



NEXION GROUP LTD
APPENDIX 4E

29 August 2024

1. DETAILS OF THE REPORTING PERIOD

This report details the consolidated results of Nexion Group Ltd, ABN: 48 628 415 887 ("NNG" or "Company") and its controlled entities ("Group") for the year ended 30 June 2024. Comparatives are for the year ended 30 June 2023.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				2024 \$'000	2023 \$'000
2.1	Revenue from ordinary activities	Down	19%	6,422	7,935
2.2	Loss from ordinary activities after tax attributable to members	Up	45%	(1,923)	(3,487)
2.3	Loss for the year attributable to members	Up	45%	(1,923)	(3,487)
				Cents	Cents
9.	Net Tangible assets per share – at the end of the period			(1.64)	(0.72)
14.1	Loss per share			(0.95)	(2.4)
	Diluted loss per share			(0.95)	(2.4)
	No dividend was declared during the period				

The loss includes an impairment loss on ROU assets of \$801,607.

3. DIVIDENDS

No dividends have been paid or declared since the start of the financial year by the Company. The directors do not propose to pay either a final or an interim dividend.

The Company does not have a dividend reinvestment plan.

4. EXPLANATION OF RESULTS

The Group incurred a net loss for the financial year ended 30 June 2024 of \$1,922,780 (2023 \$3,486,875). The net cash outflows for the financial year was \$249,280 (2023 net outflows \$920,482). At 30 June 2024 the Group had a cash balance of \$71,910 (2023 \$321,190).



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5. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

During the financial year, the Group incorporated FuseForward Pty Ltd and Nexion Infrastructure Pty Ltd, both wholly owned subsidiaries of the Group.

6. OTHER CORPORATE TRANSACTIONS

As announced on 18 June 2024, the Company has executed convertible note agreements for the issue of a total of 7.8 million convertible notes each with a face value of \$0.10 each to raise a total of \$730,000 from unrelated parties of the Company being sophisticated, wholesale, professional investors or other investors, and \$50,000 from Directors.

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Nexion Group Limited has interests in the following entities:

Associated Entities	Country of Incorporation	Date of Incorporation or Acquisition	Interest
Nexion Networks Pty Ltd	Australia	07/03/2017	100%
Blue Sky Telecom Pty Ltd	Australia	23/08/2021	100%
Nexion W1 DC Pty Ltd	Australia	14/02/2018	100%
Nexion Pacific Ltd	New Zealand	31/05/2021	100%
FuseForward Pty Ltd	Australia	13/07/2023	100%
Nexion Infrastructure Pty Ltd	Australia	16/01/2024	100%

8. AUDIT OF FINANCIAL STATEMENTS

This report is based on financial statements which have been audited.

This announcement has been authorised by the Board of NEXION Group Ltd.



NEXION Group

ACN 628 415 887

Annual Report

For the year ended
30 June 2024

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Corporate Directory**Directors**

Peter Christie (Executive Chairman)

Chris Daly (Non-Executive Director)

John Bell (Executive Director)

Company Secretary

Jack Toby

Registered Office

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Belmont

WA, 6104

Tel: 1300 436 110

Website: www.nexiogroup.io**Principal Place of Business**

37-39 Robinson Ave

Belmont

WA, 6104

Auditor

Stantons International Audit and Consulting Pty Ltd

Level 2, 40 Kings Park Road

Perth

WA, 6005

Share Registry

Computershare Investor Services Pty Limited

221 St Georges Terrace

Perth

WA, 6000

ASX Code

NNG

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Corporate governance statement

The following Corporate Governance statement has been approved by the Board of the Company.

The directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 4th Edition" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all the recommendations, it has adopted a range of modified systems, procedures and practices which it considers will enable it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it. At the end of this statement a table is included detailing the recommendations with which the Company does not strictly comply.

The following section addresses the Company's practices in complying with the principles.

Principle 1: Lay solid foundations for management and oversight

Board Charter

The Board has adopted the following Board Charter:

The business of the Company is managed under the direction of the Board of Directors. The Board is accountable to shareholders of the Company for the performance of the Company.

Each Director of the Company will act in good faith in the best interests of the Company and collectively oversee and appraise the strategies, major policies, processes and performance of the company using care and diligence to ensure that Company's long-term sustainability is assured.

Directors will not misuse their position on the Board to advance personal interests nor to represent particular constituencies. Directors will not use information available to them as Board members to advance personal interests or agendas.

Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors must absent themselves from discussion or decisions on those matters.

The Company's Constitution and Australian corporations law specifies the minimum and maximum number of directors of the Company.

The Directors must elect one of their number as Chairman.

The chairman will be responsible for leading the board, facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the board and management. The chair will also usually be responsible for approving board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.

Each of the directors is entitled to seek independent advice at the Company's expense whenever they judge such advice necessary for them to discharge their responsibilities as directors.

Corporate governance statement**Principle 1: Lay solid foundations for management and oversight (cont'd)****Role and Responsibilities of the Board**

The Company has established the functions reserved to the Board. The Board has primary responsibility to shareholders for the sustainability and relevance of the Company by guiding and monitoring its business and affairs. The Board is responsible for:

- demonstrating leadership;
- defining the Company's purpose and setting its strategic objectives;
- approving the Company's statement of values and code of conduct to underpin the desired culture within the entity;
- appointing the chairman;
- appointing and replacing the CEO;
- approving the appointment and replacement of other senior executives and the company secretary;
- overseeing management in its implementation of the Company's strategic objectives, instilling of the Company's values and performance generally;
- approving operating budgets and major capital expenditure;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- satisfying itself that the entity has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the board expects management to operate;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the board;
- whenever required, challenging management and holding it to account;
- satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite; and
- monitoring the effectiveness of the Company's governance practices.

Role and Responsibilities of Senior Executives

The Company has established the functions reserved to senior executives. Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be senior executives. The functions delegated to senior executives are:

- implementing the entity's strategic objectives and instilling and reinforcing its values, all while operating within the values, code of conduct, budget and risk appetite set by the board; and
- providing the board with accurate, timely and clear information on the entity's operations to enable the board to perform its responsibilities. This is not just limited to information about the financial performance of the entity, but also its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the entity.

Background checks on persons proposed for election as a director

The Board undertakes appropriate background checks for persons proposed for election as a director, including character, experience, education, criminal record and bankruptcy history, so as to satisfy itself that there is no information of concern and no indication of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party. The Board also considers biographical details, including their relevant qualifications and experience and the skills they bring to the board and details of any other material directorships currently held. Material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a proposed director is included in the relevant notice of shareholder meeting together with a statement of whether it supports the election or re-election of the candidate and a summary of the reasons why and also, if applicable, a statement that the board considers the director to be an independent director.

Written agreement with each director and senior executive

The Board determines those circumstances where a written agreement with a director or senior executive is warranted. At present written agreements have not been executed with all directors and senior executives as the Board considers that the roles and responsibilities of all board members and senior executives are clearly defined and understood without a written agreement.

Corporate governance statement

Principle 1: Lay solid foundations for management and oversight (cont'd)

Company Secretary

The Company Secretary is accountable directly to the Board through the Chairman on all matters to do with the proper functioning of the Board. The role of the Company Secretary includes advising the board and its committees on governance matters; monitoring that board and committee policy and procedures are followed; coordinating the timely completion and despatch of board and committee papers; ensuring that the business at board and committee meetings is accurately captured in the minutes; and helping to organise and facilitate the induction and professional development of directors. Each director is able to communicate directly with the Company Secretary and vice versa. Any decision to appoint or remove a Company Secretary is made by the Board.

Diversity Policy

The Group does not discriminate on the basis of gender and has no measurable objectives for achieving gender diversity.

There are no women on the Board. During the majority of the financial year, there was one woman in senior executive positions in the Group. The proportion of female employees in the whole organisation is 30%.

Evaluation of the performance of Directors and Senior Executives

A formal evaluation of the performance of directors and senior executives was not carried out in the financial year as the Board monitors the performance of directors and senior executives on an on-going basis and conducts an evaluation of the performance of directors and senior executives as and when the Board considers appropriate. The performance of the Chairman of the Board is assessed on an on-going basis by the Board as a whole.

Corporate governance statement**Principle 2: Structure the Board to be effective and add value****Composition of the Board**

The names of the directors of the Company and their skills, comprising their qualifications and experience are set out in the section headed Directors' Report in the Annual Report for the year ended 30 June 2024

The mix of skills and diversity for which the Board of directors is looking to achieve in membership of the Board is that required so as to provide the Company with a broad base of industry, business, technical, administrative, financial and corporate skills and experience considered necessary to represent shareholders and fulfil the business objectives of the Company.

The recommendations are that a majority of the directors and in particular the chairperson should be independent. In assessing the independence of a director relevant factors considered by the Board include that the director:

- has not been employed in an executive capacity by the Company or any of its child entities or there has been a period of at least three years between ceasing such employment and current service on the board;
- does not receive performance-based remuneration (including options or performance rights) from the Company, or participate in an employee incentive scheme of the Company;
- has not been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- is not, nor represents, nor has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of the Company for such a period (such as 10 years or more) that their independence from management and substantial holders may have been compromised.

In each case, the materiality of an interest, position or relationship is assessed by the Board to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party.

Christopher Daly has been an independent director from the date of his appointment. Peter Christie was an independent director and independent Chairman from the date of his appointment until 2 February 2023, when he was appointed as interim Chief Executive Officer and Executive Chairman. None of the other Board members met these criteria. Consequently, the Board does not have a majority of independent directors. Peter Christie is the chairman of the Board. The Chairman has not been an independent director since 2 February 2023.

Peter Christie was appointed a director on 8 August 2019, Christopher Daly was appointed a director on 21 November 2019. John Bell was appointed a director on 2 February 2023. Peter Christie is the Chief Executive Officer of the Company.

Corporate governance statement**Principle 2: Structure the Board to be effective and add value (cont'd)****Nomination of Other Board Members**

The Board has adopted the following Policy and Procedure for the Selection and (Re) Appointment of Directors.

In determining candidates for the Board, the Board follows a prescribed process whereby it evaluates the mix of skills, experience, knowledge and diversity of the existing Board. In particular, the Board considers the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if appropriate, are offered appointment to the Board. Any appointment made by the Board is subject to re-election by shareholders at the next annual general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Membership of the Board of directors, including whether the skills, knowledge and familiarity with the Company and its operating environment of each director is sufficient to fulfil their role on the board effectively, is reviewed on an on-going basis by the Chairman of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives. The Board does not believe that at this point in the Company's development it is necessary to appoint additional directors. Consequently, the Board has not established a nomination committee. The Board has not adopted a Nomination Committee Charter.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly**Code of conduct**

The Company has established a code of conduct as to the:

- Practices necessary to maintain confidence in the Company's integrity;
- Practices necessary to take into account their legal obligations and the expectations of their stakeholders;
- Responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

All directors, senior executives, employees and consultants are expected to abide by the Company's code of conduct. The code of conduct is periodically reviewed to ensure that it is operating effectively and whether any changes are required. The terms of the code of conduct are:

- act in accordance with the Company's stated values and in the best interests of the Company;
- act honestly and with high standards of personal integrity;
- comply with all laws and regulations that apply to the Company and its operations;
- act ethically and responsibly; – treat fellow staff members with respect and not engage in bullying, harassment or discrimination;
- deal with customers and suppliers fairly;
- disclose and deal appropriately with any conflicts between their personal interests and their duties as a director, senior executive or employee;
- comply with the Company's Whistleblower policy;
- comply with the Company's Anti-Bribery and Corruption Policy;
- not take advantage of the property or information of the Company or its customers for personal gain or to cause detriment to the Company or its customers;
- not take advantage of their position or the opportunities arising therefrom for personal gain; and
- report breaches of the code to the appropriate person or body within the organisation.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the *Corporations Act* if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Policy for trading in the securities of the Company

Directors are required to make disclosure of any trading in securities of the Company. The Company has a policy for trading in the securities of the Company. The policy is:

Corporate governance statement**Principle 3: Instil a culture of acting lawfully, ethically and responsibly (cont'd)****Definitions****Insider Trading:**

'Insider trading' includes the trading of securities or some wider set of financial products (including derivatives and financial products able to be traded on a financial market) while in possession of information that is not generally available and would be likely to have a material effect on their price or value if it were generally available. The prohibition against insider trading extends to applying for, acquiring or disposing of, or entering into an agreement to apply for, acquire or dispose of relevant financial products, or procuring another person to so trade, or communicating that information where trading in the relevant financial products is likely to take place.

The insider trading provisions are found in Part 7.10, Division 3 of the *Corporations Act 2001* ("*Corporations Act*"). Section 677 of the *Corporations Act* defines material effect on price or value. A reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the first mentioned securities.

Company Securities:

Company Securities means shares, options or performance rights over those shares and other securities convertible into shares, and any financial products of the Company traded on ASX.

Closed Periods:

Closed Periods means the following periods of time:

- From 7 January of each year until the next announcement to the ASX of financial results either in the form of a cashflow report or in the form of profit results; and
- From 7 July of each year until the next announcement to the ASX of financial results either in the form of a cashflow report or in the form of profit results.

Key Management Personnel:

Key Management Personnel are defined in the ASX Listing Rules.

Declaration:

A declaration may be validly issued in either written or electronic form. Electronic declarations may take the form of an email, fax or any other electronic recordable communication.

Excluded Trading:

Excluded trading means trading consistent with any of the following categories:

- Transfers of Company's Securities already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
- Where a restricted person is a trustee, trading in the Company's Securities of the entity by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a closed period is taken by the other trustees or by the investment managers independently of the restricted person;
- Undertakings to accept, or the acceptance of, a takeover offer;
- Trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- A disposal of the Company's Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement, provided that the restricted person obtained the consent of the Chairman or Chief Executive Officer of the Company to enter into agreements that provide lenders with rights over their interests in the entity's securities;
- Acquisition of the Company's Securities through an issue of securities by the Company;
- The exercise (but not the sale of securities following exercise) of an option or a right, or the conversion of a convertible security; or
- Trading under a non-discretionary trading plan for which prior clearance by the Chairman or Chief Executive Officer of the Company has been provided and where:
 - the restricted person did not enter into the plan or amend the plan during a closed period;
 - the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
 - there was no cancellation of the trading plan during a closed period other than in exceptional circumstances.

Corporate governance statement**Principle 3: Instil a culture of acting lawfully, ethically and responsibly (cont'd)****Trading in Exceptional Circumstances:**

Trading in Exceptional Circumstances means trading consistent with any of the following categories:

Trading in accordance with a declaration by the Chairman or Chief Executive Officer of permitted trading. In exceptional circumstances, a member of the Key Management Personnel may apply, together with a description of the circumstances, to the Chairman or Chief Executive Officer for a declaration to permit trading as Trading in Exceptional Circumstances which may be given in circumstances that the Chairman considers appropriate such as severe financial hardship, or a person is required by a court order, or there are court enforceable undertakings or there is some other legal or regulatory requirement to do so. The declaration will specify the duration of permitted trading.

Trading restrictions

All Key Management Personnel and all employees of the Company are required to comply with the prohibition against Insider Trading at all times with respect to the Company's Securities. Contravention of the insider trading prohibition may result in significant penalties.

With the introduction of the continuous disclosure regime, public listed companies and other disclosing entities are now required to disclose Price Sensitive Information on an on-going basis (subject to limited exceptions) so that at all times in the year the market can be fully informed and trading can be lawful. As a result the Company has decided not to specify safe periods but rather to designate periods when Trading by Key Management Personnel should not occur.

All Key Management Personnel are required to refrain from trading in the Company's Securities on the ASX during a Closed Period except for Excluded Trading or Trading in Exceptional Circumstances.

All directors of the Company are required to comply with the *Corporations Act* and the ASX Listing Rules with regard to disclosure of their interests in the Company's Securities on their appointment as a director, on any change in their interests in the Company's Securities and on resignation as a director.

Whistleblower Policy

The Company has a whistleblower policy. The Board is informed of any material incidents reported under that policy. The policy is:

Who is a Whistleblower

To be a whistleblower, you must be a current or former:

- employee of the Company your disclosure is about, or a related company or organisation;
- officer (usually that means a director or company secretary) of the Company your disclosure is about, or a related company or organisation;
- contractor, or an employee of a contractor, who has supplied goods or services to the Company your disclosure is about, or a related company or organisation. This can be either paid or unpaid, and can include volunteers;
- associate of the Company, usually a person with whom the Company acts in concert; or
- spouse, relative or dependant of one of the people referred to above.

If you are a whistleblower, while you must hold or have held one of these roles to access the protections, you do not have to identify yourself or your role, and you can raise your concerns anonymously.

