

ACN 628 415 887

Annual Report

For the year ended
30 June 2026

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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	283 Rokeby Road Subiaco WA, 6008 Tel: +61 8 9441 4835 Website: www.nexiongroup.io
Principal Place of Business	Level 1, 1 Altona Street West Perth WA, 6005
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

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 2026.

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's operating subsidiary, Nexion Infrastructure Pty Ltd delivers data centre operations and maintenance services. The company continues to pursue opportunities to deploy FuseAI's enterprise asset management software and seek out new opportunities in the software sector.

3.2. Operations Review

Nexion's recurring revenue from post-completion of the sale of the subsidiaries consists of two vendor finance repayments $32,567 per month and a data centre maintenance contract of $10,000 per month. The principal amount of the vendor finance loans at implementation totalled $2,879,500 and earn 9% interest per annum.

Nexion's operating subsidiary, Nexion Infrastructure Pty Ltd delivers data centre operations and maintenance services. The company continues to pursue opportunities to deploy FuseAI's enterprise asset management software and seek out new opportunities in the software sector.

3.3. Significant events and transactions during the year

As announced on 14 July 2025, 12 August 2025 and 12 September 2025, the Company issued 2,400,000 convertible notes at an issue price of 0.10 each (700,000, 800,000 and 900,000 respectively).

As announced on 28 July 2025, the Company completed the sale of its wholly owned subsidiary, Nexion W1 DC Pty Ltd, to Carrier Connect Data Solutions Inc. for total consideration of $2.5 million comprising upfront and deferred payments as well as a secured vendor finance arrangement. The divestment strengthens the Group's financial position.

On 28 August 2025, the Company executed a Share Purchase Agreement for the sale of its wholly owned subsidiaries, Nexion Networks Pty Ltd and Blue Sky Telecom Pty Ltd to Pier DC Pty Ltd with the transaction.

On 31 October 2025, following shareholder approval on 29 October 2025, the Group completed the sale of Nexion Networks Pty Ltd and Blue Sky Telecom Pty Ltd to Pier DC Pty Ltd.

On 17 November 2025, 17,500,000 convertible notes were cancelled by the Group and assumed by Pier DC Pty Ltd as part of the sale of the subsidiaries.

3.4. Matters subsequent to the end of the financial year

Subsequent to the end of the financial year, the Company agreed with Carrier Connect Data Solutions Inc. to offset $77,000 of costs owed against the 100,000 remaining deferred consideration outstanding under the Share Purchase Agreement for $23,000. The settlement amount was received by the Company on 22 July 2026.

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.

Directors' report

3.5. **Likely developments and expected results of operation**

Nexion plans to advance its AI and business intelligence operations, utilising cutting-edge technology to enhance enterprise efficiency and data-driven decision-making. The Company will actively pursue new investment and acquisition opportunities to acquire businesses that align with its strategic objectives.

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.

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.

Directors' report

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 out 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 24 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 2026 has been received and can be found on page 11 of the financial report.

3.10. **Options**

At the date of this report, there are no unissued ordinary shares of Nexion Group Ltd under option.

3.11. **Zero Exercise Price Options (ZEPOs)**

All Zero Exercise Price Options (ZEPOs) vested in full in prior year ended 30 June 2025 and were transferred to accumulated losses. Thes vesting conditions were ultimately not satisfied and accordingly, the arrangement was deemed to have lapsed and been settled on 30 November 2024. As at 30 June 2026 and the date of this report, no ZEPOs remain outstanding.

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**
  - Experience and qualifications
    - Executive Chairman
    - Bachelor of Economics and Computer Science (Flinders University)
      Appointed Chair in 2019. Peter is an IT industry expert with over 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.
  - Directorships held in other listed entities
    - ActivePort Group Ltd (2 October 2019 to present)
- **Mr. Christopher Daly**
  - Experience and qualifications
    - Non-Executive Director
    - Chris has over 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.
  - Directorships held in other listed entities
    - ActivePort Group Ltd (18 November 2019 to present)
- **Mr. John Bell**
  - Experience and qualifications
    - Executive Director
    - 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
    - Nil
    -
- **Mr. Jacky Toby**
  - Experience and qualifications
    - Company Secretary
    - 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.

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	10

Directors' report

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 2026 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

(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 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

Directors' report

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

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.

(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.

