



# **NSX Limited**

**ABN 33 089 447 058**

**Annual Report 30 June 2022**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') 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 2022.

## 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
<b>Michael Aitken, AM</b>	Non-Executive Director
<b>Barnaby Egerton-Warburton</b>	Non- Executive Director (Appointed 12 April 2022)
<b>Timothy Hart</b>	Non-Executive Director and Chair
<b>Kelly Humphreys</b>	Non-Executive Director
<b>Nickolas John Karantzis</b>	Managing Director and Interim Chief Executive Officer (Resigned 15 March 2022)
<b>Tod McGrouther</b>	Acting Managing Director (Appointed 15 March 2022)
<b>Graeme Samuel, AC</b>	Non-Executive Director (Resigned 13 August 2021)
<b>Tony Shen (Weiguo)</b>	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 \$6,360,708 (30 June 2021: loss of \$3,000,738). Contributing to the loss was the impairment of \$2.6 million relating to the ClearPay Joint Venture (refer to note 11). Revenues were down due to the Company not receiving government payments this financial year and less additional quotation of securities fees. However, annual fees received was up by 9% and application fees received were up by 17%. Refer to the Review of Operations for information.

## 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 95% of all receipts. The balance of revenue is principally interest earned on cash and investments held during the period.

The consolidated entity reported total Revenue of \$1.9 million representing a decrease of \$0.1 million on the previous comparative period (pcp). This is a consequence of the ATO Cash flow boost and JobKeeper subsidy received during the prior year.

NSX continues with its main business of listing of Issuers, quotation of Issuers and their securities as well as Nominated Advisers and Broker participants as part of operating the National Stock Exchange of Australia market licence.

30 June Revenue Category	2022 \$'000	2021 \$'000	Change %
Annual fees	1,271.1	1,161.7	9.00%
Subsequent quotation	165.2	350.4	(53.00%)
Application fees	334.5	286.4	17.00%
Interest received	2.1	10.4	(80.00%)
Other revenue	96.9	194.1	(50.00%)
<b>Total revenue</b>	<b>1,869.8</b>	<b>2,003.0</b>	

*Discussion on the operating revenue is detailed below.*

#### **Annual fees - \$1.3 million, up 9%**

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 \$0.11 million higher than the pcp reflecting the net impact of 57 listed securities in the current period compared to 58 in the pcp, with an average market capitalisation of \$48.4 million, up from \$46.2 million in the prior period. The total market capitalisation of the exchange as at 30 June 2022 was \$2.761 billion.

#### **Subsequent quotation fees - \$0.2 million, down 53%**

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 decreased by \$0.19 million reflecting a lower run off of escrowed securities in the current period. A total of \$53 million in new capital was raised by companies listed on the exchange in the current year, compared to \$334 million in the pcp.

#### **Application fees - \$0.3 million, up 17%**

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 3 new listings to the official list during the period.

## Expenses

The consolidated entity incurred \$4.8 million (2021: \$4.2 million) in expenses excluding impairment, share-based payment expense, depreciation and amortisation in expenses in FY22.

Employee benefits, including NSXA and NSX Corporate resources, decreased by \$0.2 million. This was driven by staff redundancies.

Market trading expenses of \$1 million encompass costs associated with the trading and settlement activities of the exchanges, including trading systems, data centres, security, market access and regulatory fees as well as costs associated with ongoing software upgrades. Market trading expenses increased by \$0.3 million due to costs associated with Trade Acceptance Service, the NewsAdd for NETS upgrade software and other costs related to Trade Acceptance Service.

Consultancy expenses for the period were \$0.3 million, which is an increase of 21% in comparison with the pcp. Included in this item are contractor payments and external advisers.

Administration and other expenses increased by \$0.3 million. This is mainly due to increase in the ASIC Industry Funding Levy.

Depreciation and amortisation of \$0.7 million reflects the investment in PP&E, intangibles and right of use assets of the group.

Impairment of \$2.6 million reflects the impairment of the ClearPay JV. Refer to note 11 for further information.

Legal expenses increased by 133% on prior year to \$0.1 million. These fees are in relation to Exchange Traded Product Rule preparation and other legal matters.

30 June Expense Category	2022 \$'000	2021 \$'000	Change \$	Change %
Employee benefits expense	1,780.8	1,977.1	(197.3)	(10.00)
Market trading expenses	959.2	691.9	267.3	39.00
Consultancy expenses	317.8	263.2	54.6	21.00
Administration and other expenses	1,263.2	990.8	272.5	28.00
Depreciation, amortisation and impairments	727.3	628.2	99.1	16.00
Occupancy expenses	69.8	60.7	9.1	15.00
Compliance expenses	56.3	72.3	(16.0)	22.00
Marketing and promotion expenses	37.9	32.0	5.9	19.00
Legal expenses	139.0	59.6	79.4	133.00
Finance costs	140.4	131.9	8.5	6.00
Share-Based Payments	97.2	-	97.2	100.00
Impairment of investments	2,629.5	-	2,629.5	100.00
<b>Total expenses</b>	<b>8,218.4</b>	<b>4,907.7</b>	<b>3,309.8</b>	

<b>Balance Sheet</b>	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>Change \$</b>	<b>Change %</b>
Cash	797,312	2,437,532	(1,640,220)	(67.00)
Financial Assets	359,631	983,571	(623,940)	(63.00)
Investment accounting for using the equity method	-	2,641,426	(2,641,426)	(100.00)
Other assets	2,908,748	3,193,271	(284,524)	(8.90)
<b>Total assets</b>	<b>4,065,691</b>	<b>9,255,800</b>	<b>(5,190,110)</b>	
Payables and other liabilities	(1,641,308)	(1,211,590)	(304,687)	25.00
Provisions	(202,461)	(161,525)	(40,936)	25.00
Lease liabilities	(1,981,796)	(2,350,546)	368,750	(16.00)
<b>Total liabilities</b>	<b>(3,825,565)</b>	<b>(3,723,661)</b>	<b>23,127</b>	
<b>Equity</b>	<b>240,126</b>	<b>5,532,139</b>	<b>(5,166,983)</b>	

As at 30 June 2022, net current assets were reduced by \$2,756,893 from 30 June 2021 (largely attributable to a reduction in cash on hand and financial assets and increase in trade and other payables) and net assets were reduced by \$5,292,013 from 30 June 2021 (largely attributable to the impairment of the ClearPay JV).

Trade and other liabilities of \$3.8 million is represented by \$2.0 million in lease liabilities plus \$0.4 million in contract liabilities and \$1.4 million in creditors and other accrued liabilities. Contracts 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.

<b>30 June Summary</b>	<b>2022 \$'000</b>	<b>2021 \$'000</b>	<b>Change %</b>
Revenue (including share of losses from joint ventures)	1,858	1,907	(3.00)
Expense (excluding Depreciation/Amortisation)	4,765	4,279	11.00
EBITDA	(2,907)	(2,373)	23.00
Depreciation/Amortisation	3,454	628	450.00
<b>Net loss after tax</b>	<b>(6,361)</b>	<b>(3,001)</b>	<b>112.00</b>

Key Statistics	2022	2021	Change %
Earnings per share (cents)	(2.40)	(1.2)	100.00
Net tangible asset backing (cents)	(0.05)	2.0	(100.00)
Share price at the end of period (cents)	3.30	11.5	(71.00)
Shares on issue at the end of the period (mil)	282.60	275.2	2.70
Market capitalisation (\$'mil)	9.30	31.6	(71.00)
Cash at bank (\$'000)	1,156.90	3,421.1	(66.00)
Cash held for statutory purposes (\$'000)	359.60	983.6	(63.00)
Working Capital (\$'000)	797.30	2,437.5	(67.00)

The net loss after tax for the consolidated entity was \$6.8 million for the year (2021: \$3.0 million).

Revenue for the operation of the National Stock Exchange of Australia ("NSXA") in FY22 was \$1.9 million, \$0.05 million lower than the pcp. The decrease in subsequent quotation fees from the pcp reflects a lower market capitalisation of new issue of shares as a result of shares placement and exercise of options and rights by Listed Issuers.

The consolidated entity maintains a cash balance of \$1.2 million at the end of the period. Of the cash held, \$0.4 million is held as part of the compensation arrangements of the NSXA Market Licence and other general guarantees leaving \$0.8 million as working capital of the consolidated entity as at 30 June 2022.

Earnings per share (EPS) decreased from (1.2) cents per share to (2.4) cents per share or a decrease of 102% based on a weighted average number of shares of 281,735,408. Net tangible asset backing per share decreased from 2 cents to (0.05) cents.

