



Annual Report

For year ended
30 June 2023

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NSX Limited
And Controlled Entities
ABN 33 089 447 058



Corporate Directory

DIRECTORS

Timothy Hart (Chair)
Barnaby Egerton-Warburton
Michael Aitken, AM
Kelly Humphreys
Tod McGrouther
Tony Shen (Weigou)

ACTING MANAGING DIRECTOR

Tod McGrouther

COMPANY SECRETARY

Scott Evans

PRINCIPAL REGISTERED OFFICE

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Sydney NSW 2000.
Telephone: (02) 9233 000

BANKERS

National Australia Bank
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www.nab.com.au

SOLICITORS

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Level 5
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Melbourne VIC 3000
www.hunthunt.com.au

AUDITORS

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Sydney NSW 2000
www.pkf.com.au

SHARE REGISTRY

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MESSAGE FROM THE CHAIR AND ACTING MANAGING DIRECTOR

Dear Shareholder,

We are pleased to present the NSX Limited Annual Report for the financial year ended 30 June.

Globally economic conditions continue to be challenging for tier 1 stock exchanges as companies seeking an initial public offering are finding support for capital raisings lacking. NSX is not immune from this and it has translated into a lower number of applications than projected. The market has seen this cyclical downturn in the past and the NSX Board is working together with management to have the business well placed to capture any future upsides.

Achievements of particular note during the year are:

1. The placement of shortfall shares in December 2022 from the September 2022 entitlement offer raised additional working capital of \$1.7 million. The Company relies on shareholder support, however the Board continues to employ strategies for the Company to move to cash flow positive.
2. NSXA continues to engage with ASIC concerning the changes to the rules for Market Integrity rules requirements. NSXA expects these rules to be in place by the end of calendar year.
3. NSXA continues to engage with ASIC concerning the introduction of open-ended Exchange Traded Product rules.
4. There were four new listings during the period.
5. The proposed joint venture with Abiliti for a mining exchange in Saudi Arabia has progressed more slowly than anticipated due to additional reviews Saudi Arabia are undertaking for the introduction of competition in that market. Milestones to date include:
 - a. The business plan has been completed during the period;
 - b. The Term sheet for the Joint Venture was agreed and completed as announced on 14 October 2022;
 - c. Draft Joint Venture documents have been agreed and are expected to be executed upon regulatory approvals; and
 - d. When completed, NSXA will receive consulting fees for various tasks involved with the exchange establishment.

Due to conditions in the Middle East and regulatory priorities, we expect to receive further updates on the progress of the proposed venture in the first quarter of 2024.

6. We engaged with regulators on the licensing requirements for the ClearPay joint venture and we are continuing to work on ClearPay activities and reviewing licensing options.

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Finance Report

Finances improved for the Company during the year:

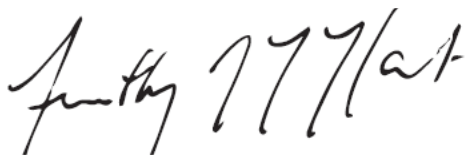
1. Revenues were up by 8.6% mainly due increased application fees, interest and once-off revenue collected. Revenues from operating activities from Annual Listing Fees were down by 13% and application fees were up by 3.9%. Annual fee revenue fluctuates in line with the market capitalisation of listed companies and any companies that have delisted during the year. The difficult environment for capital raising meant that revenue from subsequent quotation of securities fees was down by 3.2% (but better than the pcp which was down 53%). However, the application fees increase indicates that NSXA is receiving and growing new business.
2. Expenses decreased 5.3% (exclusive of the once off write off of the ClearPay joint venture last year). All categories of expenses were reduced this year except for consultancy expenses reflecting increase in costs from business development activities.
3. There were no material write-downs required this year.

Looking to the next financial year – our focus is to:

1. Increase the number of applications for listing and strengthen the quality of the new business pipeline. This is a business-as-usual activity but one which is very important to achieve cash flow positive results.
2. Increase Business Development resources that are able to source new listings for the exchange.
3. Go live with the NETS trading engine replacement around the end of October 2023 pending any regulatory approvals, market participant and information vendors requirements. This upgrade will enhance NSXA's offering to the marketplace with more connectivity options, facilitate the trading of new financial products once the rules are approved and satisfy ASIC Market Integrity Rule requirements. It will place NSXA's trading system on the modern upgrade road map as defined by NASDAQ.
4. Proceed to the execution of the Joint Venture agreement with Abilitii to explore a second exchange in the Kingdom of Saudi Arabia pending the Government providing its direction.

The Board and management continue to build the business and we are grateful for the continued support of our shareholders.

We wish to thank all the staff that have worked tirelessly over the past year and in particular our Chief Operating Officer, Chan Arambewela.



Tim Hart,

Chair



Tod McGrouther,

Acting Managing Director.

Operations

METAL AND MINING EXCHANGE PROPOSED JOINT VENTURE

As announced on 29 September 2021, NSX Limited has entered in a Memorandum of Understanding (**MOU**) with Ajlan & Bros Holding Group (**ABM**) in the Kingdom of Saudi Arabia (**KSA**).

On 13 October 2022 the Company announced that Ajlan & Bros Mining Co., Ltd. and NSX Limited, had signed a Term Sheet for a Joint Venture Agreement for the purpose of establishing the Kingdom of Saudi Arabia Metal and Mining Exchange.

The core objective is to explore the establishment of a second regulated exchange that allows for trading by participants of financial products including securities, bonds, warrants, exchange traded products, derivatives, and commodities, in the Kingdom of Saudi Arabia.

During the period.

The Company has continued its work on the form of the joint venture agreement. However, due to the requirement to continue to engage with regulators the agreement has not been executed as yet. NSX continues to work with Abilitii to bring the proposed joint venture to fruition and expects to receive further progress updates in the first quarter of 2024 after the Government provides direction.

CLEARPAY JOINT VENTURE

ClearPay JV is developing a Delivery versus Payment (DvP) platform, which is planned to supersede the current (T+ various days delayed for the clearing and settlement) process offered by current incumbent domestic and global stock exchanges. The development will also incorporate an open blockchain-based subregistry system.

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

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

During the period

During the year the NSX continued to develop the business by

1. Engaged with RBA on requirements for access to the Exchange Settlement Account.
2. Reviewing licencing options based on RBA feedback.
3. Continuing to work on ClearPay activities.



NATIONAL STOCK EXCHANGE OF AUSTRALIA

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

Market snapshot



Listing

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

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

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

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



Trading

The three common trading models that NSXA offers are:

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

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

NSXA Product Roadmap

Securities / Product Type	Admission Possible	Comments
Equity and equity linked securities	✓	
<i>Capital Raise (IPO)</i>	✓	General market conditions remain difficult for companies seeking to raise capital.
<i>Compliance Listing</i>	✓	Transfer from one official list to another exchange official list. NSX continues to receive applications on this basis.
<i>Direct Entry Listing</i>	✓	Current competitive advantage for NSXA where Issuers have sufficient capital to operate and therefore do not require an IPO.
Other products		
<i>Debt</i>	✓	
<i>Listed Investment Companies & Listed Investment Trusts – Close ended</i>	✓	
<i>Listed Investment Companies & Listed Investment Trusts – Open ended</i>	Opportunity	Rules have been developed, consultation process is complete and draft rules package to be lodged with ASIC for review.
<i>Exchange Trade Products (Funds & Products)</i>	Opportunity	Rules have been developed, consultation process is complete and draft rules package to be lodged with ASIC for review.
<i>Hedge Funds</i>	Opportunity	Under consideration by NSXA
<i>Unlisted Managed Funds</i>	Opportunity	Under consideration by NSXA
<i>Investment warrants</i>	Opportunity	Under consideration by NSXA

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Clearing and Settlement

The NSXA connection to the Trade Acceptance Service (TAS) in November 2020 continues to perform well. NSXA is seeking to extend access to either TAS or the future ClearPay service once the new exchange tradeable financial products rules have been approved.