Who you can make disclosure to

You must make your disclosure to:

- a director, company secretary, company officer, or senior manager of the Company or organisation, or a related company or organisation;
- an auditor, or a member of the audit team, of the Company or organisation, or a related company or organisation;
- an actuary of the Company or organisation, or a related company or organisation;
- a person authorised by the Company to receive whistleblower disclosures;
- ASIC or the Australian Prudential Regulation Authority (APRA); or
- your lawyer.

While you must make your disclosure to one of these people or organisations, you can raise your concerns anonymously.

Code of Conduct

The Company has established a code of conduct which all directors, senior executives, employees and consultants are required to comply with. Refer above for the code of conduct.

Subject of Disclosure

You must have reasonable grounds to suspect that the information you are disclosing about the Company concerns:

- misconduct;
- a breach of the Company's code of conduct;
- an improper state of affairs or circumstances;

Corporate governance statement**Principle 3: Instil a culture of acting lawfully, ethically and responsibly (cont'd)**

- This information can be about the Company or organisation, or an officer or employee of the Company or organisation, engaging in conduct that:
 - breaches the *Corporations Act*,
 - breaches other financial sector laws enforced by ASIC or APRA,
 - breaches an offence against any other law of the Commonwealth that is punishable by imprisonment for a period of 12 months, or
 - represents a danger to the public or the financial system;
- A public Interest disclosure as defined below; or
- An emergency disclosure as defined below.

'Reasonable grounds' means that a reasonable person in your position would also suspect the information indicates misconduct or a breach of the law.

Public Interest Disclosures

A disclosure can be a public interest disclosure if the following conditions are met:

- You must have previously made a report to ASIC or APRA that satisfies the criteria in "Subject of Disclosure" above;
- At least 90 days have passed since you reported your concerns to ASIC or APRA, and you do not have reasonable grounds to believe that action to address your concerns is being or has been taken;
- You have reasonable grounds to believe that reporting your concerns to a journalist or parliamentarian would be in the public interest; and
- After 90 days from when you reported to ASIC or APRA, you gave ASIC or APRA a written notice that includes sufficient information to identify your earlier report and states your intention to make a public interest disclosure. This could be by contacting the ASIC officer who considered your concerns and quoting the reference number of your case.

If you have a public interest disclosure then you can report your concerns about misconduct or an improper state of affairs or circumstances or a breach of the law to a journalist or a parliamentarian. The extent of the information disclosed is no greater than is necessary to inform the recipient about your concerns.

Emergency Disclosures

A disclosure can be an emergency disclosure if the following conditions are met:

- You must have previously made a report to ASIC or APRA that satisfies the criteria in "Subject of Disclosure" above;
- You have reasonable grounds to believe that the information in your report concerns substantial and imminent danger to the health or safety of one or more people or to the natural environment; and
- You gave ASIC or APRA a written notice that includes sufficient information to identify your earlier report and states your intention to make an emergency disclosure. This could be by contacting the ASIC officer who considered your concerns and quoting the reference number of your case.

If you have an emergency disclosure then you can report your concerns about the substantial or imminent danger to a journalist or parliamentarian. The extent of the information disclosed must be no greater than is necessary to inform the recipient about the substantial and imminent danger.

Protections available to whistleblowers

You can ask the Company to keep your identity, or information that is likely to lead to your identification, confidential. The Company will comply with such a request except that it may report the information to ASIC, APRA, or the Australian Federal Police, or to a lawyer for advice about the whistleblower protections.

It is illegal for a person to reveal the identity of a whistleblower, or information likely to lead to the identification of whistleblower, outside of these circumstances.

In the Company's investigation of the concerns raised in your report, the Company will take reasonable steps to ensure that information likely to lead to your identification is not disclosed without your consent. However, the Company may face difficulties investigating or internally addressing or correcting the misconduct unless you provide some approval for the Company to use your information.

How the Company will support and protect whistleblowers

The *Corporations Act* protects a whistleblower against certain legal actions related to making the whistleblower disclosure, including:

- criminal prosecution (and the disclosure cannot be used against the whistleblower in a prosecution, unless the disclosure is false);
- civil litigation (such as for breach of an employment contract, duty of confidentiality, or other contractual obligation), or
- administrative action (including disciplinary action).

Corporate governance statement**Principle 3: Instil a culture of acting lawfully, ethically and responsibly (cont'd)**

If you are the subject of an action for making a whistleblower disclosure, you may rely on this protection in your defence.

However, this protection does not grant immunity to you for any misconduct that you were involved in that is revealed in the disclosure.

How investigations into a disclosure will proceed

All whistleblower disclosures are to be referred immediately to the Chairman of directors, who will then notify the Board of directors. The Chairman will then determine the steps required to adequately investigate the disclosures.

How the Company will ensure fair treatment of employees who are mentioned in whistleblower disclosures

The *Corporations Act* makes it illegal (through a criminal offence and civil penalty) for someone to cause or threaten detriment to you because they believe or suspect that you have made, may have made, or could make a whistleblower disclosure.

The criminal offence and civil penalty apply even if you have not made a whistleblower report, but the offender causes or threatens detriment to you because they believe or suspect you have or might make a report.

A person may be causing you detriment if they:

- dismiss you from your employment
- injure you in your employment
- alter your position or duties to your disadvantage
- discriminate between you and other employees of the same employer
- harass or intimidate you
- harm or injure you, including causing you psychological harm
- damage your property
- damage your reputation
- damage your business or financial position
- cause you any other damage.

The offence and penalty require that the detriment be the result of an actual or suspected whistleblower disclosure. In many cases, particularly in the context of private employment, there may be arguments about whether the conduct involved was victimisation as a result of the whistleblower disclosure or for some other reason.

The Company will comply with the above legal obligations.

Policy Review

The policy will be periodically reviewed by the Board to check that it is operating effectively and whether any changes are required to the policy.

Employee and Manager training

All managers will be provided with a copy of this policy to ensure that they are aware of how to respond in the event that they receive whistleblower disclosures.

All employees will be provided with a copy of this policy to ensure that they are aware of rights and obligations pursuant to this policy.

All managers and employees are encouraged to refer any questions they may have about the policy to their supervisor.

Anti-Bribery and Corruption Policy

The Company has an Anti-Bribery and Corruption policy. The Board is informed of any material incidents reported under that policy. The policy is:

All directors, senior executives, employees and consultants are expected to abide by the Company's Anti-Bribery and Corruption Policy. The Anti-Bribery and Corruption Policy is periodically reviewed to ensure that it is operating effectively and whether any changes are required. The terms of the Anti-Bribery and Corruption Policy are:

- the giving of bribes or other improper payments or benefits to public officials is prohibited;
- the payment of secret commissions to those acting in an agency or fiduciary capacity is prohibited;
- political donations and offering or accepting exceptional gifts, entertainment or hospitality is prohibited without the prior approval of the Board;
- managers and employees likely to be exposed to bribery or corruption are to receive training about how to recognise and deal with it;
- The Company acknowledges that serious criminal and civil penalties that may be incurred and reputational damage may be done if the Company is involved in bribery or corruption; and
- All breaches of this policy are to be reported to the Chairman. Any material breaches of this policy are to be reported to the Board.

Corporate governance statement**Principle 3: Instil a culture of acting lawfully, ethically and responsibly (cont'd)**

The Company has established a code of conduct which all directors, senior executives, employees and consultants are required to comply with. Refer above for the code of conduct.

Principle 4: Safeguard integrity in corporate reporting

No audit committee has been established. The Board has not adopted an Audit Committee Charter. Executive directors play an active role in monitoring the daily affairs of the Company. As a result of the scale of operations it has not been considered necessary to form sub-committees.

Each Board member has access to the external auditors and the auditor has access to each Board member.

In the event of the resignation of external auditors, the Board will appoint a new external auditor which is subsequently ratified by shareholders in General Meeting. In all other cases an external auditor is nominated by a shareholder of the Company and is appointed by shareholders in General Meeting. An external auditor can be removed by shareholders in General Meeting. The Board does not have a policy for the rotation of external audit engagement partners.

Before the Board approves the Company's financial statements for a financial period, the Chief Executive Officer and the Chief Finance Officer each declare that, in their opinion, the financial records of the Company for the financial year have been properly maintained, the financial statements and notes for the financial year comply with the appropriate accounting standards, give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The external auditor of the Company attends each Annual General Meeting of shareholders.

Process to verify the integrity of reports issued not subject to audit or review by an external auditor

From time to time, the Company issues reports that are not subject to audit or review by an external auditor, such as annual directors' reports, quarterly activity reports, quarterly cash flow reports and ASX Appendices. To ensure the integrity of such reports, the Company ensures that they are prepared by suitably qualified staff or consultants and are reviewed by the Board or by the appropriate Director.

Principle 5: Make timely and balanced disclosure**Compliance with ASX Listing Rules**

The Company has established a policy to ensure compliance with ASX Listing Rule disclosure including, but not limited to, Listing Rule 3.1 and accountability at senior executive level for that compliance. This policy is periodically reviewed to ensure that it is operating effectively and whether any changes are required. The terms of the policy are:

- All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Stock Exchange and the highest standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the listing rules.
- The Company recognises the importance of its market announcements being accurate, balanced and expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
- Directors, senior executives and employees are each responsible to inform the Board of any circumstances which could impact the Company's compliance with these requirements.
- The Company ensures that all market announcements are prepared by suitably qualified staff or consultants and are reviewed by the Board or by the appropriate Director.
- The Board delegates authority to approve and authorise ASX announcements on behalf of the Company to appropriate individuals.
- The Company has highlighted to all directors, senior executives and staff, the importance of safeguarding the confidentiality of corporate information and avoiding premature disclosure. The Company restricts analyst briefings and responses to security holder questions to the appropriately qualified staff.
- The Board constantly monitors market developments to ensure that there has not emerged a false market in the Company's securities and will respond appropriately if a false market occurs.
- The Company Secretary is the person responsible for overseeing and co-ordinating disclosure of information to ASX as well as communicating with the ASX.

The Board receives copies of all material market announcements promptly after they have been made.

The Company releases a copy of presentation materials on the ASX Market Announcements Platform before any presentation.

Corporate governance statement**Principle 6: Respect the rights of security holders**

The Company's corporate governance procedures and policies can be viewed at: <https://www.nexiongroup.io/corporate-governance/>

The Company has a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at its Annual General Meetings. The terms of the communications policy are:

The Board seeks to inform security holders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports and announcing these reports to the ASX;
- preparing quarterly reports in accordance with the listing rules and announcing these reports to the ASX;
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- maintaining the Company's website and hosting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Company's investor relations program is based on actively engaging with security holders at the Annual General Meeting, meeting with them upon request and responding to security holder enquiries from time to time. The Annual General Meeting enables shareholders to receive the reports and participate in the meeting by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed annually for the voting on the appointment of directors and so as to enable them to have discussion at the Annual General Meeting with the directors and/or the auditor of the Company who is invited to the Annual General Meeting. The Annual General Meeting is held each year at a convenient time and place and all security holders are encouraged to attend and participate.

The Company's website provides facilities for security holders to subscribe to email updates and thereby receive communications from the Company by email.

All shareholders are invited to, and encouraged to attend, all shareholder meetings of the Company. Notices of meetings are sent to all shareholders by their preferred form of communication. Shareholders who are not able to attend can appoint a proxy to attend in their stead and documentation to facilitate the appointment of a proxy is provided to all shareholders for each shareholder meeting. The Board encourages questions and other communications from shareholders at any time.

The Company complies with ASX Guidance Note 35 which requires that the vote on the resolution with an ASX required voting exclusion statement be conducted by a poll rather than by a show of hands. Furthermore, the Chairman of a shareholder meeting ensures that voting on all substantive resolutions reflects the true will of the security holders attending and voting at the meeting, whether they attend in person, electronically or by proxy or other representative.

The Company provides its security holders with the option to receive communications from, and send communications to, the Company and its security registry electronically.

Principle 7: Recognise and manage risk

The Board is conscious of the need to continually maintain systems of risk management and controls to manage all of the assets and affairs of the Company. The Company has established a policy for the oversight of material business risks and the management of material business risks. Risk management is a process of continuous improvement that is integrated into existing practices or business processes. The terms of these risk management policies are:

- liaise with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole;
- define the basic parameters within which risks must be managed and set the scope for the rest of the risk management process;
- identify the risks to be managed;
- identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk. This analysis should consider the range of potential consequences and how these could occur;
- compare estimated levels of risk against pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities;
- develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs. Allocate responsibilities to those best placed to address the risk and agree on target date for action;

Corporate governance statement**Principle 7: Recognise and manage risk (cont'd)**

- the Chairman and Chief Executive Officer are responsible for the implementation and maintenance of sound risk management. In carrying out this responsibility, senior managers review the adequacy of internal controls to ensure that they are operating effectively and are appropriate for achieving corporate goals and objectives;
- the Board is responsible for oversight and for providing corporate assurance on the adequacy of risk management procedures; and
- managers at all levels are to create an environment where managing risk forms the basis of all activities.

Risk management includes asset risk, operational risk, personnel health and safety risk, currency fluctuation risk, amongst others. The Company identifies and manages those risks on a case by case and overall corporate basis.

The Company does not have an internal audit function. The Board has required management to design and implement processes for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes and has required management to report to it on whether those processes are being managed effectively.

A formal risk management evaluation was not carried out in the financial year as the Board monitors risk on an on-going basis.

The Company has regulatory responsibility for the environmental consequences of its activities. The Company engages qualified employees or consultants where applicable to manage its environmental responsibilities and complies with these obligations. The Company has no material exposure to environmental or social risks.

Principle 8: Remunerate fairly and responsibly

There is no formal remuneration committee. The Board has not adopted a Remuneration Committee Charter. The functions that would have been carried out by a remuneration committee are performed as follows:

- The remuneration of executive directors is determined by the Board as a whole. The remuneration of non-director senior executives is determined by the chief executive officer.
- A maximum amount of remuneration for non-executive directors is fixed by shareholders in general meeting and can be varied in that same manner. The Board as a whole determines the remuneration of each non-executive director. In determining the allocation of remuneration to each non-executive director, the Board takes account of the time demands made on the directors together with such factors as fees paid to other corporate directors and to the responsibilities undertaken by them.
- When the Board as a whole considers the remuneration of a particular director, that director will take no part in the decision making process or discussions.
- Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a director of the Company. One third of the directors retires annually in accordance with the Constitution and is free to seek re-election by shareholders.

There are no schemes for retirement benefits other than contributions to external superannuation funds. There is no policy on prohibiting transactions in associated products which limit the economic risk to directors and executives of participating in unvested entitlements under an equity based remuneration scheme, other than the Company's policy for trading in the securities of the Company. The Company has from time to time issued securities of the Company and performance rights to executives and directors. Securities issued to directors are pursuant to the approval of the Company's shareholders in general meeting. The Company has an employee share plan in place which was approved by the Company's shareholders in general meeting. The Company does not currently have any other unvested equity based remuneration scheme.

Table of Departures and Explanations (from the Recommendations of the ASX Corporate Governance Council)

PRINCIPLES AND RECOMMENDATIONS	EXPLANATION
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.3 Written agreements have not been executed with all directors and senior executives.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that the roles and responsibilities of all directors and senior executives are clearly defined and understood and that written agreements for all directors and senior executives are not warranted as yet.
Recommendation 1.5 No formal diversity policy has been established. No measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally have been established.	The Company does not discriminate on the basis of gender. While gender imbalances may occur from time to time, all applicants for positions with the Group are assessed on their merits irrespective of their gender. Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that the current composition of the Board does not disadvantage the Company and a diversity policy is not necessary to provide a competitive advantage at this time.
Recommendation 1.6 and 1.7 No formal process has been established for periodically evaluating the performance of Directors and Senior Executives and no performance evaluation has been undertaken.	There is no formal process for periodically evaluating the performance of Directors and Senior Executives as the Board monitors the performance of directors and senior executives on an on-going basis and conducts an evaluation of the performance of directors and senior executives as and when the Board considers appropriate.
Principle 2: Structure the board to add value	
Recommendation 2.1 A Nomination Committee has not been formed.	The Board comprises three members each of whom have valuable contributions to make in fulfilling the role of a nomination committee member. A director will excuse himself where there is a personal interest or conflict.
Recommendation 2.4 and 2.5 The Board does not have a majority of independent directors.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that active director oversight with executive involvement is required in multiple jurisdictions and disciplines, thereby limiting the number of directors who can be independent. Given the nature and depth of their experience, each of the directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders.
Recommendation 2.6 A listed entity should disclose: The Company does not have a program for inducting new directors or for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that all directors already have sufficient skills, knowledge and familiarity with the Company and its operating environment to fulfil their role on the board and on any board committees effectively. All directors are responsible for their own training and development.
Principle 4: Safeguard integrity in corporate reporting	
Recommendation 4.1 No formal audit committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary that a formal audit committee be established, or a charter be drawn.