The impact of the Coronavirus (COVID-19) pandemic, and its aftermath, on day-to-day operations of the Company has been manageable as staff have been able to successfully work from home as and when required. The COVID-19 pandemic has generated substantial market uncertainty, resulting in heightened volatility and reduced liquidity which has resulted in an adverse impact on the initial public offering (IPO) market and the ability of NSXA to gain additional listings via this source. However, NSXA has seen more listing applications from Issuers not seeking to raise capital which is reflected in the improvement to application fees received. IPOs faced and continue to face an increasingly challenging environment, reflecting the macroeconomic challenges, with factors such as inflationary fears, geopolitical instability and interest rate rises creating uncertainty in markets worldwide.

## Performance Rights

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 employees of the Company 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.

### *Performance Rights Continued*

#### *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 25 November 2022, 833,334 performance rights were issued to John Karantzis. John Karantzis resigned from the Board and as Managing Director on 15 March 2022. John Karantzis carries on with the relationship of the proposed joint venture with Abilitii concerning the establishment of a second exchange in the Kingdom of Saudi Arabia (KSA). In compensation for this work the Board has determined to novate the currently issued performance rights on new vesting conditions as follows:

#### *Vesting Condition 1:*

50% of the rights will vest on completion of an agreed business plan with Abilitii concerning the proposed JV to establish in Kingdom of Saudi Arabia a second stock exchange.

#### *Vesting Condition 2*

50% of the rights will vest on execution of the joint venture with Abilitii which establishes the partnership and joint venture entity to create the second stock exchange in KSA.

On 25 November 2021, 83,334 performance rights (CoSec Performance Rights) were issued to Scott Evans (Company Secretary). The issue of the CoSec Performance Rights is a non-cash form of remuneration and will allow the Company to spend a greater portion of its cash reserves on its operations that it would if alternative cash forms of remuneration were given to Mr Evans.

On 9 May 2022, 1,774,828 performance rights were issued to employees of the Company under the Employee Incentive Plan with the following vesting conditions:

#### *Vesting condition 1:*

702,429 rights will vest on 15 April 2023 if:

1. No disciplinary action or warning is recorded against the employee during 15 April 2022 to 15 April 2023; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

#### *Vesting condition 2:*

702,429 rights will vest on 15 April 2024 if:

1. No disciplinary action or warning is recorded against the employee during 15 April 2023 to 15 April 2024; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

#### *Vesting condition 3:*

369,970 rights will vest on 15 April 2025 if:

1. No disciplinary action or warning is recorded against the employee during 15 April 2024 to 15 April 2025; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

## Share issues

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 Plc, 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 were used for working capital. Note that iSignThis Ltd has changed its name to Southern Cross Payments Ltd (ASX: SP1) and demerged from ISX Financial EU Plc in October 2021.

## Board Appointments

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 included the resignation of the directorship of ClearPay JV where Professor Samuel was NSX's representative on the board.

On 12 April 2022, Barnaby Egerton-Warburton was appointed as a Non-Executive Director of NSX Limited and its subsidiary the National Stock Exchange of Australia. This appointment also included the appointment as Director of the ClearPay JV.

## KSA Commodities & Securities Exchange

On 29 September 2021, NSX announced that it has entered into an MOU with Ajlan & Bros Holding Group (Abilitii) in the Kingdom of Saudi Arabia (KSA) to explore opportunities to create a second securities and the first commodities exchange.

The Company has continued its work on the business plan for submission to KSA regulators, and if successful would move to a joint venture arrangement.

## Information on directors

<b>Name:</b>	<b>Barnaby Egerton-Warburton</b>
<b>Title:</b>	Non-Executive Director (Appointed 12 April 2022)
<b>Qualifications:</b>	B.Economics (Murdoch)
<b>Experience and expertise:</b>	Mr Barnaby is a director of the NSX JV entity, ClearPay Pty Ltd. Barnaby has over 25 years of investment banking, international investment and market experience with position at JP Morgan (New York, Sydney, Hong Kong), BNP Equities (New York) and Prudential Securities (New York). He is a founder and partner of Modena. Barnaby has a broad range of experience across start-up funding, trade sales, buyouts, M&A and IPO's. Barnaby sits on multiple ASX listed boards.
<b>Other current directorships:</b>	
<b>Former directorships (last 3 years):</b>	Previously a director of Southern Cross Payments Ltd (formerly iSignthis Ltd) ASX: SP1
<b>Interests in shares:</b>	Nil

<b>Name:</b>	<b>Tony Shen (Weiguo)</b>
<b>Title:</b>	Non-Executive Director (Appointed 29 September 2016)
<b>Qualifications:</b>	B.Economics & Management
<b>Experience and expertise:</b>	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 Kunlun 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.
<b>Other current directorships:</b>	SHKL Group Limited
<b>Former directorships (last 3 years):</b>	Nil
<b>Interests in shares:</b>	14,585,000 Fully paid ordinary shares

<b>Name:</b>	<b>Tod McGrouther</b>
<b>Title:</b>	Acting Managing Director (Appointed 15 March 2022), Non-Executive Director (Appointed 18 February 2020)
<b>Qualifications:</b>	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
<b>Experience and expertise:</b>	<p>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.</p> <p>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.</p>
<b>Other current directorships:</b>	Urbanise Limited (ASX: UBN), Love Group Global Limited (ASX: LVE), European Cannabis Corporation Limited
<b>Former directorships (last 3 years):</b>	Nil
<b>Interests in shares:</b>	Nil

<b>Name:</b>	<b>Timothy Hart</b>
<b>Title:</b>	Non- Executive Director and Chair (Appointed 26 February 2020 and 26 March 2020 respectively)
<b>Qualifications:</b>	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
<b>Experience and expertise:</b>	<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>
<b>Other current directorships:</b>	Chair Southern Cross Payments Limited (ASX: SP1) - formerly iSignThis Limited
<b>Former directorships (last 3 years):</b>	Nil
<b>Interests in shares:</b>	937,500 Fully paid ordinary shares

<b>Name:</b>	<b>Kelly Humphreys</b>
<b>Title:</b>	Non-Executive Director (Appointed 18 June 2020)
<b>Qualifications:</b>	Master of Management, Diploma in Financial Services and a graduate member of Australian Institute of Company Directors.
<b>Experience and expertise:</b>	<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>
<b>Other current directorships:</b>	Non-Executive Director of Raiz Invest Limited (ASX: RZI).
<b>Former directorships (last 3 years):</b>	Previously a non-executive director of Victory Offices Limited (ASX:VOL)
<b>Interests in shares:</b>	500,000 Fully paid ordinary shares

<b>Name:</b>	<b>Michael Aitken, AM</b>
<b>Title:</b>	Non-Executive Director (Appointed 26 October 2020)
<b>Qualifications:</b>	PhD in security market design from the Australian Graduate School of Management at the University of New South Wales.
<b>Experience and expertise:</b>	<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. 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>
<b>Other current directorships:</b>	Nil
<b>Former directorships (last 3 years):</b>	Nil
<b>Interests in shares:</b>	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 2022, and the number of meetings attended by each director were:

### *Directors meeting*

Director	Directors Meetings		Special Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended
Tony Shen (Weiguo)	12	4	2	2
Tod McGrouther	12	12	2	2
Timothy Hart	12	12	2	2
Nickolas John Karantzis	8	8	2	2
Kelly Humphreys	12	12	2	2
Michael Aitken, AM	12	12	2	2
Graeme Samuel, AC	1	1	-	-
Barnaby Egerton-Warburton	3	3	-	-
<b>Total Meetings</b>	<b>12</b>		<b>2</b>	

### *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
<b>Total Meetings</b>	<b>6</b>	

### *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 employees of the Company. Refer to note 19 for information on vesting conditions.

On 25 November 2022, 833,334 performance rights were issued to John Karantzis (previously Managing Director). Refer to note 19 for information on vesting conditions.

On 25 November 2022, 83,334 performance rights (CoSec Performance Rights) were issued to Scott Evans (Company Secretary). The issue of the CoSec Performance Rights is a non-cash form of remuneration and will allow the Company to spend a greater portion of its cash reserves on its operations that it would if alternative cash forms of remuneration were given to Mr Evans. Refer to note 19 for information on vesting conditions.

On 9 May 2022, 1,774,828 performance rights were issued employees of the Company under the Employee Incentive Plan. Refer to note 19 for information on vesting conditions.

### *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 \$88,000 and \$44,000 respectively inclusive of superannuation. Non-Executive Director fees were increased effective 1 July 2022 due to the change in legislated superannuation from 10% to 10.5%.
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 – 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 \$44,000 inclusive of superannuation per annum.

The actual remuneration paid to Mr Shen for the year ended 30 June 2022 is provided in the table below. Related Party transactions with Mr Shen are disclosed in note 26.