Market Supervision

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

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

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

Participants

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

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

Nominated Advisers

Organisations can apply to become Nominated Advisers to NSXA. Nominated Advisers facilitate the listing and admission to the official list of the NSXA market by confirming to NSXA:

1. the directors of the issuer have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance with NSXA rules;
2. to the best of the knowledge and belief of the nominated adviser, all relevant requirements of NSXA rules have been complied with; and
3. that it will be available to advise and guide the directors of the issuer as to their responsibilities and obligations to ensure compliance by the issuer on an ongoing basis with NSXA's rules.

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

Listing & Admissions Committee

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

The role of the Committee is to review applications for listing by Issuers, Participants (stockbrokers) and Nominated Advisers. Only if the information provided by the Issuer is acceptable as being sufficient to

ensure an informed market in the relevant securities will a recommendation for acceptance of admission to the Official List be made.

Compliance Committee

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

The role of the Committee is to:

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

Compensation Arrangements

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

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

Complaint Handling

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

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

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

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

Corporate Governance

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In addition to the Market Supervision structures, policies and procedures that are in place for the National Stock Exchange which provide enhanced corporate governance controls, NSX Limited adheres to the ASX Corporate Governance Council Guidelines edition 4 and best practice recommendations. NSX Limited Board, via the Audit and Risk Committee, continues a program of review of updated Board policies and procedures.

The Compliance Committee and Listing and Admissions Committee have independent members, separate from the Board for NSX and NSXA and also separate from the operations of the Exchange. In addition, NSX operates separate boards and committees to maintain separation between its commercial and regulatory requirements and to meet its corporate governance standards. The following table outlines the membership of each board and committee by the directors of NSX.

Director	Member of NSX Board	Member of NSXA Board	Member of Audit and Risk Committee	Independent
Barnaby Egerton-Warburton	✓	✓		✓
Michael Aitken	✓	✓		✓
Tim Hart	Chair	✓	✓	✓
Kelly Humphreys	✓	✓	Chair	✓
Tod McGrouther	✓	Chair	✓	Acting MD
Tony Shen	✓			✓

Corporate Governance Statement

NSX has adopted the 4th edition of the ASX Corporate Governance Principles which is effective from 1 January 2020. NSX has adopted the principles and NSX has highlighted the steps taken to ensure compliance with the intent or “spirit” of the principles on an “if not, why not basis”. As per ASX Listing Rule 4.7.3 NSX lodges Appendix 4G: Key Disclosures – Corporate Governance Council Principles and Recommendations at the same time as this Annual Report to Shareholders and also lodges its Corporate Governance Statement.

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

Audit and Risk Committee

The primary function of the Committee is to assist the Board of Directors to carry out those responsibilities delegated by the Board as follows:

1. monitor the integrity of statutory financial reports and statements;
2. monitor management’s framework to identify and manage enterprise risk and internal control;
3. monitor compliance with laws and regulations and code of conduct;
4. monitor the performance and independence of the external auditor; and
5. make recommendations to the Board.

Remuneration and Nomination Committee

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

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

1. review director competence standards;
2. review Board succession plans;
3. evaluate the Board’s performance;
4. make recommendations for the appointment and removal of directors to the Board; and
5. make recommendations to the Board on, executive remuneration and incentive policies, the remuneration packages of senior management, recruitment, retention and termination policies for senior management, incentive schemes, and remuneration for directors.

Conflicts of Interest.

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

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

A commercial conflict of interest is a situation where an employee interest and NSX interest(s) are in conflict and the employee gives preference to the employee’s interest usually for a financial gain or other benefit, ahead of the interest(s) of NSX.

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

Statutory Financial Statements

Financial Year Ended 30 June 2023

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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 2023.

Directors

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

Director	Position
Michael Aitken, AM	Non-Executive Director
Barnaby Egerton-Warburton	Non- Executive Director
Timothy Hart	Non-Executive Director and Chair
Kelly Humphreys	Non-Executive Director
Tod McGrouther	Non-executive director and acting Managing Director
Tony Shen (Weiguo)	Non- Executive Director

Company secretary

Scott Evans has held the position of company secretary (B.Ec (hons) Graduate AICD, Fellow FINSIA, Fellow GIA, DFP) since the beginning of the reporting period, to the date of this report. He was appointed on 7 March 2006.

Principal activities

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

Operating Results

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$3,412,876 (30 June 2022: loss of \$6,360,708). Trading revenues were down due to less Annual Fees being received which was a decrease by 13.8% (pcp). However, application fees received were up by 3.9% (pcp). Refer to the Review of Operations for information.

Dividends

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

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

Review of Operations

Revenue

Revenue associated with the operation of the National Stock Exchange of Australia (NSXA) accounts for 86% 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 an increase of \$0.1 million on the previous comparative period (pcp). Annual Fees has decreased by 13.8%

During FY23 NSXL has recovered \$238K from Geolent Pte Ltd (incorporated in Singapore) for funds paid in February 2020 that were previously considered unrecoverable. The amount is recognized the current period as revenue as the amount had previously been allocated to expenses in the 2020/2021 financial 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	2023 \$'000	2022 \$'000	Change %
Annual fees	1,095.6	1,271.1	(13.80%)
Subsequent quotation	159.9	165.2	(3.20%)
Application fees	347.4	334.5	3.90%
Interest received	33.8	2.1	1509.50%
Other revenue	320.7	96.9	231.00%
Total revenue	1,957.4	1,869.8	

Discussion on the operating revenue is detailed below.

Annual fees - \$1.1 million, down 13.8%

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 \$0.17 million lower than the pcp reflecting the net impact of 55 listed securities in the current period compared to 58 in the pcp, with an average market capitalisation of \$40.8 million, up from \$48.4 million in the prior period. The total market capitalisation of the exchange as at 30 June 2023 was \$2.585 billion.

Subsequent quotation fees - \$0.2 million, down 3.2%

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 \$32.9 million in new capital was raised by companies listed on the exchange in the current year, compared to \$53 million in the pcp.

Application fees - \$0.3 million, up 3.9%

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 new listings to the official list during the year.

Expenses

The consolidated entity incurred \$4.6 million (2022: \$4.8 million) in expenses excluding impairment, share-based payment expense, depreciation and amortisation in expenses in FY23.

Employee benefits, including NSXA and NSX Corporate resources, decreased by \$0.1 million.

Market trading expenses of \$0.9 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.

Consultancy expenses for the period were \$0.4 million, which is an increase of 32% in comparison with the pcp. Included in this item are contractor payments and external advisers.

Administration and other expenses are consistent with prior year expense.

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

30 June Expense Category	2023 \$'000	2022 \$'000	Change \$	Change %
Employee benefits expense	1,641.5	1,780.8	(139.3)	(7.80%)
Market trading expenses	923.8	959.2	(35.4)	(3.70%)
Consultancy expenses	418.7	317.8	100.9	31.70%
Administration and other expenses	1,261.0	1,263.2	(2.0)	(0.17%)
Depreciation, amortisation and impairments	681.3	727.3	(46.0)	(6.30%)
Occupancy expenses	66.0	69.8	(3.8)	(5.40%)
Compliance expenses	45.4	56.3	10.9	19.36%
Marketing and promotion expenses	35.5	37.9	(2.4)	(6.30%)
Legal expenses	109.0	139.0	(30.0)	(21.60%)
Finance costs	93.1	140.4	(47.2)	(34.64%)
Share-Based Payment	94.8	97.2	(2.3)	(2.50%)
Impairment of investments	-	2,629.5	(2,629.5)	(100.00%)
Total expenses	5,370.1	8,218.4	(2,826.1)	

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

Legal expenses decreased by 22% on prior year to \$0.1 million. These fees are in relation to Exchange Traded Product Rule preparation KSA mining exchange activities and other legal matters.

