NEXION Group

NEXION GROUP LTD

ACN 628 415 887

ASX APPENDIX 4D AND INTERIM FINANCIAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2024

Results for announcement to the market

Reporting Periods

▪ Current period:	Six-month period ended 31 December 2024
▪ Previous corresponding period:	Six-month period ended 31 December 2023

Revenue and net profit	Percentage Change		31 December 2024 $	31 December 2023 $
▪ Revenue from ordinary activities	(54%)	to	1,943,781	4,220,645
▪ (Loss)/profit from ordinary activities	(237%)	to	(500,652)	365,826
▪ (Loss)/profit after tax attributable to members	(237%)	to	(501,055)	365,163

Dividends
No dividends have been paid or declared since the start of the financial half-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.

Net Tangible Assets (NTA) per Security Dividends	Percentage Change		31 December 2024 (cents)	31 December 2023 (cents)
NTA backing per ordinary share *	(245%)	to	(1.864)	(0.540)

* Right of use assets and lease liabilities are included in the calculation.

Operating results

Commentary of the half year financial results for the six months ended 31 December 2024 is contained on page 4 of the Interim Report included with this announcement. The half-year report should be read in conjunction with the most recent annual report.

Gain or Loss of Control over other Entities

The Company did not gain or lose control over any other entities during the half-year ended 31 December 2024.

Details of associates

The Company did not have any associates or participate in any joint ventures during the half year ended 31 December 2024.

Compliance Statement

This report is based on the attached half-year financial report which has been reviewed by our auditors.

The auditor's review report includes a material uncertainty related to going concern, as follows:

As referred to in Note 1(b) of the financial reports, the consolidated financial statements have been prepared on a going concern basis. As at 31 December 2024, the Group had net liabilities of ($3,770,443), net current liabilities of ($1,659,387), recorded a loss for the financial period of ($500,652) and net operating cash outflows of ($375,516). These factors indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

NEXION GROUP LTD

ACN 628 415 887

INTERIM CONSOLIDATED FINANCIAL REPORT

31 December 2024

Contents

Corporate Directory

Current Directors

Peter Christie	*Executive Chairman*
John Bell	*Executive Director*
Christopher Daly	*Non-Executive Director*

Company Secretary

Jack Toby

Registered Office

Street: 37-39 Robinson Ave
West Perth WA, 6104
Telephone: +61 8 9441 4835
Website: www.nexiongroup.io

Principal Place of Business

Street: 37-39 Robinson Ave
West Perth WA, 6104

Share Registry

Computershare Investor Services Pty Limited
Street: Level 17
221 St Georges Terrace
Perth WA, 6000

Securities Exchange

Australian Securities Exchange
Street: 20 Bridge St
Sydney NSW 2000
NSX Code: NNG

Auditor

Stantons International Audit and Consulting Pty Ltd
Street: Level 2
40 Kings Park Road
Perth WA 6005
Telephone: +61 (0)8 9481 3188

Directors' report

Your directors present their report on the Consolidated entity, consisting of Nexion Group Ltd (**Nexion** or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2024. The half-year report should be read in conjunction with the most recent annual report.

Nexion is listed on the Australian Securities Exchange (**ASX**).

1. Directors

The names of Directors in office at any time during or since the end of the period are:

- Peter Christie — Executive Chairman
- John Bell — Executive Director
- Chris Daly — Non-Executive Director

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

2. Company Secretary

The following person held the position of Company Secretary at the end of the financial period:

- Jack Toby

3. Dividends paid or recommended

There were no dividends paid or recommended during the period ended 31 December 2024 (31 December 2023: Nil).

4. Significant events and transactions during the year

The Company executed convertible note agreements in July 2024, August 2024 and October 2024 for the issue of a total of 6.5 million convertible notes. Each with a face value of $0.10 each to raise a total of $650,000 from unrelated parties of the Company being sophisticated, wholesale, professional investors or other investors.