	Short-term benefits			Post-employment benefits	Share-based payments		
2026	Cash salary and fees $	Cash bonus $	Other $	Superannuation $	ZEPOs $	Total $	Equity settled as % of total remuneration
Non-Executive Directors:							
Chris Daly	57,000	-	-	-	-	57,000	0.0%
Executive Directors:							
Peter Christie	57,000	-	-	-	-	57,000	0.0%
John Bell[1]	57,000	-	-	-	-	57,000	0.0%
Nasser Abdelghani[2]	69,375	-	-	-	-	69,375	0.0%
	240,375	-	-	-	-	240,375	0.0%

[1] In addition to the director fees an entity associated with John Bell was paid $164,860 for accounting and CFO services.
[2] Nasser Abhelghani resigned on 31 October 2025 following the sale of Nexion Networks Pty Ltd and Blue Sky Telecom Pty Ltd.

Directors' report

(iii) Details of remuneration (continued)

2025	Cash salary and fees $	Cash bonus $	Other $	Superannuation $	ZEPOs $	Total $	Equity settled as % of total remuneration
Non-Executive Directors:							
Chris Daly	66,000	-	-	-	4,689	70,689	6.6%
Executive Directors:							
Peter Christie	66,000	-	-	-	4,689	70,689	6.6%
John Bell[1]	66,000	-	-	-	2,345	68,345	3.4%
Nasser Abdelghani	277,500	-	-	-	2,345	279,845	0.8%
	475,500	-	-	-	14,068	489,568	2.9%

[1] In addition to the director fees an entity associated with John Bell was paid $274,689 for accounting and CFO services.

(iv) Service agreements

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, reviewed annually by the Board. On 17 March 2026, the Board agreed to reduce directors' fees to $1,000 per month pending commencement of an IPO process. Peter Christie has accrued $5,500 per month until 30 April 2026 and $1,000 per month thereafter. The contract also includes performance-based bonuses and 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, reviewed annually by the Board. On 17 March 2026, the Board agreed to reduce directors' fees to $1,000 per month pending commencement of an IPO process. Chris Daly has accrued $5,500 per month until 30 April 2026 and $1,000 per month thereafter. The contract also includes performance-based bonuses and 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, reviewed annually by the Board. On 17 March 2026, the Board agreed to reduce directors' fees to $1,000 per month pending commencement of an IPO process. John Bell has accrued $5,500 per month until 30 April 2026 and $1,000 per month thereafter. The contract also includes performance-based bonuses and non-disclosure clauses.

Name	Nasser Abdelghani
Title	Former Executive Director to all entities excluding Nexion Group Ltd and Nexion Pacific Ltd (resigned on 31 October 2025)
Agreement commenced	1 January 2024
Term of agreement	No fixed term
Details	Base fee of $277,500 per annum exclusive of GST, reviewed annually by the Board. Nasser was paid $23,125 per month until September 2025, when his service arrangement ceased.

(iv) Share-based compensation

Zero Exercise Price Options (ZEPOs)

All ZEPOs were granted over unissued fully paid ordinary shares in the Company. No ZEPO's 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	5,183,747	-	-	-	5,183,747
	13,527,817	-	-	-	13,527,817

Other transactions with key management personnel and their related parties

A current receivable balance exists at 30 June 2026 for $31,733 (2025: $33,133) from Kingsley International (Paul Glass) and $25,247 (2025: $27,647) from Read Tech (Kevin Read). The receivable from Kingsley and Read Tech originally amounting to $56,980 has been impaired in the financial statements. During the financial year, services purchased from Hall Chadwick (related entity of John Bell) of $164,860 (2025: $340,689) were made. A current payable balance exists at 30 June 2026 for $370,592 (2025: $260,745) in relation to these services. All transactions were made on normal commercial terms and conditions and at market rates applicable to the receivables and payables.

7. Dividends

No dividends were paid or recommended to be paid during the financial year.

8. Options granted over unissued shares

There were no unissued shares under option at the date of this report.

9. Options over unissued shares expired

All options over unissued shares expired unexercised during the financial year.

10. Options Over Unissued Shares Exercised

No shares were issued during or since the end of the financial year as a result of the exercise of options.

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 Wednesday, 30 September 2026

Stantons

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Australia

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30 September 2026

Board of Directors
Nexion Group Limited
283 Rokeby Road,
Subiaco, WA 6008

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 2026, 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