#### **Acting Managing Director (Appointed 15 March 2022) – 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 \$44,000 inclusive of superannuation per annum. As Chair of the National Stock Exchange of Australia Limited Mr McGrouther also receives an additional stipend of \$44,000 inclusive of superannuation per annum.

The actual remuneration paid to Mr McGrouther for the year ended 30 June 2022 is provided in the table below. Related Party transactions with Mr McGrouther are disclosed in note 26.

#### **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 \$88,000 inclusive of superannuation per annum.

The actual remuneration paid to Mr Hart for the year ended 30 June 2022 is provided in the table below. Related Party transactions with Mr Hart are disclosed in note 26.

#### **Managing Director and Interim Chief Executive Officer (Resigned 15 March 2022) – 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 was \$88,000 inclusive of superannuation per annum.

The actual remuneration paid to Mr Karantzis for the year ended 30 June 2022 is provided in the table below. Related Party transactions with Mr Karantzis are disclosed in note 26.

#### **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 \$44,000 inclusive of superannuation per annum.

The actual remuneration paid to Ms Humphreys for the year ended 30 June 2022 is provided in the table below. Related Party transactions with Ms Humphreys are disclosed in note 26.

#### **Non-Executive Director – 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 \$44,000 inclusive of superannuation per annum.

The actual remuneration paid to Mr Aitken for the year ended 30 June 2022 is provided in the table below. Related Party transactions with Mr Aitken are disclosed in note 26.

**Non-Executive Director (Appointed 27 April 2021 and 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 was \$44,000 inclusive of superannuation per annum.

The actual remuneration paid to Mr Samuel for the year ended 30 June 2022 is provided in the table below. Related Party transactions with Mr Samuel are disclosed in note 26.

**Non-Executive Director (Appointed 12 April 2022) – Barnaby Egerton-Warburton**

There is no employment or service agreement agreed to by the Board for Mr Egerton-Warburton. Non-Executive Directors enter into an agreement related to their Director duties. Mr Egerton-Warburton's Director stipend as a Director is \$44,000 inclusive of superannuation per annum.

The actual remuneration paid to Mr Egerton-Warburton for the year ended 30 June 2022 is provided in the table below. Related Party transactions with Mr Egerton-Warburton are disclosed in note 26.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group 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. In April 2022 the matter was settled between the parties on a confidential basis. The NSXA insurers agreed to fund the claim with NSXA contributing the excess of \$100,000. There were no additional payments required by NSXA.

## Matters subsequent to the end of the financial year

On 1 July 2022, the Company converted 181,434 employee Performance Rights to Ordinary Shares for various staff.

On 16 August 2022, the Company announced the terms of a \$5.72 million capital raise were finalised, comprising a \$2.65 million Placement as well as a non-renounceable Entitlement Officer open to existing shareholders as at 25 August 2022 to raise up to \$3.08 million. The funds raised will be used to accelerate expansion and business development initiatives.

On 25 August 2022 the Company completed the placement component of the capital raising which raised \$2.65 million.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group'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 Chartered Accountants in Australia and New Zealand 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 2022:

	2022 \$	2021 \$
Tax Services - Income Tax	2,200	2,200

### 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 14.

### 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 Group are set out in the following tables.

2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Superannuation \$	Long service leave \$	Equity-settled \$	
<b>Non-Executive Directors:</b>							
Tony Shen (Weiguo)	40,000	-	-	4,000	-	-	44,000
Timothy Hart	80,000	-	-	8,000	-	-	88,000
Kelly Humphreys	40,000	-	-	4,000	-	-	44,000
Michael Aitken, AM	44,000	-	-	-	-	-	44,000
* Graeme Samuel, AC	4,849	-	-	485	-	-	5,334
** Barnaby Edgerton-Warburton	10,000	-	-	1,000	-	-	11,000
<b>Executive Directors:</b>							
*** Nickolas John Karantzis	67,333	-	-	6,000	-	2,896	76,229
Tod McGrouther	88,000	-	-	-	-	-	88,000
<b>Total</b>	<b>374,182</b>	<b>-</b>	<b>-</b>	<b>23,485</b>	<b>-</b>	<b>-</b>	<b>400,563</b>

\* Graeme Samuel, AC, resigned as Non-Executive Director on 13 August 2021

\*\* Barnaby Edgerton-Warburton was appointed Non- Executive Director on 12 April 2022

\*\*\* Nickolas John Karantzis resigned as Managing Director and Interim Chief Executive Officer on 15 March 2022

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<b>Non-Executive Directors:</b>							
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
<b>Executive Directors:</b>							
Nickolas John Karantzis	87,600	-	-	-	-	-	87,600
<b>Total</b>	<b>391,383</b>	<b>-</b>	<b>-</b>	<b>17,417</b>	<b>-</b>	<b>-</b>	<b>408,800</b>

## Shares issued under performance rights

Unissued ordinary shares of NSX Limited under performance rights at the date of this report are as follows:

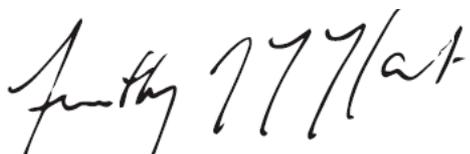
Issue Date	Vesting date	Exercise Price	Number of rights
16 July 2021	1 July 2023	\$0.00	181,434
24 November 2021	24 November 2022	\$0.00	916,668
9 May 2022	15 April 2025	\$0.00	369,970
9 May 2022	15 April 2023	\$0.00	702,429
9 May 2022	15 April 2024	\$0.00	702,429
<b>Total rights</b>			<b>2,872,930</b>

On 1 July 2022 181,434 employee performance rights were vested and converted to 181,434 fully paid ordinary shares leaving 2,872,930 employee performance rights on issue.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

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*



Tim Hart  
Director  
26 August 2022



Kelly Humphreys  
Director

## 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 2022, 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 2022  
NEWCASTLE, NSW

# Financial Statements

Financial Year Ended 30 June 2021

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## General information

The financial statements cover NSX Limited as a Group 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 Group'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 2022. 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:  
<https://www.nsx.com.au/about/governance/constitution-and-policies/>.

## Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$	2021 \$
<b>Revenue</b>	4	<b>1,771,769</b>	<b>1,798,473</b>
Share of losses of joint ventures accounted for using the equity method	5	(11,956)	(96,227)
Other income	6	97,991	204,547
<b>Expenses</b>			
Employee benefits expense	7	(1,780,841)	(1,977,056)
Depreciation and amortisation expense	7	(727,305)	(628,220)
Consultancy fees		(317,808)	(263,154)
Compliance expense		(56,320)	(72,264)
Legal expenses		(139,031)	(59,630)
Impairment of investment	7	(2,629,470)	-
Market trading expenses		(959,165)	(691,935)
Marketing and promotion		(37,940)	(31,987)
Share-based payment expense	7	(97,239)	-
Occupancy expenses		(69,760)	(60,660)
Administration expenses		(1,071,722)	(830,588)
Other expenses		(191,500)	(160,171)
Finance costs	7	(140,411)	(131,866)
<b>Loss before income tax expense</b>		<b>(6,360,708)</b>	<b>(3,000,738)</b>
Income tax expense	8		-
<b>Loss after income tax expense for the year attributable to the owners of NSX Limited</b>	20	<b>(6,360,708)</b>	<b>(3,000,738)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of NSX Limited</b>		<b>(6,360,708)</b>	<b>(3,000,738)</b>

	Note	Cents	Cents
Basic earnings per share	34	(2.26)	(1.16)
Diluted earnings per share	34	(2.26)	(1.16)

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

## Statement of financial position

For the year ended 30 June 2022

		Consolidated	
	Note	2022 \$	2021 \$
<b>Current assets</b>			
Cash and cash equivalents		797,312	2,437,532
Trade and other receivables	9	94,102	150,097
Financial assets		359,631	983,571
Other current assets		744,817	581,559
<b>Total current assets</b>		<b>1,995,862</b>	<b>4,152,759</b>
<b>Non-current assets</b>			
Investment accounted for using the equity method	11	-	2,641,426
Property, plant and equipment	12	25,211	71,098
Right-of-use assets	10	1,722,095	2,098,914
Intangibles	13	322,523	291,603
<b>Total non-current assets</b>		<b>2,069,829</b>	<b>5,103,041</b>
<b>Total assets</b>		<b>4,065,691</b>	<b>9,255,800</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	1,208,412	726,798
Lease liabilities	15	593,603	512,469
Employee benefits	16	191,116	158,472
Contract liabilities	17	274,989	270,385
<b>Total current liabilities</b>		<b>2,268,120</b>	<b>1,668,124</b>
<b>Non-current liabilities</b>			
Lease liabilities	15	1,388,193	1,838,077
Employee benefits	16	11,345	3,053
Contract liabilities	17	157,907	214,407
<b>Total non-current liabilities</b>		<b>1,557,445</b>	<b>2,055,537</b>
<b>Total Liabilities</b>		<b>3,825,565</b>	<b>3,723,661</b>
<b>Net assets</b>		<b>240,126</b>	<b>5,532,139</b>
<b>Equity</b>			
Issued capital	18	59,877,458	58,906,002
Reserves	19	1,482,398	1,385,159
Accumulated losses	20	(61,119,730)	(54,759,022)
<b>Total equity</b>		<b>240,126</b>	<b>5,532,139</b>