Principle 7: Recognise and manage risk	
Recommendation 7.1 No formal risk management committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to establish a risk management committee or a charter be drawn.
Recommendation 7.2 No formal review of the Company’s risk management framework has been carried out.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to conduct a formal review of the Company’s risk management framework as the Company’s risk profile is monitored by the Board on an on-going basis.
Principle 8: Remunerate fairly and responsibly	
Recommendation 8.1 No formal remuneration committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to establish a remuneration committee or a charter be drawn.

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Directors' report

Your Directors present their annual report, together with the financial statements, of Nexion Group Ltd ("Company") and the entities it controlled ("Consolidated Entity" or "Group" or "NEXION") for the financial year ended 30 June 2024.

1. Directors

The following persons were Directors of the company during or since the end of the financial year up to the date of this report:

- Mr Peter Christie – Executive Chairman
- Mr Chris Daly – Non-Executive Director
- Mr John Bell – Executive Director

The Directors have been in office since the start of the period to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 4 Information relating to Directors and Company secretary of this Directors' Report.

2. Company Secretary

The following person held the position of Company Secretary at the end of the financial year up to the date of this audit report.

- Mr. Jack Toby Fellow of Chartered Accountants Australia & New Zealand, Fellow of the Institute of Chartered Accountants in England and Wales.

3. Operating and financial review

3.1. Principal Activities

NEXION provides core compute, storage, network, and security services that are essential for enterprises to operate. Our primary revenue streams are from hybrid cloud hosting, data and voice network delivery, technology support services and technical product sales. Hybrid Cloud describes the combined use of dedicated private compute infrastructure with publicly available Cloud services to optimise the price and performance of corporate IT systems. NEXION's customers use our private cloud infrastructure to host the mission critical software applications that are essential to keep their businesses operating.

NEXION operates in the multi-trillion-dollar global market of information technology services. We deliver core technology and technical support to enterprise customers that rely on us to keep their software operating, their networks working and their data available 24/7.

3.2. Operations Review

2024 was a year of two distinct strategies for NEXION. The first half continued to concentrate on pure revenue growth and in the second half management focussed on steering the business towards profitability. NEXION achieved outstanding results on both fronts with revenue, including the R&D tax incentive, \$6,937,318 and the net loss before income tax of (\$1,921,869) being an improvement of \$2,165,251 when compared to FY2023 (\$4,087,120). The results of management's focus on cost cutting throughout the second half have set the company up to deliver a profitable FY25.

NEXION's core business was enhanced with the implementation of new products to support its strategies across voice, cyber security, managed data storage and network operations. The Company also made new inroads into the enterprise Low Earth Orbit Satellite market, creating new partnership and leveraging existing technology to deliver state of the art remote telecommunication services.

On 25 of April 2024, Nexion Group Ltd had requested a voluntary suspension of its securities effective from the commencement of trading on 26 April 2024, pending an announcement regarding a material acquisition.

NEXION is still a relatively small operator in an information technology industry that's immense, so there is substantial opportunity to extend the Company's product range and build on its skills to grow. Management are focused on profitable organic growth and will continue to finalise the material acquisitions that are value accretive to shareholders.

3.3. Significant events and transactions during the year

During the year the Company entered its next phase of organic growth, adding IBM's software for enterprise asset management, AI and ESG to its portfolio of products to drive faster growth and higher margins in FY24. The Company has formed an alliance with FuseForward Cloud Services Ltd in Vancouver to source the specialised skills required to accelerate adoption of this product combination and promote IBM Software services in Australia under the FuseForward Australia brand. FuseForward has a long history of delivering IBM's enterprise asset management software and also brings its own data transformation and digital twin software platform to the venture.

The combination of positive earnings for the first half of FY24 and the \$515,642 R&D tax credit received in Q2 has delivered a significant improvement in the balance sheet. New opportunities in Satellite services, particularly Starlink and general telecommunications continue to grow recurring revenue and improve overall margins.

Directors' report

A new wholly owned subsidiary Nexion Infrastructure Pty Ltd was incorporated on 16 January 2024 for the purpose of holding additional data centre property assets.

As announced on 18 June 2024, the Company has executed convertible note agreements for the issue of a total of 7.8 million convertible notes each with a face value of \$0.10 each to raise a total of \$730,000 from unrelated parties of the Company being Sophisticated, wholesale, professional investors or other investors, and \$50,000 from Directors.

3.4. Matters subsequent to the end of the financial year

As announced on 18 July 2024, the Company issued 500,000 convertible notes with an issue price of \$0.10. As announced on 15 August 2024, the Company issued an additional 3,500,000 of convertible notes with an issue price of \$0.10.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group in future financial years.

3.5. Likely developments and expected results of operation

NEXION is experiencing increasing enquiries for its products and services and anticipates that this along with the cost cutting measures and efficiencies which have been implemented over the past 12 months, shall result in the posting of improved revenue and profitability in the coming quarters, due to.

NEXION will continue to enhance and add to its product offering, especially in the space of IoT and IT Procurement platforms. This has produced promising results so far with the expected monthly growth in both sectors of approximately 15%.

NEXION is in the process of negotiating a material acquisition. Completion of the acquisition will require ASX approval, the completion of final binding agreements and approval by NEXION shareholders. None of these steps have been completed yet. Nevertheless, NEXION considers it likely that these steps will be achieved and that the material acquisition will proceed.

3.6. Business Risks

NEXION's risk management framework is an integral component of its corporate governance and central to achieving its strategic and operational objectives.

The Company has implemented systems and processes to identify risks at an early stage to ensure they are managed accordingly. Further details on NEXION's Risk Management Framework can be found in the Corporate Governance Statement.

The following key business risks have remained focus areas, as they can adversely affect the Company's financial performance:

Business Management and Governance*Fraud, Bribery and Corruption*

Fraud, bribery or any other unethical behaviour could significantly impact the trust and confidence of NEXION's customers, shareholders, and other stakeholders.

All NEXION's staff and Directors undergo Code of Conduct training and pursuant to the Company's Whistle-blower Policy, employees are encouraged to come forward and report if they see any unethical behaviour.

Training and Development

Operating and maintaining data centers requires highly trained employees and lack of sufficient training and development could result in safety and environmental incidents, poor efficiencies and low morale.

Along with the broader Company-wide training and development program, all data center operations staff receive on the job training and refreshers as required.

Technology Advances

NEXION operates in a competitive sector. Any failure to keep up with the latest technology or not having the business systems that supports the scale and pace of business expansion could result in reputational damage and a downturn in customer demand.

Maintain 100% Uptime Guarantee*Unable to Provide Service*

A catastrophic failure or equipment malfunction at a NEXION data centre could result in the Company not being able to provide power and cooling to support our customers' equipment, thus breaching our service level agreements and incurring contractual liabilities.

Directors' report

To address this risk, all of NEXION's data centres are designed and built with sufficient redundancy in place (including redundant paths for power and cooling) to enable components to go off-line and be repaired or maintained without affecting our customers' IT equipment.

A sound assurance and maintenance program, periodic recovery testings, in-house design expertise and third-party peer review and certification are among the many controls in place to manage the risks of not being able to meet our 100% uptime guarantee.

Security of Data and Information*Privacy and Data Security*

NEXION collects a minimal amount of Personally Identifiable Information (PII), limited to activities such as account and contact management, marketing and to permit entry into its facilities.

NEXION does not store, interact with or manage any data stored on its customer's equipment.

Customers are responsible for managing their own IT equipment and data security.

All PII is securely managed in accordance with our Privacy Policy, a document based on the Australian Privacy Act 1998, the GDPR where it is applicable and information security practices based on ISO 27001 controls.

Cyber Risk

According to various recent global and national cyber risk reports, cyber incidents and their financial impacts are increasing significantly year on year and cyber criminals are targeting small and large businesses alike.

To mitigate these risks, NEXION has implemented all information security management system based on ISO 27001 as well as undertaken ongoing penetration and vulnerability testing.

Revenue Generation and Customer Growth*Customer Management*

NEXION is committed to building a culture that values our customers and provides the best experience for them, from the first to the last point of contact.

This is central to all phases of the customer lifecycle.

Besides measuring ourselves against key customer metrics, we continue to evolve our customer resourcing models to ensure we deliver great service and monitor the outcomes and feedback.

Innovating to stay competitive

Innovation is at the heart of everything we do. NEXION's on-going strategic initiatives include a focus on research and development designed to foster innovation and excellence in data centre development and operations.

A large part of that is our interactions with customers which are essential in understanding which solutions and innovations can drive value for customers, demand in the relevant industry sectors and to ensure that NEXION continues to retain its competitive advantage.

3.7. Environmental Regulations

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

3.8. Non-audit services

The Board of Directors is satisfied that the provision of any non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed in note 29 to the consolidated financial statements did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* set by the Accounting Professional and Ethical Standards Board.

3.9. Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 30 of the financial report.

Directors' report**3.10. Options**

At the date of this report, the unissued ordinary shares of Nexion Group Ltd under options and performance rights are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Options	Number of Performance Rights
28 December 2022	31 December 2025	\$0.10	21,581,338	-
4 February 2022	4 February 2025	\$0.30	8,593,749	-

Option and performance rights holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

There were no shares issued upon exercise of options during or since the end of the reporting period.

During the year ended 30 June 2024, no ordinary shares were issued on the exercise of options granted. No further shares have been issued since year-end.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

3.11. Performance rights

The terms and conditions of each grant of performance rights affecting remuneration of directors and other personnel and related parties in this financial year or future reporting years are as follows:

Class A performance rights

Name	Number of Class A rights granted	Grant due	Vesting date	Expiry date	Fair value per right at grant date
Paul Glass	-	22/11/20	30/6/22	N/A	\$0.20
Kevin Read	-	22/11/20	30/6/22	N/A	\$0.20
Peter Christie	-	22/11/20	30/6/22	29/01/25	\$0.20
Chris Daly	-	22/11/20	30/6/22	29/01/25	\$0.20
Dom Papaluca	-	22/11/20	30/6/22	29/01/25	\$0.20
Jack Toby	-	22/11/20	30/6/22	29/01/25	\$0.20

Total class A rights* -

* On 6 December 2022, 4,383,664 Class A Performance Rights partially met their vesting conditions and 2,245,555 ordinary shares were issued on 6 December 2022 pursuant to the vesting of all 4,383,664 Class A Performance Rights.

Class B performance rights

Name	Number of Class B rights granted	Grant due	Vesting date	Expiry date	Fair value per right at grant date
Paul Glass	-	20/11/20	30/6/23	N/A	\$0.20
Kevin Read	-	20/11/20	30/6/23	N/A	\$0.20
Peter Christie	764,536	20/11/20	30/6/23	30/01/25	\$0.20
Chris Daly	509,691	20/11/20	30/6/23	30/01/25	\$0.20
Dom Papaluca	203,876	20/11/20	30/6/23	30/01/25	\$0.20
Jack Toby	50,969	20/11/20	30/6/23	30/01/25	\$0.20

Total class B rights* 1,529,072

*None of the Class B Performance Rights vesting conditions have been met since their date of issue. Forfeited due to Paul Glass and Kevin Read resignation during the year.

Total class A and B 1,529,072

Rights

Performance rights granted carry no dividend or voting rights.

All performance rights were granted over unissued fully paid ordinary shares in the company. The number of performance rights granted was determined having regard to the satisfaction of performance measures and weightings. Performance rights are exercisable by the holder after achievement of the vesting conditions. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such performance rights.

Directors' report

3.12. Zero Exercise Price Options (ZEPOs)

Tranche	Director	Number of rights	Value per right	Grant date	Vesting/Expiry date	Total value
Class C	Peter Christie	1,350,000	\$0.0048	30/11/23	30/11/24	\$6,481
Class D		1,350,000	\$0.0026	30/11/23	30/11/24	\$3,484
Class E		675,000	\$0.0016	30/11/23	30/11/24	\$1,047
Class F		450,000	\$0.0011	30/11/23	30/11/24	\$512
Class G		675,000	\$0.0140	30/11/23	30/11/24	\$4,725
		4,500,000				\$16,249
Class C	Christopher Daly	1,350,000	\$0.0048	30/11/23	30/11/24	\$6,481
Class D		1,350,000	\$0.0026	30/11/23	30/11/24	\$3,484
Class E		675,000	\$0.0016	30/11/23	30/11/24	\$1,047
Class F		450,000	\$0.0011	30/11/23	30/11/24	\$512
Class G		675,000	\$0.0140	30/11/23	30/11/24	\$4,725
		4,500,000				\$16,249
Class C	John Bell	675,000	\$0.0048	30/11/23	30/11/24	\$3,240
Class D		675,000	\$0.0026	30/11/23	30/11/24	\$1,742
Class E		337,500	\$0.0016	30/11/23	30/11/24	\$523
Class F		225,000	\$0.0011	30/11/23	30/11/24	\$256
Class G		337,500	\$0.0140	30/11/23	30/11/24	\$2,362
		2,250,000				\$8,124
Class C	Nasser Abdelghani	675,000	\$0.0048	30/11/23	30/11/24	\$3,240
Class D		675,000	\$0.0026	30/11/23	30/11/24	\$1,742
Class E		337,500	\$0.0016	30/11/23	30/11/24	\$523
Class F		225,000	\$0.0011	30/11/23	30/11/24	\$256
Class G		337,500	\$0.0140	30/11/23	30/11/24	\$2,362
		2,250,000				\$8,124
Class C	Jack Toby	450,000	\$0.0048	30/11/23	30/11/24	\$2,160
Class D		450,000	\$0.0026	30/11/23	30/11/24	\$1,161
Class E		225,000	\$0.0016	30/11/23	30/11/24	\$349
Class F		150,000	\$0.0011	30/11/23	30/11/24	\$171
Class G		225,000	\$0.0140	30/11/23	30/11/24	\$1,575
		1,500,000				\$5,416
Total		15,000,000				\$54,163

Directors' report

4. Information relating to Directors and Company secretary

The following information is current as at the date of this report:

- **Mr. Peter Christie**

 - Executive Chairman

Experience and qualifications

Bachelor of Economics and Computer Science (Flinders University)
Appointed Chair in 2019. Peter is an IT industry expert with 30 years of experience across the full stack of information technology from enterprise application software down through middleware, servers, operating systems, networks, and data centres.
 - Interest in Shares and Options

8,344,070 ordinary shares of Nexion Group Limited, 104,375 Options expiring 4 February 2025 at \$0.30, 1,350,000 Class C Zero Exercise Price Options (ZEPOs), 1,350,000 Class D ZEPOs, 675,000 Class E ZEPOs, 450,000 Class F ZEPOs, 675,000 Class G ZEPOs, 250,000 Convertible Notes of \$0.10 each.
 - Directorships held in other listed entities

ActivePort Group Ltd (2 October 2019 to present)
Herdsman Lake Capital Nominees Pty Ltd
Herdsman Lake Capital Asia Pte Ltd
Pacczilla Pty Ltd
 - **Mr. Christopher Daly**

 - Non-Executive Director

Experience and qualifications

Chris has 30 years of management and supervisory experience in businesses operating in the contracting, fabrication, sales, equipment rental and construction sectors. Chris has extensive experience in managing businesses with a keen focus on financial management, job costing, business processes and safety system development including Australian Standards accreditation.
 - Interest in Shares and Options

5,183,747 ordinary shares of Nexion Group Limited, 104,375 Options expiring 4 February 2025 at \$0.30, 1,350,000 Class C Zero Exercise Price Options (ZEPOs), 1,350,000 Class D ZEPOs, 675,000 Class E ZEPOs, 450,000 Class F ZEPOs, 675,000 Class G ZEPOs, 250,000 Convertible Notes of \$0.10 each.
 - Directorships held in other listed entities

ActivePort Group Ltd (18 November 2019 to present)
Claude L. Daly & Sons Pty Ltd
 - **Mr. John Bell**

 - Executive Director

Experience and qualifications

John is an experienced Chief Financial Officer having been CFO of a number of listed and unlisted entities. In addition to his experience as a CFO, John has acted as advisor to numerous corporate transactions including mergers and acquisitions, IPO, RTO, capital raisings and debt funding. John has extensive commercial experience across a range of industries both in Australia and internationally.
 - Interest in Shares and Options

675,000 Class C Zero Exercise Price Options (ZEPOs), 675,000 Class D ZEPOs, 337,500 Class E ZEPOs, 225,000 Class F ZEPOs, 337,500 Class G ZEPOs.
 - Directorships held in other listed entities

Hall Chadwick (WA) Pty Ltd (19 November 2021 to present)
Pendragon Capital Limited (29 September 2020 to present)
Hall Chadwick Corporate Pty Ltd
Bellray Holdings Pty Ltd
 - **Mr. Jacky Toby**

 - Company Secretary

Experience and qualifications

Fellow of Chartered Accountants Australia & New Zealand, Fellow of the Institute of Chartered Accountants in England and Wales, Associate member of the Australian Computer Society
Jack has extensive experience as Company Secretary and Chief Financial Officer of several listed public companies and major corporations for over the last 30 years.