Balance Sheet	30 June 2023	30 June 2022	Change \$	Change %
Cash	2,064,284	797,312	1,266,972	158.90%
Financial Assets	361,193	359,631	1,562	0.40%
Other assets	2,304,423	2,908,748	(604,325)	(20.80%)
Total assets	4,729,900	4,065,691	664,209	
Payables and other liabilities	(1,163,088)	(1,641,308)	478,220	(29.10%)
Provisions	(239,031)	(202,461)	(7,556)	3.70%
Lease liabilities	(1,388,192)	(1,981,796)	593,604	(30.00%)
Total Liabilities	(2,790,311)	(3,825,565)	1,064,268	
Equity	1,939,589	240,126	1,728,477	

As at 30 June 2023, net current assets have increased by \$1,925,605 from 30 June 2022 attributable to the capital raise and net assets have increased by \$1,699,463 from 30 June 2022.

Trade and other liabilities of \$2.8 million is represented by \$1.4 million in lease liabilities plus \$0.4 million in contract liabilities and \$1 million in creditors and other accrued liabilities. Contract liabilities reflect the unamortised balance of annual listing fees that have been billed and collected from issuers and are recognised over 3 years.

Consolidated summary

The following table provides a summary of the group results.

30 June Summary	2023 \$'000	2022 \$'000	Change %
Revenue (including share of losses from joint ventures)	1,957	1,858	5.33%
Expense (excluding Depreciation/Amortisation/Impairment/Share-based payment)	4,594	4,765	(3.60%)
EBITDA	(2,637)	(2,907)	(9.28%)
Depreciation/Amortisation/Impairment/Share-based payment	776	3,454	(77.50%)
Net loss after tax	(3,413)	(6,361)	(46.30%)

Key Statistics	2023	2022	Change %
Earnings per share (cents)	(0.93)	(2.40)	(61.40%)
Net tangible asset backing (cents)	0.49	(0.05)	676.60%
Share price at the end of period (cents)	4.10	3.30	24.20%
Shares on issue at the end of the period (mil)	401.01	282.60	41.90%
Market capitalisation (\$'mil)	17.70	9.30	90.30%
Cash at bank (\$'000)	2,425.47	1,156.90	109.60%
Cash held for statutory purposes (\$'000)	361.19	359.60	0.40%
Working Capital (\$'000)	2,064.28	797.30	158.90%

The net loss after tax for the consolidated entity was \$3.4 million for the year (2022: \$6.3 million).

Revenue for the operation of the National Stock Exchange of Australia ("NSXA") in FY23 was \$1.7 million, \$0.17 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 \$2.1 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 2023.

Earnings per share (EPS) improved from (2.4) cents per share to (0.93) cents per share or a change of 61.4% based on a weighted average number of shares of 367,968,209. Net tangible asset backing per share improved from (0.05) cents to 0.49 cents.

The uncertain economic environment over the last 12 months 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 continued to see 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, and substantially higher interest rates, creating uncertainty in markets worldwide.

Performance Rights

On 1 July 2022, 181,434 performance rights were converted to fully paid ordinary shares to the current employees of the NSX under the Employee Incentive Plan.

On 20 December 2022, 222,222 performance rights were issued to Scott Evans (Company Secretary) under the Employee Incentive Plan with the following vesting condition:

Vesting Condition:

100% of the rights will vest on 24 November 2023 if the Company Secretary remains employed by the Company throughout the period until the vesting date.

On 20 December 2022, 83,334 performance rights were approved by the Board to be converted to shares for the current Company Secretary of the NSX under the Employee Incentive Plan.

On 28 April 2023, 702,429 performance rights were converted to fully paid ordinary shares to the current employees of the NSX under the Employee Incentive Plan.

On 28 April 2023, 1,231,892 performance rights were issued to the employees under the Employee Incentive Plan with the following vesting condition:

Vesting Condition:

That the employee remains employed by the Company and is performing their duties satisfactorily as determined by the Managing Director, NSX Limited. In the event that either the Employee terminates, or the Company terminates the employment agreement for cause, then all performance rights that have not vested to ordinary shares shall be forfeited.

Share issues

Other than the performance rights stated above the company issued the following shares during the year as part of a capital raise:

25 August 2022 – issue of 58,888,891 shares as a placement.

30 September 2022 – issue of 19,147,460 shares as part of the non-renounceable rights issue

22 December 2022 – issue of 39,400,000 shares to FinTech HQ as part of the placement of the shortfall of the rights issue completed in September 2022.

Board Appointments

There were no board appointments during the period.

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 finalised the business plan and draft joint venture agreements. As at the date of the report the proposed joint signing of agreements is pending a review by the relevant ministers in KSA.

Information on directors

Name:	Barnaby Egerton-Warburton
Title:	Non-Executive Director (Appointed 12 April 2022)
Qualifications:	B.Economics (Murdoch)
Experience and expertise:	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.
Other current directorships:	Modena Ventures Pty Ltd, Arizona Lithium Limited (ASX: AZL), Pantera Minerals Limited (ASX: PFE), Lord Resources Limited (ASX:LRD), Locality Planning Energy Limited (ASX:LPE), Diablo Resources Limited (ASX:DBO) -
Former directorships (last 3 years):	Previously a director of Southern Cross Payments Ltd and Invictus Energy Limited (ASX:IVZ)
Interests in shares:	Nil

Name:	Tony Shen (Weiguo)
Title:	Non-Executive Director (Appointed 29 September 2016)
Qualifications:	B.Economics & Management
Experience and expertise:	Mr. Shen is the President of Ruan Yin Technology Co. Ltd. (Japan). Mr Shen was formerly an Executive Director and a controlling shareholder of SHKL Group Limited. Mr Shen was formerly an Executive Director of KSTV (Hong Kong) Limited and Shanghai Kunlun Cultural Media Co., Limited.
Other current directorships:	Nil
Former directorships (last 3 years):	SHKL Group Limited
Interests in shares:	14,000,000 Fully paid ordinary shares

Name:	Tod McGrouther
Title:	Acting Managing Director (Appointed 15 March 2022), Non-Executive Director (Appointed 18 February 2020)
Qualifications:	Bachelor of Law (First Class Honours and University Medal) University of Sydney and Bachelor of Commerce (First Class Honours) and University Medal from University of New South Wales, Diploma of Finance Securities Institute of Australia
Experience and expertise:	<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>
Other current directorships:	Urbanise Limited (ASX: UBN), Love Group Global Limited (ASX: LVE), European Cannabis Corporation Limited
Former directorships (last 3 years):	Nil
Interests in shares:	Nil

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Name:	Timothy Hart
Title:	Non- Executive Director and Chair (Appointed 26 February 2020 and 26 March 2020 respectively)
Qualifications:	Postgraduate Diplomas from Said Business School, The University of Oxford (Strategy & Innovation and Organisational Leadership) and holds a number of degrees from University of Melbourne- Bachelor of Science, Master of Management and Master of Marketing and Master of Education.
Experience and expertise:	<p>Highly experienced company director of both listed and non-listed companies His varied experience covers, general management, capital markets, banking, marketing, sales, supply chain/logistics, operations/manufacturing, commodities, hedging, capital project management, business information systems, finance, online identification, and fraud prevention governance, general management, finance, regtech, strategic marketing, sales, and logistics.</p> <p>Former Managing Director and CEO of Ridley Corporation Limited (ASX:RIC) and before joining Ridley, Timothy was CEO of Sugar Australia for eight years, after a long career in fast-moving consumer goods industry with SCA and in packaging with Carter Holt Harvey, ACI and Amcor.</p> <p>Mr Hart is a fellow of the Australian Institute of Company Directors and of the Institute of Managers and Leaders (Australia and New Zealand).</p>
Other current directorships:	Southern Cross Payments Limited (formerly ASX:SP1)
Former directorships (last 3 years):	Nil
Interests in shares:	937,500 Fully paid ordinary shares

