

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

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

### **Group Cash Flow Activities**

Cash Flow Activities for the quarter for the NSX Group included:

- Cash at the end of the quarter was \$4.1 million, following a net cash outflow for the period of \$1.4 million. This is \$0.5 million lower than the December quarter, and \$0.5 million higher than the pcq, influenced by \$0.3 million in newly imposed regulatory costs.
- Cash receipts from customers were comparable to the previous corresponding period (pcq) and reflects two new listings during the quarter.
- Staff costs for the period were lower by \$0.3 million from the December quarter as a result of the divestment of IR Plus and timing differences of payment cycles. Otherwise cost drivers remained consistent.
- Administration and corporate costs were up \$0.4 million on the pcq due to the timing difference on payments, and the overlay of additional a new annual regulatory cost charged by ASIC of \$0.3 million.

### **Business Activities by Business Unit**

During the quarter:

- NSX listed two new issuers during the period, SenterpriSys Limited (NSX:SPS) and Home 789 Limited (NSX:789).
- NSX progressed the roll out of the IRESS access model to new and existing brokers. During the period Canaccord commenced trading using the interface bringing the total number of brokers using IRESS to seven, including Patersons Securities, Ord Minnett, Morgans, Bell Potter and Open Markets.
- Further discussions were held with the major online brokers and other market participants, supported by the addition of Matthew Loughnan, the former Head of Retail, Alliances and Platforms Share Investing & ANZ Investment Lending (E\*TRADE Australia) to the NSX team.
- NSX progressed key elements of the TAS post trade implementation project including commencing stakeholder engagement, preparation of regulatory materials and execution of a tender process for technology solutions.
- Two new executives commenced:
  - Yemi Oluwi commenced as Head of Technology for NSX in January, bringing with him deep knowledge of market connectivity and distribution formats, acquired during his career with ASX, Ullink, Deutsche Bank, Perpetual and UBS; and
  - Ellen Morsley was appointed to the position of Head of Compliance and Compliance Officer. Ellen has extensive insight in compliance having joined the NSX after nearly seven years at APA Group where she was an Assistant Company Secretary and Group Compliance Manager. Prior to this Ellen was the Managing Director of Citco (Australia).

### **Activities Post Quarter End**

Subsequent to the end of the March quarter:

- NSX announced that it has signed a mandate with CPS Capital to raise up to \$10 million in new capital by way of a placement, subject to shareholder approval. The net proceeds from the Placement will be used to further enhance market connectivity to the exchange, in particular online brokers, creating greater liquidity in our market, and to continue our extensive work on operational enhancements. Importantly, this investment will fund business development activities in key markets such as Western Australia.

24 April 2019

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SYDNEY NSW 2000

- NSX announced that it has selected SecuritEase as the vendor to provide connectivity to the Trade Acceptance Service (TAS) for clearing and settlement of trades executed on the NSX market. Partnering with SecuritEase to implement TAS is a key element of the project which once completed will bring market wide benefits and efficiencies from harmonizing the post-trade processes across the Australian cash equities markets.

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

Ann Bowering  
Managing Director and CEO  
NSX Limited  
[ann.bowering@nsx.com.au](mailto:ann.bowering@nsx.com.au)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

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

**Name of entity**

NSX Limited

**ABN**

33 089 447 058

**Quarter ended ("current quarter")**

31 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	119	1,865
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(452)	(1,874)
(f) administration and corporate costs	(1,025)	(3,110)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	35
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Lease incentive received)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,352)</b>	<b>(3,084)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment			
(b) businesses (see item 10)			
(c) investments			
(d) intellectual property			
(e) other non-current assets			
2.2 Proceeds from disposal of:			
(a) property, plant and equipment			
(b) businesses (see item 10)			
(c) investments			
(d) intellectual property			
(e) other non-current assets			
2.3 Cash flows from loans to other entities			
2.4 Dividends received (see note 3)			
2.5 Other (provide details if material)			
<b>2.6 Net cash from / (used in) investing activities</b>		-	-
<b>3. Cash flows from financing activities</b>			
3.1 Proceeds from issues of shares		-	4,895
3.2 Proceeds from issue of convertible notes			
3.3 Proceeds from exercise of share options			
3.4 Transaction costs related to issues of shares, convertible notes or options			
3.5 Proceeds from borrowings			
3.6 Repayment of borrowings			
3.7 Transaction costs related to loans and borrowings			
3.8 Dividends paid			
3.9 Other (provide details if material)			
- Capital raise costs			
<b>3.10 Net cash from / (used in) financing activities</b>		-	4,895

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,469	2,307
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,352)	(3,084)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	4,895
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,117</b>	<b>4,117</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,136	3,249
5.2	Call deposits	781	778
5.3	Bank overdrafts		
5.4	Other (provide details)	1,200	1,200
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,117</b>	<b>5,469</b>

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

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

	Current quarter \$A'000	Previous quarter \$A'000
5.6 Total cash at end of quarter (item 4.6)	4,117	5,469
5.7 Cash Deposits held for Equity Markets Compensation Arrangements.	(700)	(700)
5.8 Cash Deposit held while National Stock Exchange of Australia is registered as a General Settlement Participant of ASX Settlement Pty Ltd.	(500)	(500)
<b>Total: cash on hand and at bank (items 5.1 and 5.2)</b>	<b>2,917</b>	<b>4,269</b>

### Item 5.7 - Exchange Compensation Arrangement

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, NSX operates investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. The minimum cover required by the Licence is \$800,000. The sources for the cover is a Fidelity Fund and also a Letter of Credit as allowed by the Act. The Fidelity Fund currently has over \$520,000 on deposit. To support the Letter of Credit the National Stock Exchange of Australia Limited has provided a cash deposit of \$700,000. There is currently excess funds to the cover required in the compensation arrangements. The cash balances for the Fidelity Fund are not consolidated with NSX accounts above.

Therefore \$700,000 is not available cash for use by the NSX Group as working capital. Interest earned from the cash deposits is available for working capital purposes.

### Item 5.8 - General Settlement Participant Requirements

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

Therefore \$500,000 is not available cash for use by the NSX Group as working capital. Interest earned from the cash deposits is available for working capital purposes.

#### 6. Payments to directors of the entity and their associates

**Current quarter  
\$A'000**

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

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

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

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

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

**Current quarter  
\$A'000**

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

NIL

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

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

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

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	450
9.6 Administration and corporate costs	1,100
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>1,550</b>

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

### **Compliance statement**

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

Sign here: .....Michael Cox..... Date: .....24 April 2019...  
(Director/~~Company secretary~~)

Print name: .....Michael Cox.....

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.