shares

iSignthis Limited (ASX: ISX) controls ISX Financial EU Limited (ISXF) as ISX holds 100% of the ISXF issued capital, which means ISX has a relevant interest under section 608(3)(b) of the Act. ISX Financial EU Ltd (ISXF) controls ISX Holdings Limited (ISXH) as ISXF holds 100% of the shares, which means ISXF has a relevant interest under section 608(3)(b) of the Act.

As at 22 July 2021, ISX Financial EU Limited directly holds 17.97% of the shares of NSX Limited, which means ISXF has a

Note 29. Related party transactions (continued)

relevant interest under section 608(1)(a) of the Act. Prior to 22 July 2021, ISX Holdings Ltd, a separate iSignthis subsidiary, held the relevant interest in NSX Limited.

Mr John Karantzis is a Director of Select All Enterprise Limited (Select). Select has voting power above 20% in relation to ISX as Select holds 41% of the issued capital of ISX, which means Select has a relevant interest under section 608(3)(a) of the Act.

Mr Tim Hart is a Director of iSignthis Limited (ASX:ISX). Through ISX's subsidiary holding in ISX Financial EU Ltd, ISX has a relevant interest in 17.97% of the issued capital of NSX Limited at the date of this report.

Mr Tod McGrouther is a Director of KTM Capital. KTM Capital rents premises to ISX Holdings Ltd for the amount of \$9,000/month. ISX Holdings provides services (as per software agreement) to ClearPay which is the Joint Venture with NSX and iSignthis. Rent is believed to be a market price for the space and is an arms length commercial transaction. From time to time there may be ISX Holdings matters that need discussion by the NSX Limited Board. ISX Holdings provides services to ClearPay which is the Joint Venture with NSX and iSignthis. Tod McGrouther is on the Board of ClearPay as NSX's representative. ISX Holdings is a subsidiary of iSignThis Limited.

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	
	2021 \$	2020 \$
Payment for other expenses:		
Consulting fees paid to other related party	87,500	-

* Services rendered from November 2020 to June 2021 in relation to Enterprise IT Support for NSXA subscribed with Probanx Solutions Ltd and Authenticate Pty Ltd which are operating subsidiaries of iSignthis Ltd.

Receivable from and payable to related parties

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

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 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 \$	2020 \$
Loss after income tax	(3,000,738)	(4,465,240)
Total comprehensive income	(3,000,738)	(4,465,240)

Statement of financial position

	Parent	
	2021 \$	2020 \$
Total current assets	6,320,851	11,581,272
Total assets	6,320,851	11,581,272
Total current liabilities	788,713	770,068
Total liabilities	2,626,790	2,811,402
Equity		
Issued capital	58,906,002	56,583,102
Options reserve	1,385,159	1,385,159
Accumulated losses	(54,759,022)	(51,758,284)
Total equity	5,532,139	6,209,977

The parent entity has no contingencies or any capital commitments for property, plant and equipment. The parent entity has in place agreements with subsidiary entities for the provision of services to maintain the operations of the Stock Exchange. The parent entity has not entered into a deed of cross guarantee.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
NSX Private Market Pty Limited	Australia	100.00%	100.00%
BSX Systems Pty Limited	Australia	100.00%	100.00%
National Stock Exchange of Australia Limited	Australia	100.00%	100.00%
NSX Services Limited	Australia	100.00%	100.00%
Subsidiaries of National Stock Exchange of Australia Limited			
NSX Clearing Nominees Pty Limited	Australia	100.00%	100.00%

Note 32. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
ClearPay Pty Ltd	Australia	41	41

In 2020 NSX and iSignthis Limited (ISX) entered into a Shareholders Agreement to form a joint venture vehicle, ClearPay Pty Ltd ("ClearPay JV").

NSX has invested \$3.2 million for a 41% stake in ClearPay JV, with ISX owning the remaining 59%. ISX will be contributing intellectual property and its subsidiary, Probanx Solutions Ltd, is designing and developing the DvP platform for a fee, including the integration into ISXPay® and Paydentity™ platforms.

Note 32. Interests in joint ventures (continued)

ClearPay JV shareholders as at 30 June 2021 are:

1. NSX owns 35 shares in the company;
2. ISX owns 50 shares of the company.

The purpose of the joint venture is to develop a multi-currency, real-time, same day DvP platform called ClearPay. The system will be utilised alongside with the National Stock Exchange of Australia's ("NSXA") current post-trade arrangements where appropriate. However, the NSXA, NSX's wholly owned subsidiary market operator, intends to ultimately process all transactions via the new platform.