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Name:	Kelly Humphreys
Title:	Non-Executive Director (Appointed 18 June 2020)
Qualifications:	Master of Management, Diploma in Financial Services and a graduate member of Australian Institute of Company Directors.
Experience and expertise:	<p>Ms Humphreys is an experienced Non-Executive Director with existing Board and committee roles spanning industry sectors including financial service, health, regulation, and education. Kelly has extensive executive experience in financial services and a depth of technical expertise in operations, risk management and governance. She brings a strong commercial approach to achieving objectives in complex regulatory environments and working effectively to deliver growth and improved performance.</p> <p>Kelly is also a Non-Executive Director of Latrobe Private Health and the Accident Compensation Conciliation Service and a Commissioner of the Victorian Building Authority.</p>
Other current directorships:	Non-Executive Director of Raiz Invest Limited (ASX: RZI).
Former directorships (last 3 years):	Previously a non-executive director of Victory Offices Limited (ASX:VOL)
Interests in shares:	500,000 Fully paid ordinary shares

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Name:	Michael Aitken, AM
Title:	Non-Executive Director (Appointed 26 October 2020)
Qualifications:	PhD in security market design from the Australian Graduate School of Management at the University of New South Wales
Experience and expertise:	<p>Dr Aitken has had a long and distinguished career introducing postgraduate students to entrepreneurial endeavour through establishing start-up businesses. Much of this work was conducted under the auspices of Capital Markets Cooperative Research Centre – CMCRC where he was CEO and Chief Scientist.</p> <p>He is perhaps best known for his work establishing SMARTS, a real-time fraud detection system for financial markets which he sold to Nasdaq in 2008. Taking advantage of SMARTS he is also a respected expert witness in cases involving insider trading, market manipulation having worked on more than 50 cases in the United Kingdom, Singapore, New Zealand, Malaysia, the UAE and Australia.</p>
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	Nil

'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 2023, 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
Michael Aitken	12	12	1	1
Barnaby Egerton-Warburton	12	11	1	1
Timothy Hart	12	12	1	1
Kelly Humphreys	12	11	1	1
Tod McGrouther	12	10	1	1
Tony Shen	12	0	1	0
Total Meetings	12		1	

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	4	3
Timothy Hart	4	4
Kelly Humphreys (Chair)	4	4
Total Meetings	4	

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 24 November 2022 for employees 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.

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 \$88,400 and \$44,200 respectively inclusive of superannuation. Non-Executive Director fees were increased effective 1 July 2023 due to the change in legislated superannuation from 10.5% to 11%.
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 \$44,200 inclusive of superannuation per annum.

The actual remuneration paid to Mr Shen for the year ended 30 June 2023 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. Executive Directors enter into an agreement related to their Director duties. Mr McGrouther's Director stipend as a Director is \$44,200 inclusive of superannuation per annum. As Chair of the National Stock Exchange of Australia Limited Mr McGrouther also receives an additional stipend of \$44,200 inclusive of superannuation per annum.

The actual remuneration paid to Mr McGrouther for the year ended 30 June 2023 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 \$88,400 inclusive of superannuation per annum.

The actual remuneration paid to Mr Hart for the year ended 30 June 2023 is provided in the table below. Related Party transactions with Mr Hart 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 \$44,200 inclusive of superannuation per annum.

The actual remuneration paid to Ms Humphreys for the year ended 30 June 2023 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 \$44,200 inclusive of superannuation per annum.

The actual remuneration paid to Mr Aitken for the year ended 30 June 2023 is provided in the table below. Related Party transactions with Mr Aitken are disclosed in note 26.

Non-Executive Director – 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 \$44,200 inclusive of superannuation per annum.

The actual remuneration paid to Mr Egerton-Warburton for the year ended 30 June 2023 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

There are no legal proceedings against the Company as at the date of this report.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 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 2023:

	2023 \$	2022 \$
Tax Services - Income Tax	2,400	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 36.

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.

2023	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 \$	
Non-Executive Directors:							
Tony Shen (Weiguo)	40,000	-	-	4,200	-	-	44,200
Timothy Hart	80,000	-	-	8,400	-	-	88,400
Kelly Humphreys	40,000	-	-	4,200	-	-	44,200
Michael Aitken, AM	44,200	-	-	-	-	-	44,200
Barnaby Egerton-Warburton	40,000	-	-	4,200	-	-	44,200
Executive Directors:							
Tod McGrouther	88,400	-	-	-	-	-	88,400
Total	332,600	-	-	21,000	-	-	353,600

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2022	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 \$	
Non-Executive Directors:							
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
Executive Directors:							
*** Nickolas John Karantzis	67,333	-	-	6,000	-	2,896	76,229
Tod McGrouther	88,000	-	-	-	-	-	88,000
Total	374,182	-	-	23,485	-	-	400,563

* 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.

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Shares 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	01 July 2023	\$0.00	181,434
24 November 2021	24 November 2025	\$0.00	833,334
07 April 2022	15 April 2026	\$0.00	294,948
08 April 2022	15 April 2026	\$0.00	777,451
25 November 2022	25 July 2023	\$0.00	222,222
Total rights			3,541,281

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.

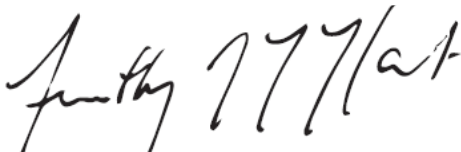
Shares issued on the exercise of performance rights

During the year ended 30 June 2023, there were conversions of performance rights to shares on following dates :

- 1 July 2022 : 181,434 performance rights were converted to fully paid ordinary shares;
- 20 December 2022 : 83,334 performance rights were converted to fully paid ordinary shares;
- 28 April 2023: 702,429 performance rights were converted to fully paid ordinary shares.

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
24 August 2023



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 2023, 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

24 August 2023
NEWCASTLE, NSW

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 850 861 839

Liability limited by a scheme
approved under Professional
Standards Legislation

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PKF(NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.
For office locations visit www.pkf.com.au

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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 24 August 2023. 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 2023

		Consolidated	
	Note	2023 \$	2022 \$
Revenue	4	1,923,603	1,771,769
Share of losses of joint ventures accounted for using the equity method	5	-	(11,956)
Other income	6	33,812	97,991
Expenses			
Employee benefits expense	7	(1,641,487)	(1,780,841)
Depreciation and amortisation expense	7	(681,265)	(727,305)
Consultancy fees		(418,655)	(317,808)
Compliance expense		(45,486)	(56,320)
Legal expenses		(109,020)	(139,031)
Impairment of investment	7	-	(2,629,470)
Market trading expenses		(923,833)	(959,165)
Marketing and promotion		(35,506)	(37,940)
Share-based payment expense	7	(94,851)	(97,239)
Occupancy expenses		(65,984)	(69,760)
Administration expenses		(951,717)	(1,071,722)
Other expenses		(309,305)	(191,500)
Finance costs	7	(93,182)	(140,411)
Loss before income tax expense		(3,412,876)	(6,360,708)
Income tax expense	8		-
Loss after income tax expense for the year attributable to the owners of NSX Limited	20	(3,412,876)	(6,360,708)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of NSX Limited		(3,412,876)	(6,360,708)

	Note	Cents	Cents
Basic earnings per share	33	(0.93)	(2.26)
Diluted earnings per share	33	(0.93)	(2.26)