Directors' report**5. Meetings of Directors**

During the financial year, 12 meetings of directors were held. Attendance by each director during the year was as follows:

	Directors' Meetings	
	Number eligible to attend	Number Attended
Peter Christie	12	12
Chris Daly	12	11
John Bell	12	6

6. Remuneration report (audited)

This remuneration report, which forms part of the Directors' Report, details the key management personnel remuneration arrangements for the consolidated entity for the year ended 30 June 2024 in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its Regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including all directors (whether executive or otherwise) of the consolidated entity.

Remuneration consultants were not engaged during the financial year.

The remuneration report is set out under the following main headings:

- Key management personnel
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

(i) Key management personnel

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Directors	Position
Peter Christie	Executive Chairman
Chris Daly	Non-executive Director
John Bell	Executive Director, CFO
Nasser Abdelghani	Executive Director (Nexion Networks Pty Ltd)

Directors' report

(ii) Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency

The Company does not have a separate Remuneration Committee, and hence the full Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel. Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.

The Board approves the remuneration of the Managing Director and Executive Director. The Board also sets the remuneration of non-executive directors, provided that the total aggregate fixed sum per annum to be paid to the non-executive Directors from time to time will not exceed the sum determined by the Shareholders in general meeting.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, including growth in share price, as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed periodically by the board and are based on comparative roles in the external market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The total aggregate was initially set at \$500,000 in the Company's constitution dated 19 October 2020 and adopted by special resolution on that date.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility. The executive remuneration and reward framework is made up of a fixed remuneration component, performance incentives and share-based payments (if appropriate at the time).

Fixed remuneration, consisting of base salary, and any non-monetary benefits, are reviewed periodically by the board based on individual performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Short-term incentives ('STI') are designed to align the targets of the business with the performance of executives.

Long-term incentives ('LTI') include share-based payments. Performance rights are awarded to executives over a period of three years based on long-term incentive measures. These include revenue targets over the term of the performance rights.

The Board is of the opinion that the adoption of performance-based compensation will increase shareholder wealth if maintained over the coming years.

Directors' report**(iii) Details of remuneration***Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

2024	Short-term benefits			Post-employment benefits	Share-based payments	Total	Equity settled as % of total remuneration
	Cash salary and fees \$	Cash bonus \$	Other	Superannuation \$	ZEPOs \$		
Non-Executive Directors:							
Chris Daly	66,000	-	-	-	6,835	72,835	(9.4%)
Non-Executive Directors:							
Peter Christie	66,000	-	-	-	6,835	72,835	(9.4%)
John Bell ¹	66,000	-	-	-	3,417	69,417	(4.0%)
Nasser Abdelghani	237,377	-	-	-	3,417	240,794	(1.5%)
	435,377	-	-	-	20,504	455,881	(4.5%)

¹ In addition to the director fees an entity associated with John Bell was paid \$259,392 for accounting and CFO services.

2023	Short-term benefits			Post-employment benefits	Share-based payments	Total	Equity settled as % of total remuneration
	Cash salary and fees \$	Cash bonus \$	Other	Superannuation \$	Performance rights \$		
Non-Executive Directors:							
Chris Daly	66,000	-	-	-	(141,885)	(75,885)	(186.97%)
Non-Executive Directors:							
Peter Christie	66,000	-	-	-	(212,828)	(146,828)	(144.95%)
John Bell	27,304	-	-	-	-	27,304	0.0%
Paul Glass ¹	240,000	-	-	-	-	240,000	0.0%
Kevin Read ¹	228,000	-	-	-	-	228,000	0.0%
	627,304	-	-	-	(354,713)	272,591	(130.13%)

1. Ceased employment on 31 January 2023, however was paid out notice period until 28 February 2023.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

(iv) Service agreements

Name	Paul Glass (resigned on 31 January 2023)
Title	Managing Director and Chief Executive Officer
Agreement commenced	18 February 2021
Term of agreement	2 years
Details	Base fee of \$30,000 per month inclusive of superannuation, to be reviewed annually by the board of directors. 3 month termination notice by either party, performance based bonus based on performance indicators, non-disclosure and non-compete clauses.
Name	Kevin Read (ceased on 31 January 2023)
Title	Chief Technology Officer
Agreement commenced	7 March 2017
Term of agreement	No fixed term
Details	Base salary of \$230,000 per annum plus superannuation. 24 weeks termination notice by either party, performance based bonus based on performance indicators, non-disclosure and non-compete clauses. This agreement was replaced by the consultancy agreement dated 1 December 2020 for a base fee of \$22,000 per month exclusive of GST.

Directors' report**(iv) Service agreements (continued)**

Name	Peter Christie
Title	Executive Chairman
Agreement commenced	8 August 2019
Term of agreement	No fixed term
Details	Base fee of \$66,000 per annum exclusive of GST, to be reviewed annually by the board of directors. Peter Christie was paid \$5,000 per month until October 2020, after which he was paid \$5,500 per month. Included in current contract are Performance based bonus based on performance indicators, non-disclosure clauses.
Name	Chris Daly
Title	Non-executive Director
Agreement commenced	21 November 2019
Term of agreement	No fixed term
Details	Base fee of \$66,000 per annum exclusive of GST, to be reviewed annually by the board of directors. Chris Daly was paid \$5,000 per month until October 2020, after which he was paid \$5,500 per month. Included in current contract are performance-based bonus based on performance indicators, non-disclosure clauses.
Name	John Bell
Title	Executive Director
Agreement commenced	2 February 2023
Term of agreement	No fixed term
Details	Base fee of \$66,000 per annum exclusive of GST, to be reviewed annually by the board of directors. John Bell was paid \$5,500 per month.
Name	Nasser Abdelghani
Title	Executive Director (Nexion Networks Pty Ltd)
Agreement commenced	1 January 2024
Term of agreement	No fixed term
Details	Base fee of \$277,500 per annum exclusive of GST, to be reviewed annually by the board of directors. Nasser Abdelghani was paid \$23,125 per month.

v. Share-based compensation**Performance rights**

The terms and conditions of each grant of performance rights affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Class A performance rights

Name	Number of class A rights granted	Grant date	Vesting date	Expiry date	Fair value per right at grant date
Paul Glass	-	20/11/20	30/06/22	N/A	\$0.20
Kevin Read	-	20/11/20	30/06/22	N/A	\$0.20
Peter Christie	-	20/11/20	30/06/22	29/01/25	\$0.20
Chris Daly	-	20/11/20	30/06/22	29/01/25	\$0.20

Class B performance rights

Name	Number of class B rights granted	Grant date	Vesting date	Expiry date	Fair value per right at grant date
Paul Glass	-	20/11/20	30/06/23	N/A	\$0.20
Kevin Read	-	20/11/20	30/06/23	N/A	\$0.20
Peter Christie	764,536	20/11/20	30/06/23	05/09/23	\$0.20
Chris Daly	509,691	20/11/20	30/06/23	05/09/23	\$0.20

Performance rights granted carry no dividend or voting rights.

N/A - Paul Glass and Kevin Read resigned on 31 January 2023.

Directors' report**v. Share-based compensation (continued)**

Zero Exercise Price Options (ZEPOs)

Tranche	Director	Number of rights	Value per right	Grant date	Vesting/Expiry date	Total value
Class C	Peter Christie	1,350,000	\$0.0048	30/11/23	30/11/24	\$6,481
Class D		1,350,000	\$0.0026	30/11/23	30/11/24	\$3,484
Class E		675,000	\$0.0016	30/11/23	30/11/24	\$1,047
Class F		450,000	\$0.0011	30/11/23	30/11/24	\$512
Class G		675,000	\$0.0140	30/11/23	30/11/24	\$4,725
		4,500,000				\$16,249
Class C	Christopher Daly	1,350,000	\$0.0048	30/11/23	30/11/24	\$6,481
Class D		1,350,000	\$0.0026	30/11/23	30/11/24	\$3,484
Class E		675,000	\$0.0016	30/11/23	30/11/24	\$1,047
Class F		450,000	\$0.0011	30/11/23	30/11/24	\$512
Class G		675,000	\$0.0140	30/11/23	30/11/24	\$4,725
		4,500,000				\$16,249
Class C	John Bell	675,000	\$0.0048	30/11/23	30/11/24	\$3,240
Class D		675,000	\$0.0026	30/11/23	30/11/24	\$1,742
Class E		337,500	\$0.0016	30/11/23	30/11/24	\$523
Class F		225,000	\$0.0011	30/11/23	30/11/24	\$256
Class G		337,500	\$0.0140	30/11/23	30/11/24	\$2,362
		2,250,000				\$8,124
Class C	Nasser Abdelghani	675,000	\$0.0048	30/11/23	30/11/24	\$3,240
Class D		675,000	\$0.0026	30/11/23	30/11/24	\$1,742
Class E		337,500	\$0.0016	30/11/23	30/11/24	\$523
Class F		225,000	\$0.0011	30/11/23	30/11/24	\$256
Class G		337,500	\$0.0140	30/11/23	30/11/24	\$2,362
		2,250,000				\$8,124
Total		13,500,000				\$48,747

All performance rights and ZEPOs were granted over unissued fully paid ordinary shares in the Company. The number of performance rights granted was determined having regard to the satisfaction of performance measures and weightings. Performance rights are exercisable by the holder after achievement of the vesting conditions. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such performance rights.

The number of Class A performance rights that were converted into shares during the year ended 30 June 2024 was nil (2023: 2,245,555).

No ZEPOs were converted into ordinary shares during the year.

Directors' report**vi. Additional disclosures relating to key management personnel****Shareholding**

The number of ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals	Other	Balance at the end of the year
Ordinary shares					
Peter Christie	8,344,070	-	-	-	8,344,070
Chris Daly	4,851,147	-	-	332,600	5,183,747
John Bell	-	-	-	-	-
Nasser Abdelghani	1,293,618	-	-	1,741,500	3,035,118
	14,488,835	-	-	2,074,100	16,562,935

Performance rights holding

The number of performance rights held during the financial year by each director and other members of key management personnel of the consolidated entity including their personally related parties, is set out below:

	Balance at the start of the year					
	Class A	Class B	Total	Vested	Lapsed/ forfeited/ other	Balance at the end of the year
Performance rights						
Peter Christie	-	764,536	764,536	-	(764,536)	-
Chris Daly	-	509,691	509,691	-	(509,691)	-
	-	1,274,227	1,274,227	-	(1,274,227)	-

Class A partially vested and remainder of performance rights lapsed.

Class B vesting conditions not met and are lapsed.

Options

The number of options held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals	Other	Balance at the end of the year
Options					
Peter Christie	104,375	-	-	-	104,375
Chris Daly	104,375	-	-	-	104,375
	208,750	-	-	-	208,750

ZEPOs

The number of ZEPOs held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Lapsed/ forfeited/ other	Other	Balance at the end of the year
Options					
Peter Christie	-	4,500,000	-	-	4,500,000
Chris Daly	-	4,500,000	-	-	4,500,000
John Bell	-	2,250,000	-	-	2,250,000
Nasser Abdelghani	-	2,250,000	-	-	2,250,000
	-	13,500,000	-	-	13,500,000

Other transactions with key management personnel and their related parties

A current receivable balance exists at 30 June 2024 for \$33,933 (2023: \$33,933) from Kingsley International (Paul Glass) and \$28,447 (2023: \$28,477) from Read Tech (Kevin Read). During the financial year, services purchased from Hall Chadwick (related entity of John Bell) of \$325,394 (2023: \$323,718) were made. All transactions were made on normal commercial terms and conditions applicable to the receivable and at market rates. The receivable from Kingsley and Read Tech amounting to \$62,380 has been impaired in the financial statements.

Directors' report**7. Dividends**

No dividends were paid or recommended paid during the financial year

8. Options granted over unissued shares

On 28 December 2022, the Company issued 21,581,338 free attaching options exercisable for \$0.10 each and expiring on 31 December 2025.

On 20 November 2023, the Company issued to directors and senior executives, 4,500,000 Class C Zero Exercise Price Options, 4,500,000 Class D Zero Exercise Price Options, 2,250,000 Class E Zero Exercise Price Options, 1,500,000 Class F Zero Exercise Price Options and 2,250,000 Class G Zero Exercise Price Options (together "ZEPOs"). Each ZEPO entitles the holder to subscribe for one Share upon exercise of the ZEPO. No consideration is payable upon the exercise of each ZEPO. Each ZEPO will expire at 5:00 pm (WST) on the date that is five (5) years from the date of issue ("Expiry Date"). Any ZEPO not exercised on or before the Expiry Date will automatically lapse on the Expiry Date. Recipients of the ZEPOs must achieve goals aligned to shareholder value including revenue and earnings targets in order to receive any financial benefit from the ZEPOs.

9. Options Over Unissued Shares Expired

No options over unissued shares in the Company expired unexercised during or subsequent to the year ended 30 June 2024.

10. Options/Performance Rights Over Unissued Shares Exercised

No shares were issued by virtue of exercise of options or conversion of performance rights during and subsequent to financial year.

11. Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Except as disclosed above, the Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

12. Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

13. 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.

14. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.


PETER CHRISTIE

Executive Chairman

Dated this Thursday, 29 August 2024



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29 August 2024

Board of Directors
Nexion Group Limited
37-39 Robinson Ave
BELMONT, WA 6104

Dear Directors

RE: NEXION GROUP LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Nexion Group Limited.

As Audit Director for the audit of the financial statements of Nexion Group Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Eliya Mwale
Director



Consolidated Statement of profit or loss and other comprehensive income

for the year ended 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Revenue from contracts with customers	5	6,421,676	7,935,784
Cost of goods sold	6	(3,133,184)	(4,448,234)
Gross Profit		3,288,492	3,487,550
Other income	7	557,169	507,960
Consulting and accounting expenses		(1,217,078)	(2,168,477)
Other expenses		(1,236,404)	(1,056,303)
Employee benefits expenses		(1,468,574)	(3,332,320)
Occupancy expenses		(250,284)	(149,662)
Share based payments/(reversal)	11	(22,782)	425,656
Finance costs	8	(139,847)	(166,555)
Depreciation and amortisation	8	(630,954)	(1,015,365)
Impairment Loss	8	(801,607)	(618,634)
Foreign currency loss		-	(970)
Loss before income tax		(1,921,869)	(4,087,120)
Income tax credit	9	-	604,478
Net loss after tax for the year, attributable to members		(1,921,869)	(3,482,642)
Other comprehensive (loss)		-	-
Foreign translation differences		(911)	(4,233)
Total comprehensive loss for the year attributable to members		(1,922,780)	(3,486,875)
The total comprehensive loss attributable to:			
Owners of Nexion Group Ltd		(1,922,780)	(3,486,875)
Loss per share			
Basic loss per share (cents/share)	10	(0.95)	(2.4)
Diluted loss per share (cents/share)	10	(0.95)	(2.4)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of financial position

as at 30 June 2024

	Note	30 June 2024 \$	30 Jun 2023 \$
<i>Current assets</i>			
Cash and cash equivalents	12	71,910	321,190
Trade and other receivables	13	552,366	1,107,445
Prepayments		54,141	91,302
Inventories		8,889	8,156
Total current assets		687,306	1,528,093
<i>Non-current assets</i>			
Property, plant and equipment	14	251,073	643,903
Right-of-use assets	15	-	1,260,359
Other non-current assets	16	74,861	77,177
Total non-current assets		325,934	1,981,439
Total assets		1,013,240	3,509,532
<i>Current liabilities</i>			
Trade and other payables	17	1,973,395	2,839,811
Lease liabilities	18	134,780	210,513
Provision for employee benefits	19	83,525	135,821
Loans payable	23	203,100	219,527
Total current liabilities		2,394,800	3,405,672
<i>Non-current liabilities</i>			
Provision for make good	20	24,462	23,625
Convertible note subscription	21	732,485	-
Lease liabilities	22	819,755	1,187,163
Loans payable	23	164,455	120,676
Other payables	17	197,225	235,355
Total non-current liabilities		1,938,382	1,566,819
Total liabilities		4,333,182	4,972,491
Net (liabilities)/assets		(3,319,942)	(1,462,959)
<i>Equity</i>			
Contributed equity	24	14,975,104	14,979,604
Convertible Note Equity component		47,515	-
Share based payment reserve	25	22,782	945,379
Accumulated losses	26	(18,360,199)	(17,383,709)
Foreign exchange reserve		(5,144)	(4,233)
Total (deficiency)/equity		(3,319,942)	(1,462,959)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of changes in equity

for the year ended 30 June 2024

	Convertible Notes	Contributed Equity	Share-based Payment reserve	Foreign Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	-	13,225,858	1,371,035	-	(13,901,067)	695,826
Loss for the year	-	-	-	-	(3,482,642)	(3,482,642)
Other comprehensive income for	-	-	-	(4,233)	-	(4,233)
Total comprehensive income for the year	-	-	-	(4,233)	(3,482,642)	(3,486,875)
Share based payment (reversal)	-	-	(425,656)	-	-	(425,656)
Issue of ordinary share capital (net of share issue costs)	-	1,753,746	-	-	-	1,753,746
Balance at 30 June 2023	-	14,979,604	945,379	(4,233)	(17,383,709)	(1,462,959)
Balance at 1 July 2023	-	14,979,604	945,379	(4,233)	(17,383,709)	(1,462,959)
Loss after income tax expense for	-	-	-	-	(1,921,869)	(1,921,869)
Other comprehensive (loss) for	-	-	-	(911)	-	(911)
Total comprehensive (loss) for the year	-	-	-	(911)	(1,921,869)	(1,922,780)
Share based payment	-	-	22,782	-	-	22,782
Convertible Notes Equity	47,515	-	-	-	-	47,515
Issue of ordinary share capital (net of share issue costs)	-	(4,500)	-	-	-	(4,500)
Options previously expired	-	-	(945,379)	-	945,379	-
Balance at 30 June 2024	47,515	14,975,104	22,782	(5,144)	(18,360,199)	(3,319,942)