5. Operating and financial review

5.1. Nature of Operations Principal Activities

Nexion operates in the multi-trillion-dollar global market of information technology services. The company delivers core technology and support to enterprise customers that rely on Nexion to keep their information systems operating, their networks working and their data available 24 hours a day, 7 days a week. Nexion owns a 2MW data centre in Belmont, Western Australia from where it provides compute, storage, network, and cyber-security services.

5.2. Operations Review

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 partnerships and leveraging existing technology to deliver state of the art remote telecommunication services.

Revenue has stabilised at a conservative, but consistent growth rate and profitability is sustainable at this level. The company is still absorbing some costs of the restructuring effort but once the few remaining issues are resolved in H2, profit should improve even further.

The Directors remain optimistic that the company will be able to execute strategic acquisitions that are value accretive for shareholders. The Nexion team continues to assess new M&A opportunities and will be able to execute quickly when capital markets turn favourable toward micro-cap technology investments.

Directors' report

5.3. **Financial Review**

a. **Operating results**

	31 December 2024 $	31 December 2023 $
(Loss)/profit before income tax	(500,652)	365,826

b. **Financial position**

	31 December 2024 $	30 June 2024 $
Net liabilities	(3,770,443)	(3,319,942)

	31 December 2024 $	30 June 2024 $
Cash and cash equivalents	218,498	71,910

6. Events Subsequent to Reporting Date

On 4 February 2025, 8,593,749 options expired. Other than this, there are no other significant events after balance date that are not covered in this Directors' Report or within the financial statements at Note 18 Events subsequent to reporting date.

7. Environmental Regulations

The consolidated entity's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely Australia.

8. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 (Cth) for the half-year ended 31 December 2024 has been received and can be found on page 5 of the interim financial report.

PETER CHRISTIE
Director
Dated this Thursday, 27 February 2025

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

27 February 2025

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

Dear Sirs

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 review of the financial statements of Nexion Group Limited for the half-year ended 31 December 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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

Samir Tirodkar
Director

Consolidated Statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2024

	Note	31 December 2024 $	31 December 2023 $
Revenue from contracts with customers	5	1,943,781	4,220,645
Cost of goods sold	6	(947,407)	(1,771,444)
Gross Profit		996,374	2,449,201
Other income	7	333,259	552,962
Expenses			
Consulting and accounting expenses		(698,040)	(526,274)
Employee benefits expenses		(591,426)	(859,625)
Occupancy expenses		(75,245)	(86,035)
Share based payments	9	(15,631)	(5,906)
Finance costs		(134,071)	(41,758)
Depreciation and amortisation		(37,252)	(190,445)
Other expenses		(158,950)	(274,725)
Expected credit loss		(119,670)	(651,569)
(Loss)/profit before income tax		(500,652)	365,826
Income tax benefit		-	-
Net (loss)/profit after tax for the period		(500,652)	365,826
Other comprehensive income for the period, net of tax		-	-
Foreign exchange differences		(403)	(663)
Total comprehensive (loss)/income attributable to owners of Nexion Group Ltd		(501,055)	365,163
Earnings per share:			
Basic loss per share (cents)	8	(0.25)	0.18
Diluted loss per share (cents)	8	(0.25)	0.18

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 31 December 2024

	Note	31 December 2024 $	30 June 2024 $
Current assets			
Cash and cash equivalents		218,498	71,910
Trade and other receivables	10	493,785	552,366
Prepayments		70,761	54,141
Inventories		8,889	8,889
Total current assets		791,933	687,306
Non-current assets			
Property Plant, Plant and equipment	11	213,797	251,073
ROU Assets	12	-	-
Other non-current assets		7,014	74,861
Total non-current assets		220,811	325,934
Total assets		1,012,744	1,013,240
Current liabilities			
Trade and other payables	13	2,138,283	1,973,395
Lease liabilities	12	116,564	134,780
Provision for employee benefits		56,447	83,525
Loans payable	14	140,026	203,100
Total current liabilities		2,451,320	2,394,800
Non-current liabilities			
Convertible note subscription		1,442,448	732,485
Provision for make good		-	24,462
Lease liabilities	12	759,932	819,755
Loans payable	14	101,312	164,455
Other payables	13	28,175	197,225
Total non-current liabilities		2,331,867	1,938,382
Total liabilities		4,783,187	4,333,182
Net liabilities		(3,770,443)	(3,319,942)
Equity			
Contributed equity	15	14,975,104	14,975,104
Convertible Notes Equity component		82,438	47,515
Share based payment reserve		38,413	22,782
Forex reserves		(5,547)	(5,144)
Accumulated losses	16	(18,860,851)	(18,360,199)
Total equity		(3,770,443)	(3,319,942)