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 2023

		Consolidated	
	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents		2,064,284	797,312
Trade and other receivables	9	121,997	94,102
Financial assets		361,193	359,631
Other current assets		801,691	744,817
Total current assets		3,349,165	1,995,862
Non-current assets			
Property, plant and equipment	12	6,641	25,211
Right-of-use assets	10	1,184,078	1,722,095
Intangibles	13	190,016	322,523
Total non-current assets		1,380,735	2,069,829
Total assets		4,729,900	4,065,691
Liabilities			
Current Liabilities			
Trade and other payables	14	778,109	1,208,412
Lease liabilities	15	457,968	593,603
Employee benefits	16	210,018	191,116
Contract liabilities	17	249,723	274,989
Total current liabilities		1,695,818	2,268,120
Non-current liabilities			
Lease liabilities	15	930,224	1,388,193
Employee benefits	16	29,013	11,345
Contract liabilities	17	135,256	157,907
Total non-current liabilities		1,094,493	1,557,445
Total Liabilities		2,790,311	3,825,565
Net assets		1,939,589	240,126
Equity			
Issued capital	18	64,580,872	59,877,458
Reserves	19	506,165	1,482,398
Accumulated losses	20	(63,147,448)	(61,119,730)
Total equity		1,939,589	240,126

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 2023

Consolidated	Issued capital \$	Accumulated losses \$	Reserves \$	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	-	-	-	-
Total comprehensive income for the year	-	(6,360,708)	-	(6,360,708)
				-
Shares issued	1,043,000	-	-	1,043,000
Transaction costs on share issue	(71,544)	-	-	(71,544)
Share-based payments (note 34)	-	-	97,239	97,239
Balance at 30 June 2022	59,877,458	(61,119,730)	1,482,398	240,126

Consolidated	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2022	59,877,458	(61,119,730)	1,482,398	240,126
Loss after income tax expense for the year	-	(3,412,876)	-	(3,412,876)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(3,412,876)	-	(3,412,876)
Shares issued	5,333,636	-	-	5,333,636
Transaction costs on share issue	(630,222)	-	-	(630,222)
Share-based payments (note 34)	-	-	408,925	408,925
Transfer from reserve for options expired	-	1,385,158	(1,385,158)	-
Balance at 30 June 2023	64,580,872	(63,147,448)	506,165	1,939,589

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 2023

		Consolidated	
Cash flows from operating activities	Note	2023 \$	2022 \$
Receipts from customers (inclusive of GST)		2,067,830	2,009,430
Payments to suppliers and employees (inclusive of GST)		(5,149,195)	(4,641,995)
Interest received		33,200	1,488
Interest and other finance costs paid		(105,995)	(115,037)
Net cash used in operating activities	31	(3,154,160)	(2,746,114)
Cash flows from investing activities			
Payments for intangibles	13	-	(71,484)
Net cash used in investing activities		-	(71,484)
Cash flows from financing activities			
Proceeds from issue of shares	18	5,284,621	1,043,000
Cost of issue of shares		(267,133)	(71,686)
Repayment of lease liabilities		(594,796)	(417,876)
Net cash from financing activities		4,422,692	553,438
Net increase/(decrease) in cash and cash equivalents		1,268,532	(2,264,160)
Cash and cash equivalents at the beginning of the financial year		1,156,943	3,421,103
Cash and cash equivalents at the end of the financial year		2,425,475	1,156,943

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:

Going concern

As at 30 June 2023, NSX Limited was in a net asset position of \$1,939,589 (30 June 2022: \$240,126). During the year the Company incurred a loss of \$3,412,876 (30 June 2022: \$6,360,708) and incurred cash outflows from operating activities of \$3,154,160 (30 June 2022: \$2,287,075).

The Group continues to monitor the adverse economic conditions. At a macro level this has manifested in higher than expected interest rates, some geopolitical uncertainty and a changing environment for issuers wishing to raise capital. NSXA has seen listing applications from Issuers not seeking to raise capital which is reflected in the improvement to application fees received. Given the challenging environment 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:

A pipeline of sales opportunities is actively managed and expected to convert to new listings in the coming year.

1. The KSA mining and mineral exchange project is progressing and once the review by the relevant ministers of the market, NSX hopes to complete the execution of the joint venture. NSX would receive consulting fees for the provision of exchange related services up to the launch of the exchange.
2. NSXA has progressed several rounds of reviews with ASIC on the Exchange Trade Product rules. Once they have received non-disallowance then NSXA can market these new rules to potential issuers.
3. The Board putting in place a clear marketing strategy and searching for relevant business development expertise.
4. Ongoing activities that identify ways to reduce costs or defer expenditure and lower the business cost base.
5. The priority of the Board and management remains revenue growth and prudent capital management.

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 of (1) no further listing sales, and (2) the KSA consultancy fees and (3) the Company is not able to raise capital 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.

Note 1. Significant accounting policies (continued)

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.

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 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.

Note 1. Significant accounting policies (continued)

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

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.

Note 1. Significant accounting policies (continued)

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 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.

Note 1. Significant accounting policies (continued)

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

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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 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.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

Share-based payments

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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 ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

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 2023.

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).

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.

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

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.

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.

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

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 ISX Financial EU Plc ("ISXF") entered into a Shareholders Agreement to form a joint venture vehicle ClearPay Pty Ltd ("ClearPay JV").

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

1. The shareholder deed requires at least one NSX representative and one ISXF representative at each Board meeting with a quorum of 2. As at 30 June 2023, 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% (2022: no major customers contributed more than 5.0%) of total revenue.

Note 3. Segment reporting (continued)

Consolidated - 2023	Stock exchanges	Unallocated items	Total \$
	\$	\$	
Revenue			
External sales services	1,633,267	-	1,633,267
Interest revenue	5,331	28,481	33,812
Other revenue	52,360	237,976	290,336
Total revenue	1,690,958	266,457	1,957,415
Profit/(loss) before tax			
Segment net profit/(loss) before tax	109,803	(3,522,679)	(3,412,876)
Profit/(loss) before income tax expense	109,803	(3,522,679)	(3,412,876)
Income tax expense			
			-
Loss after income tax expense			(3,412,876)
<i>Other items</i>			
Depreciation and amortisation	174,619	506,646	681,265
Assets			
Segment assets	2,786,447	1,943,453	4,729,900
Total assets			4,729,900
Liabilities			
Segment liabilities	865,315	1,924,996	2,790,311
Total liabilities			2,790,311

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Note 3. Segment reporting (continued)

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

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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	
	2023	2022
	\$	\$
Trading & listing fees (exchanges)	1,923,603	1,771,769

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	
	2023	2022
	\$	\$
Aggregate amount of the transaction price allocated to listing applications that are partially or fully unsatisfied at 30 June	384,979	432,896

Management expects that 64% of the amount allocated to the unsatisfied contracts as of 30 June 2023 will be recognised as revenue during the next reporting period (\$246,386). Of the remaining balance 27% and 9% is expected to be recognised as revenue in the financial years ended 2025 and 2026 respectively.

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

	Consolidated	
	2023	2022
	\$	\$
Share of loss - ClearPay JV	-	(11,956)

See note 29 for information on the ClearPay JV.

Note 6. Other income

	Consolidated	
	2023	2022
	\$	\$
Interest received	33,812	2,089
VIC SRO COVID-19 Relief	-	7,419
Other revenue	-	88,483
Other income	33,812	97,991

Note 7. Expenses

	Consolidated	
	2023 \$	2022 \$
<i>Loss before income tax includes the following specific expenses:</i>		
<i>Depreciation</i>		
Plant and equipment	17,480	45,887
Buildings right-of-use assets	530,189	522,322
Total depreciation	547,669	568,209
<i>Amortisation</i>		
TAS project	133,596	159,096
Total depreciation and amortisation	681,265	727,305
<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	2,651	21,007
Interest and finance charges paid/payable on lease liabilities	90,531	119,404
Finance costs expensed	93,182	140,411
<i>Superannuation expense</i>		
Defined contribution superannuation expense	135,477	140,254
<i>Share-based payments expense</i>		
Share-based payments expense	94,851	97,239
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	1,506,010	1,640,587

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Note 8. Income tax expense

	Consolidated	
	2023	2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(3,412,876)	(6,360,708)
Tax at the statutory tax rate of 25%	(853,219)	(1,590,177)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	33,399	39,774
Depreciation of property, plant and equipment	4,370	11,472
Depreciation of right-of-use assets	132,547	130,581
Impairment of investments accounted for using the equity method	-	657,368
Share-based payments	23,713	24,310
Tax losses not recognised in the accounts	659,190	726,672
Income tax expense	-	-

	Consolidated	
	2023	2022
	\$	\$
<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	41,315,304	40,602,756
Potential tax benefit @ 25%	10,328,826	10,150,689

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.