During the financial year ClearPay launched the Digital Exchange Sub-register System ("DESS") platform at the same time that NSXA switched over to the Trade Acceptance Service ("TAS") that allows full clearing and settlement services to be offered to its Issuers and their shareholders. DESS collects data in parallel and is used for internal purposes until such time that ClearPay has obtained any regulatory approvals to operate the service publicly.

Management have concluded that under AASB 11 Joint Arrangements NSX has joint control of ClearPay JV and it should be classified as a joint venture for the following reasons:

1. The shareholder deed requires at least one NSX representative and one ISX representative at each Board meeting with a quorum of 2. As at 30 June 2021, there were 4 Board members in total, NSX has two board members and ISX has two board members therefore NSX holds 50% of the voting power; and
2. NSX has the power to participate in the financial and operating policy decisions of ClearPay JV.

Management notes that if NSX's ownership percentage in the ClearPay JV were to significantly change or other circumstances regarding the investment should change a reassessment of control and classification as a joint venture would need to be completed.

The ClearPay JV will pay the Developer (Probanx Solutions Ltd: incorporated in Cyprus and a wholly owned subsidiary of iSignthis Ltd) \$4.5 million to develop the DvP Platform and 25% of the ClearPay JV monthly gross profits for the duration of the maintenance period (first two years from the date of the first commercial settlement of a security by a participant on the DvP Platform or "Operations Date"). As at 30 June 2021 ClearPay JV has a contractual commitment for \$3.4 million to the Developer (Probanx Solutions Ltd). All transactions between the two entities are deemed to be on a commercial basis and at arm's length.

Summarised financial information

	2021 \$	2020 \$
Summarised statement of financial position		
Cash and cash equivalents	1,570,242	2,749,183
Non-current assets	270,000	-
Total assets	1,840,242	2,749,183
Current liabilities	2,618	676,861
Total liabilities	2,618	676,861
Net assets	1,837,624	2,072,322
Summarised statement of profit or loss and other comprehensive income		
Other expenses	(234,699)	(1,127,678)
Loss before income tax	(234,699)	(1,127,678)
Other comprehensive income	-	-
Total comprehensive income	(234,699)	(1,127,678)
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	2,737,652	-
Share of loss after income tax	(96,226)	(462,348)
Investment in ClearPay JV	-	3,200,000
Closing carrying amount	2,641,426	2,737,652

Note 33. Events after the reporting period

On 1 July 2021, NSX activated their staff Performance Rights Scheme as approved by shareholders at the General Meeting held on 30 April 2020.

On 29 July 2021, 429,536 performance rights were issued to the current employees of the NSX with the following vesting conditions:

Vesting condition 1:

50% of the rights will vest on 1 July 2022 if:

1. No disciplinary action or warning is recorded against the employee during the first period; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

Vesting condition 2:

50% of the rights will vest on 1 July 2023 if:

1. No disciplinary action or warning is recorded against the employee during the second period; and
2. The employee remains employed by the Company two years from the anniversary of the vesting date.

On 13 August 2021, 7,050,000 shares were issued at a subscription price of 14 cents per share as part of the tranche 2 capital raise to iSignthis Ltd subsidiary, ISX Financial EU Ltd, taking their holdings to 19.991%. An additional 400,000 shares were issued to two Directors at a subscription price of 14 cents per share. The funds raised will be used for working capital.

On 13 August 2021, Graeme Samuel resigned as a Non-Executive Director of NSX Limited and its subsidiary the National Stock Exchange of Australia. This resignation also includes the resignation of the Directorship of ClearPay JV where Professor Samuel was NSX's representative on the board.

As a result of Professor Samuel's resignation of the Directorship of ClearPay JV under AASB 11 Joint Arrangements NSX has changed from having joint control of ClearPayJV to significant influence for the following reasons:

1. Currently, there are 3 Board members in total, NSX has one board member and ISX has two board members therefore NSX holds 33.3% of the voting power; and
2. NSX has the power to participate in the financial and operating policy decisions of ClearPay JV.