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

## Statement of changes in equity

For the year ended 30 June 2022

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	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(3,000,738)</b>	<b>-</b>	<b>(3,000,738)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	2,500,001	-	-	2,500,001
Transaction cost on share issue	(177,101)	-	-	(177,101)
<b>Balance at 30 June 2021</b>	<b>58,906,002</b>	<b>(54,759,022)</b>	<b>1,385,159</b>	<b>5,532,139</b>

Consolidated	Issued capital \$	Accumulated losses \$	Share Option Reserve \$	Total equity \$
Balance at 1 July 2021	58,906,002	(54,759,022)	1,385,159	5,532,139
Loss after income tax expense for the year	-	(6,360,708)	-	(6,360,708)
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(6,360,708)</b>	<b>-</b>	<b>(6,360,708)</b>
-				
Shares issued	1,043,000	-	-	1,043,000
Transaction cost on share issue	(71,544)	-	-	(71,544)
Share-based payments (note 35)	-	-	97,239	97,239
<b>Balance at 30 June 2022</b>	<b>59,877,458</b>	<b>(61,119,730)</b>	<b>1,482,398</b>	<b>240,126</b>

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

## Statement of cash flows

For the year ended 30 June 2022

		<b>Consolidated</b>	
<b>Cash flows from operating activities</b>	<b>Note</b>	<b>2022</b> \$	<b>2021</b> \$
Receipts from customers (inclusive of GST)		2,009,430	1,943,582
Payments to suppliers and employees (inclusive of GST)		(4,182,956)	(3,955,871)
Interest received		1,488	13,538
Government grants (JobKeeper Rebate & Cash Boost)		-	146,000
Interest and other finance costs paid		(115,037)	(182,615)
<b>Net cash used in operating activities</b>	<b>32</b>	<b>(2,287,075)</b>	<b>(2,035,366)</b>
<b>Cash flows from investing activities</b>			
Payments for intangibles	13	(71,484)	(433,787)
<b>Net cash used in investing activities</b>		<b>(71,484)</b>	<b>(433,787)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	18	1,043,000	2,500,001
Cost of issue of shares		(71,686)	(156,248)
Repayment of borrowings		(855,908)	(1,032,929)
Repayment of lease liabilities		(21,007)	(17,782)
<b>Net cash from financing activities</b>		<b>94,399</b>	<b>1,293,042</b>
Net increase/(decrease) in cash and cash equivalents		(2,264,160)	(1,176,111)
Cash and cash equivalents at the beginning of the financial year		3,421,103	4,597,214
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1,156,943</b>	<b>3,421,103</b>

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

## 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 Group 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 Group:

### *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 2022, NSX Limited was in a net asset position of \$240,126 (30 June 2021: \$5,532,139). During the year the Company incurred a loss of \$6,360,708 (30 June 2021: \$3,000,738) and incurred cash outflows from operating activities of \$2,287,075 (30 June 2021: \$2,035,366).

The Group is continuing to monitor and respond to the effects of the COVID-19 virus and the effects on economic activity which represents a material uncertainty in the wider business environment. The impact on operations and control processes to date has been manageable and all staff are able to work remotely as and when the needs arises.

The COVID-19 pandemic and its aftermath has generated substantial market uncertainty, resulting in heightened volatility and reduced liquidity which has resulted in an adverse impact on the initial public offering (IPO) market and the ability of NSXA to gain additional listings via this source. However, NSXA has seen more listing applications from Issuers not seeking to raise capital which is reflected in the improvement to application fees received. IPOs are facing an increasingly challenging environment, reflecting the macroeconomic challenges, with factors such as inflationary fears, geopolitical instability and interest rate rises creating uncertainty in markets worldwide. The Group continues to monitor the challenging environment but it is not practicable to estimate the potential impact, positive or negative, after the reporting date

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

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. On 16 August 2022, the Company announced the terms of a \$5.72 million capital raise were finalised, comprising a \$2.65 million Placement as well as a non-renounceable Entitlement Officer open to existing shareholders as at 25 August 2022 to raise up to \$3.08 million. The funds raised will be used to accelerate expansion and business development initiatives. The placement fully settled on 25 August 2022 raising \$2.65 million. The Entitlement Offer is expected to close on or before 22 September 2022.
2. There is a strong pipeline of new sales that management expect to convert over the coming months.
3. Although there is a delay with the returns expected from the ClearPay joint venture NSX is progressing with an AFSL application, Tier 2 market licence application and ESA (RBA) licence application to support future business development in the Private Markets space and certificated issuer settlement.

## Note 1. Significant accounting policies (continued)

4. Exchange Trade Product rules receiving non-disallowance from ASIC and the first Issuers listing under these rules.
5. Ongoing activities that identify ways to reduce costs or defer expenditure and lower the business cost base.
6. Recognising that the priority of the Board and management remains revenue growth and cost reduction.

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 'parent entity') 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 Group'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 Group only. Supplementary information about the parent entity is disclosed in note 27.

### *Principles of consolidation*

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity and all of the subsidiaries. Subsidiaries are entities the parent entity controls. The parent entity controls an

## Note 1. Significant accounting policies (continued)

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 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 28 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 Group 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*

## Note 1. Significant accounting policies (continued)

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.

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

## Note 1. Significant accounting policies (continued)

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 Group'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 Group'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 Group 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*

## Note 1. Significant accounting policies (continued)

### 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.

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.

## Note 1. Significant accounting policies (continued)

### 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:

Class of fixed asset	Depreciation rate
Plant and equipment	20-40%

### *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 Group expects to obtain ownership of the leased asset at 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 Group 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.

## Note 1. Significant accounting policies (continued)

### *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.

#### **Software**

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 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 Group 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 Group'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

## Note 1. Significant accounting policies (continued)

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:

## Note 1. Significant accounting policies (continued)

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 Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group 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.

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

## Note 1. Significant accounting policies (continued)

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 2022.

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 Group 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 Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements to date (note application fee and annual revenue has increased). The Coronavirus (COVID-19) pandemic or similar events may be possible in the future which can contribute to market uncertainty which may see IPO applications decrease and non-IPO applications increase. Issuers that have more exposure to the economic effects of the Coronavirus (COVID-19) pandemic may struggle and ultimately delist from NSXA. Significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the aftermath of the Coronavirus (COVID-19) pandemic on the Company's customers are monitored by the Company.

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

### *Share-based payment transactions*

The Group 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 Group 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 Group 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.

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Impairment of investment in Joint Venture*

The Group assesses impairment of its investment in the joint venture at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group 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 Group'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 Group 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 entered into a Shareholders Agreement to form a joint venture vehicle ClearPay Pty Ltd ("ClearPay JV"). ISX Financial EU Plc ("ISXF") demerged from iSignThis Ltd in October 2021. The ClearPay Pty Ltd shareholding stayed with ISX Financial EU Plc as part of that demerger.

Management have concluded that under AASB 11 Joint Arrangements NSX has 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 ISXF representative at each Board meeting with a quorum of 2. As at 30 June 2022, there were 4 Board members in total, NSX has two board members and ISXF has two board members therefore NSX holds 50% of the voting power; 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% (2021: no major customers contributed more than 5.0%) of total revenue.

Consolidated - 2022	Stock exchanges \$	Unallocated items \$	Total \$
<b>Revenue</b>			
External sales services	1,770,803	-	1,770,803
Interest revenue	2,089	-	2,089
Other revenue	-	96,868	96,868
<b>Total revenue</b>	<b>1,772,892</b>	<b>96,868</b>	<b>1,869,760</b>
Segment net loss before tax	80,250	(6,440,958)	(6,360,708)
<b>Profit/(loss) before income tax expense</b>	<b>80,250</b>	<b>(6,440,958)</b>	<b>(6,360,708)</b>
Income tax expense			-
<b>Loss after income tax expense</b>			<b>(6,360,708)</b>
<i>Other items</i>			
Depreciation and amortisation	212,830	514,475	727,305
Impairment	-	2,629,470	2,629,470
<b>Assets</b>			
Segment assets	1,059,694	3,005,997	4,065,691
<b>Total assets</b>			<b>4,065,691</b>
<b>Liabilities</b>			
Segment liabilities	1,145,459	2,680,106	3,825,565
<b>Total liabilities</b>			<b>3,825,565</b>

### Note 3. Segment reporting (continued)

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

## Note 3. Segment reporting (continued)

### *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:

1. 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	
	2022	2021
	\$	\$
Trading & listing fees (exchanges)	1,771,769	1,798,473

### *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.

## Note 4. Revenue (continued)

### *Unsatisfied performance obligations*

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

	Consolidated	
	2022	2021
	\$	\$
Aggregate amount of the transaction price allocated to listing applications that are partially or fully unsatisfied at 30 June	432,896	484,792

Management expects that 64% of the amount allocated to the unsatisfied contracts as of 30 June 2022 will be recognised as revenue during the next reporting period (\$274,989). Of the remaining balance 27% and 9% is expected to be recognised as revenue in the years ended 2024 and 2025 respectively.