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Note 9. Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
Current assets		
Trade receivables	65,910	39,694
GST receivable	56,087	54,408
	121,997	94,102

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 2023 has been determined to be Nil (0%).

Note 10. Right-of-use assets

	Consolidated	
	2023	2022
	\$	\$
Non-current assets		
Right-of-use asset	4,506,324	4,506,324
Less: Accumulated depreciation	(3,322,246)	(2,784,229)
	1,184,078	1,722,095

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

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

Sydney office lease

The NSX moved into its premises at Level 3, 1 Bligh Street Sydney in October 2016, with a 5 year term expiring August 2021. NSX 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	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Investment in joint venture	-	-
<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
Share of loss	-	(11,956)
Impairment of assets	-	(2,629,470)
Closing carrying amount	-	-

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.

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

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

In the previous financial year, the Board determined that the delays in obtaining licensing for the ClearPay JV and the resultant shift in the expected cash flows met 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 ascribed to the ClearPay JV in NSX's books as at 30 June 2022. At 30 June 2023, 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 made a decision to impair the Investment in the ClearPay JV at 30 June 2022. An impairment charge of \$2,629,470 was applied to the carrying amount of the Investment in the ClearPay JV as at 30 June 2022. The investment is still impaired as at 30 June 2023 with no further losses recognised in current year.

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

Note 12. Property, plant and equipment

	Consolidated	
	2023 \$	2022 \$
<i>Non-current assets</i>		
Plant and equipment - at cost	885,997	885,997
Less: Accumulated depreciation	(879,355)	(860,786)
	6,641	25,211

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 2021	71,098	71,098
Depreciation expense	(45,887)	(45,887)
Balance at 30 June 2022	25,211	25,211
Depreciation expense	(18,570)	(18,570)
Balance at 30 June 2023	6,641	6,641

Note 13. Intangibles

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Trade Acceptance Service ("TAS") project - at cost	387,061	387,061
Less: Accumulated amortisation	(387,061)	(254,554)
	-	132,507
Software - at cost	190,016	190,016
	190,016	322,523

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 2021	291,603	190,016	481,619
Amortisation expense	(159,096)	-	(159,096)
Balance at 30 June 2022	132,507	190,016	322,523
Amortisation expense	(132,507)	-	(132,507)
Balance at 30 June 2023	-	190,016	190,016

Note 14. Trade and other payables

	Consolidated	
	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	122,819	542,035
Sundry payables	118,237	168,127
Accrued expenses	537,053	498,250
	778,109	1,208,412

Refer to note 22 for further information on financial instruments.

Note 15. Lease liabilities

	Consolidated	
	2023 \$	2022 \$
<i>Current liabilities</i>		
Lease liability	457,968	593,603
<i>Non-current liabilities</i>		
Lease liability	930,224	1,388,193
	1,388,192	1,981,796

Refer to note 22 for further information on financial instruments.

Note 16. Employee benefits

	Consolidated	
	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	148,394	136,596
Long service leave	61,624	54,520
	210,018	191,116
<i>Non-current liabilities</i>		
Long service leave	29,013	11,345
	239,031	202,461

Note 17. Contract liabilities

	Consolidated	
	2023 \$	2022 \$
<i>Current liabilities</i>		
Contract liabilities	249,723	274,989
<i>Non-current liabilities</i>		
Contract liabilities	135,256	157,907
	384,979	432,896

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Note 17. Contract liabilities (continued)

Current liabilities

Management expects that 100% of this amount allocated to unsatisfied contracts as of 30 June 2023 will be recognised as revenue during the next reporting period.

Non-current liabilities

Management expects that 90% and 10% is expected to be recognised as revenue in the years ended 2025 and 2026 respectively.

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Note 18. Issued capital

	Consolidated			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	401,016,627	282,613,079	64,580,872	59,877,458

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	282,613,079		59,877,458
Issue of shares - conversion of performance rights	1 July 2022	181,434	\$0.03	5,987
Issue of shares - placement	25 August 2022	58,888,891	\$0.04	2,650,000
Issue of shares - entitlement offer	30 September 2022	19,147,460	\$0.04	861,636
Issue of shares - conversion of performance rights	20 December 2022	83,334	\$0.12	10,000
Issue of shares - placement	22 December 2022	39,400,000	\$0.04	1,773,000
Issue of shares - conversion of performance rights	28 April 2023	702,429	\$0.04	33,013
Transaction costs on share issues				(630,222)
Balance	30 June 2023	401,016,627		64,580,872

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.

Note 18. Issued capital (continued)

Share buy-back

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

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	
	2023 \$	2022 \$
Options reserve	363,076	1,385,159
Performance rights reserve	143,089	97,239
	506,165	1,482,398

Options reserve

The reserve is used to recognise the value of equity benefits provided to KG Capital Partners Pty Ltd ("KG") or their nominee. KG acted as the lead broker in capital raises up to the end of 30 June 2023.

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 2022	1,385,159	97,239	1,482,398
Issue of options as part of capital raising	363,076	-	363,075
Vesting of performance rights and expense*	-	45,850	45,851
Transfer to retained earnings for expired options	(1,385,159)	-	(1,385,159)
Balance at 30 June 2023	363,076	143,089	506,165

* Refer to note 34 for further information.

Options

Details	Date	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 1	15 May 2020	13,000,000
Issue of unlisted success options 2	3 June 2020	2,000,000
Issue of unlisted success options 3	19 June 2020	7,500,000
Expiry of unlisted placement options & broker options	29 August 2022	(9,655,000)
Issue of unlisted options 4	04 January 2023	7,500,000
Expiry of unlisted success options 1	14 May 2023	(13,000,000)
Expiry of unlisted success options 2	3 June 2023	(2,000,000)
Expiry of unlisted success options 3	19 June 2023	(7,500,000)
Balance	30 June 2023	7,500,000

Note 19. Reserves (continued)

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:

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.
4. Success Options Issue 4 – 7,500,000 unlisted options issued on 3 January 2023. Each option entitles the holder to one fully paid ordinary share in NSX upon exercise. The options are exercisable at a price of \$0.0675 and have an expiry date of 3 January 2027. The unlisted success options have been valued using the Black Scholes Model with independent advice. The calculated Black Scholes Valuation is \$0.048 per Unlisted Option (total of \$363,075) which was previously recognised as part of Capital raising costs.

A total of 32,155,000 options lapsed during the current financial year ended 30 June 2023.

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Note 19. Reserves (continued)

Performance rights

Details	Issue Date	Performance rights
Balance	01/07/2022	3,054,364
Performance rights exercised	01/07/2022	(181,434)
Issue of performance rights to Company Secretary	20/12/2022	222,222
Performance rights exercised	20/12/2022	(83,334)
Performance rights exercised	28/04/2023	(702,429)
Issue of performance rights to employees	28/04/2023	1,231,892
Balance	30/6/2023	3,541,281

On 1 July 2022, 181,434 performance rights were converted to fully paid ordinary shares to the current employees of the NSX under the Employee Incentive Plan.

On 20 December 2022, 222,222 performance rights were issued to the current Company Secretary of the NSX. 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 2023 if the Company Secretary remains employed by the NSX throughout the period until the vesting date.

On 20 December 2022, 83,334 performance rights were approved by the Board to be converted to shares for the current Company Secretary of the NSX under the Employee Incentive Plan.