No other matter or circumstance has arisen since 30 June 2021 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 34. Impact of the Coronavirus (COVID-19)

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while the impact has been minimal for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021 \$	2020 \$
Loss after income tax expense for the year	(3,000,738)	(4,465,241)
Adjustments for:		
Depreciation and amortisation	628,220	553,265
Share of loss - joint ventures	96,226	462,348
Interest and other finance costs	419,553	168,626
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	29,026	(63,313)
Decrease in trade and other payables	(133,734)	(349,186)
Increase/(decrease) in other provisions	35,853	(16,274)
Decrease/(increase) in deferred income	(113,773)	370,346
Decrease in other current assets	4,001	220,119
Net cash used in operating activities	(2,035,366)	(3,119,310)

Reconciliation of cash

	2021 \$	2020 \$
Cash at end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	2,437,532	3,116,981
Term deposits	983,571	1,480,233
	3,421,103	4,597,214

Non-cash Financing and Investing Activities

No subsidiaries were acquired during the year by issuance of equity.

Note 36. Financial Market Fidelity Fund

As at 30 June 2021 the National Stock Exchange of Australia Limited Fidelity Fund had a balance of \$593,760 (2020: \$590,880). The National Stock Exchange of Australia Limited is the manager of the fidelity fund and the assets of the fidelity fund can only be used for the purposes prescribed in the Corporations Act 2001. The Board of National Stock Exchange of Australia Limited has waived the contribution fees for Participants.

Note 37. Earnings per share

	Consolidated	
	2021 \$	2020 \$
Loss after income tax attributable to the owners of NSX Limited	(3,000,738)	(4,465,241)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	258,332,367	205,915,598
Weighted average number of ordinary shares used in calculating diluted earnings per share	258,332,367	205,915,598

	Cents	Cents
Basic earnings per share	(1.16)	(2.17)
Diluted earnings per share	(1.16)	(2.17)

Note 38. Reliance on Technology and Systems

The ability of the National Stock Exchange of Australia Limited to conduct its operations is heavily reliant upon the capacity and reliability of the trading systems which are licensed to the consolidated entity by NASDAQ Group and the ASX Clearing and Settlement systems, which are licensed to the consolidated entity by the Australian Securities Exchange Limited.

DIRECTOR'S DECLARATION

In the Directors' opinion:

1. the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
3. the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.



Kelly Humphreys
Director



Tod McGruther
Director

26 August 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSX LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of NSX Limited (the "Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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.

In our opinion, the financial report of NSX Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report, which describes includes the Director's assessment of the entity's ability to continue as a going concern. The entity is currently in a net asset position of \$5.532m after recognising a loss in the current year of \$3m and cash outflows from operating activities of \$2.035m. Our opinion is not modified in respect of this matter.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. In addition to the matter described in the Material Uncertainty Related to Going Concern section above, we have determined the matters described below to be key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters (cont'd)

1. Valuation Classification of cash held for compensation arrangements and existence of investments

Why significant

Under compensation arrangements, NSX Limited must maintain a minimum level of cash available for immediate use in the event of a claim. This cash is held on a short-term basis in a term deposit.

NSX Limited classifies this term deposit as a current financial asset, regardless of the term invested.

The cash deposit amounts to \$0.7m and are disclosed as Financial Assets in the Statement of Financial Position and included in Cash and Cash Equivalents for the purpose of the Consolidated Statement of Cash Flows. This represents the Term Deposit for \$700,000 within National Stock Exchange of Australia Limited as noted in Note 28.

Given the nature of the judgement required in the accounting treatment, we consider this be a Key Audit Matter.

2. Joint Venture Accounting

Why significant

NSX Limited holds 41% of the shares in ClearPay Pty Ltd with the other 59% being held by iSignthis Ltd. iSignthis Ltd owns 12.94% of the shares in NSX after an investment of \$4.2m in February 2020 and is deemed to be a related party of NSX Limited.

The directors and management have determined joint control exists and, in accordance with AASB 11 Joint Arrangements, have assessed the relationship as a Joint Venture. As a result of this judgement, the joint arrangement has been accounted for using the equity method in accordance with AASB 128 Investment in Associates and Joint Ventures.

Should any of the conditions set out in Note 2 vary, it could alter the relationship between NSX Limited ClearPay Pty, and result in alternate classification and accounting treatment. Given the nature of the judgement required in the accounting treatment, we consider this be a Key Audit Matter.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Discussions with management to determine their basis for classification as a current financial asset. Management of NSX Limited provided a detailed basis for classification, supported by reference to Australian Accounting Standards.
- Reviewing management's basis for the classification against the requirements of Australian Accounting Standards, while also taking into consideration the intent of Chapter 7, Part 7.5 of the Corporations Act 2001 which sets out requirements for a compensation regime, and the nature of approved compensation arrangements.
- Assessing whether NSX Limited has an unconditional right to call the deposit at their discretion.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Reviewing the terms and nature of the agreement between both parties to determine whether control exists at 30 June 2020.
- Reviewing management's assessment of the joint arrangement and appropriate accounting treatment.
- Assessing the completeness and appropriateness of the disclosures in Notes 5, 10 and 32.
- Verifying the initial cost of investment and vouching subsequent share of losses in the joint venture at the reporting date.