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

	Consolidated	
	2022	2021
	\$	\$
Share of loss - ClearPay JV	(11,956)	(96,227)

See note 29 for information on the ClearPay JV.

## Note 6. Other income

	Consolidated	
	2022	2021
	\$	\$
ATO COVID-19 Cash flow boost	-	50,000
ATO COVID-19 JobKeeper Subsidy	-	73,500
Interest received		10,397
VIC SRO COVID-19 Relief	2,089	-
Other revenue	7,419	70,650
<b>Other income</b>	<b>88,483</b>	<b>204,547</b>

## Note 7. Expenses

	Consolidated	
	2022 \$	2021 \$
<i>Loss before income tax includes the following specific expenses:</i>		
<i>Depreciation</i>		
Plant and equipment	45,887	71,184
Buildings right-of-use assets	522,322	461,578
<b>Total depreciation</b>	<b>568,209</b>	<b>532,762</b>
<i>Amortisation</i>		
TAS project	159,096	95,458
<b>Total depreciation and amortisation</b>	<b>727,305</b>	<b>628,220</b>
<i>Impairment</i>		
Investment accounted for using the equity method - ClearPay JV (refer to note 11)	2,629,470	-
<i>Administrative Costs</i>		
Bad debt expense	32,826	-
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	21,007	6,377
Interest and finance charges paid/payable on lease liabilities	119,404	125,489
<b>Finance costs expensed</b>	<b>140,411</b>	<b>131,866</b>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	140,254	141,350
<i>Share-based payments expense</i>		
Share-based payments expense	97,239	-
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	1,640,587	1,835,706

## Note 8. Income tax expense

	Consolidated	
	2022	2021
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(6,360,708)	(3,000,738)
Tax at the statutory tax rate of 25% (2021: 26%)	(1,590,177)	(780,192)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	39,774	24,819
Depreciation of property, plant and equipment	11,472	18,508
Depreciation of right-of-use assets	130,581	120,010
Impairment of investments accounted for using the equity method	657,368	-
Share-based payments	24,310	-
Tax losses not recognised in the accounts	726,672	616,855
Income tax expense	-	-

	Consolidated	
	2022	2021
	\$	\$
<i>Tax losses not recognised</i>		
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	40,602,756	34,242,048
<b>Potential tax benefit @ 25%</b>	<b>10,150,689</b>	<b>8,560,512</b>

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. Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
<i>Current assets</i>		
Trade receivables	39,694	92,308
Payroll tax refund	-	5,000
GST receivable	54,408	52,789
	94,102	150,097

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 2022 has been determined to be Nil (0%).

## Note 10. Right-of-use assets

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Right-of-use asset	4,506,324	4,358,682
Less: Accumulated depreciation	(2,784,229)	(2,259,768)
	<b>1,722,095</b>	<b>2,098,914</b>

The consolidated entities right-of-use asset includes lease of an office, technology lease and a technology equipment lease. Details below:

## Note 10. Right-of-use assets (continued)

### *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 entered into a variation of lease from 1 September 2021 with a 2 year term expiring on 31 August 2023.

### *Technology leases*

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

### *Technology equipment lease*

NSX Limited has entered into an agreement with HP Financial services (Australia) Pty Ltd to provide equipment to enable the Group to upgrade their software for trading securities. The lease commenced on 1 March 2022 for a period of 5 years.

## Note 11. Investment accounted for using the equity method

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Investment in joint venture	-	2,641,426
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	2,641,426	2,737,652
Share of loss	(11,956)	(96,226)
Impairment of assets	(2,629,470)	-
<b>Closing carrying amount</b>	<b>-</b>	<b>2,641,426</b>

Under AASB 128 "Investments in Associates and Joint Ventures" NSX's Investment in the ClearPay JV should be tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company has assessed the carrying value of its investment in the ClearPay JV at 30 June 2022 to determine whether there are indications of impairment.

## Note 11. Investment accounted for using the equity method (continued)

The Board has determined that the delays in obtaining licensing for the ClearPay JV and the resultant shift in the expected cash flows meet the definition of a loss event under AASB 128 and note the cash outflows expected over the next five years as insufficient, in itself, to support the value currently ascribed to the ClearPay JV in NSX's books. The Board does believe that the ClearPay joint venture and the resultant future benefits will be of significant benefit to the Group going forward and will continue to progress the work to obtain the relevant infrastructure and licensing to support its business. The Board has a history of adopting conservative policies with respect to the impairment of intangible assets so as to comply with accounting standards. Projects with extended lead times can fall into this category.

The recoverable amount of the Company's share of the profits of the ClearPay JV has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year forecast provided by the ClearPay JV, together with a terminal value.

NSX has reviewed the 5 year plan for the ClearPay JV and notes that revenue is estimated to be received from NSX of \$1m in years ended 31 December 2025, 2026 and 2027. Given the current licensing delays NSX believes that there is sufficient uncertainty as to whether forecasts will be met. Although the Board and management believe there is economic value in pursuing the ClearPay JV objectives to obtain the required licensing and achieve revenue cashflow, the Board and management, guided by the accounting standards, have decided to take a conservative approach and assume nil revenue will be generated by the ClearPay JV over the next 5 years. Hence, revenue in the ClearPay JV 5 year forecast has been removed. The 5 year plan for the ClearPay JV originally had 75%, 55% and 35% projected revenue growth rate in Financial Years ended 31 Dec 2025, 2026 and 2027 respectively.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the ClearPay JV:

1. 20% pre-tax discount rate;
2. for reasons detailed above NSX has adopted a conservative accounting policy and has decided to remove all revenue forecast by the ClearPay JV.
3. 79% per annum increase in operating costs and overheads for financial year ended 31 December 2024, 66% per annum increase in operating costs and overheads for financial year ended 31 December 2025, and 7% per annum increase in operating costs and overheads from financial year ended 31 December 2026.

There were no other key assumptions for the Investment in the ClearPay JV.

Based on the above, the Board and management have made a decision to impair the Investment in the ClearPay JV at 30 June 2022. An impairment charge of \$2,629,470 has been applied to the carrying amount of the Investment in the ClearPay JV.

See note 29 for details of the investment in the joint venture vehicle ClearPay Pty Ltd.

## Note 12. Property, plant and equipment

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	885,997	885,997
Less: Accumulated depreciation	(860,786 )	(814,899 )
	<b>25,211</b>	<b>71,098</b>

### 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 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
Depreciation expense	(45,887)	(45,887)
<b>Balance at 30 June 2022</b>	<b>25,211</b>	<b>25,211</b>

## Note 13. Intangibles

	Consolidated	
	2022	2021
	\$	\$
<i>Non-current assets</i>		
Trade Acceptance Service ("TAS") project - at cost	387,061	387,061
Less: Accumulated amortisation	(254,554)	(95,458)
	<b>132,507</b>	<b>291,603</b>
Software - at cost	190,016	-
	<b>322,523</b>	<b>291,603</b>

### 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 \$	Software \$	Total \$
Balance at 1 July 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	-	190,016	190,016
Amortisation expense	(159,096)	-	(159,096)
<b>Balance at 30 June 2022</b>	<b>132,507</b>	<b>190,016</b>	<b>322,523</b>

Additions during the year are in relation to NewsAdd for NETS upgrade software. The go-live date is anticipated to be in June 2023.

## Note 14. Trade and other payables

	Consolidated	
	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade payables	542,035	187,583
Sundry payables	168,127	190,437
Accrued expenses	498,250	348,778
	<b>1,208,412</b>	<b>726,798</b>

Refer to note 22 for further information on financial instruments.

## Note 15. Lease liabilities

	Consolidated	
	2022 \$	2021 \$
<i>Current liabilities</i>		
Lease liability	593,603	512,469
<i>Non-current liabilities</i>		
Lease liability	1,388,193	1,838,077
	<b>1,981,796</b>	<b>2,350,546</b>

Refer to note 22 for further information on financial instruments.