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

Consolidated Statement of changes in equity

for the half-year ended 31 December 2024

	Convertible Notes $	Contributed Equity $	Share Based Payment Reserve $	Foreign Exchange Reserve	Accumulated Losses $	Total $
Balance at 1 July 2023	-	14,979,604	945,379	(4,233)	(17,383,709)	(1,462,959)
Loss after income tax expense / benefit	-	-	-		365,826	365,826
Other comprehensive income / (loss) net of tax	-	-	-	(663)	-	(663)
Total comprehensive loss for the half-year attributable to the owners of the parent	-	-	-	(663)	365,826	365,163
Convertible Notes Equity component	-	-	-	-	-	-
Share based payment	-	-	5,906	-	-	5,906
Balance at 31 December 2023	-	14,979,604	951,285	(4,896)	(17,017,883)	(1,091,890)
Balance at 1 July 2024	47,515	14,975,104	22,782	(5,144)	(18,360,199)	(3,319,942)
Profit after income tax expense / benefit	-		-	-	(500,652)	(500,652)
Other comprehensive income / (loss) net of tax	-	-	-	(403)	-	(403)
Total comprehensive loss for the half-year attributable to the owners of the parent	-	-	-	(403)	(500,652)	(501,055)
Convertible notes equity component	34,923	-	-	-	-	34,923
Share based payment	-	-	15,631	-	-	15,631
Balance at 31 December 2024	82,438	14,975,104	38,413	(5,547)	(18,860,851)	(3,770,443)

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

Consolidated Statement of cash flows

for the half year ended 31 December 2024

	Note	31 December 2024 $	31 December 2023 $
Cash flows from operating activities			
Receipts from customers		1,882,692	3,943,592
Payments to suppliers and employees		(2,522,905)	(4,484,406)
R&D rebate & government subsidies received	7	282,875	515,642
Interest income received	7	3,572	320
Finance costs		(21,750)	(19,639)
Net cash (used in) operating activities		(375,516)	(44,491)
Cash flows from investing activities			
Payment for property, plant, and equipment		30	(11,785)
Deposits refunded/(paid)		67,847	(162)
Net cash provided/(used in) by investing activities		67,877	(11,947)
Cash flows from financing activities			
Loan advances (equipment loan)		-	340,953
Payments for loans (equipment loans)		(126,217)	(154,300)
Convertible notes subscription		650,000	-
Payment of lease liabilities		(69,556)	(126,120)
Net cash provided by financing activities		454,227	60,533
Net increase in cash and cash equivalents		146,588	4,095
Cash and cash equivalents at the beginning of the period		71,910	321,190
Cash and cash equivalents at the end of the period		218,498	325,285

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

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 1. Basis of preparation

These are the consolidated financial statements and notes of Nexion Group Ltd (**Nexion** or **the Company**) and its controlled entities (collectively **the Group**). Nexion is a company limited by shares, domiciled and incorporated in Australia.

The registered office and the principal office of the Company is 37-39 Robinson Ave West Perth WA, 6104. The financial statements were authorised for issue on 27 February 2025 by the directors of the Company.

a. Basis of preparation

This consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of Nexion Group Ltd and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Nexion for the year ended 30 June 2024, together with any public announcements made during the half-year.