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		6,879,001	8,089,976
Payments to suppliers and employees		(7,859,468)	(10,716,404)
R&D rebate & government subsidies received		515,642	485,859
Interest received		4,526	10,101
Interest paid		(96,532)	(116,074)
Net cash (used in) operating activities	32	(556,831)	(2,246,542)
<i>Cash flows from investing activities</i>			
Proceeds from sale of property, plant and equipment		-	51,914
Payment of property, plant and equipment		(12,000)	(58,431)
Deposits refunded		2,315	114,343
Net cash provided (used in)/by investing activities		(9,685)	107,826
<i>Cash flows from financing activities</i>			
Proceeds from loans and borrowings	33	368,568	-
Payment of loans and borrowings		(341,216)	(270,241)
Issue of shares (net of issue costs)		(4,500)	1,753,746
Convertible note subscriptions		780,000	-
Payment of lease liabilities	33	(485,616)	(265,271)
Net cash provided by financing activities		317,236	1,218,234
Net (decrease) in cash and cash equivalents		(249,280)	(920,482)
Cash and cash equivalents at the beginning of the year		321,190	1,241,672
Cash and cash equivalents at the end of the year	12	71,910	321,190

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies**a. Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards 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').

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

i. Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

ii. Presentation Currency

The financial statements are presented in Australian dollars, which is Nexion Group Ltd's functional and presentation currency.

b. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Nexion Group Ltd ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Nexion Group Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'Group'. A list of the subsidiaries is provided in Consolidated Entity Disclosure Statement.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

c. Critical accounting estimates

The preparation of the consolidated 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.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)**d. Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

e. 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.

f. Foreign currency translation

Foreign currency transactions and foreign operations are translated into Australian dollars as follows:

i. Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

ii. Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

g. Going concern assessment

The financial report has been prepared on a going concern basis, which assumes the consolidated entity will be able to realise its assets and discharge its liabilities in the normal course of business.

As at 30 June 2024, the consolidated entity had net liabilities of \$3,319,942 (2023: \$1,462,959) and negative working capital of \$1,707,494 (2023: \$1,877,579), and in the year then ended incurred a loss after tax of \$1,921,869 (2023: \$3,482,642) and net operating cash outflows of \$556,831 (2023: \$2,246,542). As at 30 June 2024 the Group had cash and cash equivalents of \$71,910 (2023: \$321,190). As at 30 June 2024 the Group had short term capital commitments of \$230,647 as disclosed in Note 35. Commitments and contingencies.

As the Group continues to invest in developing its business and revenue growth, the Group may require additional working capital. The Company is currently suspended pending the approval of a transaction. While the Company is unable to disclose the nature of the transaction due to it being under consideration by the ASX, completion of this transaction will include the raising of sufficient capital to fund the working capital requirements of the business. The Directors consider the Group can manage its capital requirements to ensure sufficient funds are available to meet its financial responsibilities. Based on this, the Directors consider it appropriate that the financial report be prepared on a going concern basis.

In the event that the Group is unable to obtain sufficient funding for on-going operational and capital requirements, there is material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and therefore proceed with realising its assets and discharging its liabilities in the normal course of business at the amounts stated in the financial report.

The consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)**h. Revenue recognition**

Under AASB 15, revenue recognition requires the application of 5 steps:

- i. *Identify the contract(s) with the customer*
- ii. *Identify the performance obligations in the contract*
- iii. *Determine the transaction price*
- iv. *Allocate the transaction price to the performance obligations*
- v. *Recognise revenue when a performance obligation is satisfied*

The consolidated entity recognises revenue in accordance with these 5 steps as follows:

- i. *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue is recognised for the major business activities as follows:

- i. *Software, subscription and virtual products*

For software, subscription and virtual products, the performance obligation is satisfied when access is facilitated.

- ii. *Consulting, networking, security, cloud services, data and managed solutions and voice*

Revenue from these business activities primarily consist of recurring monthly service fees and upfront project fees. Revenue from the provision of recurring monthly service fees is recognised in the accounting period in which the services are rendered. Project fees primarily comprise installation services relating to a customer's initial deployment. Where these are not considered to be a distinct services, revenue is deferred and recognised over the term of the contract with the customer, taking into account renewal options that are held by the customer. Where the services are distinct, the revenue is recognised at a point in time where the Group has satisfied its performance obligations.

The Group enters into contracts with customers that guarantee certain performance measures such as uptime and on time delivery of services. If these guarantees of service performance are not achieved, the Group reduces revenue for any credits or cash payments that may be due to customers under contract. Key areas of estimation include the amount of the service credits, the likelihood that the service credits will be claimed, and the time period over which they impact revenue.

All revenue is stated net of the amount of goods and services tax (GST).

- iii. *Interest income*

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Interest income is recognised as interest accrues using the effective interest method.

- iv. *Research and development rebates, and other government incentives*

Research and development rebates and other government incentives are recognised on an accruals basis.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)**v. Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

i. Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

j. 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 consolidated entity'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.

A liability is classified as current when: it is either expected to be settled in the consolidated entity'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.

k. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Where there are bank overdrafts, for the consolidated statement of cash flows presentation purposes, these are included in cash and cash equivalents and are shown within borrowings in current liabilities on the consolidated statement of financial position.

l. 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 - 90 days.

The consolidated entity 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.

m. Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

n. Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

o. Financial instruments**i. Classification and measurement**

Under AASB 9, the Group initially measures a financial asset as its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Financial assets are then subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

ii. Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

iii. Subsequent measurement

The Group's financial assets at amortised cost includes trade and other receivables, and loan to a third party.

iv. Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating expected credit losses ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

p. Financial Liabilities*i. Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and lease liabilities.

*ii. Subsequent measurement**Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

iii. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

q. Leases (the consolidated entity as lessee)

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

r. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	25%
Vehicles	25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

s. 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.

t. Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)**u. Customer contracts**

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2-5 years.

v. Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

w. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity 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 -60 days of recognition depending on the supplier's credit terms.

x. Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

y. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

z. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

aa. Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

ab. Employee benefits**i. 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.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)*ii. 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii. Defined contribution superannuation expense

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

ac. Share-based payments

Equity-settled share-based compensation benefits are provided to certain employees and key management personnel.

Equity-settled transactions are awards of shares, or performance rights, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or 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.

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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

ad. 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.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

ae. Issued capital

Ordinary shares 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.

af. Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

ag. 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.

Current Tax

Current tax assets are measured at the amounts expected to be recovered from the Australian Taxation Office.

Deferred Tax

Deferred income tax expense reflects the movements in deferred tax asset and deferred tax liability balances during the year as well as unutilised tax losses.

Except for business combination, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or tax profit and loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Tax losses have not been recognised in the current year.

ah. Earnings per share*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Nexion Group 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.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 1. Statement of material accounting policies (cont.)**ai. Goods and Services ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

aj. New and Amended Accounting Policies Adopted by the Group*i. Consolidated Entity Disclosure Statement (CEDs)*

The Group adopted CEDs which is a new component of the annual financial report. It is applicable for all public companies. As defined in section 295 of the Corporations Act 2001 (The Act) include: the financial statements for the year, notes to the financial statements, for a public company – consolidated entity disclosure statement (CEDs), and the directors' declaration about the statements and notes.

ii. AASB 2020-3: Amendment s to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments

The Group adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The adoption of the amendment did not have a material impact on the financial statements.

iii. AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements

ak. New and Amended Accounting Policies Not Yet Adopted by the Group

No other new and amended Australian Accounting Standards that are effective for the current year have been adopted as they are either not relevant to the consolidated entity, or their impact is not considered to be material on the disclosures or amounts reported in these financial statements.

The directors of the Group have considered the new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective as at the date of authorisation of the financial statements, and anticipate that these amendments will not have a material impact on the consolidated entity's financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 2. Critical accounting judgments, 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 respective notes) within the next financial year are discussed below.

a. Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 11 for further information.

b. Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

c. Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

d. 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, historical collection rates, and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 13, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

e. Lease term

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

f. Deferred taxation

Under normal circumstances, the benefits of deferred tax losses not brought to account can only be realised in the future if:

- assessable income is derived of a nature, and of an amount sufficient to enable the benefit from the deductions to be realised

conditions for deductibility imposed by law are complied with; and no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The Directors on a regular basis will assess the recognition of the deferred tax assets.

Notes to the consolidated financial statement

for the year ended 30 June 2024

Note 2. Critical accounting judgments, estimates and assumptions (cont.)**g. Income tax**

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

h. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

i. Useful life of customer contracts

Customer contracts are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives. The group estimates the useful life of the software to be at least five years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than five years, depending on technical innovations and competitor actions.

j. Value-in-use

The Group tests whether customer contracts have suffered any impairment on an annual basis. The recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated above. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

k. Convertible note

The Group classifies the principal amount and the accrued but unpaid interest as a financial liability and the conversion feature as equity. Cash payment of 10% interest and principal repayment is a liability because there is a contractual obligation to pay cash that the issue cannot avoid, the exceptions in IAS 32.16A-D do not apply. The component is not a derivative (other than a put over and entity's own equity). The conversion feature to convert to Nexion shares at \$0.10 is a derivative because its value changes in response to Nexion's share price, it requires a net investment that is smaller than otherwise would be required, and it is settled on maturity date.

l. Principal vs agent

The Group acknowledges its role as a principal in its operations, as it recognises all revenue derived from its services. This designation is based on the understanding that the company adds significant value to its offerings, ensuring that it directly influences the service delivery and overall client experience. By taking on the responsibility for providing, managing, and enhancing these services, the company not only controls the provision but also assumes the related risks and rewards, thereby affirming its principal status.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 3. Operating segments**a. Identification of reportable operating segments**

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

The Group has one segment, namely the provision of Hybrid Cloud infrastructure used by corporations to host their core business systems. All the Group's activities are interconnected, and all significant operating decisions are based on analysis of the Group as one segment.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income.

For the years ended 30 June 2024, 2023, 2022, and 2021, all revenues and material assets are considered to be derived and held in one geographical area being Australia. Whilst Nexion Pacific is based in New Zealand, minimal transactions occurred within Nexion Pacific during the year ended 30 June 2024 (2023: minimal transactions).

Note 4. Significant events and transactions

Other than those events and transactions disclosed in the Directors' report, there are no other significant events which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 5. Revenue from contracts with customers**Disaggregation of revenue from contracts with customers**

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic data. All of the revenue for the Group is derived at a point in time.

Product Categories:

Networking
Cloud
Services
General

2024	2023
\$	\$
5,058,268	4,784,658
296,622	1,557,400
1,021,476	1,519,573
45,310	74,153
6,421,676	7,935,784

Note 6. Cost of goods sold**Product categories**

Networking
Cloud
Services
General

2024	2023
\$	\$
2,207,811	2,093,262
268,112	1,195,842
653,435	1,105,766
3,826	53,364
3,133,184	4,448,234

Note 7. Other Income**Other Income**

Interest income
Government Subsidies – R&D Tax Offset
Other

2024	2023
\$	\$
4,527	10,101
515,642	485,859
37,000	12,000
557,169	507,960

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 8. Loss before income tax

		2024 \$	2023 \$
<i>Cost of sales</i>			
Cost of sales	6	3,133,184	4,448,234
<i>Depreciation</i>			
Vehicles	14	-	4,816
Plant and equipment	14	404,830	185,768
Right-of-use assets	15	226,124	244,481
Total depreciation		630,954	435,065
<i>Amortisation</i>			
Intangible assets		-	580,300
Total amortisation		-	580,300
Total depreciation and amortisation		630,954	1,015,365
<i>Finance Cost</i>			
Finance costs interest and finance charges on lease liabilities	15	43,315	50,481
Other interest and finance charges		96,532	116,074
Finance costs expensed		139,847	166,555
Share based payments		22,782	(425,656)
Total share based payment (reversals)/expense	11	22,782	(425,656)
<i>Impairment loss – non-current assets</i>			
Plant and equipment	14	-	78,208
Intangible assets		-	540,426
Right-of-use assets		801,607	-
Total impairment loss		801,607	618,634

Note 9. Income tax expense

	2024 \$	2023 \$
Current income tax	-	-
Deferred income tax	-	604,478
Total income tax credit	-	604,478

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 9. Income tax expense (continued)

Reconciliation of income tax expense to prima facie tax payable

	2024 \$	2023 \$
Loss before income tax	(1,921,869)	(4,087,120)
Tax at Australian tax rate of 25% (2023: 25%). Tax effect of amounts which are not assessable in calculating taxable income:	(480,467)	(1,021,780)
■ Non-assessable R&D Tax Offset	(128,910)	(121,465)
■ Prior year provision for annual leave	(33,955)	(7,574)
■ Prior year provision for doubtful debts	(24,504)	(36,239)
■ Prior year superannuation creditor	(22,377)	(17,413)
Tax effect of amounts which are not deductible in calculating taxable income:		
■ Impairment of goodwill, customer contracts and PP&E	-	154,659
■ Share based payments	5,696	(106,414)
■ Current year provision for annual leave	20,881	33,955
■ Current year provision for doubtful debts	234,330	24,504
■ Current year superannuation creditor	7,246	22,377
■ Amortisation of customer contracts – not deductible	-	145,075
■ Late Superannuation Payments – Blue Sky Telecom – not deductible	-	4,299
■ Late Superannuation Payments – Nexion Networks – not deductible	-	60,170
Deferred tax assets not recognised	422,060	1,470,324
Income tax credit – deferred	-	604,478

Carry-forward tax losses of \$10,804,686 (2023: \$10,668,584) for the Group have not been brought to account as a deferred tax asset of \$2,701,172. Based on the value of tax losses incurred, the directors have formed an opinion that the business was not in a position to satisfy the criteria for recognising these losses as a deferred tax asset. The directors are of the opinion that these losses remain available for the group to use in the future.

Under normal circumstances, the benefits of deferred tax losses not brought to account can only be realised if:

- assessable income is derived of a nature, and of an amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The directors on a regular basis will assess the recognition of the deferred tax assets.

a. Deferred tax liabilities

The balance comprises temporary differences attributable to:

	2024 \$	2023 \$
Fair value of customer contracts	-	-
Amortisation of customer contracts	-	-
Total deferred tax liabilities	-	-

b. Deferred tax assets

The balance comprises temporary differences attributable to:

	2024 \$	2023 \$
Carry-forward deferred tax assets	-	604,478
Total deferred tax liabilities	-	(604,478)
Total deferred tax assets	-	-

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 9. Income tax expense (continued)

The Group undertook eligible research and development (R&D) activities and was therefore entitled to claim an R&D offset under the R&D tax incentive as administered by The Australian Taxation Office and the Department of Industry, Innovation and Science.

The Group received a tax incentive during the financial year ended 30 June 2024 of \$515,642 (2023: \$485,859).

Note 10. Loss per share**a. Reconciliation of loss used in calculating loss per share**

Loss attributable to the ordinary equity holders used in calculating basic loss per share

Other comprehensive loss

b. Weighted average number of shares

Ordinary shares used as the denominator in calculating basic loss per share

c. Basic loss per share (cents per share)

Diluted loss per share (cents per share)

There are no potential ordinary shares that are dilutive, therefore none are included in the calculation of diluted loss per share.