## Note 16. Employee benefits

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Annual leave	136,596	107,051
Long service leave	54,520	51,421
	<b>191,116</b>	<b>158,472</b>
<i>Non-current liabilities</i>		
Long service leave	11,345	3,053
	<b>202,461</b>	<b>161,525</b>

## Note 17. Contract liabilities

	Consolidated	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	274,989	270,385
<i>Non-current liabilities</i>		
Contract liabilities	157,907	214,407
	<b>432,896</b>	<b>484,792</b>

### *Current liabilities*

Management expects that 100% of this amount allocated to unsatisfied contracts as of 30 June 2022 will be recognised as revenue during the next reporting period.

### *Non-current liabilities*

Management expects that 74% and 26% is expected to be recognised as revenue in the years ended 2024 and 2025 respectively.

## Note 18. Issued capital

	Consolidated			
	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	282,613,079	275,163,079	59,877,458	58,906,002

### *Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 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
Issue of shares- placement	13 August 2021	7,450,000	\$0.14	1,043,000
Capital raise costs		-	\$0.00	(71,544)
<b>Balance</b>	<b>30 June 2022</b>	<b>282,613,079</b>		<b>59,877,458</b>

### *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.

## Note 18. Issued capital (continued)

### *Capital risk management*

The Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group 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 Group 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 Group 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 25 for further information.

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

## Note 19. Reserves

	Consolidated	
	2022 \$	2021 \$
Options reserve	1,385,159	1,385,159
Performance rights reserve	97,239	-
	<b>1,482,398</b>	<b>1,385,159</b>

### *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.

### *Performance rights reserve*

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

## Note 19. Reserves (continued)

### Movements in reserves

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

Consolidated	Options reserve \$	Performance rights reserve \$	Total \$
Balance at 1 July 2020	1,385,159	-	1,385,159
Balance at 30 June 2021	1,385,159	-	1,385,159
Vesting of performance rights*	-	97,239	97,239
<b>Balance at 30 June 2022</b>	<b>1,385,159</b>	<b>97,239</b>	<b>1,482,398</b>

\* Refer to note 35 for further information.

### Options

Details	Issue 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
		<b>32,155,000</b>

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 was \$0.079 per Unlisted Option (total of \$378,959) which was 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:

## Note 19. Reserves (continued)

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 was \$0.044 per Unlisted Option (total of \$575,900) which was previously 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 (total of \$89,800) which was previously recognised as part of Capital raising costs.
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 (total of \$340,500) which was previously recognised as part of Capital raising costs.

There were no options exercised during the year ended 30 June 2022.

### Performance rights

Details	Issue Date	Performance rights
Issue of performance rights to employees	29/07/2021	429,536
Issue of performance rights to Director	25/11/2021	833,334
Issue of performance rights to Company Secretary	25/11/2021	83,334
Lapse of performance rights to employees*	26/11/2021	(66,668)
Issue of performance rights to employees	09/05/2022	1,774,828
		<b>3,054,364</b>

\* 66,668 performance rights lapsed due to resignation of an employee.

On 29 July 2021, 429,536 performance rights were issued to the current employees of the NSX under the Employee Incentive Plan 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 1 July 2021 to 1 July 2022; 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:

## Note 19. Reserves (continued)

1. No disciplinary action or warning is recorded against the employee during 1 July 2022 to 1 July 2023; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

On 25 November 2022, 833,334 performance rights were issued to John Karantzis. John Karantzis resigned from the Board and as Managing Director on 15 March 2022. John Karantzis carries on with the relationship of the proposed joint venture with Abilitii concerning the establishment of a second exchange in the Kingdom of Saudi Arabia (KSA). In compensation for this work the Board has determined to novate the currently issued performance rights on new vesting conditions as follows:

### Vesting Condition 1:

50% of the rights will vest on completion of an agreed business plan with Abilitii concerning the proposed JV to establish in Kingdom of Saudi Arabia a second stock exchange.

### Vesting Condition 2

50% of the rights will vest on execution of the joint venture with Abilitii which establishes the partnership and joint venture entity to create the second stock exchange in KSA.

On 25 November 2021, 83,334 performance rights (CoSec Performance Rights) were issued to Scott Evans (Company Secretary). The issue of the CoSec Performance Rights is a non-cash form of remuneration and will allow the Company to spend a greater portion of its cash reserves on its operations that it would if alternative cash forms of remuneration were given to Mr Evans. 100% of the rights will vest on 24 November 2022 if the Company Secretary remains employed by the NSX throughout the period until the vesting date.

On 9 May 2022, 1,774,828 performance rights were issued to the current employees of the NSX under the Employee Incentive Plan with the following vesting conditions:

### *Vesting condition 1:*

702,429 rights will vest on 15 April 2023 if:

1. No disciplinary action or warning is recorded against the employee during 15 April 2022 to 15 April 2023; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

### *Vesting condition 2:*

702,429 rights will vest on 15 April 2024 if:

1. No disciplinary action or warning is recorded against the employee during 15 April 2023 to 15 April 2024; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

### *Vesting condition 3:*

369,970 rights will vest on 15 April 2025 if:

1. No disciplinary action or warning is recorded against the employee during 15 April 2024 to 15 April 2025; and
2. The employee remains employed by the Company one year from the anniversary of vesting date.

## Note 20. Accumulated losses

	Consolidated	
	2022 \$	2021 \$
Accumulated losses at the beginning of the financial year	(54,759,022)	(51,758,284)
Loss after income tax expense for the year	(6,360,708)	(3,000,738)
<b>Accumulated losses at the end of the financial year</b>	<b>(61,119,730)</b>	<b>(54,759,022)</b>

## Note 21. Dividends

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

## Note 22. 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	
	2022 \$	2021 \$
<b>Finance assets</b>		
Cash and cash equivalents	797,312	2,437,532
Other receivables and other assets	351,223	639,346
Other financial assets	359,631	983,571
	1,508,166	4,060,449
<b>Financial liabilities</b>		
Trade and other payables	1,083,382	726,798
Lease liabilities	1,981,796	2,350,546
	<b>3,065,178</b>	<b>3,077,344</b>

## Note 22. Financial instruments (continued)

### *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 2022, \$10,864 of this facility was used (2021: \$7,839). 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 - 2022	Carrying amount \$	-0.25% Net result \$	Interest rate risk Equity \$	0.5% Net result \$	Equity \$
Cash	797,312	(1,993)	(1,993)	3,987	3,987
Term Deposit	359,631	(899)	(899)	1,798	1,798
<b>Increase/decrease</b>		<b>(2,892)</b>	<b>(2,892)</b>	<b>5,785</b>	<b>5,785</b>

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
<b>Increase/decrease</b>		<b>(8,553)</b>	<b>(8,553)</b>	<b>17,106</b>	<b>17,106</b>

## Note 22. Financial instruments (continued)

The Group'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 2022 %	Weighted average effective interest rate 2021 %	Floating interest rate 2022	Floating interest rate 2021	Maturing within 1 year 2022	Maturing within 1 year 2021	Total 2022	Total 2021
<b>Financial Assets:</b>								
Cash and cash equivalents	1.00	1.50	797,312	2,437,532	-	-	797,312	2,437,532
Term deposits	0.20	0.54	-	-	359,631	983,571	359,631	983,571
<b>Total financial assets</b>			<b>797,312</b>	<b>2,437,532</b>	<b>359,631</b>	<b>983,571</b>	<b>1,156,943</b>	<b>3,421,103</b>

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 Group 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 Group 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 Group 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.

## Note 22. Financial instruments (continued)

### *Liquidity risk*

Liquidity risk is the risk that the Group 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 consolidated entities short, medium and long-term funding and liquidity management requirements. The Group 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 23. Key management personnel disclosures

### *Directors*

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

<b>Director</b>	<b>Position</b>
<b>Michael Aitken, AM</b>	Non-Executive Director
<b>Tony Shen (Weiguo)</b>	Non- Executive Director
<b>Tod McGrouther</b>	Acting Managing Director (Appointed 15 March 2022)
<b>Timothy Hart</b>	Non-Executive Director and Chair
<b>Kelly Humphreys</b>	Non-Executive Director
<b>Barnaby Egerton-Warburton</b>	Non-Executive Director (Appointed 12 April 2022)
<b>Graeme Samuel, AC</b>	Non-Executive Director (Resigned 13 August 2021)
<b>Nickolas John Karantzis</b>	Managing Director and Interim Chief Executive Officer (Resigned 15 March 2022)

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	374,182	391,383
Post-employment benefits	23,485	17,417
Share-based payments	2,896	-
	<b>400,563</b>	<b>408,800</b>

## Note 23. Key management personnel disclosures (continued)

### 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 2022.

	Notes	Balance 1/07/2021	Received as remuneration	Options exercised	Net change other	Balance 30/06/2022
<b>2022</b>						
Tony Shen (Weiguo) *	-	24,285,000	-	-	(9,700,000)	14,585,000
Timothy Hart **	-	49,449,033	-	-	(49,449,033)	-
Timothy Hart ***	-	-	-	-	937,500	937,500
Kelly Humphreys ****	-	100,000	-	-	200,000	300,000
	-	<b>73,834,033</b>	-	-	<b>(58,011,533)</b>	<b>15,822,500</b>

\* Interest held by SHKL Group Limited of which Mr Shen is a director. The net change other relates to the disposal of 9,700,000 shares at a consideration price of 9 cents per share on 15 December 2021.