Eliya Mwale
Director

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Consolidated Statement of profit or loss and other comprehensive income

for the year ended 30 June 2026

	Note	30 June 2026 $	30 June 2025 $
Revenue from contracts with customers	5	117,041	-
Cost of goods sold	6	(27,717)	-
Gross profit		89,324	-
Other income	7	545,927	282,874
Consulting and accounting expenses		(638,697)	(845,601)
Other expenses		(140,498)	(147,940)
Employee benefits expenses		(99,155)	(26,153)
Occupancy expenses		(635)	(2,260)
Share based payments	11	-	(15,631)
Finance costs	8	(82,279)	(205,075)
Depreciation and amortisation	8	-	-
Impairment loss	8	30,218	-
Loss before income tax		(295,795)	(959,786)
Income tax expense	9	-	-
Net loss from continuing operations for the year		(295,795)	(959,786)
Net profit from discontinued operations for the year		5,793,593	192,046
Net profit/(loss) for the year, attributable to owners of Nexion Group Ltd		5,497,798	(767,740)
Other comprehensive loss			
Foreign translation differences		25,313	(399)
Total comprehensive profit/(loss) for the year, attributable to the owners of Nexion Group Ltd		5,523,111	(768,139)
Basic and diluted loss per share attributable to the ordinary equity holders of Nexion Group Ltd			
Basic and diluted loss per share (cents) for continuing operations	10	(0.13)	(0.47)
Basic and diluted loss per share (cents) for discontinuing operations	10	(2.86)	(0.1)

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 2026

	Note	30 June 2026 $	30 June 2025 $
Current assets			
Cash and cash equivalents	12	20,709	9,188
Trade and other receivables	13	2,264,638	-
Prepayments		11,687	38,874
Assets held for sale		-	1,035,999
Total current assets		2,297,034	1,084,061
Non-current assets			
Property, plant and equipment	15	-	3,492
Total non-current assets		-	3,492
Total assets		2,297,034	1,087,553
Current liabilities			
Trade and other payables	16	847,386	555,389
Provision for employee benefits		6,502	-
Loans payable	18	40,000	80,000
Convertible note subscription	17	-	1,620,620
Liabilities directly associated with assets held for sale		-	2,866,744
Total current liabilities		893,888	5,122,753
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		893,888	5,122,753
Net assets/liabilities		1,403,146	(4,035,200)
Equity			
Contributed equity	19	14,975,104	14,975,104
Convertible Note Equity component		-	84,765
Share based payment reserve	20	-	-
Accumulated losses	21	(13,591,728)	(19,089,526)
Foreign exchange reserve		19,770	(5,543)
Total equity/(deficiency)		1,403,146	(4,035,200)

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 2026

	Convertible Notes	Contributed Equity	Share-based Payment reserve	Foreign Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 July 2024	47,515	14,975,104	22,782	(5,144)	(18,360,199)	(3,319,942)
(Loss) for the year	-	-	-	-	(767,740)	(767,740)
Other comprehensive income for the year	-	-	-	(399)	-	(399)
Total comprehensive (loss) for the year	-	-	-	(399)	(767,740)	(768,139)
Share based payment	-	-	15,631	-	-	15,631
Convertible Notes Equity	37,250	-	-	-	-	37,250
Issue of shares (net of costs)	-	-	-	-	-	-
Transfer from reserves	-	-	(38,413)	-	38,413	-
Balance at 30 June 2025	84,765	14,975,104	-	(5,543)	(19,089,526)	(4,035,200)
Balance at 1 July 2025	84,765	14,975,104	-	(5,543)	(19,089,526)	(4,035,200)
(Loss) after income tax expense	-	-	-	-	5,497,798	5,497,798
Other comprehensive loss for the year	-	-	-	25,313	-	25,313
Total comprehensive (loss) for the year	-	-	-	25,313	5,497,798	5,523,111
Share based payment	-	-	-	-	-	-
Convertible Notes Equity	-	-	-	-	-	-
Issue of ordinary share capital (net of share issue costs)	(84,765)	-	-	-	-	(84,765)
Transfer from reserves	-	-	-	-	-	-
Balance at 30 June 2026	-	14,975,104	-	19,770	(13,591,728)	1,403,146

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 2026

	Note	30 June 2026 $	30 June 2025 $
Cash flows from operating activities			
Receipts from customers		109,841	4,863,308
Payments to suppliers and employees		(877,241)	(5,602,934)
R&D rebate & government subsidies received		284,310	282,875
Interest received		152,086	5,380
Finance costs		(82,280)	(285,834)
Net cash (used in) operating activities	27	(413,284)	(737,205)
Cash flows from investing activities			
Vendor financing repayments		25,492	(225)
Deposits refunded		200,000	74,861
Net cash provided by investing activities		225,492	74,636
Cash flows from financing activities			
Proceeds from loans and borrowings	28	-	80,000
Payment of loans and borrowings		(40,687)	(203,100)
Convertible note subscriptions		240,000	925,385
Payment of lease liabilities		-	(162,500)
Net cash provided by financing activities		199,313	639,785
Net increase/(decrease) in cash and cash equivalents		11,521	(22,784)
Cash and cash equivalents at the beginning of the year		9,188	71,910
Cash and cash equivalents at the end of the year		20,709	49,126
Cash and cash equivalents included in assets held for sale		-	(39,938)
Cash and cash equivalents for continuing operations	12	20,709	9,188

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 2026

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 2026 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 2026

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 25.

