



1. Company details

Name of entity:	NSX Limited
ABN:	33 089 447 058
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	13.0% to	927,428
Loss from ordinary activities after tax attributable to the owners of NSX Limited	down	27.3% to	(1,616,906)
Loss for the half-year attributable to the owners of NSX Limited	down	27.3% to	(1,616,906)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,616,906 (31 December 2019: \$2,223,798).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.75</u>	<u>1.01</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
ClearPay Pty Ltd	41.00%	-	(90,452)	-
<i>NSX Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(90,452)	-
Income tax on operating activities			-	-

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

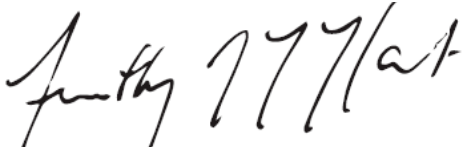
The financial statements were subject to a review by the auditors and the review report is attached as part of the Half - Year Financial Report.

11. Attachments

Details of attachments (if any):

The Half - Year Financial Report of NSX Limited for the half-year ended 31 December 2020 is attached.

12. Signed



Signed _____

Date: 25 February 2021

Tim Hart
Director



Signed _____

Kelly Humphreys
Director



NSX Limited
ACN 089 447 058
and Subsidiary Entities

1 Bligh Street,
Sydney NSW 2000
t +61 2 8378 6400
e info@nsx.com.au
nsx.com.au

NSX Limited

ABN 33 089 447 058

Half - Year Financial Report - 31 December 2020

NSX Limited
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of NSX Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

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

Thomas Price	Non-Executive Director (Removed 30 October 2020)
Tony Shen (Weiguo)	Non-Executive Director
Tod McGrouther	Executive Director
Timothy Hart	Non-Executive Director and Chair
Kelly Humphreys	Non-Executive Director
Michael Aitken	Non-Executive Director (Appointed 26 October 2020)

Company Secretary

Scott Evans has held the position of the company secretary (B.Ec (hons) GAICD, SA Fin, FGIA, DFP) since the beginning of the reporting period, to the date of this report. He was appointed on 7 March 2006.

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,616,906 (31 December 2019: \$2,223,798).

	31 December 2020	31 December 2019	Change	Change
	\$	\$	\$	%
Revenue from operations	918,980	802,401	116,579	15%
Other income	131,948	18,370	113,578	618%
Share in loss of Associates accounted for using the equity method	(90,452)	-	(90,452)	-
Expenses including non-recurring costs	(2,577,382)	(3,044,569)	467,187	(15%)
Net loss after tax	(1,616,906)	(2,223,798)	606,892	(27%)
Shares on issue at end of period (*)	258,805,928	196,109,043	62,696,885	32%

(*) includes 1,500,000 partly paid shares

	31 December 2020	31 December 2019	Change	%
	\$	\$	\$	%
	-	-	-	-
Net tangible asset backing (cents)	1.75	1.01	0.74	73.27%
Share price at end of period (cents)	22.00	17.00	5.00	29.41%
Market capitalisation (\$'m)	56.60	30.40	26.20	86.18%
Earnings per share (Cents)	(0.63)	(1.17)	0.54	46.15%

OPERATING REVENUE

Revenue associated with the operation of the National Stock Exchange of Australia (NSXA) accounts for 87.44% of all receipts. The balance of revenue is principally the COVID-19 related Government Cash Flow Boost and JobKeeper rebate along with interest earned on cash and investments held during the half-year.

NSX Group operating revenues of \$0.92 million were up \$0.12 million on the prior comparable period (pcp) of \$0.8 million. This reflects the impact of refocussing of the National Stock Exchange of Australia in the prior year towards better quality listings through the implementation of new and revised listing suitability standards and less revenue from new listings in the current period.

The operating revenue for each of our business activities is reflected in the table following.

Revenue Category	31 December	31 December	%
	2020	2019	
	\$	\$	
Listing fees	137,270	107,383	28%
Subsequent quotation fees	153,868	59,391	159%
Annual fees	578,467	610,019	(5%)
Other revenue	49,375	25,608	93%
ATO Cash flow boost and JobKeeper Subsidy	123,500	-	100%
Interest received	8,448	18,370	(54%)
	<u>1,050,928</u>	<u>820,771</u>	

Discussion on the operating revenue is detailed below.

