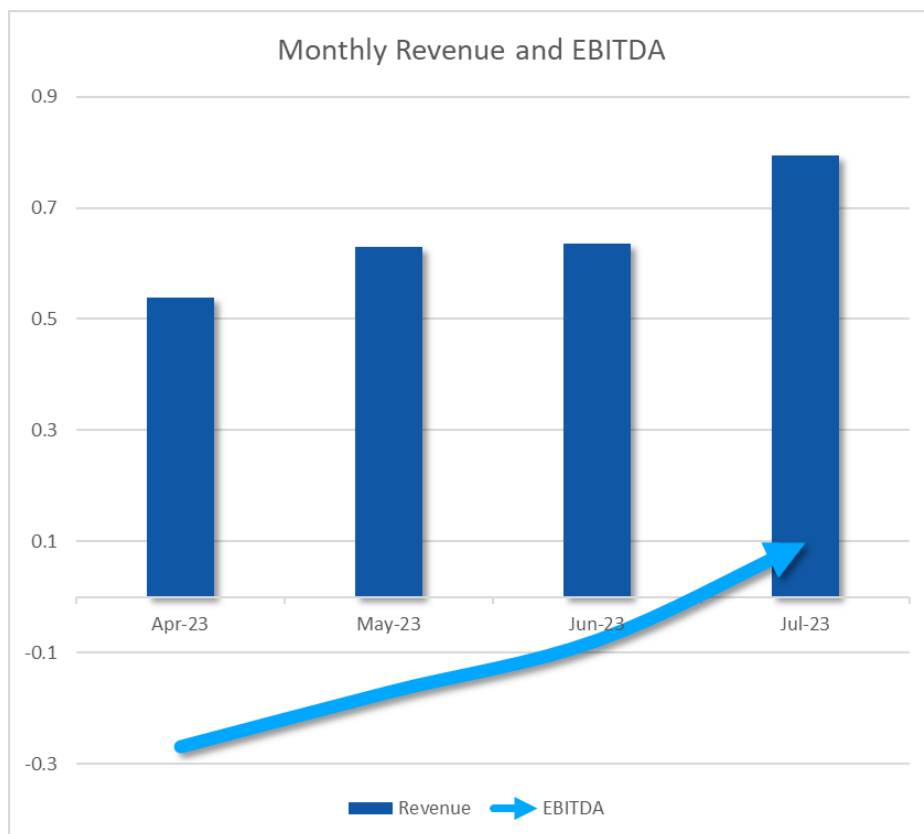


28 August 2023

NEXION Maiden Profit and Appendix 4C - Clarification

NEXION Group Ltd (**Nexion** or **Company**) (ASX: NNG) is pleased to announce that the team achieved a maiden profit in July 2023, delivering an EBITDA result of \$83,689 for the month and positive net cash flow of \$101,268 with similar results anticipated for the remaining months of the quarter.

July was the first month of trading that demonstrates the results of the restructuring undertaken throughout FY23Q3. Operating costs were down 26% compared to the average across May and June and revenue was up 26% to \$795,456 for the month. Surplus funds are being used to reduce residual debts.



This result is a significant improvement on the reported cash outflows of \$1.145M in the most recent Appendix 4C for the quarter to June 30, 2023. Further to that announcement dated 31 July 2023 titled 'NNG Quarterly Activities Report and Appendix 4C Jun-23', NEXION would like to provide the following additional information:

The loan facility referred to at items 7.1, 7.5 and 7.6 is a term loan agreement with PARC Capital Fund Services Pty Ltd (**PARC**) referred to in our announcement dated 10 May 2023. The purpose of the facilities is for the acquisition of complimentary technology service companies. The PARC agreement consists of a total facility

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of \$21M across two facilities. Facility A of \$4M is for a term of 36 months, with drawdown conditional upon an equity raise of at least \$3M. Then NEXION may seek a further commitment of up to \$17M from PARC. PARC has agreed to pause fees at NEXION's request while NEXION achieves the conditions precedent in the Facility Agreement. Should NEXION choose to resume the facility, any debt funding by Parc will be on a best-efforts basis.

The R&D tax incentive referred to at item 8.6.2 is expected to be received prior to 30 September 2023 due to the early finalisation and lodgment of the FY2023 income tax return and associated R&D rebate claim.

Outlook

Funding from the R&D scheme provides a valuable working capital buffer for NEXION and coupled with the significantly better trading position post-restructure puts NEXION on track to achieve profitability for the 2024 financial year and produce a positive cash result.

The PARC debt facility provides an option for NEXION to complete its M&A strategy should market conditions allow the instigation of the planned acquisitions in FY24.

About NEXION Group Ltd

NEXION provides a vertically integrated capability to design, build and operate Enterprise Asset Management solutions using the latest Artificial Intelligence, Machine Learning and Digital Twin technologies. NEXION integrates software, compute, storage, network and cyber security to deliver reliable and robust hybrid-cloud systems.

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

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