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 Group will be able to realise its assets and discharge its liabilities in the normal course of business.

As at 30 June 2026, the Group had net assets of $1,403,146 (2025: net liabilities of ($4,035,200)). Additionally, the Group had a positive working capital of $1,403,146 (2025: working capital deficiency of $4,038,692), and in the year then ended incurred a loss from continuing operations after tax of $295,795 (2025: $959,786) and net operating cash outflows of $413,284 (2025: $737,205). As at 30 June 2026 the Group had cash and cash equivalents of $20,709 (2025: $9,188).

The Directors have considered the Group's ability to continue as a going concern. During the year, the Group completed the sale of Nexion W1 DC Pty Ltd to Carrier Connect Data Solutions Inc. and the sale of Nexion Networks Pty Ltd and Blue Sky Telecom Pty Ltd to Pier DC Pty Ltd. Following these transactions, the Group's principal assets include vendor finance receivables from Carrier Connect and Pier DC, which provide ongoing principal and interest repayments. The Group also continues to operate through its remaining subsidiaries, including Nexion Infrastructure Pty Ltd.

The Directors have considered the Group's current cash position, expected cash flows, ongoing operating requirements and the recoverability and timing of repayments under the vendor finance arrangements. Based on the information presently available, the Directors consider that the Group will be able to realise its assets and discharge its liabilities in the normal course of business and that it is appropriate to prepare the financial statements on a going concern basis.

In the event that the projected cash inflows from the vendor finance receivable, are not realised as planned, there is a material uncertainty related to going concern.

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 2026

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 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. 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 2026

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 2026

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 2026

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:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	10% - 25%
Vehicles	25%

During the current financial year, the Group updated its accounting policy for depreciation from 25% to 10%-25% to reflect the range of rates historically applied to different asset classes. This update clarifies existing practice and does not represent a change in accounting policy or estimate.

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 2026

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 2026

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 2026

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 2026

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. **Assets Held for Sale and Discontinued Operations**

Non-current assets or disposal groups (comprising assets and liabilities) are classified as held for sale when their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This classification is only applied when the following conditions are met:

- The asset or disposal group is available for immediate sale in its present condition; and
- The sale is highly probably within 12 months of the end of the reporting period, with active marketing and an appropriate sales plan in place.

Once classified as held for sale, non-current assets (or the assets of a disposal group) are measured at the lower of their carrying amount, and their fair value less costs to sell. Depreciation or amortisation of such assets ceases from the date of classification.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of such a line of business or area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income, net of tax, from the results of continuing operations. Comparative figures are restated where applicable to reflect discontinued operations.

ak. **Profit or loss from discontinued operations**

A discontinued operations is a component of the Group that either has been disposed of, or is classified as held for sale. A discontinued operation represents a separate major line of the business. Profit of loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation (see Note 21).

al. **New or amended Accounting Standards and Interpretations adopted**

The Group 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. The adoption of the Standards and Interpretations did not have a material impact on the financial statements. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

am. **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. 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 2026

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 2026

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 2026

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 2026, 2025, 2024, 2023, and 2022, 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 2026 (2025: 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.

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.

	2026 $	2025 $
Product Categories:		
Services	117,041	-
	117,041	-

Revenue from contracts with customers relates to continuing operations. Revenue relating to discontinued operations has been reclassified to discontinued operations, as disclosed in Note 14.

Note 6. Cost of goods sold

	2026 $	2025 $
Product categories		
Services	27,717	-
	27,717	-

Cost of goods sold relates to continuing operations. Cost of goods sold relating to discontinued operations has been reclassified to discontinued operations, as disclosed in Note 14.

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 7. Other Income

	2026 $	2025 $
Other Income		
Interest income	261,617	-
Government Subsidies – R&D Tax Offset	284,310	282,874
	545,927	282,874

Note 8. Loss before income tax

		2026 $	2025 $
Depreciation[1]			
Total depreciation		-	-
Finance Cost			
Interest and finance charges on lease liabilities		-	-
Interest on convertible notes		79,447	195,385
Other interest and finance charges		2,832	9,690
Finance costs expensed		82,279	205,075
Share based payments		-	15,631
Total share-based payment expense	11	-	15,631
Impairment loss – non-current assets			
Right-of-use assets		(30,218)	-
Total impairment loss		(30,218)	-

[1] Depreciation expense is nil due to the reclassification of related assets to discontinued operations. Note 15 reflects the movement in the balance sheet.