Listing fees - \$0.1 million, up 28%

The drivers of this revenue line are the number of new listing approved in the period, the market capitalisation of those issuers and the scheduled fee charged. The increase in Listing Fees from the pcp reflects a higher average market capitalisation of new issuers and two new listings to the official list during period.

Subsequent quotation fees - \$0.2 million, up 159%

The drivers of this revenue line are the number of new listings approved in preceding periods, the market capitalisation of those issuers, subsequent capital raised on the exchange, restricted securities that are released from escrow, and the scheduled fees charged. Subsequent quotation fees on the exchange increased by \$0.03 million reflecting a higher run off of escrowed securities in the current period. A total of \$2.7 million in new capital was raised by companies listed on the exchange (excluding IPO capital raised) in the six-month period to 31 December 2020, compared to \$14.7 million in the pcp.

Annual fees - \$0.6 million, down 5%

Annual fees are the product of three key drivers, the number of listed securities, the market capitalisation of the listed entities and the scheduled fee charged. Annual fees were \$0.03 million lower than the pcp reflecting the net impact of 57 listed securities in the current period compared to 66 in the pcp, with an average market capitalisation of \$39.8 million, up from \$38.9 million in the prior period. The total market capitalisation of the exchange at 31 December 2020 was \$2.27 billion.

OPERATING EXPENSES

Operating expenses decreased by 15% from \$3.04 million to \$2.57 million. This is mainly due to a reduction in the legal fees, consultancy fees and market trading expenses.

Legal fees decreased by 76% pcp to \$0.06 million. NSXA has previously contributed the excess of \$0.1 million in the pcp for a claim filed against it in October 2019. NSXA insurers are funding the claim so there are no additional costs.

Consultancy expenses decreased by 76% pcp to \$0.11 million as a result of hiring three less contractors in the current period.

Market Trading expenses decreased by 46% to \$0.32 million due to more Nasdaq invoices being recorded in HY19 than HY20.

NSX Limited
Directors' report
31 December 2020

Employee benefits expense increased by 23% pcp to \$1.05 million due to the appointment of additional Board members and staff during the half-year.

Administration expenses increased by 84% to \$0.54 million as a result of increase in the Industry ASIC Levy and an increase in the Director & Officer Insurance Premium.

Balance Sheet	31 December 2020 \$	30 June 2020 \$	Change \$	Change %
Cash	1,669,072	3,116,981	(1,447,909)	(46%)
Financial assets	1,984,074	1,480,233	503,841	34%
Investment accounted for using the equity method	2,647,200	2,737,652	(90,452)	(3%)
Other assets	3,613,698	2,979,791	633,907	21%
Total assets	9,914,044	10,314,657	(400,613)	
Payables	(2,875,884)	(1,404,291)	(1,471,595)	105%
Provisions	(134,056)	(125,672)	(8,384)	7%
Lease liabilities	(2,312,783)	(2,574,717)	261,934	(10%)
Total liabilities	(5,322,723)	(4,104,680)	(1,218,045)	
Equity	4,591,321	6,209,977	(1,618,658)	

As at 31 December 2020, net current assets were reduced by \$1,679,772 from 30 June 2020 (largely attributable to a reduction in cash on hand) and net assets were reduced by \$1,618,658 from 30 June 2020.

Trade and other creditors of \$5.3 million is represented by \$2.3 million in lease liabilities plus \$1.1 million in contract liabilities and \$1.9 million in creditors and other accrued liabilities. Contract liabilities reflect the unamortised balance of annual listing fees that have been billed and collected from issuers and are recognised over 3 years as well as annual fees recognised over the current year. Consequently, as at 31 December, only part of the revenue has been recognised. The balance of \$1.1 million will be recognised as revenue in the Statement of Profit and Loss in future periods.

WORKING CAPITAL

The NSX Group maintains a cash balance of \$3.7 million (2019: \$3.3 million) at the end of the period. Of the working cash held, \$1.9 million is held as part of the market compensation arrangements, settlement participation arrangements, rental bonds and cash excess deposit. Interest derived from the cash held on deposit is used for working capital. The following discussion details various arrangements that have an impact on the Company's cash balances held.