All amounts are presented in Australian Dollars, unless otherwise noted. For the purposes of preparing the report, the half-year has been treated as a discrete reporting period.

i. Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The financial statements have been prepared on an accruals 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.

ii. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

b. Going Concern assessment

The financial report has been prepared on a going concern basis, which assumes the Group will be able to realise its assets and discharge its liabilities in the normal course of business. As at 31 December 2024, the Group had net liabilities of ($3,770,443) and net current liabilities of ($1,659,387), and in the half-year then ended recorded a loss of ($500,652) and net operating cash outflows of ($375,516).

During the half year to 31 December 2024, management has mitigated the going concern risk by:

- ongoing product innovation
- receiving research and development (R&D) tax incentive
- historically demonstrated an ability to raise capital if required
- reduced expenses significantly by $806k (31 December 2024: $1,830,285, 31 December 2023: $2,636,337).

The Directors have a reasonable expectation that the Group will continue as a going concern, and therefore have adopted the going concern basis in preparing this financial report.

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.

Note 2. Significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

a. Use of estimates and judgements

Judgement is required in assessing whether the carrying value of goodwill arising from business combinations is impaired. There have been no other material revisions to the nature and amount of estimates reported in prior periods.

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 2. Significant accounting policies (cont.)

b. Revenue Recognition

AASB 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers and requires application of a five-step process to identify the contract with the customer, identify performance obligations in the contract, determine transaction price, allocate the transaction price to the performance obligations and recognise revenue when performance obligations are satisfied.

Revenue is recognised for the major business activities as follows:

(i) Software, subscriptions and virtual products

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

(ii) Data centre services

Data centre services revenue 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. As this is not considered to be a distinct service, 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.

The Group applies the practical expedient in the revenue standard and does not disclose information about the transaction price allocated to remaining performance obligations on contracts that are unsatisfied, as the Group has the right to consideration from its customers in an amount that corresponds directly with the value to the customer of the Group's services to date. This is applied to all its data centre services revenue, on the basis that the upfront project fees are not a significant portion of each contract.

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.

(iii) Voice and satellite services

Revenue from hardware sales provided as part of the voice and satellite services is recognised when the hardware is delivered to the customer. For voice and satellite services, the performance obligation is satisfied when the services have been provided at a point in time, usually on a monthly basis.

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

(iv) Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(v) Research and development rebates, and other government incentives

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

c. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a term of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 2. Significant accounting policies (cont.)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any service provided by the supplier as part of the contract.

d. Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 2. Significant accounting policies (cont.)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Significant events and transactions

The Company executed convertible note agreements in July 2024, August 2024 and October 2024 for the issue of a total of 6.5 million convertible notes. Each with a face value of $0.10 each to raise a total of $650,000 from unrelated parties of the Company being sophisticated, wholesale, professional investors or other investors.

Note 4. Operating segments

Identification of reportable operating segments

For management purposes, the Group is organised into one main operating segment, being the provision of Hybrid Cloud infrastructure and telecommunication services used by corporations to host and operate their core business systems. The chief operating decision makers of the Group are the Executive Directors and Officers.

All the Group’s activities are interconnected and all significant operating decisions are based on analysis of the Group as one segment. The financial results of the segment are the equivalent of the financial statements as a whole. At 31 December 2024, all revenues and material assets are considered to be derived and held in one geographical area being Australia.

Note 5. Revenue from contracts with customers

(a) 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.

	31 December 2024 $	31 December 2023 $
Product Categories		
Networking	1,138,913	3,347,804
Consulting	11,532	138,339
Cloud	126,511	159,155
Product	1,175	(2,446)
Services	405,254	551,170
General	260,396	26,623
	1,943,781	4,220,645

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 6. Cost of goods sold

	31 December 2024 $	31 December 2023 $
Product Categories		
Networking	714,592	1,268,974
Consulting	150	409
Cloud	39,222	164,898
Services	192,428	335,357
General	1,015	1,806
	947,407	1,771,444