	2024 \$	2023 \$
	(1,922,780)	(3,486,875)
	908	4,233
	(1,921,872)	(3,482,642)
	202,307,854	146,952,233
	(0.95)	(2.4)
	(0.95)	(2.4)

Note 11. Share based payments**a. Zero Exercise Price Options**

On 20 November 2023, the Company issued to directors and senior executives, 4,500,000 Class C Zero Exercise Price Options, 4,500,000 Class D Zero Exercise Price Options, 2,250,000 Class E Zero Exercise Price Options, 1,500,000 Class F Zero Exercise Price Options and 2,250,000 Class G Zero Exercise Price Options (together "ZEPOs").

b. Class A and Class B performance rights

On 20 November 2020, the Company issued 4,383,664 Class A Performance Rights and 5,096,908 Class B Performance Rights (together "Performance Rights"). All Class A Performance Rights expire on 29 January 2025 and all Class B Performance Rights expire on 30 January 2025. On vesting, each Performance Right converts into one ordinary share in the Company.

Class A Performance Rights will vest upon the Group achieving a Total Pro-forma Revenue of \$15,000,000 for the financial year ended on or before 30 June 2022 ("Class A Deadline"). Class B Performance Rights will vest on the Group achieving a Total Pro-forma Revenue of \$30,000,000 for a financial year ending on or before 30 June 2023 ("Class B Deadline").

Where the Total Pro-forma Revenue achieved by the Class A and B Deadlines as a percentage of the respective Total Pro-forma Revenue targets is less than 50% then no Performance Rights will vest; or 50% or more then the relevant Performance Rights will vest pro-rata equal to the percentage of Total Pro-forma Revenue achieved by the respective Class A and B Deadlines. Class A and B performance rights lapsed.

Performance rights issued to key management personnel and related parties are as follows:

	Class A	Class B
Paul Glass	1,534,282	1,783,918
Kevin Read	1,534,282	1,783,918
Peter Christie	657,550	764,536
Chris Daly	438,366	509,691
Dom Papaluca	175,347	203,876
Jack Toby	43,837	50,969
Total	4,383,664	5,096,908

2,245,555 Class A Performance Rights vested and were converted into ordinary shares during the year ended 30 June 2023.

The remaining Class A Performance Rights lapsed.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 11. Share based payments(continued)

The Class A Performance Rights remained on issue from their date of issue until they vested on 6 December 2022. On 6 December 2022, 4,383,664 Class A Performance Rights partially met their vesting conditions and 2,245,555 ordinary shares were issued on 6 December 2022.

On 19 February 2023, 3,567,836 Class B Performance Rights lapsed in accordance with their terms and conditions due to the holder ceasing to be an officer (and employee, if applicable) of the Company. The remaining 1,529,072 Class B Performance Rights lapsed during the year.

	No. Class A vested	\$ Value
Paul Glass	785,944	157,189
Kevin Read	785,944	157,189
Peter Christie	336,834	67,367
Chris Daly	224,555	44,911
Dom Papaluca	89,822	17,964
Jack Toby	22,456	4,491
Total	13,922,443	2,784,487

Share based payments expense/(reversals) recognised for the year ended 30 June 2024 in relation to these performance rights amounted to \$- (30 June 2023: reversal of (\$425,656)) and ZEPOs as follows:

		Total Vesting Expense	
		2024	2023
		\$	\$
Performance rights	(b)		
Class A		-	-
Class B		-	(425,656)
Zero Exercise Price Options (ZEPOs)	(a)	22,782	-
Total		22,782	(425,656)

The value of the rights is recognised as a share-based payments expense/(reversals) over the period from grant date to vesting date.

Note 12. Current assets – cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank	71,910	321,190
	71,910	321,190

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows as follows:

Balances as above	71,910	321,190
Balance as per consolidated statement of cash flows	71,910	321,190

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 13. Current assets – trade and other receivables

	Note	2024 \$	2023 \$
Trade receivables	(a)	1,447,147	1,205,303
Less: Allowance for expected credit losses		(937,320)	(160,397)
		509,827	1,044,906

(a) This includes receivables of \$62,380 (including impairment provision of \$62,380) owing from ex-directors for non-business related expenditure, which the Company does not expect to recover.

Add: Other receivables:

Term deposit	42,539	42,539
Accrued Income	-	20,000
Total trade and other receivables	552,366	1,107,445

Trade receivables*(i) Classification as trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 – 90 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Fair values of trade and other receivables

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit evaluations are performed on all customers. Outstanding customer receivables are monitored regularly.

The Group applies a simplified approach in providing for expected credit losses, in accordance with AASB 9. To measure the expected credit loss, receivables have been grouped based on days overdue, however a specific provision has been made for those receivables where recoverability is uncertain. The methodology applied in estimating expected credit losses below, except for the specific provision, is consistent with that applied for the year ended 30 June 2024.

The expected credit loss allowance for trade receivables as at 30 June 2024 and 30 June 2023 is determined as follows:

	Current	0 to 30 days past due	31 to 60 days past due	More than 60 days past due	Total
30 June 2024	\$	\$	\$	\$	\$
Expected loss rate	-	-	1%	100%	65%
Gross carrying	357,982	84,704	67,994	936,467	1,447,147
Loss allowance	-	-	(853)	(936,467)	(937,320)
Net receivables	357,982	84,704	67,141	-	509,827

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 13. Current assets – trade and other receivables (continued)

	Current	0 to 30 days past due	31 to 60 days past due	More than 60 days past due	Total
30 June 2023	\$	\$	\$	\$	\$
Expected loss rate	-	-	72.8%	64.0%	13.3%
Gross carrying	662,390	306,783	105,641	130,489	1,205,303
Loss allowance	-	-	(76,939)	(83,458)	(160,397)
Net receivables	662,390	306,783	28,702	47,031	1,044,906

Note 14. Non-current assets – property, plant and equipment

	2024 \$	2023 \$
Plant & equipment - at cost	1,560,431	1,550,734
Plant & equipment - accumulated depreciation	(1,231,150)	(828,623)
Accumulated impairment ¹	(78,208)	(78,208)
Plant & equipment - carrying value at the end of the year	251,073	643,903
Total property, plant & equipment	251,073	643,903

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Motor vehicles \$	Plant & Equipment \$	Total \$
Balance at 1 July 2022	57,866	848,312	906,178
Additions	-	57,268	57,268
Impairment ¹	-	(78,208)	(78,208)
Disposals	(53,050)	2,299	(50,751)
Depreciation expense	(4,816)	(185,768)	(190,584)
Balance at 30 June 2023	-	643,903	643,903

	Motor vehicles \$	Plant & Equipment \$	Total \$
Balance at 1 July 2023	-	643,903	643,903
Additions	-	12,000	12,000
Impairment	-	-	-
Disposals/transfers	-	-	-
Depreciation expense	-	(404,830)	(404,830)
Balance at 30 June 2024	-	251,073	251,073

¹ During 30 June 2023 year, the Group performed an impairment assessment of its property, plant, and equipment using the fair value less cost to sell method and an impairment of \$78,208 for the financial year ended 30 June 2023 has been recognised.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 15. Non-current assets – right-of-use assets

- i) AASB 16 related amounts recognised in the consolidated statement of financial position.

	2024 \$	2023 \$
Land & buildings - right-of-use	1,425,076	1,961,914
Less: Accumulated depreciation	(623,469)	(701,555)
Less: Impairment expense	(801,607)	-
Carrying value	-	1,260,359

Reconciliations of the written down values at the beginning and end of the current and previous financial year, set out below:

	2024 \$	2023 \$
Opening balance	1,260,359	1,504,840
Additions	-	-
Depreciation expense	(226,124)	(244,481)
Impairment expense	(801,607)	-
Write-off of ROU asset against lease liability	(232,628)	-
Closing balance	-	1,015,878

A lease agreement was entered into on 29 March 2018 for a building at 37-39 Robinson Avenue, Belmont, Western Australia. The lease has a 3 year term with an option to extend for 10 years. Where the option to extend is reasonably certain, this has been included in the calculations.

A lease agreement was entered into by Blue Sky Telecom Pty Ltd on 7 April 2021, prior to its acquisition by the Group, for a building at 12 Newcastle Street, Perth. The lease has a 3 year term with no option to extend. The Group has recognised the net present value of the lease liability for the new lease on 1 September 2021 (acquisition date) in accordance with accounting standards. As at 15 August 2024, the lease has been exited, therefore the balance of the ROU asset has been written off against the corresponding lease liability at 30 June 2024. This resulted in a net lease liability in relation to 12 Newcastle Street, Perth of \$46,809 at 30 June 2024.

A lease agreement was entered into on 1 February 2021 for a building at 355 Scarborough Beach Road, Osborne Park, Western Australia for a term of 19 months. This lease ended on 30 August 2022 resulting in de-recognition of the asset and associated accumulated depreciation, in 30 June 2023.

- ii) AASB 16 related amounts recognised in the consolidated statement of profit or loss and other comprehensive income.

		2024 \$	2023 \$
Depreciation charge	8	226,124	244,481
Interest	8	43,315	50,481
Impairment of right of use assets		801,607	-
		1,071,046	294,962

- ii) Option to extend or terminate

The Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

- iii) Total cash outflows for leases

The total cash outflow for leases in 2024 was \$485,616 (2023: \$265,271).

Note 16. Non-current assets - other

	2024 \$	2023 \$
Security deposits	67,847	70,163
Rental bond – Victoria Avenue	7,014	7,014
Total non-current assets – other	74,861	77,177

The security deposit in the current year is in respect of the lease of the office building at 12 Newcastle Street, Perth under Blue Sky Telecom (Note 15).

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 17. Trade and other payables

	2024 \$	2023 \$
Current		
Trade payables	1,040,829	1,293,512
Deferred revenue	70,232	289,378
ATO payment plan (i)	338,099	638,400
Accrued expenses	428,361	366,770
Other payables	95,874	251,751
Total trade and other payables (ii)	1,973,395	2,839,811
Non-current		
ATO payment plan (i)	197,225	235,355
	197,225	235,355
	2,170,620	3,075,166

Refer to note 34 for further information on financial instruments.

(i) The Group entered into an agreement with the ATO to settle the PAYG Withholding liability until 2026. As at 30 June 2024, the non-current portion of the ATO payment plan amounted to \$197,225 (30 June 2023: \$235,355).

(ii) Due to the short-term nature of the trade and other payables, their carrying amount is considered to be the same as their fair value.

Note 18. Current liabilities – lease liabilities

	2024 \$	2023 \$
Lease liabilities	134,780	210,513
	134,780	210,513

Refer to note 34 for further information on financial instruments.

Note 19. Current liabilities – provision for employee benefits

	2024 \$	2023 \$
Employee benefits	83,525	135,821

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. The Group expects all employees to take the full amount of accrued leave or require payment within the next 12 months.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 20. Non-current liabilities – provision for make good

Provision for make good

The provision for make good is in relation to the lease for 12 Newcastle Street, Perth and is carried at net present value. Refer to note 15 for further information on the lease. No provision for make good have been recognised for the lease at 37-39 Robinson Avenue, Belmont, WA as any repairs, maintenance and reinstatement of the premise is covered under the Landlord's insurance of the building as per agreement.

2024	2023
\$	\$
24,462	23,625

Note 21. Convertible Note Subscription

Convertible Note Subscription

The convertible note subscription is in relation to the executed convertible note agreements for the issue of a total of 7.8 million convertible notes each with a face value of \$0.10 each to raise a total of \$780,000 from unrelated parties of the Company being sophisticated, wholesale, professional investors or other investors exempt from offer document disclosure by way of section 708 of the Corporations Act and \$50,000 from Directors. This is disclosed in the Directors' report 3.3 Significant events and transactions during the year.

Prior to, or on the maturity date of 31 May 2026 each noteholder may elect to convert the notes into one ordinary share per convertible note or to cash. Interest accrues daily at a rate of 10% per annum which is payable upon the earlier of the maturity date, the conversion date, or date upon which the note is repaid to the noteholder in full.

2024	2023
\$	\$
732,485	-

Note 22. Non-current liabilities – lease liabilities

Lease liabilities

	< 1 year	1 – 5 years	>5 years	Total undiscounted lease liabilities	Lease liabilities included in the Consolidated statement of financial position
30 June 2024 Lease liabilities	140,156	603,952	287,061	1,031,169	954,535
30 June 2023 Lease liabilities	252,988	877,979	444,808	1,575,775	1,397,676

2024	2023
\$	\$
819,755	1,187,163

Note 23. Loans payable*Current*

Loans payable to third parties

Note	2024	2023
	\$	\$
(i)	203,100	219,527
	203,100	219,527
(i)	164,455	120,676
	164,455	120,676
	367,555	340,203

Non-current

Loans payable to third parties

Total loans payable

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 23. Loans payable (continued)

(i) Loans payable to third parties is for equipment finance for IT property, plant and equipment used in the Data Centre and for some client contracts. The financed assets serve as security for the loans, securing the lender's interest in the event of a default. The terms of the finance arrangements are as follows:

Loan terms	Loan #1	Loan #2	Loan #3	Loan #4
Amount financed	\$16,772	\$105,018	\$20,448	\$32,729
Commencement date	1-Feb-22	30-Nov-21	1-Feb-22	1-Sep-23
Monthly repayments	498	3,217	618	1,083
Finance term	3 years	3 years	3 years	3 years
Interest rate	4.38%	6.86%	5.60%	11.74%
Loan terms	Loan #5	Loan #6		
Amount financed	\$162,629	\$118,375		
Commencement date	1-Oct-23	1-Dec-23		
Monthly repayments	5,305	3,850		
Finance term	3 years	3 years		
Interest rate	10.75%	10.55%		

Note 24. Equity – issued capital

	30 Jun 24 No.	30 Jun 23 No.	30 Jun 24 \$	30 Jun 23 \$
Fully paid ordinary shares at no par value	202,307,854	202,307,854	14,975,104	14,979,604
a. Ordinary shares				
At the beginning of the year	202,307,854	128,480,961	14,979,604	13,225,858
■ Shares issued	-	-	-	-
■ Conversion of performance rights (Note 11)	-	2,245,555	-	-
■ Issue of shares - Rights issue entitlement	-	20,875,066	-	1,043,753
■ Shares issued - Rights shortfall	-	706,272	-	35,314
■ Issue of shares - Placement	-	38,076,963	-	571,154
■ Issue of shares - Placement	-	11,923,037	-	178,846
Transaction costs relating to share issues	-	-	(4,500)	(75,321)
At reporting date	202,307,854	202,307,854	14,975,104	14,979,604

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 24. Equity – issued capital (continued)*(a) Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held.

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.

(b) Options and performance rights

For information relating to the Company's options and performance rights, refer to note 11.

For information relating to performance rights issued to key management personnel during the year, refer to note 11.

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.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus cash and cash equivalents.

The consolidated entity 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 capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 25. Equity – share-based payment reserves

	2024	2023
	\$	\$
Share based payment reserves	22,782	945,379

Movement in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share based Payment reserve
Balance as at 1 July 2022	1,371,035
Share based payment expense recognised during the year (note 11)	(425,656)
Balance as at 30 June 2023	945,379
Share based payment expense on lapsed options/performance rights	(945,379)
Share based payment expense recognised during the year (note 11)	22,782
Balance as at 30 June 2024	22,782

Share based payment reserves relate to share options and performance rights granted by the Company to its employees, consultants and Directors under the terms and conditions issued by the Company.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 25. Equity – share-based payment reserves (continued)

Movements in performance rights are set out below:

	30 June 2024		30 June 2023	
	Number	Fair value at Reporting date	Number	Fair value at Reporting date
<i>Class A Performance rights</i>				
Balance at the start of the year	-	-	4,383,664	449,111
Vested during the year	-	-	(2,245,555)	-
Forfeited during the year	-	-	(2,138,109)	-
Effect of changes in percentage of revenue achieved/expected to be achieved against hurdle revenue	-	-	-	(449,111)
Balance at the end of the year	-	-	-	-
<i>Class B Performance rights</i>				
Balance at the start of the year	1,529,072	-	5,096,908	849,485
Vested during the year	-	-	-	-
Lapsed during the year	(1,529,072)	-	(3,567,836)	-
Effect of changes in percentage of revenue achieved/expected to be achieved against hurdle revenue	-	-	-	(849,485)
Balance at the end of the year	-	-	1,529,072	-

Note 26. Equity – Accumulated losses

	2024	2023
	\$	\$
Accumulated losses at the beginning of the financial year	17,383,709	13,901,067
Losses for the year	1,921,869	3,482,642
Transfer from share based payment reserve to accumulated losses	(945,379)	-
Accumulated losses at the end of the financial year	18,360,199	17,383,709

Note 27. Key management personnel disclosures*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2024	2023
	\$	\$
Short-term employee benefits	435,377	627,304
Share-based payments (performance rights)	20,504	(354,713)
Total key management personnel compensation	455,881	272,591

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 28. Related party transactions**Parent entity**

Nexion Group Limited is the parent entity

Subsidiaries

The consolidated financial statements include the financial statements of Nexion Group Ltd and its wholly owned subsidiaries which were incorporated in Australia and New Zealand.