Reconciliation of Cash	31 December 2020 \$	31 December 2019 \$
Cash on hand and at bank	1,669,072	1,819,294
Deposits at call	1,984,074	1,477,990
Total cash at end of period	3,653,146	3,297,284

NSX Limited
Directors' report
31 December 2020

Trade Acceptance Service (TAS)

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

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

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

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

Compensation Arrangements

As part of the National Stock Exchange of Australia Limited's Australian Financial Markets Licence, the NSX Group operates investor Compensation Arrangements in accordance with Part 7.5 Division 3 of the Corporations Act 2001. National Stock Exchange of Australia Limited has provided a cash deposit of \$0.7 million as part of its Compensation Arrangements. This is over and above the money that is included in the Fidelity Fund operated by NSXA. Interest generated by the Fidelity Fund is re-invested into the fund.

ASX Settlement Performance Bond

National Stock Exchange of Australia (NSXA) acts as a settlement agent on behalf of several NSXA broker participants. Consequently NSXA is registered with ASX Settlement as a General Settlement Participant for the purposes of ASX Settlement Pty Ltd Operating Rules (ASXOR 4.3.13) to effect CHESS Settlements. ASX Settlement Operating Rule 4.9.1 requires General Participants to post a Settlement Performance Bond to the value of \$0.5 million. ASX Settlement can make a demand under Operating Rule 4.9.5 if ASX Settlement is satisfied that a Participant has contravened a provision of the rules and as a result of that contravention, ASX settlement has suffered or incurred any losses, damages, costs or expenses.

NSX Limited has established a bank guarantee backed by a term deposit of \$0.5 million to satisfy the requirements of the Settlement Performance Bond. With the introduction of the Trade Acceptance Service NSXA has applied to ASX Settlement for the return of the Bank Guarantee as the Settlement Transfer Service is no longer used. In February 2021 ASX approved the release of the Bank Guarantee and returned the Bank Guarantee to NSX. On lodgement of the guarantee, National Australia Bank have approved the release of the holding lock on the \$500,000 term deposit and these funds are now available for working capital purposes.

Interest generated from the cash held in the NSX deposit is available for working capital.

Rental Bonds and Other Bank Guarantees

NSX Limited has in place a bank guarantee for the rental of premises in Sydney of \$282,328 (2019: \$277,990). These amounts are not available cash for use by the NSX Group as working capital. Interest generated from the cash held in the NSX deposit is re-invested into the Bond to allow for growth in the Bond requirements over time.

**NSX Limited
Directors' report
31 December 2020**

Other Deposits

NSX Limited also has placed \$0.5 million in a term deposit during the period. This is available cash for use by the NSX Group as working capital.

Net Working Capital

The following table details the impact of the bank guarantee arrangements on NSX Limited's current cash balances available for use.

	31 December 2020 \$	31 December 2019 \$
Net Working Capital		
Total cash at end of the period	3,653,146	3,297,284
Deposits held for equity markets compensation arrangements	(700,000)	(700,000)
Deposits held while National Stock Exchange of Australia is a general participant of CHESSE	(500,000)	(500,000)
Other bank guarantees	(282,328)	(277,990)
Total: cash available for use by the NSX group at the end of the period	<u>2,170,818</u>	<u>1,819,294</u>

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

In February 2021 ASX approved the release of the Bank Guarantee due to the switch from the Settlement Facilitation Services to the Trade Acceptance Service and returned the Performance Bond Bank Guarantee to NSX. On lodgement of the guarantee, National Australia Bank have approved the release of the holding lock on the \$500,000 term deposit and these funds are now available for working capital purposes.

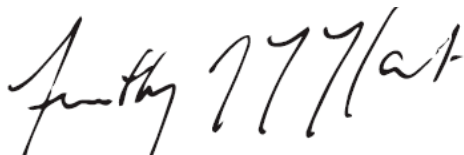
No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Tim Hart
Director



Kelly Humphreys
Director

25 February 2021

NSX Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



PKF



MARTIN MATTHEWS
PARTNER

25 FEBRUARY 2021
SYDNEY, NSW

NSX Limited
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31 December 2020

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General information

The financial statements cover NSX Limited as a consolidated entity consisting of NSX Limited and the entities it controlled at the end of, or during, the half-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 Suite 3-04
1 Bligh Street, Sydney

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2021.