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 9. Income tax expense

	2026 $	2025 $
Current income tax	-	-
Deferred income tax	-	-
Total income tax expense/(benefit)	-	-

Reconciliation of income tax expense to prima facie tax payable

	2026 $	2025 $
Loss before income tax	(295,795)	(959,786)
Tax at Australian tax rate of 25% (2025: 25%). Tax effect of amounts which are not assessable in calculating taxable income:	(73,949)	(239,947)
Add/(less tax effect of:		
Non-deductible expenditure	323	-
Deferred tax assets not recognised	73,626	239,947
Income tax expense/(benefit)	-	-

Carry-forward tax losses of $9,872,686 (2025: $13,149,818) for the Group have not been brought to account as a deferred tax asset of $2,531,939. 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.

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 2026 of $284,310 (2025: $282,874).

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 10. Loss per share

	2026 $	2025 $
a. Reconciliation of loss used in calculating loss per share		
Loss for the year from continuing operations	(295,795)	(959,786)
Loss for the year from discontinued operations	5,793,593	192,046
	5,497,798	(767,740)
b. Weighted average number of shares		
Ordinary shares used as the denominator in calculating basic loss per share	202,307,854	202,307,854
c. Loss per share		
Basic and diluted loss per share (cents) from continuing operations	(0.13)	(0.47)
Basic and diluted loss per share (cents) from discontinuing operations	(2.86)	(0.10)

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

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").

At 30 June 2025, the balance in the share-based payment reserve relating to ZEPOs was transferred to accumulated losses, as the vesting conditions were ultimately not satisfied and the arrangement was therefore deemed to have lapsed and settled at 30 November 2024. There was no impact for the period ended 30 June 2026.

	Total Vesting Expense	
	2026 $	2025 $
Zero Exercise Price Options (ZEPOs)	-	15,631
Total	-	15,631

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

Note 12. Current assets – cash and cash equivalents

	2026 $	2025 $
Cash at bank	20,709	9,188
	20,709	9,188

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	20,709	9,188
Balance as per consolidated statement of cash flows	20,709	9,188

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 13. Current assets – trade and other receivables

	Note	2026 $	2025 $
Trade receivables	(a)	67,980	60,780
Less: Allowance for expected credit losses		(56,980)	(60,780)
		11,000	-
Other receivables	(b)	2,253,638	-
Total trade and other receivables		2,264,638	-

(a) This includes receivables owing from past-directors for non-business related expenditure. Following an agreed settlement of $40,000, $3,800 was received during the year.

(b) Other receivables include consideration receivable of $23,000 arising from the renegotiated sale arrangement with Carrier Connect Data Solutions Inc., together with vendor finance receivables of $1,903,800 and $326,838 arising from the sale of Nexion W1 DC Pty Ltd to Carrier Connect Data Solutions Inc. and the sale of Nexion Networks Pty Ltd and Blue-Sky Telecom Pty Ltd to Pier DC Pty Ltd, respectively.

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 2026.

The expected credit loss allowance for trade receivables as at 30 June 2026 and 30 June 2025 is determined as follows:

30 June 2026	**Current** $	**0 to 30 days past due** $	**31 to 60 days past due** $	**More than 60 days past due** $	**Total** $
Expected loss rate	-	-	-	-	-
Gross carrying	11,000	-	-	56,980	67,980
Loss allowance	-	-	-	(56,980)	(56,980)
Net receivables	11,000	-	-	-	11,000

Notes to the consolidated financial statements

for the year ended 30 June 2026

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

30 June 2025	Current $	0 to 30 days past due $	31 to 60 days past due $	More than 60 days past due $	Total $
Expected loss rate	-	-	-	-	-
Gross carrying	-	-	-	60,780	60,780
Loss allowance	-	-	-	(60,780)	(60,780)
Net receivables	-	-	-	-	-

Note 14. Discontinued operation

On 23 July 2025, the Company completed the sale of its wholly owned subsidiary, Nexion W1 DC Pty Ltd ("W1DC"), to Carrier Connect Data Solutions Inc. for total consideration of $2,500,000 comprising cash payments of $200,000 and deferred payments of 100,000 as well as a secured vendor finance arrangement amounting to $2,200,000. The divestment strengthens the Group's financial position and allows greater strategic focus on its core network and software business.

At 30 June 2025, the Group classified W1DC as a disposal group held for sale. The disposal group comprised:

- Total assets of $211,281 , consisting mainly of cash, trade receivables and property, plant and equipment; and
- Total liabilities of $900,363, consisting primarily of trade payables and lease liabilities.