\*\* Relevant interest held by ISX Financial EU Plc (which was a subsidiary of Southern Cross Payments Limited) (ASX: SP1) has been removed due to resignation of John Karantzis and the demerger and Mr Hart is not a director of the ISX Financial EU Plc. Mr Tim Hart is a Director of Southern Cross Payments Limited (ASX:SP1). But due to the de-merger between Southern Cross Payments Ltd and ISX Financial EU Plc there is no longer a relevant interest and a change of director of interest notice was lodged with ASX on 13 October 2021 showing no relevant interest for Mr Hart in NSX Limited.

\*\*\* Interest held by TKJD Hart Pty Ltd (Hart Family A/C) Mr Hart's superfund. The net change other relates to the purchase of 937,500 at an average price \$0.032 on a market trade on 21 June 2022.

\*\*\*\* Interest held by Loire Investments Pty Ltd of which Ms Humphreys is a director. The net change other relates to the issue of 200,000 shares at a subscription price of 14 cents per share or \$28,000 on 13 August 2021. On 6 July 2022, 200,000 shares were purchased on a market trade.

## Note 23. Key management personnel disclosures (continued)

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

\* Interest held by SHKL Group Limited of which Mr Shen is a director.

\*\* Relevant interest held by Southern Cross Payments Limited (ASX: SP1) of which Mr Karantzis was a Director and Mr Hart is a director. The interest arises due to the ownership of shares by ISX Financial EU Plc (which was a subsidiary of Southern Cross Payments Limited at the time).

\*\*\* Interest held by Loire Investments Pty Ltd of which Ms Humphreys is a director.

## Note 24. 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	
	2022 \$	2021 \$
<i>Audit services - PKF</i>		
Audit or review of the financial statements	69,400	66,250
<i>Other services - PKF</i>		
Tax services	2,200	2,200
	<b>71,600</b>	<b>68,450</b>

## Note 25. Contingent liabilities

	Consolidated	
	2022 \$	2021 \$
Estimates of the maximum amounts of contingent liabilities that may become payable:		
<b>Compensation Arrangements</b>	<b>800,000</b>	<b>800,000</b>

### *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 33, and (b) a Letter of Credit for the amount of \$212,000. The combined sources have \$806,293.

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

## Note 26. Related party transactions

### *Parent entity*

NSX Limited is the parent entity.

### *Subsidiaries*

Interests in subsidiaries are set out in note 28.

### *Joint ventures*

Interests in joint ventures are set out in note 29.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 23 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 company as at 30 June 2022 were:

Ordinary Shares: 72,321,533 (2021: 73,834,033) fully paid ordinary shares

Partly Paid Shares: Nil (2021: Nil).

Share Options: Nil (2021: Nil)

### *Transactions with related parties*

Mr Tony Shen is a director of NSX and also a director of SHKL Group Limited, a company which owns 5.161% of the issued capital of NSX.

Mr Tim Hart is a Director of Southern Cross Payments Limited (ASX:SP1, formerly iSignThis Limited). But due to the de-merger between Southern Cross Payments Ltd and ISXF there is no longer a relevant interest and a change of director of interest notice was lodged with ASX on 13 October 2021 showing no relevant interest for Mr Hart in NSX 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.

### *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.

## Note 27. Parent entity information

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

### *Statement of profit or loss and other comprehensive income*

	Parent	
	2022	2021
	\$	\$
Loss after income tax	(6,360,708)	(3,000,738)
Total comprehensive income	(6,360,708)	(3,000,738)

### *Statement of financial position*

	Parent	
	2022	2021
	\$	\$
<i>Total current assets</i>	1,268,497	6,320,851
Total assets	1,268,497	6,320,851
Total current liabilities	1,028,371	788,713
Total liabilities	2,327,430	2,626,790
<i>Equity</i>		
Issued capital	59,877,458	58,906,002
Options reserve	1,482,398	1,385,159
Accumulated losses	(61,119,730)	(54,759,022)
<b>Total equity</b>	<b>240,126</b>	<b>5,532,139</b>

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 28. 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	
		2022 %	2021 %
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
NSX International Ltd	Cyprus	100.00	-
<i>Subsidiaries of National Stock Exchange of Australia Limited</i>			
NSX Clearing Nominees Pty Limited	Australia	100.00	100.00

## Note 29. 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	
		2022 %	2021 %
ClearPay Pty Ltd	Australia	41.00	41.00

In 2020 NSX and Southern Payments Limited (ASX: SP1) 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 ISXF owning the remaining 59%. ISXF contributes intellectual property and its subsidiary, Probanx Solutions Ltd, is designing and developing the DvP platform for a fee, including the integration into ISXPay® and Payidentity™ platforms.

ClearPay JV shareholders as at 30 June 2022 are:

1. NSX owns 35 shares in the company;

## Note 29. Interests in joint ventures (continued)

2. ISXF 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 FY21 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 ISXF representative at each Board meeting with a quorum of 2. As at 30 June 2022, there were 4 Board members in total, NSX has two board members and ISXF has two board members therefore NSX holds 50% of the voting power; 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) \$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 2022 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.

## Note 29. Interests in joint ventures (continued)

### Summarised financial information

	2022	2021
	\$	\$
<i>Summarised statement of financial position</i>		
Cash and cash equivalents	1,268,680	1,570,242
Non-current assets	843,750	270,000
Total assets	2,112,430	1,840,242
Current liabilities	303,967	2,618
Total liabilities	303,967	2,618
Net assets	1,808,463	1,837,624
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Other expenses	(29,161)	(234,699)
Loss before income tax	(29,161)	(234,699)
Other comprehensive income	-	-
Total comprehensive income	(29,161)	(234,699)
<i>Reconciliation of the Group's carrying amount</i>		
Opening carrying amount	2,641,426	2,737,652
Share of loss after income tax	(11,956)	(96,226)
Impairment	(2,629,470)	-
<b>Closing carrying amount</b>	<b>-</b>	<b>2,641,426</b>

## Note 30. Events after the reporting period

On 1 July 2022, the Company converted 181,434 employee Performance Rights to Ordinary Shares for various staff.

On 16 August 2022, the Company announced the terms of a \$5.72 million capital raise were finalised, comprising a \$2.65 million Placement as well as a non-renounceable Entitlement Officer open to existing shareholders as at 25 August 2022 to raise up to \$3.08 million. The funds raised will be used to accelerate expansion and business development initiatives.

On 25 August 2022 the Company completed the placement component of the capital raising which raised \$2.65 million.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Note 31. Impact of the Coronavirus (COVID-19)

The impact of the Coronavirus (COVID-19) pandemic is ongoing and has generated substantial market uncertainty, resulting in heightened volatility and reduced liquidity which has resulted in an adverse impact on the initial public offering (IPO) market and the ability of NSXA to gain additional listings from IPOs. IPOs faced and continue to face an increasingly challenging environment, reflecting the macroeconomic, with factors such as inflationary fears, geopolitical instability and interest rate rises affecting markets worldwide. NSXA has achieved a growth in business from non-IPO applications and expects IPO applications to increase in the future. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation 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 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2022 \$	2021 \$
Loss after income tax expense for the year	(6,360,708)	(3,000,738)
<i>Adjustments for:</i>		
Depreciation and amortisation	727,305	628,220
Impairment of investments	2,629,470	-
Share of loss - joint ventures	11,956	96,226
Share-based payments	97,239	-
Interest and other finance costs	678,267	419,553
<i>Change in operating assets and liabilities:</i>		
Decrease in trade and other receivables	110,403	29,026
Increase/(decrease) in trade and other payables	778,648	(133,734)
Increase in other provisions	40,937	35,853
Decrease/(increase) in deferred income	(51,896)	(113,773)
Decrease in other current assets	(948,696)	4,001
<b>Net cash used in operating activities</b>	<b>(2,287,075)</b>	<b>(2,035,366)</b>

## Note 32. Reconciliation of loss after income tax to net cash used in operating activities (continued)

### Reconciliation of cash

	2022 \$	2021 \$
<i>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:</i>		
Cash and cash equivalents	797,312	2,437,532
Term deposits	359,631	983,571
	<b>1,156,943</b>	<b>3,421,103</b>

### Non-cash Financing and Investing Activities

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

## Note 33. Financial Market Fidelity Fund

As at 30 June 2022 the National Stock Exchange of Australia Limited Fidelity Fund had a balance of \$594,293 (2021: \$593,760). 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 34. Earnings per share

	Consolidated	
	2022 \$	2021 \$
Loss after income tax attributable to the owners of NSX Limited	(6,360,708)	(3,000,738)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	281,735,408	258,332,367
Weighted average number of ordinary shares used in calculating diluted earnings per share	281,735,408	258,332,367

## Note 34. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(2.26)	(1.16)
Diluted earnings per share	(2.26)	(1.16)

## Note 35. Share-based payments

During the year ended 30 June 2022, 2,204,364 Performance Rights were issued to employees with nil exercise price under the Employee Incentive Plan. The Performance Rights have been valued using the Black Scholes simulation method with reference to the market price and an expense of \$49,060 has been recognised during the year ended 30 June 2022 as part of Share-based payments.

