

18 June 2024

Convertible Note Finance for Nexion

NEXION Group Ltd (ASX: NNG) (**Nexion**) is pleased to announce that it has executed convertible note agreements for the issue of a total of 7.8 million convertible notes (**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 exempt from offer document disclosure by way of section 708 of the Corporations Act and \$50,000 from Directors (**Noteholders**).

The purpose of the issue is to raise funds to contribute to costs incurred for a proposed acquisition as first announced on 23 April 2024 (**Proposed Transaction**). 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 these further funds also to contribute to costs incurred for the Proposed Transaction.

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.

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**.

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

We note that the last traded price of Nexion prior to entering suspension was \$0.02 and the face value of the notes is \$0.10 and as such once the 4.25 free attaching options per Share are converted the average price paid per Share issued on Conversion of the Convertible note is \$0.0199.

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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.

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.

www.nexiongroup.io

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

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