As the sale was completed during the current reporting period, no assets or liabilities were classified as held for sale at 30 June 2026. Revenue and expenses, gains and losses relating to the discontinuation of W1DC have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

Subsequent to the sale on 23 July 2025, the parties agreed revised settlement arrangements relating to the vendor finance receivable, including the reconciliation and offset of amounts owing between the parties. The resulting adjustments were recognised as a reduction to the gain on disposal previously recognised on initial recognition.

Operating profit/(loss) of W1DC is summarised as follows:

	23 July 2025 $	30 June 2025 $
Revenue	9,770	121,000
Cost of goods sold	-	(301,895)
Gross profit	9,770	(180,895)
Other income	-	1,807
Occupancy expenses	-	(46,251)
Finance costs	-	(27,722)
Depreciation	-	(20,127)
Other expenses	(668)	(48,362)
Profit/(loss) before income tax expense	9,102	(321,550)
Income tax expense	-	-
Profit/(loss) after income tax expense	9,102	(321,550)
Gain on disposal before income tax	2,666,694	-
Income tax expense	-	-
Gain on disposal after income tax expense	2,666,694	-
Profit/(loss) after income tax expense from discontinued operations	2,675,796	(321,550)

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 14 Discontinued operation (continued)

Cash outflows generated by W1DC are as follows:

	23 July 2025 $	June 2025 $
Net cash (used in)/from operating activities	(972)	(397,879)
Cash (outflows)/inflows from discontinued operations	(972)	(397,879)

Cash flows from investing activities attributable to W1DC were not applicable during the period.

The details of the disposal of W1DC are as follows:

	23 July 2025 $
Total sale consideration (discounted)	2,068,159
Carrying amount of net liabilities disposed	598,535
Gain on disposal before income tax	2,666,694
Income tax expense	-
Gain on disposal after income tax	2,666,694

On 31 October 2025, the Company completed the sale of Nexion Networks Pty Ltd ("Networks") and Blue Sky Telecom Pty Ltd ("BST"). In consideration for the purchased shares, the purchaser shall assume the assumed liabilities of Networks and BST of $1,179,995, assume liability of the convertible notes (including accrued interest) totaling $2,022,766, pay $679,500 to the Company via vendor finance and pay 80% of the aggregate accounts receivable up to 90 days old in Networks and BST amounting to $465,072.

At 30 June 2025, the Group classified Networks and BST as disposal groups held for sale. The disposal groups comprised total assets of $587,179 for Networks and $237,539 for BST, consisting mainly of cash, trade receivables, inventory, property, plant and equipment and intangible assets; and total liabilities of $1,603,826 for Networks and $237,539 for BST, primarily comprising trade and other payables and employee-related liabilities. As the sales of both Networks and BST were completed during the reporting period, no assets or liabilities were classified as held for sale at 30 June 2026.

Revenue and expenses, gains and losses relating to the discontinuation of Nexion Networks and BST have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

Subsequent to the sale on 31 October 2025, the parties agreed revised settlement arrangements relating to the vendor finance receivable, including the reconciliation and offset of amounts owing between the parties. The resulting adjustments were recognised as a reduction to the gain on disposal previously recognised on initial recognition.

As a result, as at 30 June 2026, the fair value of the total gain on disposal of Networks and BST was $2,945,961.

Notes to the consolidated financial statements
for the year ended 30 June 2026

14. Discontinued operation (continued)

As at 30 June 2026, the fair value of the gain on disposal of Networks and BST was $2,945,961.

	31 October 2025 $	30 June 2025 $
Revenue	1,024,161	3,206,054
Cost of goods sold	(513,430)	(1,354,717)
Gross profit	510,731	1,851,337
Other income	-	3
Consulting and accounting expense	(2,868)	(68,199)
Employee benefits expense	(383,713)	(1,352,279)
Occupancy expenses	(81,278)	(98,454)
Finance costs	(8,984)	(47,621)
Depreciation	(7,888)	(32,010)
Other expenses	(29,508)	(230,843)
Profit/(loss) before income tax expense	(3,508)	21,934
Income tax expense	-	-
Profit/(loss) after income tax expense from discontinued operations	(3,508)	21,934
Gain on disposal before income tax	2,838,072	-
Income tax expense	-	-
Gain on disposal after income tax expense	2,838,072	-
Profit/(loss) after income tax expense from discontinued operations	2,834,564	21,934

Cash flows generated by Networks are as follows:

	31 October 2025 $	30 June 2025 $
Net cash from operating activities	107,703	(491)
Net cash used in financing activities	(41,716)	(225)
Financing activities	-	25,889
Cash flows from discontinued operations	65,987	25,173

Cash flows from investing activities attributable to Nexion Networks were not applicable during the period.