Key Audit Matters (cont'd)

3. Application of AASB 16 Leases

Why significant

As of 30 June 2021, the Group's Consolidated Statement of Financial Position reported right-of-use assets of \$2.1m and lease liabilities of \$2.3m. These represents material assets and liabilities to the Group as at 30 June 2021.

The application of AASB16 Leases involves a number of key judgements and estimates, which are detailed in Note 2.

The Group entered into a new office lease agreement during the current financial year.

Accordingly, we have recognised the application of AASB 16 Leases as a Key Audit Matter.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Reviewing underlying lease data by agreeing leases to original contract documentation.
- Recalculating the right of use asset and related lease liabilities 30 June 2021.
- Assessing reasonableness of management estimates and judgements including of key variables such as incremental borrowing rates and depreciation rates applied in the year to 30 June 2021.
- Considering indication for any impairment to the carrying value of right of use assets.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2021

In our opinion, the Remuneration Report of NSX Limited for the period ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

The PKF logo is rendered in a bold, black, sans-serif font.

PKF

A handwritten signature in black ink, appearing to read 'M. Matthews'.

MARTIN MATTHEWS
PARTNER

26 AUGUST 2021
NEWCASTLE, NSW

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 16 August 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of ordinary shares partly paid	Number of holders of options over ordinary shares
1 to 1,000	42	-	-
1,001 to 5,000	204	-	-
5,001 to 10,000	197	-	-
10,001 to 100,000	465	1	21
100,001 and over	182	2	18
Total	1,090	3	39
Holding less than a marketable parcel	256	-	-

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
ISX FINANCIAL EU LTD	56,499,033	19.99
SHKL GROUP LIMITED	24,285,000	8.59
UNITED CAPITALS LIMITED (CR2310085 A/C)	21,949,145	7.77
WELLPOINT INC LIMITED (CR 1972550 A/C)	19,848,888	7.02
UBS NOMINEES PTY LTD	18,997,950	6.72
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,185,614	6.08

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Shareholder	Ordinary shares	
	Number held	% of total shares issued
ISX FINANCIAL EU LTD	56,499,033	19.99
SHKL GROUP LIMITED	24,285,000	8.59
UNITED CAPITALS LIMITED (CR2310085 A/C)	21,949,145	7.77
WELLPOINT INC LIMITED (CR 1972550 A/C)	19,848,888	7.02
UBS NOMINEES PTY LTD	18,997,950	6.72
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,185,614	6.08
CROSS-STRAIT DEVELOPMENT FUND CO LIMITED	10,212,000	3.61
GOWING BROS LTD	10,000,001	3.54
EXCHANGE TECHNOLOGY INVESTMENTS PTY LTD	7,550,000	2.67
AUSTRALIAN MINING GROUP LTD	7,432,500	2.63
MR ANTONY WILLIAM PAUL SAGE (EGAS SUPERANNUATION FUND A/C)	4,000,000	1.42
LACHMAC PTY LTD	2,678,572	0.95
WOOLWICH HOLDINGS PTY LTD (THE J DEACON SUPER FUND A/C)	2,291,950	0.81
MR DAVID ANDREW DEACON	2,247,500	0.80
MAGENTACITY PTY LTD (EMERY SUPER FUND A/C)	2,064,451	0.73
BANNABY INVESTMENTS PTY LIMITED (BANNABY SUPER FUND A/C)	2,000,000	0.71
MR JOHN JOSEPH RYAN	1,826,500	0.65
M A O'BRIEN MEDICAL PTY LTD (M A O'BRIEN MEDICAL PL SF AC)	1,600,000	0.57
ROJUL NOMINEES PTY LTD (RR MARTIN SUPER FUND A/C)	1,500,000	0.53
ALBATROSS PASS PTY LTD	1,400,000	0.49
	215,569,104	76.28

Unquoted equity securities

A total of 1,500,000 partly paid shares are on issue paid to 1 cent. They have one outstanding call of 99 cents each. The date of the final call is at the security holder's discretion.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

Partly paid shares

Each partly paid share is entitled to one vote on a pro-rata basis dependent on the amount that is already paid when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. The call on the partly paid shares is at the discretion of the holder.

There are no other classes of equity securities.