NSX Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	
		31 December 2020	31 December 2019
	Note	\$	\$
Revenue	3	918,980	802,401
Share of losses of joint ventures accounted for using the equity method	4	(90,452)	-
Other income	5	123,500	-
Interest revenue calculated using the effective interest method		8,448	18,370
Expenses			
Employee benefits expense		(1,058,190)	(863,648)
Market trading expense		(315,416)	(583,274)
Administration		(542,275)	(294,525)
Occupancy expense		(29,422)	(35,242)
Depreciation and amortisation expense		(281,858)	(277,506)
IT costs		(35,335)	(41,369)
Legal expenses		(64,824)	(269,669)
Travel costs		-	(32,376)
Consultancy expenses		(114,539)	(474,456)
Compliance expenses		(38,695)	(23,580)
Other expenses		(16,974)	(50,341)
Finance costs		(68,983)	(82,660)
Marketing		(10,871)	(15,923)
Loss before income tax expense		(1,616,906)	(2,223,798)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of NSX Limited		(1,616,906)	(2,223,798)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of NSX Limited		<u>(1,616,906)</u>	<u>(2,223,798)</u>
		Cents	Cents
Basic earnings per share	17	(0.63)	(1.17)
Diluted earnings per share	17	(0.63)	(1.17)

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

NSX Limited
Statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 December	30 June 2020
		2020	2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,669,072	3,116,981
Trade and other receivables		148,195	150,596
Financial assets		1,984,074	1,480,233
Other current assets		962,488	204,081
Total current assets		<u>4,763,829</u>	<u>4,951,891</u>
Non-current assets			
Investment accounted for using the equity method		2,647,200	2,737,652
Property, plant and equipment		103,770	164,282
Right-of-use assets	6	2,028,747	2,255,528
Intangibles		370,498	205,304
Total non-current assets		<u>5,150,215</u>	<u>5,362,766</u>
Total assets		<u>9,914,044</u>	<u>10,314,657</u>
Liabilities			
Current liabilities			
Trade and other payables		1,768,768	805,726
Lease liabilities	7	483,660	533,383
Employee benefits		123,070	109,982
Contract liabilities	8	850,381	285,078
Total current liabilities		<u>3,225,879</u>	<u>1,734,169</u>
Non-current liabilities			
Lease liabilities	9	1,829,123	2,041,334
Employee benefits		10,986	15,690
Contract liabilities	10	256,735	313,487
Total non-current liabilities		<u>2,096,844</u>	<u>2,370,511</u>
Total liabilities		<u>5,322,723</u>	<u>4,104,680</u>
Net assets		<u>4,591,321</u>	<u>6,209,977</u>
Equity			
Issued capital	11	56,581,352	56,583,102
Reserves	12	1,385,159	1,385,159
Accumulated losses		<u>(53,375,190)</u>	<u>(51,758,284)</u>
Total equity		<u>4,591,321</u>	<u>6,209,977</u>

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

NSX Limited
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Accumulated losses \$	Share option Reserve \$	Total equity \$
Balance at 1 July 2019	49,378,875	(47,051,382)	-	2,327,493
Loss after income tax expense for the half-year	-	(2,223,798)	-	(2,223,798)
Total comprehensive income for the half-year	-	(2,223,798)	-	(2,223,798)
Adjustment for change in accounting policy	-	(241,661)	-	(241,661)
Shares issued	1,931,484	-	-	1,931,484
Transaction cost on share issue	(538,286)	-	-	(538,286)
Options issued as part of capital raise	-	-	378,959	378,959
Balance at 31 December 2019	<u>50,772,073</u>	<u>(49,516,841)</u>	<u>378,959</u>	<u>1,634,191</u>
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 half-year	-	(1,616,906)	-	(1,616,906)
Total comprehensive income for the half-year	-	(1,616,906)	-	(1,616,906)
Transaction cost on share issue	(1,750)	-	-	(1,750)
Balance at 31 December 2020	<u>56,581,352</u>	<u>(53,375,190)</u>	<u>1,385,159</u>	<u>4,591,321</u>

