For personal use only

SouthernCross payments ltd.

2Q22 Appendix 4C and Business Activity Report

Melbourne, 29th July 2022: Southern Cross Payments Ltd (the Company), and its subsidiary (the Group) presents its quarterly cash flow and business activity report, as at 30 June 2022.

- Cash and cash equivalents at the end of the quarter of $3.1 million, up $0.5 million from the prior quarter ($2.6 million).
- Net cash outflows from operating activities was $1.3 million in the quarter, up $0.5m due to annual insurance premiums paid in the quarter, combined with increased legal fees related to both the ASX and ASIC court cases.
- In the quarter the Company received $0.76 million in early repayments, from its Convertible note receivable.

Business Update

The Group holds principal membership licenses from several major card schemes, as previously announced and continues discussions to pursue partnership opportunities with other entities in Australia to monetise these licenses.

During the quarter the Company made payment of Directors fees totalling $52k to related parties.

Basis of Preparation and Validation

The quarterly cash flow (Appendix 4C) is prepared using the Group's internal financial reports and records. The report is validated against the internal reports and records of the Group and is reviewed by senior management and the Board of Directors before its release.

Legal Update

Shareholders may receive updates regarding the Federal Court timetable for both cases by accessing the court orders and subscribing to notifications from the Court at https://www.comcourts.gov.au/ using reference numbers VID773/2020 and VID1315/2019.

Legal and Advisory Costs

2Q2022 Cash Expense : $732k
1Q2022 Cash Expense : $653k
2H2021 Cash Expense : $1,844k
1H2021 Cash Expense : $1,234k

Authorised by the Board of Directors and Company Secretary

Southern Cross Payments Ltd, ABN 93 075 419 715 Level 7, 232 Victoria Pde, East Melbourne, 3002, Victoria, Australia
investors@scpayments.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

For personal use only

Name of entity

SOUTHERN CROSS PAYMENTS LTD

ABN	**Quarter ended ("current quarter")**
93 075 419 715	30th June 2022 – 2Q22

Consolidated statement of cash flows		**Current quarter 2Q22 AUD'000**	**Year to date (6 months) AUD'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(65)	(143)
	(f) administration and corporate costs	(1,251)	(1,997)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	23	35
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (Mastercard adjustments)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,293)**	**(2,105)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows		Current quarter 2Q22 AUD'000	Year to date (6 months) AUD'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	763	2,263
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	**Net cash from / (used in) investing activities**	**763**	**2,263**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Received from Lawyers Trust Account)	1,000	-
3.10	**Net cash from / (used in) financing activities**	**1,000**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,608	2,920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,293)	(2,105)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	763	2,263

Consolidated statement of cash flows		Current quarter 2Q22 AUD'000	Year to date (6 months) AUD'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,000	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Net cash inflow/(outflow) from discontinued operations	-	-
4.7	Cash disposed on demerger	-	-
4.8	**Cash and cash equivalents at end of period**	**3,078**	**3,078**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter AUD'000**	**Previous quarter AUD'000**
5.1	Bank balances	3,078	2,608
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.8 above)**	**3,078**	**2,608**

6.	**Payments to related parties of the entity and their associates**	**Current quarter AUD'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(52)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

For personal use only

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end AUD'000**	**Amount drawn at quarter end AUD'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

N/A

8.	**Estimated cash available for future operating activities**	**AUD'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,293)
8.2	Cash and cash equivalents at quarter end (item 4.8)	3,078
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,078
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.4

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

For personal use only

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

29 July 2022

Date: .....

Elizabeth Warrell, Company Secretary

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.