Note 7. Other income

	31 December 2024 $	31 December 2023 $
Interest received	3,572	320
Other income	46,812	37,000
R&D tax credit	282,875	515,642
	333,259	552,962

Note 8. Earnings per share (EPS)

	31 December 2024 $	31 December 2023 $
a. Reconciliation of earnings to profit or loss		
(Loss)/profit for the period	(500,652)	365,826
(Loss)/profit used in the calculation of basic and diluted EPS	(500,652)	365,826

	31 December 2024 No.	31 December 2023 No.
b. Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	202,307,854	202,307,854

	31 December 2024 $	31 December 2023 $
c. Earnings (Loss) per share		
Basic EPS (cents)	(0.25)	0.18
Diluted EPS (cents)	(0.25)	0.18

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 9. Share-based compensation

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.

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 ended 30 June 2024.

	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	2,245,555	449,111

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 9. Share-based compensation (continued)

Share based payments expense/(reversals) recognised for the year ended 31 December 2024 in relation to these performance rights amounted to nil (31 December 2023: nil) and ZEPOs as follows:

	Total Vesting Expense	
	31 December 2024 $	31 December 2023 $
Zero Exercise Price Options (ZEPOs)	15,631	5,906
Total	15,631	5,906

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

Note 10. Trade and other receivables

	Note	31 December 2024 $	30 June 2024 $
Trade receivables		1,493,677	1,447,147
Less: Allowance for expected credit losses	i)	(1,042,431)	(937,320)
		451,246	509,827
Other receivables		42,539	42,539
Total trade and other receivables		493,785	552,366

i) Allowance for expected credit losses - *Included in the allowance for expected credit losses is $834,709 relating to Aryaka, $92,010 relating to IBM and $115,712 relating to other debtors.*

The expected credit loss allowance for trade receivables as at 31 December 2024 is determined as follows:

	Current	**0 to 30 days past due**	**31 to 60 days past due**	**More than 60 days past due**	**Total**
31 December 2024	**$**	**$**	**$**	**$**	**$**
Expected loss rate	-	-	-	99%	70%
Gross carrying	197,731	169,381	68,849	1,057,716	1,493,677
Loss allowance	-	-	-	(1,042,431)	(1,042,431)
Net receivables	197,731	169,381	68,849	15,285	451,246

Trade and other receivables that are neither past due nor impaired, are considered to be recoverable.

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 11. Property, plant and equipment

	31 December 2024 $	30 June 2024 $
Plant & equipment - at cost	1,560,401	1,560,431
Plant & equipment - accumulated depreciation	(1,268,396)	(1,231,150)
Impairment	(78,208)	(78,208)
Total property, plant and equipment	213,797	251,073

Note 12. ROU assets and liabilities

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

	31 December 2024 $	30 June 2024 $
Right-of-use asset		
Land and Building – right-of-use	-	1,425,076
Less: Accumulated depreciation	-	(623,469)
Less: Impairment expense	-	(801,607)
Carrying value	-	-

	31 December 2024 $	30 June 2024 $
Lease liabilities		
Current	116,564	134,780
Non-current	759,932	819,755
Total lease liabilities	876,496	954,535

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 BlueSky 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 commencing 1 September 2021 with no option to extend. The Group has recognised the net present value of the lease liability for the new lease as at 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 as at 30 June 2024.

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

	31 December 2024 $	31 December 2023 $
Depreciation charge	-	113,062
Interest	13,861	22,118
	13,861	135,180

iii) 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.