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

NSX Limited
Statement of cash flows
For the half-year ended 31 December 2020

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,561,704	1,471,187
Payments to suppliers (inclusive of GST)	(2,016,037)	(3,200,210)
Interest received	8,725	18,370
Interest and other finance costs paid	(95,364)	(87,475)
Government grants and tax incentives	146,000	-
	<u>(394,972)</u>	<u>(1,798,128)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for intangibles	<u>(93,760)</u>	<u>(82,015)</u>
Net cash used in investing activities	<u>(93,760)</u>	<u>(82,015)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	1,931,484
Share issue transaction costs	(1,750)	(159,327)
Repayment of borrowings	<u>(453,586)</u>	<u>(64,066)</u>
Net cash from/(used in) financing activities	<u>(455,336)</u>	<u>1,708,091</u>
Net decrease in cash and cash equivalents	(944,068)	(172,052)
Cash and cash equivalents at the beginning of the financial half-year	<u>4,597,214</u>	<u>3,469,336</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>3,653,146</u></u>	<u><u>3,297,284</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going Concern

As at 31 December 2020, NSX Limited was in a net asset position of \$4,591,321 (30 June 2019: \$6,209,977). During the period the NSX Group incurred a loss of \$1,616,906 (31 December 2019: \$2,223,798) and incurred cash outflows from operating activities of \$394,972 (31 December 2019: \$1,798,128).

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

The financial report 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.

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

- The cash outflow from operations has decreased over the last six months of the reporting period and the move to positive cashflow is predicated on the forward pipeline converting to approved admissions to the official list thereby boosting revenue.
- The forward pipeline for new listings is now in the order of 50 potential applicants, with the volumes and interest appreciably starting to rise.
- The focus of the last three quarters has been to reduce operating costs through delivering efficiencies whilst enhancing the capability of the exchange, primarily through the deployment of new and updated technologies. The capabilities of the NSXA are now at a level to allow for operations at scale where further participants (brokers) can be readily integrated into our automated trade, clearing, settlement, and post trade services.
- NSXA met its target date of 23 November 2020 for go live of the NSXA TAS service. This service provides clearing and settlement services to NSXA listed issuers and participants. NSXA has applied to ASX for cancellation of the Settlement Bond associated with the previous Settlement Transfer Service which is no longer required. In February 2021 ASX approved the release of the Bank Guarantee and returned the Bank Guarantee to NSX. On lodgement of the guarantee, National Australia Bank have approved the release of the holding lock on the \$500,000 term deposit and these funds are now available for working capital purposes.
- The ClearPay Delivery VS Payment platform (under construction by Probanx) is based upon digital ledger technology and incorporates the Digital Exchange Subregister System (DESS) as a core sub-system. DESS was deployed last quarter and is now ready for operation at scale. DESS will record trade data from our NASDAQ trade match engine in parallel to CHESS, and in due course will allow NSXA to operate autonomously from CHESS. The NSXA is preparing regulatory submissions calling for structural separation of clearing from settlement activities, in order to promote competition in the Australian capital market. Structural separation of clearing from settlement has been a feature of the EU securities landscape since 2015 with the introduction of Target2Securities. NSXA, in conjunction with iSignthis Ltd, conducted further detailing of ClearPay DLT based DvP platform and liaising with Probanx with respect to the software development.
- Agreements have been entered into with suppliers to provide all new Issuers with an initial independent investment research note, an ABN Newswire profile and newswire services for Issuer announcements. The newswire reaches key financial media outlets such as Bloomberg, Yahoo finance, Iress and the Financial Times.
- The NSX Group has a history of being able to raise capital and restructure operations when required and the directors are therefore confident that should the need arise they will be able to raise sufficient funds from alternative sources to continue normal operations into the foreseeable future.

Note 1. Significant accounting policies (continued)

Management's internal forecast (which assumes achievement of the above factors) indicates that the NSX Group can continue as a going concern for at least the next 12 months.

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.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees 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 either the Binomial or 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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Control of ClearPay Pty Ltd

In February 2020, NSX and iSignthisLtd (ASX: ISX; "ISX") announced that they will enter into a Shareholders Agreement to form a joint venture vehicle ClearPay Pty Ltd ("ClearPay JV").