Nexion Group Ltd is the parent entity within the consolidated entity.

Australia

Nexion Networks Pty Ltd

Nexion W1 DC Pty Ltd

Blue Sky Telecom Pty Ltd

FuseForward Pty Ltd

Nexion Infrastructure Pty Ltd

New Zealand

Nexion Pacific Ltd

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

Provision of goods and services:

Consulting services from Jaguar Enterprises (Related party to Jack Toby, Company Secretary)

Consulting services from Hall Chadwick WA Pty Ltd (Related party to John Bell, Director and CFO)

Consulting services from Batikh Pty Ltd (Related party to Nasser Abdelghani, Director)

Provision for impairment (see below)

Receivable from and payable to related parties

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

Non-current receivables

Kingsley International (Paul Glass, previous Director)

Read Tech (Kevin Read, previous Director)

The receivable amounts of \$33,933 from Kingsley International and \$28,447 from Reach Tech, respectively, have been provided with allowance.

Terms and conditions

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

2024 % Interest	2023 % Interest
--------------------	--------------------

100	100
100	100
100	100
100	-
100	-

100	100
-----	-----

2024 \$	2023 \$
------------	------------

60,000	60,000
325,394	323,718
138,750	-
(62,380)	(62,380)

2024 \$	2023 \$
------------	------------

33,933	33,933
28,447	28,447

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Stantons, the auditor of the company:

	2024 \$	2023 \$
Audit services – Stantons		
Audit or review of the financial statements	61,433	90,438
	61,433	90,438

Stantons did not perform any non-audit services during the year.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2024 \$	Parent 2023 \$
Loss after income tax	(693,701)	(11,368,202)
Total comprehensive income	(693,701)	(11,368,202)

Statement of financial position

Total current assets	421,873	264,751
Total assets	421,873	264,751
Total current liabilities	1,154,602	(659,104)
Total liabilities	1,154,602	(659,104)
Equity		
Issued capital	14,975,104	14,979,604
Convertible note	47,515	-
Share based payment reserve	22,782	945,379
Accumulated loss	(17,013,037)	(16,319,336)
Total equity	(1,967,636)	(394,353)

Guarantees entered into by parent company of this group

The parent entity has not entered into any guarantees in relation to the debts of its subsidiaries as at 30 June 2024 (2023:Nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023 other than those outlined in the leases note.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 31. Events occurring after the reporting period

The Company is undergoing a proposed acquisition as first announced on 23 April 2024. The Company has executed convertible note agreements. The purpose of the issue is to raise funds to contribute to costs incurred for the proposed acquisition. The Company will consider accepting further offers up to a maximum of \$2 million proposed to be raised via the issue of further Convertible Notes with 500,000 Convertible notes at \$0.10 each issued 18 July 2024. Further funds are to contribute to costs incurred for the proposed acquisition.

Other than the above, there are no other significant events that have arisen since the end of the financial year which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

Note 32. Reconciliation of loss after income tax to net cash outflows from operating activities

	2024 \$	2023 \$
Loss after income tax expense for the year	(1,921,869)	(3,482,642)
<i>Adjustment for non-cash expenses:</i>		
Depreciation and amortisation	630,954	1,015,364
Write-off of ROU asset against lease liability	232,628	-
Impairment loss	801,607	618,634
Non-cash interest expense	43,315	51,292
Share-based payments	22,782	(425,656)
Allowance for credit losses	776,923	103,701
Foreign exchange gain/(loss)	(911)	970
<i>Movement in operating assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(221,842)	142,546
(Increase)/decrease in prepayments	37,163	(82,832)
Increase/(decrease) in trade and other payables	(904,552)	416,620
(Increase)/decrease in inventories	(733)	16,087
Increase in provisions for employee benefits	(52,296)	(9,134)
(Increase)/decrease in other non-current assets	-	(7,014)
Increase/(decrease) in deferred tax liability	-	(604,478)
Net cash (used in) operating activities	(556,831)	(2,246,542)

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 33. Non-cash investing and financing activities

	2024	2023
	\$	\$
Additions to the right-of-use assets	-	-
Property, plant & equipment acquired under loan arrangements	-	-

Changes in liabilities arising from financing activities

	2023	New leases/ Loans	Cash flows	Other (non- Cash)	2024
	\$	\$	\$	\$	\$
Lease liabilities	1,397,676	-	(464,338)	21,197	954,535
Loans payable	340,203	368,568	27,352	(368,568)	367,555
Total liabilities from financing activities	1,737,879	368,568	(436,986)	(347,371)	1,322,090
	2022	New leases/ Loans	Cash flows	Other (non- Cash)	2023
	\$	\$	\$	\$	\$
Lease liabilities	1,612,466	-	(265,271)	50,481	1,397,676
Loans payable	610,444	-	(270,241)	-	340,203
Total liabilities from financing activities	2,222,910	-	(535,512)	50,481	1,737,879

Note 34. Financial risk management*Objectives and policies and financial instruments*

The Group's financial instruments consist mainly of cash at bank, trade and other receivables, loans payable and trade payables and lease liabilities.

The totals for each category of financial instruments, measured in accordance with *AASB 9: Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2024	2023
		\$	\$
Financial Assets			
Cash and cash equivalents	12	71,910	321,190
Trade and other receivables	13	552,366	1,107,445
Security deposits and rental bond	16	74,861	77,177
Total financial assets		699,137	1,505,812

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 34. Financial risk management (continued)**Financial liabilities**

		2024	2023
		\$	\$
Trade and other payables – current	17	1,903,163	2,550,433
Trade and other payables – non-current	17	197,225	235,355
Loans payable – current	23	203,100	219,527
Loans payable – non-current	23	164,455	120,676
Lease liabilities – current	18	134,780	210,513
Lease liabilities – non-current	22	819,755	1,187,163
Total financial liabilities		3,422,478	4,523,667

Financial Risk Management Policies

The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk.

Specific Financial Risk Exposures and Management

The main risk that the Group is exposed to through its financial instruments are liquidity risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above of this note.

As at 30 June 2024, all cash and cash equivalents were held by either Westpac and ANZ Bank, both with an A (Standard and Poor's) credit rating. In relation to trade receivables, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. There are no concentrations of credit risk.

The credit risk on other receivables is limited as it is comprised of GST recoverable from the Australian Taxation Office. The receivable from ex-directors was impaired.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to its trade and other payables. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile; and
- only investing cash with major financial institutions.

Below is a maturity analysis of undiscounted financial liabilities:

2024	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years	Total Contractual Cash flows
Trade and other payables	2,100,388	1,903,163	197,225	-	2,100,388
Loan payable	367,555	203,100	164,455	-	367,555
Lease liabilities	954,535	134,780	819,755	-	954,535
2023	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years	Total Contractual Cash flows
Trade and other payables	2,785,788	2,550,433	235,355	-	2,785,788
Loan payable	340,203	236,660	125,298	-	361,958
Lease liabilities	1,397,676	252,988	877,979	444,808	1,575,775

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 34. Financial risk management (continued)**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments 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 Australian Dollar current and non-current debt obligations with floating interest rates. The Group is also exposed to interest rate risk on its cash and short term deposits.

2024	Floating Interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing greater than 1 year	Non-interest bearing	Total
<i>Financial assets</i>					
Cash and cash equivalents	71,910	-	-	-	71,910
Term deposit	-	42,539	-	-	42,539
Trade and other receivables	-	-	-	509,827	509,827
Security deposits and rental bonds	-	-	-	74,861	74,861
	71,910	42,539	-	584,688	699,137
<i>Financial liabilities</i>					
Trade and other payables	-		197,225	1,903,163	2,100,388
Loans payable	-	203,100	164,455	-	367,555
Lease liabilities	-	134,780	819,755	-	954,535
	-	337,880	1,181,435	1,903,163	3,422,478
2023	Floating Interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing greater than 1 year	Non-interest bearing	Total
<i>Financial assets</i>					
Cash and cash equivalents	321,190	-	-		321,190
Term deposit	-	42,539	-	-	42,539
Trade and other receivables	-	-	-	1,044,906	1,044,906
Security deposits and bonds	-	-	-	77,177	77,177
	321,190	42,539	-	1,122,083	1,485,812
<i>Financial liabilities</i>					
Trade and other payables	-	638,400	235,355	1,912,033	2,785,788
Loans payable	-	219,527	120,676	-	340,203
Lease liabilities	-	210,513	1,187,163	-	1,397,676
	-	1,068,440	1,543,194	1,912,033	4,523,667

Notes to the consolidated financial statements

for the year ended 30 June 2024

Note 35. Commitments and contingencies

The Group has the following capital (hire-purchase) commitments:

Equipment finance for IT property plant and equipment

The Group has six equipment finance loans as at 30 June 2024. The capital commitments in relation to these finance loans are as follows:

	2024 \$	2023 \$
Not longer than 1 year	230,647	236,660
Longer than 1 year and not longer than 5 years	177,084	125,298
Total minimum lease payments	407,731	361,958
Less: amounts representing finance charges	(40,176)	(21,755)
Present value of minimum lease payments	367,555	340,203

Note 36. Fair value measurement*Fair value hierarchy*

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- **Market approach** uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- **Income approach** converts estimated future cash flows or income and expenses into a single discounted present value.
- **Cost approach** reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity Name	Entity Type	Country of incorporation	% of share capital held	Australian Tax residency status	Foreign Countries tax residency
Nexion Group Limited	Body Corporate	Australia	N/A	Australian	N/A
Nexion Networks Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Blue Sky Telecom Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Nexion W1 DC Pty Ltd	Body Corporate	Australia	100	Australian	N/A
FuseForward Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Nexion Infrastructure Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Nexion Pacific Limited	Body Corporate	New Zealand	100	Foreign	New Zealand

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Directors' declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (b) Complying with international Financial Reporting Standards as issued by the international Accounting Standards Board as described in Note 1 to the Consolidated Financial Statement, and
 - (c) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The information disclosed in the Consolidated Entity Disclosure Statement (on page 68) is true and correct.

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*.

In the directors' opinion, the attached consolidated entity disclosure statement is true and correct.

On behalf of the directors



PETER CHRISTIE

Executive Chairman

Dated this Thursday, 29 August 2024

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NEXION GROUP LIMITED****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Nexion Group Limited ("the Company"), and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; 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 are independent of the Group 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the consolidated financial statements have been prepared on a going concern basis. As at 30 June 2024, the Group had net liabilities of \$3,319,942, working capital deficiency of \$1,707,494 and incurred loss after tax of \$1,921,869 for the year then ended. The Group had net operating cash outflows of \$556,831 and had cash and cash equivalents of \$71,910. As stated in Note 1, these events or conditions, along with other matters, as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be Key Audit Matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
Revenue Recognition	
<p>The Group's revenue amounted to \$6,421,676 for the financial year ended 30 June 2024 (refer to Note 5). The Group enters into different types of contracts with customers and recognises revenue from contracts with customers for networking, cloud-based applications, consulting services, as disclosed in note 5 of the consolidated financial statements.</p> <p>AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15) requires management to apply judgment, in particular when assessing whether the Group acts as a principal or agent and the timing of revenue recognition. The assessment whether the Group acts as a principal or agent affects whether revenue is presented on a gross or net basis.</p> <p>There is an inherent risk around the completeness and accuracy of the revenue recorded given the nature of the Group's activities.</p> <p>Revenue recognition is a key audit matter due to the:</p> <ul style="list-style-type: none"> determination of <i>principal versus agent</i> relationship; significance of revenue to the financial report; and complexity and judgment involved in applying the requirements of AASB 15. 	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> Obtaining an understanding of the revenue transaction cycle including identifying controls over revenue transaction and carrying out a walkthrough of the revenue class of transactions; Assessing whether the Group's revenue recognition accounting policies were in accordance with the requirements of AASB 15, in particular where management applied judgment, including the <i>principal versus agent</i> assessment, and examining whether revenue is recognised in accordance with the Group's revenue recognition policy; Evaluating judgments made by management in applying the accounting policy by obtaining an understanding of the revenue streams and considering the terms and conditions of a sample of contracts; Performing substantive testing on revenue by agreeing, on a sample basis, the revenue recognised during the year to the signed customer contract and other relevant supporting documents and verifying that the revenue is recognised when the performance obligation has been satisfied; Performing cut-off procedures to ensure that revenue was recognised in the correct period; Testing the completeness of credit notes issued post year-end; and Assessing the adequacy of the related disclosures in the notes to the financial statements.

Key Audit Matters
How the matter was addressed in the audit
Accounting for Convertible Loan Notes

As disclosed in Note 21 to the financial statements, the Group issued 7,800,000 convertible notes, each with a face value of \$0.10, for \$780,000. In accordance with the terms of the note subscription, prior to the maturity date, each holder may elect to convert the notes into ordinary shares or redeem for cash.

The Group recognised convertible notes amounting to \$732,485 and an equity component of \$47,515 as at 30 June 2024.

We identified accounting for convertible notes to be a key audit matter due to the significant judgements and complexities involved in determining the carrying value of convertible notes, under Australian Accounting Standard 132 *Financial Instruments: Presentation* (AASB 132).

Inter alia, our audit procedures included the following:

- i. Reviewing the convertible note subscription deed and other relevant documents to obtain an understanding of the underlying terms and conditions of issue, maturity and conversion;
- ii. Evaluating the accounting treatment proposed to determine whether it is in compliance with Australian Accounting Standard AASB 132;
- iii. Recalculating the fair value of the instrument at inception, and its subsequent measurement as at balance date;
- iv. Evaluating the reasonableness of key inputs to the valuation model; and
- v. Assessing the adequacy of the disclosures relating to the convertible notes in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 ability of the Group 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 Group or to cease operations, or has 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 Group'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 Group to cease to continue as a going concern.

We 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.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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, related safeguards.

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 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 on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Nexion Group Limited for the year ended 30 June 2024 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Eliya Mwale

Eliya Mwale
Director
West Perth, Western Australia
29 August 2024

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

ANALYSIS OF HOLDINGS OF SHARES, RIGHTS AND OPTIONS IN THE COMPANY

			Quoted Ordinary Shares		Quoted Options expiring 31 December 2025		Options expiring 4 February 2025	
			Number of holders	% of shares held	Number of holders	% of options held	Number of holders	% of options held
1	—	1,000	21	0.00%	4	0.01%	0	0.00%
1,001	—	5,000	268	0.39%	16	0.26%	0	0.00%
5,001	—	10,000	145	0.60%	15	0.60%	2	0.23%
10,001	—	100,000	332	6.18%	49	9.65%	74	45.44%
100,001	—	and over	190	92.83%	20	89.48%	23	54.33%
Total number of holders			956	100.00%	104	100.00%	99	100.00%
Holdings of less than a marketable parcel			576					
			Convertible Notes maturing on 31 May 2026		Class C Zero Exercise Price Options		Class D Zero Exercise Price Options	
			Number of holders	% of rights held	Number of holders	% of rights held	Number of holders	% of rights held
1	—	1,000	0	0.00%	0	0.00%	0	0.00%
1,001	—	5,000	0	0.00%	0	0.00%	0	0.00%
5,001	—	10,000	0	0.00%	0	0.00%	0	0.00%
10,001	—	100,000	1	0.42%	0	0.00%	0	0.00%
100,001	—	and over	5	99.58%	5	100.00%	5	100.00%
Total number of holders			6	100.00%	5	100.00%	5	100.00%
			Class E Zero Exercise Price Options		Class F Zero Exercise Price Options		Class G Zero Exercise Price Options	
			Number of holders	% of rights held	Number of holders	% of rights held	Number of holders	% of rights held
1	—	1,000	0	0.00%	0	0.00%	0	0.00%
1,001	—	5,000	0	0.00%	0	0.00%	0	0.00%
5,001	—	10,000	0	0.00%	0	0.00%	0	0.00%
10,001	—	100,000	0	0.00%	0	0.00%	0	0.00%
100,001	—	and over	5	100.00%	5	100.00%	5	100.00%
Total number of holders			5	100.00%	5	100.00%	5	100.00%

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

REGISTERED OFFICE OF THE COMPANY

37-39 Robinson Ave
Belmont WA 6104

Tel: +61 (1300) 436110

STOCK EXCHANGE LISTING

Quotation has been granted for all ordinary shares on the Australian Securities Exchange. The State Office of Australian Securities Exchange in Perth, Western Australia has been designated the Home Branch of Nexion Group Ltd.