On 28 April 2023, 702,429 performance rights were converted to fully paid ordinary shares to the current employees of the NSX under the Employee Incentive Plan.

On 28 April 2023, 1,231,892 performance rights were issued to the employees of the NSX under the Employee Incentive Plan with the following vesting conditions:

Vesting condition:

That the employee remains employed by the Company and is performing their duties satisfactorily as determined by the Managing Director of NSX Limited. In the event that either the Employee terminates, or the Company terminates the employment agreement for cause, then all performance rights that have not vested to ordinary shares shall be forfeited.

Note 20. Accumulated losses

	Consolidated	
	2023 \$	2022 \$
Accumulated losses at the beginning of the financial year	(61,119,730)	(54,759,022)
Loss after income tax expense for the year	(3,412,876)	(6,360,708)
Transfer from options reserve	1,385,158	-
Accumulated losses at the end of the financial year	(63,147,448)	(61,119,730)

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.

Note 22. Financial instruments (continued)

Consolidated	2023 \$	2022 \$
<i>Finance assets</i>		
Cash and cash equivalents	2,064,284	797,312
Other receivables and other assets	121,997	94,102
Other financial assets	361,193	359,631
	2,547,474	1,251,045
<i>Financial liabilities</i>		
Trade and other payables	1,301,802	1,083,382
Lease liabilities	1,388,193	1,981,796
	2,689,995	3,065,178

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 2023, \$10,864 of this facility was used (2022: \$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 2023	Carrying Amount \$	-0.25%	Interest rate risk	0.5%	
	Carrying amount \$	Net result \$	Equity \$	Net result \$	Equity \$
Cash	2,064,284	(5,161)	(5,161)	10,322	10,322
Term Deposit	361,193	(903)	(903)	1,806	1,806
Increase/decrease		(6,064)	(6,064)	12,128	12,128

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 2023 %	Weighted average effective interest rate 2022 %	Floating interest rate 2023	Floating interest rate 2022	Maturing within 1 year 2023	Maturing within 1 year 2022	Total 2023	Total 2022
Financial Assets:								
Cash and cash equivalents	1.00%	1.00%	2,064,284	797,312	-	-	2,064,284	797,312
Term deposits	1.80%	0.20%	-	-	361,193	359,631	361,193	359,631
Total financial assets			2,064,284	797,312	361,193	359,631	2,425,477	1,156,943

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.

Note 22. Financial instruments (continued)

Net Fair Value

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

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

Liquidity risk

Liquidity risk is the risk that the 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 consolidate 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:

Director	Position
Michael Aitken, AM	Non-Executive Director
Tony Shen (Weiguo)	Non- Executive Director
Tod McGrouther	Non-Executive director and acting Managing Director
Timothy Hart	Non-Executive Director and Chair
Kelly Humphreys	Non-Executive Director
Barnaby Egerton- Warburton	Non-Executive Director

Note 23. Key management personnel disclosures (continued)

	Consolidated	
	2023 \$	2022 \$
Short-term employee benefits	332,600	374,182
Post-employment benefits	21,000	23,485
Share-based payments	-	2,896
	353,600	400,563

Compensation options

No compensation options to KMP were issued during the year.

Shares issued on Exercise of Remuneration Options

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

Shareholdings

Number of Ordinary Fully Paid Shares held by Director & Key Management Personnel as at 30 June 2023.

	Notes	Balance 1/07/2022 No.	Received as remuneration No.	Options exercised No.	Net change other No.	Balance 30/06/2023 No.
2023						
Tony Shen (Weiguo)*	-	14,585,000	-	-	(585,000)	14,000,000
Timothy Hart **	-	937,500	-	-	-	937,500
Kelly Humphreys ***	-	300,000	-	-	200,000	500,000
	-	15,822,500	-	-	(385,000)	15,437,500

* Off-market transfer of 585,000 shares on 11 October 2022.

** Interest held by TKJD Hart Pty Ltd (Hart Family A/C) Mr Hart's superfund.

*** Interest held by Loire Investments Pty Ltd of which Ms Humphreys is a director. The net change other relates to the on-market purchase of 200,000 shares on 6 July 2022.

Note 23. Key management personnel disclosures (continued)

	Notes	Balance 1/07/2021	Received as remuneration	Options exercised	Net change other	Balance 30/06/2022
2022						
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
	-	73,834,033	-	-	(58,011,533)	15,822,500

* 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 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. 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 from this source.

*** 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.

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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	
	2023	2022
	\$	\$
<i>Audit services - PKF</i>		
Audit or review of the financial statements	78,085	69,400
<i>Other services - PKF</i>		
Tax services	2,400	2,200
	80,485	71,600

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Note 25. Contingent liabilities

	Consolidated	
	2023 \$	2022 \$
Estimates of the maximum amounts of contingent liabilities that may become payable:		
Compensation Arrangements	800,000	800,000

Compensation Arrangements

Part 7.5 of the Corporations Act 2001 requires licensed markets through which participants provide services for retail clients to have compensation arrangements. The compensation arrangements are limited to the coverage of losses arising from defalcation of client assets held by participants registered with the Exchanges as the holders of Australian Market Licences (AML) as detailed in the Corporations Act 2001.

National Stock Exchange of Australia Limited Compensation Arrangements

The minimum cover that NSX is required to have as part of the compensation arrangements is \$800,000. The arrangements to meet the minimum cover are in two parts: (a) the NSX Fidelity Fund as detailed in this report note 32, and (b) a Letter of Credit for the amount of \$ 212,000. The combined sources have \$811,062 in funds which exceeds the minimum cover.

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 2023 were:

Ordinary Shares: 15,437,500 (2022: 15,822,500) fully paid ordinary shares

Partly Paid Shares: Nil (2021: Nil).

Share Options: Nil (2022: Nil)

Transactions with related parties

Mr Tony Shen is a director of NSX and owns 3.491% of the issued capital of NSX in his own name.

Mr Tim Hart is a director of Authenticate Pty Ltd. Authenticate Pty Ltd provides IT infrastructure as a service to NSX for the support of the Clearing and Settlement messaging to the CHESS services. During the year ended 30 June 2023, services valued at \$198,954 were provided by Authenticate Pty Ltd. The services are provided on an arms length basis and on commercial terms.

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	(2,098,537)	(2,474,740)
Total comprehensive income	(2,098,537)	(2,474,740)

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	2,406,778	507,324
Total assets	3,504,535	2,567,556
Total current liabilities	701,094	1,028,371
Total liabilities	1,564,900	2,327,430
Equity		
Issued capital	64,580,872	59,877,458
Options reserve	506,165	1,482,398
Accumulated losses	(63,147,401)	(61,119,730)
Total equity	1,939,636	240,126

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.

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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	
		2023 %	2022 %
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	
		2023 %	2022 %
ClearPay Pty Ltd	Australia	41.00	41.00

In 2020 NSX and ISX Financial EU Plc ("ISXF") 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 2023 are:

1. NSX owns 35 shares in the company;
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.

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 2023, 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.

Summarised financial information

	2023	2022
	\$	\$
<i>Summarised statement of financial position</i>		
Cash and cash equivalents	956,449	1,268,680
Non-current assets	843,750	843,750
Total assets	1,800,199	2,112,430
Current liabilities	(248)	303,967
Total liabilities	(248)	303,967
Net assets	1,800,447	1,808,463
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Interest revenue	82	-
Other expenses	(8,098)	(29,161)
Loss before income tax	(8,016)	(29,161)
Other comprehensive income	-	-
Total comprehensive income	(8,016)	(29,161)

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax expense for the year	(3,412,876)	(6,360,708)
<i>Adjustments for:</i>		
Depreciation and amortisation	681,265	727,305
Impairment of investments	-	2,629,470
Share of loss - joint ventures	-	11,956
Share-based payments	94,851	97,239
Interest and other finance costs	362,766	678,267
Change in operating assets and liabilities:		
Decrease in trade and other receivables	28,092	110,403
Increase/(decrease) in trade and other payables	(437,338)	319,609
Increase in other provisions	36,570	40,937
Decrease/(increase) in deferred income	(47,917)	(51,896)
Decrease in other current assets	(459,573)	(948,696)
Net cash used in operating activities	(3,154,160)	(2,746,114)

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Note 31. Reconciliation of loss after income tax to net cash used in operating activities (continued)

Reconciliation of cash

	2023 \$	2022 \$
Cash at end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	2,064,284	797,312
Term deposits	361,193	359,631
	2,425,477	1,156,943

Non-cash Financing and Investing Activities

No subsidiaries were acquired during the year by issuance of equity. There were no material non-cash financing and investing activities in the current financial year.