Management have concluded that under AASB 11 Joint Arrangements NSX has significant influence of ClearPay JV and it should be classified as an investment in associates and joint ventures for the following reasons:

NSX Limited
Notes to the financial statements
31 December 2020

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

- The shareholder deed requires at least one NSX representative and one ISX representative at each Board meeting with a quorum of 2. Currently there are 3 Board members in total, NSX has one board member and ISX has two board members therefore NSX holds 33.3% of the voting power; and
- NSX has the power to participate in the financial and operating policy decisions of ClearPay JV.

Note 3. Revenue

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Listing fees	137,270	226,584
Secondary capital raising	153,868	59,355
Annual fees	578,467	490,904
Other revenue	49,375	25,558
	<u>918,980</u>	<u>802,401</u>
Revenue	<u>918,980</u>	<u>802,401</u>

Operating Segments

Identification of reportable operating segments

The NSX Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The NSX Group operates in one operating segment, being:

- Stock Exchanges

There is no aggregation of operating segments into reportable segments, given that each segment represents a distinct business.

Note 4. Share of losses of joint ventures accounted for using the equity method

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Share of loss - Clearpay JV	<u>(90,452)</u>	<u>-</u>

Note 5. Other income

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
ATO COVID-19 Cash flow boost	50,000	-
ATO COVID-19 JobKeeper Subsidy	73,500	-
	<u>123,500</u>	<u>-</u>
Other income	<u>123,500</u>	<u>-</u>

NSX Limited
Notes to the financial statements
31 December 2020

Note 6. Non-current assets - right-of-use assets

	Consolidated	
	31 December	
	2020	30 June 2020
	\$	\$
Right-of-use	4,053,720	4,053,719
Less: Accumulated depreciation	<u>(2,024,973)</u>	<u>(1,798,191)</u>
	<u><u>2,028,747</u></u>	<u><u>2,255,528</u></u>

Office Leases

Sydney

The NSX's premises at Level 3, 1 Bligh Street Sydney expires in August 2021.

Technology Leases

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

Note 7. Current liabilities - lease liabilities

	Consolidated	
	31 December	
	2020	30 June 2020
	\$	\$
Lease liabilities	<u>483,660</u>	<u>533,383</u>

Note 8. Current liabilities - Contract liabilities

	Consolidated	
	31 December	
	2020	30 June 2020
	\$	\$
Contract liabilities	<u>850,381</u>	<u>285,078</u>

Note 9. Non-current liabilities - lease liabilities

	Consolidated	
	31 December	
	2020	30 June 2020
	\$	\$
Lease liabilities	<u>1,829,123</u>	<u>2,041,334</u>

Note 10. Non-current liabilities - Contract liabilities

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Contract liabilities	<u>256,735</u>	<u>313,487</u>

Note 11. Equity - issued capital

	Consolidated			
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>257,305,928</u>	<u>257,305,928</u>	<u>56,581,352</u>	<u>56,583,102</u>

Movements in ordinary share capital

Details	Date	Ordinary Shares	Issue price	\$
Balance	1 July 2020	257,305,928		56,583,102
Capital raise costs		-	\$0.00	(1,750)
Balance	31 December 2020	<u>257,305,928</u>		<u>56,581,352</u>

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.

There are \$1,500,000 ordinary shares paid to 1 cent. The partly paid shares are only callable at the option of the holder of on liquidation. They can be voted in proportion to the amount that is paid up.

Note 12. Equity - reserves

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Options reserve	<u>1,385,159</u>	<u>1,385,159</u>

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 previous financial year.