Notes to the consolidated financial statements
for the year ended 30 June 2026

14. Discontinued operation (continued)

The details of the disposal of the Networks are as follows:

	31 October 2025 $
Total sale consideration (discounted)	2,315,301
Carrying amount of net assets disposed	522,771
Gain on disposal before income tax	2,838,072
Income tax expense	-
Gain on disposal after income tax	2,838,072

Operating profit of BST is summarised as follows:

	31 October 2025 $	30 June 2025 $
Revenue	196,263	876,038
Cost of goods sold	(16,599)	(344,152)
Gross profit	179,664	531,886
Other income	-	50,381
Occupancy expenses	-	(41,704)
Finance costs	-	(8,673)
Depreciation	-	(19,748)
Other expenses	(4,320)	(20,480)
Profit before income tax expense	175,344	491,662
Income tax expense	-	-
Profit after income tax expense from discontinued operations	175,344	491,662
Gain on disposal before income tax	107,889	-
Income tax expense	-	-
Gain on disposal after income tax expense	107,889	-
Profit after income tax expense from discontinued operations	283,233	491,662

Cash flows generated by BST are as follows:

	31 October 2025 $	30 June 2025 $
Net cash from operating activities	(35,612)	269,524
Net cash used in investing activities	-	52,224
Net cash used in financing activities	-	(339,041)
Cash outflows used in discontinued operations	(35,612)	(17,293)

Cash flows from financing activities attributable to BST were not applicable during the period.

Notes to the consolidated financial statements
for the year ended 30 June 2026

14. Discontinued operation (continued)

The details of the disposal of BST are as follows:

	31 October 2025 $
Total sale consideration (discounted)	88,016
Carrying amount of net assets disposed	19,873
Gain on disposal before income tax	107,889
Income tax expense	-
Gain on disposal after income tax	107,889

Note 15. Non-current assets – property, plant and equipment

	2026 $	2025 $
Plant & equipment - at cost	-	4,432
Plant & equipment - accumulated depreciation	-	(940)
Accumulated impairment	-	-
Plant & equipment - carrying value at the end of the year	-	3,492
Total property, plant & equipment	-	3,492

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

	Plant & Equipment $
Balance at 1 July 2024	251,073
Additions	-
Reclassified as assets held for sale	(247,581)
Disposals	-
Depreciation expense	-
Balance at 30 June 2025	3,492

	Plant & Equipment $
Balance at 1 July 2025	3,492
Additions	-
Reclassified as assets held for sale	-
Disposals/transfers	(3,492)
Depreciation expense	-
Balance at 30 June 2026	-

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 16. Trade and other payables

	2026 $	2025 $
Current		
Trade payables	603,495	477,803
Accrued expenses	203,500	63,500
Other payables	40,391	14,086
Total trade and other payables	847,386	555,389

Note 17. Convertible Notes

	2026 $	2025 $
Convertible Notes	-	1,620,620

The convertible notes related to notes issued by the Company with a face value of $0.10 each. On 31 October 2025, the convertible note liability was transferred to Nexion Networks Pty Ltd as part of the sale transaction. Accordingly, the balance at 30 June 2026 is nil.

Note 18. Loans payable

	Note	2026 $	2025 $
Loans – other (current)	(i)	40,000	80,000
		40,000	80,000

(i) Other loans comprise $40,000 advanced by Directors and $40,000 from Clyde Bank Holdings (Aust.) Pty Ltd, that was fully repaid during the period.

Note 19. Equity – issued capital

	30 Jun 26 No.	30 Jun 25 No.	30 Jun 26 $	30 Jun 25 $
Fully paid ordinary shares at no par value	202,307,854	202,307,854	14,975,104	14,975,104
a. Ordinary shares				
At the beginning of the year	202,307,854	202,307,854	14,975,104	14,975,104
■ Shares issued	-	-	-	-
At reporting date	202,307,854	202,307,854	14,975,104	14,975,104

(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

For information relating to the Company's options, 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 2026 Annual Report.

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 20. Equity – share-based payment reserves

	2026 $	2025 $
Share based payment reserves	-	-

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 2024	22,782
Share based payment expense recognised during the year (note 11)	15,631
Transfer of share based payment expense on lapsed options to accumulated losses	(38,413)
Balance as at 30 June 2025	-
Share based payment expense recognised during the year (note 11)	-
Transfer of share based payment expense on lapsed options to accumulated losses	-
Balance as at 30 June 2026	-

As at 30 June 2026, there are no remaining share-based payment reserves.