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 13. Trade and other payables	31 December 2024 $	30 June 2024 $
Current		
Trade payables	1,096,890	1,040,829
Deferred revenue	218,537	70,232
ATO payment plan	329,789	338,099
Accrued expenses	349,260	428,361
Other payables	143,807	95,874
	2,138,283	1,973,395
Non-current		
ATO payment plan	28,175	197,225
	28,175	197,225
	2,166,458	2,170,620

i) Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

Note 14. Loans payable	Note	31 December 2024 $	30 June 2024 $
Current			
Loans payable to third parties	(i)	140,026	203,100
		140,026	203,100
Non-Current			
Loans payable to third parties	(i)	101,312	164,455
		101,312	164,455

i) Loans payable to third parties includes equipment finance for IT property, plant and equipment used in the Data Centre and for some client contracts. The terms of these finance arrangements are as follows:

Loan terms	**Loan #1**	**Loan #2**	**Loan #3**	**Loan #4**
Amount financed	$403,177	$80,555	$16,772	$20,448
Commencement date	28-Feb-20	2-Jun-21	1-Feb-22	1-Feb-22
Monthly repayments	$8,001	$1,591	$498	$618
Finance term	5 years	5 years	3 years	3 years
Interest rate	7.09%	7.16%	4.38%	5.60%
	Loan #5	**Loan #6**	**Loan #7**	
Amount financed	$32,729	$162,629	$118,375	
Commencement date	1-Sep-23	1-Oct-23	1-Dec-23	
Monthly repayments	$1,083	$5,305	$3,850	
Finance term	3 years	3 years	3 years	
Interest rate	11.74%	10.75%	10.55%	

Condensed notes to the consolidated financial statements

for the half-year ended 31 December 2024

Note 15. Equity - issued capital

	31 December 2024 No.	30 June 2024 No.	31 December 2024 $	30 June 2024 $
Fully paid ordinary shares	202,307,854	202,307,854	14,975,104	14,975,104

	No.	$
Movements in ordinary share capital		
Balance as at 1 July 2024	202,307,854	14,975,104
Balance as at 31 December 2024	202,307,854	14,975,104

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholder's meetings, each ordinary share is entitled to one vote when a poll is called.

Note 16. Equity – Accumulated losses

	31 December 2024 $	31 December 2023 $
Accumulated losses at the beginning of the period	18,360,199	17,383,709
Loss/(Profit) for the year	500,652	(365,826)
Accumulated losses at the end of the period	18,860,851	17,017,883

Note 17. Key management personnel disclosures

The aggregate compensation paid or payable to Directors and Key Management Personnel of the consolidated entity is set out below:

	31 December 2024 $	31 December 2023 $
Short-term employee benefits	237,750	99,000
Share based payments	14,068	4,430
	251,818	103,430

Note 18. Events subsequent to reporting date

On 4 February 2025, 8,593,749 options expired. There are no other significant events that have arisen since the end of the reporting period which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

Note 19. Commitments and contingencies

The Group has 7 equipment finance loans as at 31 December 2024. The capital commitments in relation to these finance loans are as follows:

	31 December 2024 $	30 June 2024 $
Not longer than 1 year	140,026	230,647
Longer than 1 year and not longer than 5 years	101,312	177,084
Longer than 5 years	-	-
Total minimum lease payments	241,338	407,731
Less: amounts representing finance charges	(24,528)	(40,176)
Present value of minimum lease payments	216,810	367,555

Directors' declaration

The Directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 6 to 19, are in accordance with the *Corporations Act 2001* (Cth) and:

    (a) comply with Accounting Standard AASB 134: Interim Financial Reporting;

    (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements;

    (c) give a true and fair view of the financial position as at 31 December 2024 and of the performance for the half-year ended on that date of the consolidated entity.

2. in the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

PETER CHRISTIE
Director
Dated this Thursday, 27 February 2025

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NEXION GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Nexion Group Limited, which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the accompanying half-year financial report of Nexion Group Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of Nexion Group Limited's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual 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* has been given to the directors of the Company on 27 February 2025.

Material Uncertainty in Relation to Going Concern

As referred to in Note 1(b) of the financial reports, the consolidated financial statements have been prepared on a going concern basis. As at 31 December 2024, the Group had net liabilities of ($3,770,443), net current liabilities of ($1,659,387), recorded a loss for the financial period of ($500,652) and net operating cash outflows of ($375,516). These factors indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Stantons

Responsibility of the Directors for the Financial Report

The directors of Nexion Group Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director

West Perth, Western Australia
27 February 2025