NSX Limited
Notes to the financial statements
31 December 2020

Note 12. Equity - reserves (continued)

Movements in reserves

Movements in options reserves during the current financial half-year are set out below:

Consolidated	Options Reserve \$	Total \$
Balance at 1 July 2020	<u>1,385,159</u>	<u>1,385,159</u>
Balance at 31 December 2020	<u><u>1,385,159</u></u>	<u><u>1,385,159</u></u>

Options

Details	Date	Share Options
Balance	1 July 2019	-
Issue of unlisted broker options	10 October 2019	4,827,500
Issue of unlisted placement options	10 October 2019	4,827,500
Issue of unlisted success options	15 May 2020	13,000,000
Issue of unlisted success options	3 June 2020	2,000,000
Issue of unlisted success options	19 June 2020	<u>7,500,000</u>
Balance		<u><u>32,155,000</u></u>

On 10 October 2019 NSX issued 4,827,500 unlisted share options issued at \$0.0001 per option to CPS Capital Group Pty Ltd or their nominee. CPS acted as the manager to coordinate and manage the Placement. The Broker Options have an exercise price of \$0.30 and an expiration date of 29 August 2022. Vesting occurred on date of issue. The unlisted share options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.079 per Unlisted Option (total of \$378,959) which was accounted as a Capital raising cost.

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:

- Success Options Issue 1 – 13,000,000 unlisted options issued on 15 May 2020. Each option entitles the holder to one fully paid ordinary share in NSX upon exercise. The options are exercisable at a price of \$0.25 and have an expiry date of 14 May 2023. The unlisted share options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.044 per Unlisted Option (total of \$575,900) which was accounted as a Capital raising cost.
- 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 accounted as a Capital raising cost.
- 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 accounted as a Capital raising cost.

There were no options exercised during the half year to 31 December 2020.

Note 13. Equity - dividends

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

Note 14. Contingent liabilities

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 Licenses (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 \$0.8 million. The arrangements to meet the minimum cover are in two parts: (a) the NSX Fidelity Fund and (b) a Letter of Credit for the amount of \$0.7 million. The combined sources have over \$1.2 million in funds which exceeds the minimum cover by over \$0.4 million.

ASX Settlement Performance Bond

National Stock Exchange of Australia acts a settlement agent on behalf of several NSX and IR Plus broker participants. Consequently NSX is registered with ASX Settlement as a General Participant for the purpose of ASX Settlement Operation Rules to effect CHESS settlements. ASX Settlement Operating Rule 4.9.1 requires General participants to post a Settlement Performance Bond to the value of \$500,000. ASX Settlement can make a demand under Operating Rule 4.9.5 if ASX Settlement is satisfied that a Participant has contravened a provision of the rules and as a rule of that contravention, ASX settlement has suffered or incurred any losses, damages, costs or expenses.

NSX has established a bank guarantee backed by a term deposit of \$0.5 million to satisfy the requirements of the Settlement Performance Bond. During the period there were no claims arising from ASX Settlement Operating Rule 4.9.5. With the introduction of the Trade Acceptance Service NSXA has applied to ASX Settlement for the return of the Bank Guarantee as the Settlement Transfer Service is no longer used. In February 2021 ASX approved the release of the Bank Guarantee and returned the Bank Guarantee to NSX. On lodgement of the guarantee, National Australia Bank have approved the release of the holding lock on the \$500,000 term deposit and these funds are now available for working capital purposes

Note 15. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties.

Transactions with related parties

Mr Tony Shen is a director of NSX and also a director of SHKL Group Limited a company which was delisted from the National Stock Exchange of Australia on 14 July 2020. SHKL owns 9.44% of the issued capital of NSX. SHKL paid annual listing fees to NSXA while listed on the National Stock Exchange of Australia.

Mr John Karantzis has a relevant interest in 49,449,033 NSX Limited shares or 19.22% of the issued capital at the date of this report as outlined in the table below.

NSX Limited
Notes to the financial statements
31 December 2020

Note 15. Related party transactions (continued)

Holder of relevant interest	Nature of relevant interest	Class and number of securities
Nickolas John Karantzis	Mr Karantzis controls Select All Enterprise Limited as he holds 100% of the shares, which means Mr Karantzis has a relevant interest under section 608(3)(b) of the Corporations Act 2001 (Cth) (the Act).	49,449,033 fully paid ordinary shares
Select All Enterprise Limited (BVI Co No 2003943)	Select All Enterprise Limited (Select) has voting power above 20% in relation to ISIGNTHIS Limited as Select holds 41% of the shares, which means Select has a relevant interest under section 608(3)(a) of the Act.	49,449,033 fully paid ordinary shares
ISIGNTHIS Limited (ACN 075 419 715)	ISIGNTHIS Limited (ISX) controls ISX Holdings Limited as ISX holds 100% of the shares, which means ISX has a relevant interest under section 608(3)(b) of the Act.	49,449,033 fully paid ordinary shares
ISX Holdings Limited (previously Probanx Holdings Limited)	ISX Holdings Limited (ISX Holdings) directly holds 19.22% of the shares of NSX Limited, which means ISX Holdings has a relevant interest under section 608(1)(a) of the Act.	49,449,033 fully paid ordinary shares

