

# Market Volatility Underscores the Value in USX Initiatives

The issuer business case for listing on USX has never been stronger. Price discovery and liquidity in particular are prized in times of high uncertainty, by both issuers and security holders.

There is a wide range of expectations as to the fair value of an enterprise's securities absent a consensus for key enterprise value drivers such as; the effects of supply constraints and inflation on operating margins; prospective access to and cost of financing; and, market growth prospects.

This uncertainty presents as an unwillingness to trade securities where no reference market price is available and volatility in the price of securities in public markets. The reduced liquidity in private treaty transactions increases the discount to fair value afforded such securities generally. This can make it extremely difficult for an issuer to raise new capital on terms that are fair and reasonable to existing shareholders.

Quotation of an issuer's securities on a market addresses the associated uncertainty by providing a reference price and also offers the prospect of liquidity for both new and existing security holders. The liquidity discount contracts and the implicit auction process solicits bids and offers that reveal a consensus on prevailing value.

The more informed market participants are of the historical performance, financial position and prospects of an issuer, the more reliable the consensus view on value reflected in the prevailing security price. Increased liquidity and a lower liquidity discount follow a virtuous circle.

USX endeavours to foster this virtuous circle through its offerings.

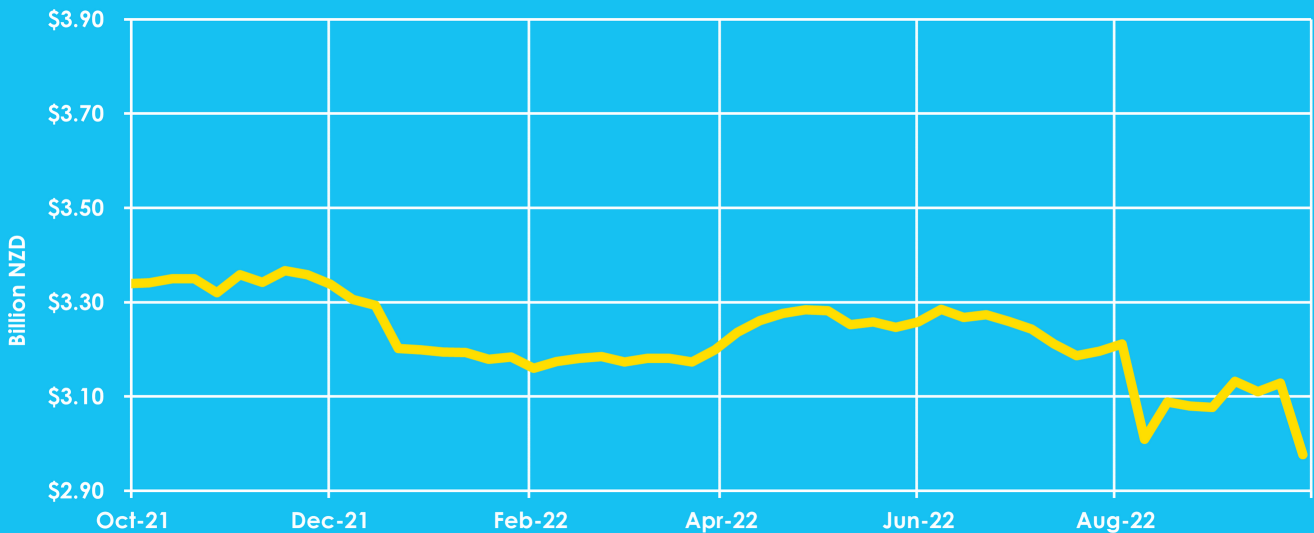
- Firstly, USX offers a platform for the quotation of an issuers securities that displays a schedule of bids and offers, and, an announcement platform to keep participants informed.
- Secondly, USX issuers are required to post audited financial accounts on the platform within the required legislative timeframes. We also require price sensitive information to first be displayed on the USX announcements platform.
- Thirdly, USX makes issuer profiles available on our platform and in a Quarterly Publication. The profiles provide summary detail of operations, directors, major shareholders, and historical financial performance.
- Fourthly, USX is endeavouring to facilitate the more broader provision of market maker services. Whilst a market maker is currently active in the securities of only one issuer, we are examining the option to provide other issuers with a similar service thereby ensuring bid and offer quotations on their securities at an agreed maximum spread.

USX prides itself in delivering this value in exchange, providing innovation and flexibility, whilst maintaining the integrity of and confidence in our capital markets.