Note 32. Financial Market Fidelity Fund

As at 30 June 2023 the National Stock Exchange of Australia Limited Fidelity Fund had a balance of \$599,062 (2022: \$594,293). 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 33. Earnings per share

	Consolidated	
	2023 \$	2022 \$
Loss after income tax attributable to the owners of NSX Limited	(3,412,876)	(6,360,708)

Note 33. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	367,968,209	281,735,408
Weighted average number of ordinary shares used in calculating diluted earnings per share	367,968,209	281,735,408

	Cents	Cents
Basic earnings per share	(0.93)	(2.26)
Diluted earnings per share	(0.93)	(2.26)

Note 34. Share-based payments

During the year ended 30 June 2023, 1,231,892 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 \$12,468 has been recognised for these rights during the year ended 30 June 2023 as part of Share-based payments.

During the year ended 30 June 2023, 222,222 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 \$6,293 has been recognised during the year ended 30 June 2023 as part of Share-based payments.

On 1 July 2022, 181,434 performance rights were converted to fully paid ordinary shares to the current employees of the NSX under the Employee Incentive Plan.

On 20 December 2022, 83,334 performance rights were approved by the Board to be converted to shares for the current Company Secretary of the NSX under the Employee Incentive Plan.

On 28 April 2023, 702,429 performance rights were converted to fully paid ordinary shares to the current employees of the NSX under the Employee Incentive Plan.

Note 34. Share-based payments (continued)

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

2023							
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	362,868	-	(181,434)	-	181,434
24/11/2021	24/11/2025	\$0.00	916,668	-	(83,334)	-	833,334
07/04/2022	15/04/2026	\$0.00	664,918	-	(369,970)	-	294,948
08/04/2022	15/04/2026	\$0.00	1,109,910	-	(332,459)	-	777,451
25/11/2022	25/07/2023	\$0.00	-	222,222	-	-	222,222
28/04/2023	27/03/2026	\$0.00	-	1,231,892	-	-	1,231,892
			3,054,364	1,454,114	(967,197)	-	3,541,281

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

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Note 34. Share-based payments (continued)

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.6 years (2022: 3.5).

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:

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
20/12/2022	24/11/2027	\$0.04	\$0.00	216.80%	-	1.40%	\$0.050
05/4/2023	05/04/2025	\$0.04	\$0.00	217.20%	-	1.02%	\$0.047

Note 35. 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.

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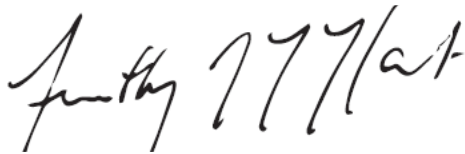
In the directors' opinion:

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 2023 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



Tim Hart
Director



Kelly Humphreys
Director

24 August 2023

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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 2023, 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 2023 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 \$1.9m after recognising a loss in the current year of \$3.4m and cash outflows from operating activities of \$3.1m. 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.

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Key Audit Matters (cont'd)

1. Recoverability of carrying amount of investment in joint venture – ClearPay Pty Ltd

Why significant

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 the pandemic 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.

In the prior financial period, Management fully impaired the investment in joint venture relating to ClearPay Pty Ltd with an impairment expense of \$2.6m recorded in the year ended 30 June 2022.

This area is significant to our audit because of the significance of the investment in joint venture and the management's 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.

In respect of the 30 June 2023 financial year, management have determined that it is appropriate for the investment in the joint venture to remain fully impaired. 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 consider the carrying values of investments in joint ventures, and performed the following procedures in relation to management's assessment:

- considered the status of the ClearPay joint venture including relevant financial information;
- evaluated the internal sources and external sources of information to identify impairment indicators, if any;
- evaluated management's assessment of the joint venture's carrying value, inclusive of understanding of any reversal of a prior impairment expense was applicable;
- assessed the adequacy of the disclosures related to 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.



2. Revenue recognition

Why significant

As set out in note 4, the consolidated entity generates the majority of its revenue from trading & listing fees from customers listed on the National Securities Exchange of Australia.

The revenue from listing applications are received in advance where an adjustment is made over the listing period by the consolidated entity so that the amounts received are appropriately recorded as a contract liability for the unsatisfied contracts, as set out in note 17.

Amounts recorded in respect of revenue received in advance are material, as is revenue as a whole, and as such revenue recognition is considered to be a Key Audit Matter.

How our audit addressed the key audit matter

Our audit procedures included but were not limited to:

- We reviewed key estimates and judgements involved in the Group's revenue recognition policy.
- We vouched a sample of initial listing fees to bank receipt and customer invoice.
- We reviewed the deferred income calculations.
- We recalculated the initial listing fee amounts released and deferred in the year to 30 June 2023.
- We performed tests on the accuracy of revenue.

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Other Information

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

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

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

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

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

Directors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.



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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2023.

In our opinion, the Remuneration Report of NSX Limited for the period ended 30 June 2023, 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

24 AUGUST 2023
NEWCASTLE, NSW

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Shareholder Information

The shareholder information set out below was applicable as at 17 August 2023.

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	45	-	-	-
1,001 to 5,000	151	-	-	-
5,001 to 10,000	151	-	-	-
10,001 to 100,000	356	1	-	-
100,001 and over	180	2	1	7
Total	883	3	1	7
Holding less than a marketable parcel	293	-	-	-

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	92,610,145	23.083%
FINTECH HQ PTY LTD	91,607,518	22.833%
UNITED CAPITALS LIMITED <CR2310085 A/C>	21,949,145	5.471%
WELLPOINT INC LIMITED <CR 1972550 A/C>	19,848,888	4.947%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,464,063	4.104%
MR WEIGUO SHEN	14,000,000	3.490%
UBS NOMINEES PTY LTD	13,997,950	3.489%
EXCHANGE TECHNOLOGY INVESTMENTS PTY LTD	10,316,000	2.571%

Shareholder	Ordinary shares	
	Number held	% of total shares issued
CROSS-STRAIT COMMON DEVELOPMENT FUND CO LIMITED	10,212,000	2.545
AUSTRALIAN MINING GROUP LTD	7,432,500	1.853
MS YIXIAO ZHOU	4,700,000	1.171
MR ANTONY WILLIAM PAUL SAGE <EGAS SUPERANNUATION FUND A/C>	4,000,000	0.997
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	4,000,000	0.997
MR DAVID ANDREW DEACON	3,150,000	0.785
C Y T INVESTMENT PTY LTD	2,916,987	0.727
WOOLWICH HOLDINGS PTY LTD <THE J DEACON SUPER FUND A/C>	2,905,556	0.724
LACHMAC PTY LTD	2,678,572	0.668
MAGENTACITY PTY LTD <EMERY SUPER FUND A/C>	2,064,451	0.515
MR JOHN JOSEPH RYAN	1,901,500	0.474
MR STEVEN JOHN PEARCE	1,650,000	0.411
	328,405,275	81.856

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	92,610,145	23.083
FINTECH HQ PTY LTD	91,607,518	22.833
UNITED CAPITALS LIMITED	21,949,145	5.471

Performance Rights

As at the date of this report there are 3,517,955 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.

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