iSignthis Limited (ASX: ISX) controls ISX Holdings Limited (ISX Holdings) as ISX holds 100% of the ISX Holdings issued capital, which means ISX has a relevant interest under section 608(3)(b) of the Act. ISX Holdings directly holds 19.22% of the shares of NSX Limited, which means ISX Holdings has a relevant interest under section 608(1)(a) of the Act.

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

Mr Tim Hart is a director of iSignthis Limited (ASX:ISX). Through ISX's subsidiary holding in ISX Holdings Limited, ISX has a relevant interest in 19.22% of the issued capital of NSX Limited at the date of this report.

Mr Tod McGrouther is a director of KTM Capital. KTM Capital rents premises to ISX Holdings for the amount of \$9,000/month. ISX Holdings provides services (as per software agreement) to ClearPay which is the Joint Venture with NSX and iSignthis. Rent is believed to be a market price for the space and is an arm's length commercial transaction. From time to time there may be ISX Holdings matters that need discussion by the NSX Limited Board. ISX Holdings owns 19.22% of NSX Limited issued capital. ISX Holdings provides services to ClearPay which is the Joint Venture with NSX and iSignthis. Tod McGrouther is on the Board of ClearPay as NSX's representative.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The following transactions occurred with related parties:

	Consolidated
	31 December 2020
	31 December 2019
	\$

Sale of goods and services:

SHKL Group Limited payment of annual listing fees to NSXA during the period (SHKL is a substantial shareholder of NSX) (Delisted from the NSX on 14 July 2020)	-	38,737
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NSX Limited
Notes to the financial statements
31 December 2020

Note 15. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 December	30 June 2020
	2020	2020
	\$	\$
Current payables:		
Trade payables to other related party (*)	27,500	-

* Accrual of \$27,500 for services rendered during November and December in relation to Enterprise IT Support for NSXA subscribed with Probanx Solutions Ltd and Authenticate Pty Ltd which are operating subsidiaries of iSignthis Ltd

Loans to/from related parties

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

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 16. Events after the reporting period

In February 2021 ASX approved the release of the Bank Guarantee due to the switch from the Settlement Facilitation Services to the Trade Acceptance Service and returned the Performance Bond Bank Guarantee to NSX. On lodgement of the guarantee, National Australia Bank have approved the release of the holding lock on the \$500,000 term deposit and these funds are now available for working capital purposes.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 17. Earnings per share

	Consolidated	
	31 December	31 December
	2020	2019
	\$	\$
Loss after income tax attributable to the owners of NSX Limited	<u>(1,616,906)</u>	<u>(2,223,798)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>257,305,928</u>	<u>190,809,288</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>257,305,928</u>	<u>190,809,288</u>
	Cents	Cents
Basic earnings per share	(0.63)	(1.17)
Diluted earnings per share	(0.63)	(1.17)

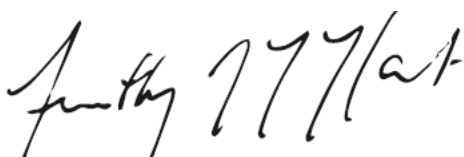
NSX Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Tim Hart
Director



Kelly Humphreys
Director

25 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT To THE MEMBERS OF NSX LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of NSX Limited (the consolidated entity), which comprises the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NSX Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 of the half-year financial report, which describes management's assessment of the consolidated entity's ability to continue as a going concern. The consolidated entity incurred a net loss after tax from continuing operations of \$1,616,906 for the half year ended 31 December 2020 and had net assets of \$4,591,321 at that date. These conditions along with the matters described in Note 1, indicate a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the consolidated entity a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ignite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



MARTIN MATTHEWS
PARTNER

25 FEBRUARY 2021
NEWCASTLE, NSW