During the year ended 30 June 2022, 833,334 performance rights were issued to John Karantzis (previously Managing Director). The Performance Rights have been valued using the Black Scholes simulation method with reference to the market price and an expense of \$43,799 has been recognised during the year ended 30 June 2022 as part of Share-based payments.

During the year ended 30 June 2022, 83,334 performance rights were issued to Scott Evans (Company Secretary). The Performance Rights have been valued using the Black Scholes simulation method with reference to the market price and an expense of \$4,380 has been recognised during the year ended 30 June 2022 as part of Share-based payments.

During the year 66,668 Performance Rights were cancelled relating to other employees who left the company and did not meet the vesting conditions.

Set out below are summaries of performance rights movements during the year:

2022							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
16/07/2021	01/07/2025	\$0.00	-	429,536	-	(66,668)	362,868
24/11/2021	24/11/2025	\$0.00	-	916,668	-	-	916,668
07/04/2022	15/04/2026	\$0.00	-	664,918	-	-	664,918
08/04/2022	15/04/2026	\$0.00	-	1,109,910	-	-	1,109,910
			-	3,121,032	-	(66,668)	3,054,364

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.5 years (2021: Nil).

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

## Note 35. Share-based payments (continued)

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/07/2021	01/07/2025	\$0.12	\$0.00	214.14%	-	0.01%	\$0.120
24/11/2021	24/11/2025	\$0.08	\$0.00	214.14%	-	0.40%	\$0.080
07/04/2022	15/04/2026	\$0.05	\$0.00	206.55%	-	2.11%	\$0.050
08/04/2022	15/04/2026	\$0.05	\$0.00	206.55%	-	2.11%	\$0.050

## Note 36. 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 Group by the Australian Securities Exchange Limited.

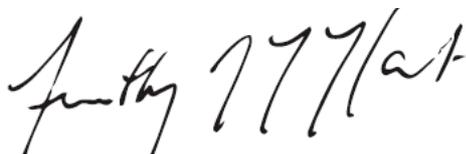
## In the directors' opinion:

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 Group's financial position as at 30 June 2022 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.

On behalf of the directors



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Tim Hart  
Director



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Kelly Humphreys  
Director

26 August 2022

## 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 2022, 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 2022 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 Group's ability to continue as a going concern. The Group entity is currently in a net asset position of \$0.24m after recognising a loss in the current year of \$6.36m and cash outflows from operating activities of \$2.287m. 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. Recoverability of carrying amount of investment in joint venture – ClearPay Pty Ltd

#### Why significant

Refer to notes 7, 11 and 29 to the consolidated financial statements.

NSX Limited holds 41% of the shares in ClearPay Pty Ltd with the other 59% being held by iSignthis Ltd. The ClearPay business plan is to develop and operate a Distributed Ledger Technology ('DLT') based multicurrency, real-time, Deliver versus Payment ('DvP') platform. The expected launch date of 2021 has been delayed to 2024 due to COVID 19 and licensing issues.

Management performs an annual impairment assessment for indicators of impairment, which includes identifying objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment that may result in a loss event. Where a loss event has been identified that impacts the estimated cash future cash flows of the investment in joint venture, the recoverable amount of the joint venture is assessed and compared to the carrying account value.

The recoverable amount of the investment in the joint venture is measured at value-in-use which is based on future discounted cash flows on a cash generating unit basis.

Management has concluded that there was an impairment in respect of the investment in joint venture relating to ClearPay Pty Ltd as at 30 June 2022 to the amount of \$2.6 million.

This area is significant to our audit because of the significance of the carrying amounts of the investment in joint venture and the significant management judgement involved in determining the value-in-use prepared based on future discounted cash flows or fair value less costs of disposal under income approach.

For investments in joint ventures and associates, the judgement focuses on revenue growth rates, terminal growth rates and timing of revenue recognition. All these factors are with estimation uncertainties and may impact the results of the impairment assessments.

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

We obtained an understanding on the Group's policies and procedures to identify impairment indicators of investments in joint ventures, and performed the following procedures in relation to management's impairment assessment:

- evaluated the internal sources and external sources of information to identify impairment indicators, if any;
- evaluated the appropriateness of the value-in-use model adopted for the impairment assessment;
- agreed input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data, where applicable;
- evaluated management's sensitivity analysis around the key assumptions, to ascertain the extent of change in those assumptions that either individually or collectively would be required for the joint venture to be impaired, where applicable.
- assessed the adequacy of the disclosures related to impairment of the ClearPay investments in the context of the applicable financial reporting framework; and

Based on the audit procedures performed, we found the key judgements and assumptions used in the impairment identification and assessments to be supported by the available evidence.

## 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 to 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.

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- 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 2022

In our opinion, the Remuneration Report of NSX Limited for the period ended 30 June 2022, 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.



PKF



MARTIN MATTHEWS  
PARTNER

26 AUGUST 2022  
NEWCASTLE, NSW

## Shareholder Information

The shareholder information set out below was applicable as at 15 August 2022.

### *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	Performance Rights
1 to 1,000	44	-	-	-
1,001 to 5,000	166	-	-	2
5,001 to 10,000	175	-	-	
10,001 to 100,000	386	1	21	3
100,001 and over	181	2	18	5
<b>Total</b>	<b>952</b>	<b>3</b>	<b>39</b>	<b>10</b>
<b>Holding less than a marketable parcel</b>	<b>295</b>	<b>-</b>	<b>-</b>	<b>-</b>

### *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	19.98
UNITED CAPITALS LIMITED (CR2310085 A/C)	21,949,145	7.76
WELLPOINT INC LIMITED (CR 1972550 A/C)	19,848,888	7.02
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,744,899	5.92
SHKL GROUP LIMITED	14,585,000	5.16
UBS NOMINEES PTY LTD	13,997,950	4.95
CROSS-STRAIT DEVELOPMENT FUND CO LIMITED	10,212,000	3.61
GOWING BROS LTD	10,000,001	3.54

Shareholder	Ordinary shares	
	Number held	% of total shares issued
MS YIXIAO ZHOU	9,700,000	3.43
EXCHANGE TECHNOLOGY INVESTMENTS PTY LTD	8,580,000	3.03
AUSTRALIAN MINING GROUP LTD	7,432,500	2.63
MR ANTONY WILLIAM PAUL SAGE (EGAS SUPERANNUATION FUND A/C)	4,000,000	1.41
LACHMAC PTY LTD	2,678,572	0.95
MR STEVEN JOHN PEARCE	2,476,530	0.88
C Y T INVESTMENT PTY LTD	2,380,000	0.84
WOOLWICH HOLDINGS PTY LTD (THE J DEACON SUPER FUND A/C)	2,350,000	0.83
MR DAVID ANDREW DEACON	2,300,000	0.81
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
	<b>211,625,469</b>	<b>74.84</b>

### *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.

### *Substantial holders*

There are no substantial holders in the company.

	Ordinary shares	
	Number held	% of total shares issued
ISX FINANCIAL EU LTD	56,499,033	19.98
UNITED CAPITALS LIMITED (CR2310085 A/C)	21,949,145	7.76
WELLPOINT INC LIMITED (CR 1972550 A/C)	19,848,888	7.02
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,744,899	5.92
SHKL GROUP LIMITED	14,585,000	5.16

## *Performance Rights*

As at the date of this report there are 2,872,930 employee performance rights on issue. Performance Rights have no voting or dividend rights until the Performance Rights are converted to fully paid ordinary shares. Performance Rights are subject to performance criteria and are issued to employees.

## *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.