TAXATION STATUS

Nexion Group Ltd is taxed as an Australian public company.

There are no current on-market buy-back arrangements for the Company.

SHARE REGISTRY

The registers of shares and options of the Company are maintained by:-

Computershare Registry Services Pty Ltd
Level 17
221 St Georges Terrace
Perth, Western Australia 6000

Tel: +61 1300 787 272

Fax: +61 (8) 9323 2033

COMPANY SECRETARY

The name of the Company Secretary is Jack Hugh Toby.

VOTING RIGHTS

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

TOTAL NUMBER OF SECURITIES ON ISSUE

Security Description	Number on issue
Quoted Ordinary Shares	202,307,854
Quoted options expiring on 31 December 2025 and exercisable at \$0.10	21,581,338
Options expiring 4 February 2025 and exercisable at \$0.30	8,593,749
Convertible Notes maturing on 31 May 2026	11,800,000
Class C Zero Exercise Price Options	4,500,000
Class D Zero Exercise Price Options	4,500,000
Class E Zero Exercise Price Options	2,250,000
Class F Zero Exercise Price Options	1,500,000
Class G Zero Exercise Price Options	2,250,000

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

	Number of Shares	Percentage of Total
PBC Investments Pty Limited <PBC Super Fund A/C>	23,690,005	11.71%
Bearay Pty Limited <Brian Clayton S/F A/C>	12,780,416	6.32%
Clyde Bank Holdings (Aust) Pty Ltd <Cave Unit A/C>	12,099,998	5.98%
Pine Street Pty Ltd <Pine Street A/C>	10,500,000	5.19%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	8,385,761	4.15%
Pine Street Pty Ltd <Pine Street Super A/C>	5,300,000	2.62%
Claude L Daly & Sons Pty Ltd <Chris Daly Family A/C>	5,183,747	2.56%
Herdsmen Lake Capital Asia Pte Ltd	5,131,820	2.54%
Kingsley International Pty Ltd <Kingsley International A/C>	4,750,000	2.35%
Miss Jessica Lee Gammer	3,500,000	1.73%
KG Venture Holdings Pty Ltd <Kg Venture Holdings A/C>	3,398,725	1.68%
Mr Alex Zhenghan Chia	3,258,479	1.61%
RM Super Investments Pty Ltd <RM Super A/C>	3,035,118	1.50%
Pacczilla Pty Ltd <Pacczilla Super Fund A/C>	2,666,666	1.32%
Mr Luke Michael Cusack	2,663,623	1.32%
Satori International Pty Ltd <Satori S/F A/C>	2,450,000	1.21%
Myers Family Holdings Pty Ltd <Myers Family Super Fund A/C>	2,413,000	1.19%
HSBC Custody Nominees (Australia) Limited	2,177,390	1.08%
Travelbug Superannuation Pty Ltd <Travelbug Super Fund A/C>	2,090,915	1.03%
Avenue Athol Pty Ltd <Stuart Super Fund A/C>	2,013,000	1.00%
	117,488,663	58.09%

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

TWENTY LARGEST HOLDERS OF QUOTED OPTIONS EXPIRING ON 31 DECEMBER 2025 AND EXERCISABLE AT \$0.10

	Number of Shares	Percentage of Total
Clyde Bank Holdings (Aust) Pty Ltd <Cave Unit A/C>	5,624,999	26.06%
PBC Investments Pty Limited <PBC Super Fund A/C>	3,850,000	17.84%
Bearay Pty Limited <Brian Clayton S/F A/C>	3,056,875	14.16%
Pine Street Pty Ltd <Pine Street Super A/C>	2,110,000	9.78%
Goffacan Pty Ltd <KMM Family A/C>	1,200,000	5.56%
Mrs Thea Griffiths	769,841	3.57%
Futeran Corporation Pty Ltd <Bondi Futerans Super A/C>	625,054	2.90%
John Milner & Sandra Ward Pty Limited <Milner Ward Super Fund A/C>	300,000	1.39%
Finclear Services Pty Ltd <Superhero Securities A/C>	281,836	1.31%
FTM Share Investments Pty Ltd	251,282	1.16%
Devereaux Family Holdings Atf J And M Devereaux Sf	150,000	0.70%
Mr Aidan Bruce Yinfoo	150,000	0.70%
Mr Neil Alexander Cross <Lighting Across Board A/C>	132,250	0.61%
Jaguar Enterprises Pty Ltd <Enterprise A/C>	126,923	0.59%
David Mark Toby	121,954	0.57%
Mr Allan Graham Jenzen + Mrs Elizabeth Jenzen <AG & E Jenzen P/L S/F A/C>	120,000	0.56%
Mixofa Pty Ltd <GF White Super Fund A/C>	120,000	0.56%
Mr John Devereaux + Mrs Margaret Devereaux	115,000	0.53%
Goldmine Pty Ltd <Goldmine Super Fund A/C>	101,924	0.47%
Northgold Pty Ltd <Northgold Super Fund A/C>	101,923	0.47%
	19,309,861	89.49%

HOLDERS OF OPTIONS EXPIRING ON 4 FEBRUARY 2025 AND EXERCISABLE AT \$0.30 WITH A HOLDING OF 20% OR MORE

	Number of Options	Percentage of Total
No Holders	0	0.00%
	0	0.00%

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

HOLDERS OF CONVERTIBLE NOTES MATURING ON 31 MAY 2026 WITH A HOLDING OF 20% OR MORE

	Number of Rights	Percentage of Total
Wong Chi Wai Roy	8,500,000	72.03%
	<u>8,500,000</u>	<u>72.03%</u>

HOLDERS OF CLASS C ZERO EXERCISE PRICE OPTIONS WITH A HOLDING OF 20% OR MORE

	Number of Rights	Percentage of Total
Claude L Daly & Sons Pty Ltd <Chris Daly Family A/C>	1,350,000	30.00%
Herdsmen Lake Capital Asia Pte Ltd	1,350,000	30.00%
	<u>2,700,000</u>	<u>60.00%</u>

HOLDERS OF CLASS D ZERO EXERCISE PRICE OPTIONS WITH A HOLDING OF 20% OR MORE

	Number of Rights	Percentage of Total
Claude L Daly & Sons Pty Ltd <Chris Daly Family A/C>	1,350,000	30.00%
Herdsmen Lake Capital Asia Pte Ltd	1,350,000	30.00%
	<u>2,700,000</u>	<u>60.00%</u>

HOLDERS OF CLASS E ZERO EXERCISE PRICE OPTIONS WITH A HOLDING OF 20% OR MORE

	Number of Rights	Percentage of Total
Claude L Daly & Sons Pty Ltd <Chris Daly Family A/C>	675,000	30.00%
Herdsmen Lake Capital Asia Pte Ltd	675,000	30.00%
	<u>1,350,000</u>	<u>60.00%</u>

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

HOLDERS OF CLASS F ZERO EXERCISE PRICE OPTIONS WITH A HOLDING OF 20% OR MORE

	Number of Rights	Percentage of Total
Claude L Daly & Sons Pty Ltd <Chris Daly Family A/C>	450,000	30.00%
Herdsmen Lake Capital Asia Pte Ltd	450,000	30.00%
	900,000	60.00%

HOLDERS OF CLASS G ZERO EXERCISE PRICE OPTIONS WITH A HOLDING OF 20% OR MORE

	Number of Rights	Percentage of Total
Claude L Daly & Sons Pty Ltd <Chris Daly Family A/C>	675,000	30.00%
Herdsmen Lake Capital Asia Pte Ltd	675,000	30.00%
	1,350,000	60.00%

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ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

Nexion Group Ltd ("NNG" or "Company") had issued 4,383,664 Class A Performance Rights and 5,096,908 Class B Performance Rights (together "Performance Rights"). All Class A Performance Rights expire on 29 January 2025 and all Class B Performance Rights expire on 30 January 2025. On vesting, each Performance Right converts into one ordinary share in the Company. Class A Performance Rights will vest on the Company achieving a Total Pro-forma Revenue of \$15,000,000 for a financial year ending on or before 30 June 2022 ("Class A Deadline"). Class B Performance Rights will vest on the Company achieving a Total Pro-forma Revenue of \$30,000,000 for a financial year ending on or before 30 June 2023 ("Class B Deadline"). Where the Total Pro-forma Revenue achieved by the Class A and B Deadlines as a percentage of the respective Total Pro-forma Revenue targets is less than 50% then no Performance Rights will vest; or 50% or more then the relevant Performance Rights will vest pro-rata equal to the percentage of Total Pro-forma Revenue achieved by the respective Class A and B Deadlines. Total Pro-forma Revenue for a financial year means the total consolidated revenue for that financial year of NNG plus the pre-acquisition revenue for that financial year of any subsidiaries acquired during that financial year. Any Performance Rights not vested before their expiry date, will lapse. The Class A Performance Rights remained on issue from their date of issue until they vested on 6 December 2022. On 6 December 2022, 4,383,664 Class A Performance Rights partially met their vesting conditions and 2,245,555 ordinary shares were issued on 6 December 2022 pursuant to the vesting of all 4,383,664 Class A Performance Rights. On 19 February 2023, 3,567,836 Class B Performance Rights, lapsed in accordance with their terms and conditions due to the holder ceasing to be an officer (and employee, if applicable) of the Company. The remaining 1,529,072 Class B Performance Rights, lapsed on 5 September 2023 as they failed to achieve their vesting conditions. None of the Class B Performance Rights vesting conditions have been met since their date of issue.

On 20 November 2023, Nexion Group Ltd ("NNG" or "Company") issued 4,500,000 Class C Zero Exercise Price Options, 4,500,000 Class D Exercise Price Options, 2,250,000 Class E Exercise Price Options, 1,500,000 Class F Exercise Price Options and 2,250,000 Class G Exercise Price Options (together "ZEPOs"). Each ZEPO entitles the holder to subscribe for one Share upon exercise of the ZEPO. No consideration is payable upon the exercise of each ZEPO. Each ZEPO will expire at 5:00 pm (WST) on the date that is five (5) years from the date of issue ("Expiry Date"). Any ZEPO not exercised on or before the Expiry Date will automatically lapse on the Expiry Date. Key terms for the ZEPOs are: Adjusted Revenue means total consolidated revenue excluding one-off or extraordinary revenue items, revenue received in the form of government grants, allowances, rebates or other hand-outs and revenue that has been "manufactured" to achieve the Vesting Condition. Total Revenue for a financial year means the total Adjusted Revenue of Nexion Group Ltd (**Company**) for that financial year. 30 Day VWAP means the volume weighted average price per Share calculated over the 30 days on which sales in the Company's ordinary shares are recorded before the day on which the calculation is made. Adjusted EBITDA for a financial year means the Company's consolidated net profit before income tax for that year, plus the Company's consolidated depreciation expense for that year, plus the Company's consolidated amortisation expense for that year, plus the Company's consolidated interest expense for that year, plus the Company's consolidated expensed direct costs of activities relating to mergers or acquisitions of business entities or subsidiaries for that year, plus the Company's consolidated expensed direct costs for capital raising for that year, plus the Company's consolidated share based payments expense for that year. An Adjusted EBITDA of less than zero will be deemed to be zero. Vesting of the ZEPOs will terminate on 30 November 2024. Vesting conditions that have not been met by 30 November 2024 will no longer be capable of being satisfied.

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

The ZEPOs will vest upon satisfaction of the following vesting conditions: Class C ZEPOs: will vest upon the Company achieving a 30 Day VWAP which is equal to or greater than \$0.05 per Share; Class D ZEPOs: will vest upon the Company achieving a 30 Day VWAP which is equal to or greater than \$0.10 per Share; Class E ZEPOs: will vest upon the Company achieving a 30 Day VWAP which is equal to or greater than \$0.15 per Share; Class F ZEPOs: will vest upon the Company achieving a 30 Day VWAP which is equal to or greater than \$0.20 per Share; and Class G ZEPOs: will vest, subject to the Vesting Calculation, if Adjusted EBITDA is greater or equal to or greater than 2.5% of Total Revenue during the financial year ending 30 June 2024 (FY24 Adjusted EBITDA Ratio). Where the FY24 Adjusted EBITDA Ratio is less than 2.5% then no Class G ZEPOs will vest; or greater or equal to 2.5% but less than 7.5% then such proportion (limited to a maximum of 100%) of the Class G ZEPOs will vest as calculated by the amount that the FY23 Adjusted EBITDA Ratio minus 2.5% is proportionate to 5% (for example, if the FY23 Adjusted EBITDA Ratio is 5%, then 50% of the Class G ZEPOs will vest); or greater or equal to 7.5% then all the Class G ZEPOs will vest. Where there is a Change of Control, all Vesting Conditions are deemed to be automatically waived and advised by written notice to the holder. Each ZEPO that has vested by 30 November 2024 pursuant to its vesting condition being met or vested pursuant to a proportion of its vesting condition being met, will lapse on the Expiry Date. Each ZEPO that has not vested by 30 November 2024 pursuant to its vesting condition not being met or vested pursuant to a proportion of its vesting condition not being met will automatically lapse upon the earlier to occur of 30 November 2024; and the holder ceasing to be an officer (and employee, if applicable) of the Company, unless otherwise determined by the Board at its absolute discretion. Once vested, the ZEPOs are exercisable at any time on or prior to the Expiry Date. The ZEPOs have remained on issue since their date of issue. No ZEPOs have been vested, exercised or cancelled since their date of issue. None of the ZEPOs vesting conditions have been met since their date of issue.

NEXION Group Ltd ("Nexion") has executed convertible note agreements for the issue of convertible notes (Convertible Notes) each with a face value of \$0.10 each ("Noteholders"). Nexion may elect to repay the Convertible Notes in cash at any time prior to maturity.

The Convertible Notes are unsecured, mature on 31 May 2026 and attract interest at 10% per annum.

Interest is payable at the earlier of:

1. maturity of the Convertible Notes;
2. conversion of the Convertible Notes; and
3. upon the early repayment of the Convertible Notes by Nexion prior to maturity, at Nexion's election.

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

The Convertible Notes are, subject to shareholder approval, convertible into the Conversion Securities (defined below) at the election of the Noteholder, subject to:

1. Nexion obtaining shareholder approval for the issue of the Conversion Securities;
2. ASX not objecting to the conversion of the Convertible Notes; and
3. either:
 - a. Nexion confirmation that the Proposed Transaction will not occur; or
 - b. The Proposed Transaction does not occur by the date of maturity.

At this stage the Company expects the Convertible Notes to be repaid in full in cash with no Conversion Securities (defined below) to be issued.

On conversion, the Noteholder will receive fully paid ordinary shares in Nexion (Shares) calculated as the total face value of the Convertible Notes divided by \$0.10 (Conversion Shares). In addition, the Noteholder will receive 4.25 free-attaching options exercisable at \$0.001 each and expiring on 30 June 2026 for every one Conversion Share issued on conversion of the Convertible Notes (Conversion Options).

The Conversion Shares and Conversion Options are collectively referred to as the Conversion Securities.

The Convertible notes include an adjustment mechanism where if prior to conversion of the Convertible Notes, subject to shareholder approval being attained, the Company issues Shares for cash consideration of less than \$0.02 per share (Capital Raise Price) then the number of Conversion Options to be issued for every one Conversion Share issued on conversion of the Convertible Notes will be increased such that when the Conversion Options are exercised the Noteholder will have an effective price per share for the Conversion Shares and Shares issued on Conversion of the Conversion Options equal to the Capital Raise Price.

Any Convertible Notes that have not been converted at maturity are repayable in either Conversion Securities or cash (or a combination of both) by notice to the Company in writing, with any issue of Conversion Securities at maturity subject to:

1. Nexion obtaining shareholder approval for the issue of the Conversion Securities; and
2. ASX not objecting to the conversion of the Convertible Notes.

The Company notes that the Convertible Notes are subject to the various customary events of default such as Non-payment, unremedied breaches of the Convertible Notes, Company insolvency, Change of Control and Material Adverse Change.

The terms and conditions of the Convertible Notes include standard clauses to adjust the Convertible Notes in the event of a reconstruction of the issued Shares in Nexion.

ADDITIONAL INFORMATION AS AT 15 AUGUST 2024

SUBSTANTIAL SHAREHOLDERS

Date Announced	Name	Number of Shares
25-Nov-21	Kingsley International Pty Ltd and Paul Glass	11,851,694
01-May-23	Clyde Bank Holdings (Aust.) Pty Ltd and P.B.C. Investments Pty. Limited and Paul Cave	31,646,176
03-Jul-23	Pine Street Pty Ltd	12,897,452

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