# USX

## AUG - SEP 2022 MARKET ACTIVITY

### Market Capitalisation



**Top Price Increases**



**Broker Trading Activity**

# Market Updates

## Aug - Sep Trading Data

**186** Trades  
Facilitated

Shares  
Traded **2.0m**

**\$5.1m** Worth of  
Shares Traded

## Last 12-Months Trading

**1,244** Trades  
Facilitated

Shares  
Traded **25.4m**

**\$67.2m** Worth of  
Shares Traded

## Capital Raised

**\$51.4m** Raised in Last  
2-Months

Raised in Last  
12-Months **\$75.1m**

**\$472.4m** Raised Since  
Inception

## Latest Annual Reports

- Aorere Resources

## Latest Annual Results

- New Zealand Merino Company
- Terra Vitae Vineyards
- Pharmazen
- Rural Equities

## Recent Issuer Activity

Aorere Resources Limited (ARL)'s portfolio consists of long-term shareholdings in Chatham Rock Phosphate, Decklar Resources, and a short-term share trading portfolio. Chatham has evolved significantly over the last two years and now has approximately 8 projects in various stages of development covering rock phosphate, rare earths, manufacture of monocalcium phosphate, transport logistics and selenium. Decklar now has interest in three oil fields in Nigeria, one of which is in production. Chatham Rock (trading at around 30 cents in NZ) and Decklar (32 cents in Canada) have significant upside potential as their respective projects come to fruition. ARL recorded a net loss of \$106,723 for the period ending 31 March 2022, which resulted in a basic loss per share of \$0.003. The Annual Report can be [found here](#).

New Zealand Merino Company Limited (NZMC)'s earnings before interest and tax (EBIT) of \$6.9 million for the period, an increase of 8% on the previous year, making it the third consecutive record profit performance for the business. Over the past five years, the business has delivered a compound annual growth rate (CAGR) in EBIT of 13.3%. NZMC's board determined that a dividend of 50% of after-tax profits should be paid to shareholders. This equates to a dividend of 41.6 cents per share. The dividend will be fully imputed and will be paid on 4 November 2022. More information can be [found here](#).

PharmaZen Limited (PAZ)'s revenue for the six months to 30 June 2022 increased 36% over the previous corresponding period (H1 FY 21), from \$9.4 million to \$12.8 million. This increase is despite the ongoing Covid impacts on supply chain and the labour constraints being experienced. Underlying EBITDA also increased up 135% over the previous corresponding period from \$776,000 to \$1.8 million. More information can be [found here](#).

Rangatira Investments Limited (RNG) completed a capital raising of \$46.0 million comprising of Class A shares at a price of \$14.25 per share in September. In addition, it has announced the sale of its stake in Partners Life as part of the recent sale of the business to Dai-ichi Life, with sale proceeds to be received in the current financial year.

Rural Equities Limited (REL)'s comprehensive income for the year ended 30 June 2022 was \$16.6 million compared to \$14.3 million last year. Its net asset value per share (NAV) was a record \$6.65 which is a 57 cent gain on last year's NAV of \$6.08. REL's cash reserves have reduced from \$22.763 million at 30 June 2021 to \$1.714 million at 30 June 2022. Long-term investor H&G Limited has offered to purchase 1 million REL shares at a price of \$6.35 per share. As at 5 September 2022, when the offer was first announced, the offered price represented a 43 cent premium to the six month weighted average price of REL shares. This offer is only available for shareholders who own less than 175,000 REL shares as at 2 September 2022. For more information [click here](#).

SeaDragon Limited (SEA) issued a further 175 million ordinary shares to its major shareholder Pescado at 3 cents per share, as repayment for \$5.25 million of loans (including, where applicable, accrued interest net of resident withholding tax). The majority of these loans had the repayment date of 30 September 2022. The conversion is expected to save SeaDragon approximately \$500,000 per year in interest.

Shopping Centre Investments Limited (SCIL) began trading on the USX on 3 August 2022 and has since traded six times with a combined value of over \$0.1 million. The SCIL's Board declared a final dividend of 1.25 cents per share with a payment date of 30 September 2022. The Annual Report for the year ending 28 February 2022 can be [found here](#).

Terra Vitae Vineyards Limited (TVV) recorded a profit before tax of \$4.0 million with EBITDA at \$7.9 million for the period year ended 30 June 2022. TVV had its largest ever harvest of 5,633 tonnes and with an uplift in prices, the company achieved a record total harvest value of \$12.7 million. A fully imputed dividend of 2 cents per share has been declared, with a payment date of 9 December 2022. The Annual Report and Notice of Meeting is due to be sent to shareholders in the second week of October.