Note 21. Equity – Accumulated losses

	2026 $	2025 $
Accumulated losses at the beginning of the financial year	19,089,526	18,360,199
Loss from continuing operations for the year	295,795	959,786
(Profit)/loss from discontinued operations for the year	(5,793,593)	(192,046)
Transfer from share-based payment reserve to accumulated losses	-	(38,413)
Accumulated losses at the end of the financial year	13,591,728	19,089,526

Note 22. 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:

	2026 $	2025 $
Short-term employee benefits	240,375	475,500
Share-based payments (options)	-	14,068
Total key management personnel compensation	240,375	489,568

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 23. 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.

	2026 % Interest	2025 % Interest
Australia		
FuseForward Pty Ltd	100	100
Nexion Infrastructure Pty Ltd	100	100
Nexion Networks Pty Ltd	-	100
Nexion W1 DC Pty Ltd	-	100
Blue Sky Telecom Pty Ltd	-	100
New Zealand		
Nexion Pacific Ltd	100	100

During the year, the Group disposed of its interests in Nexion Networks Pty Ltd, Nexion W1 DC Pty Ltd and Blue Sky Telecom Pty Ltd. These entities were wholly owned subsidiaries at 30 June 2025.

Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	2026 $	2025 $
Provision of goods and services:		
Consulting services from Jaguar Enterprises (Related party to Jack Toby, Company Secretary)	41,000	60,000
Consulting services from Hall Chadwick WA Pty Ltd (Related party to John Bell, Director and CFO)	164,860	340,689
Consulting services from Batikh Pty Ltd (Related party to Nasser Abdelghani, Former Director)	69,375	277,500
Provision for impairment (see below)	(56,980)	(60,780)

Receivable from and payable to related parties

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

	2026 $	2025 $
Current payables		
Claude L Daly & Sons Pty Ltd (Chris Daly)	12,100	20,000
Herdsman Lake Capital Nominees Pty Ltd (Peter Christie)	18,346	20,000
Hall Chadwick WA Pty Ltd (John Bell)	370,592	260,745
Non-current receivables		
Kingsley International (Paul Glass, previous Director)	31,733	33,133
Read Tech (Kevin Read, previous Director)	25,247	27,647

The receivable amounts of $31,733 from Kingsley International and $25,247 from Reach Tech, respectively, have been provided with allowance. During the year, a settlement agreement totalling $40,000 was reached of which $3,800 was received. The remaining balance continues to be subject to the allowance provision until the full settlement amount is received.

Terms and conditions

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

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 24. Remuneration of auditors

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

	2026 $	2025 $
Audit services – Stantons		
Audit or review of the financial statements	51,000	46,500
	51,000	46,500

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

Note 25. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2026 $	Parent 2026 $
Profit/(loss) after income tax	4,405,883	(1,908,646)
Total comprehensive income	4,405,883	(1,908,646)

Statement of financial position

Total current assets	2,284,659	56,604
Total assets	2,284,659	56,604
Total current liabilities	879,975	2,973,038
Total liabilities	879,975	2,973,038

	Parent 2026 $	Parent 2025 $
Equity		
Issued capital	14,975,104	14,975,104
Convertible note	-	84,765
Accumulated loss	(13,570,420)	(17,976,303)
Total equity	1,404,684	(2,916,434)

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 2026 (2025:Nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025 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 2026

Note 26. Events occurring after the reporting period

Subsequent to the end of the financial year, the Company agreed with Carrier Connect Data Solutions Inc. to offset $77,000 of costs owed against the $100,000 remaining deferred consideration outstanding under the Share Purchase Agreement for $23,000. The settlement amount was received by the Company on 22 July 2026.

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.

Note 27. Reconciliation of loss after income tax to net cash outflows from operating activities

	2026 $	2025 $
Loss after income tax expense for the year	(295,795)	(767,740)
Adjustment for non-cash expenses:		
Depreciation and amortisation	-	71,885
Disposal of PPE	3,492	-
Gain on sale of subsidiaries	(461,665)	-
Non-cash interest expense	-	3,257
Share-based payments	-	15,631
Allowance for credit losses	(3,800)	(876,540)
Foreign exchange gain/(loss)	25,307	(399)
Movement in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(7,200)	613,405
(Increase)/decrease in prepayments	27,191	15,263
Increase/(decrease) in trade and other payables	292,683	181,329
(Increase)/decrease in inventories	-	4,250
(Increase)/decrease in provisions for employee benefits	6,502	2,454
Net cash (used in) operating activities	(413,285)	(737,205)

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 28. Non-cash investing and financing activities

Changes in liabilities arising from financing activities

	2026 $	New leases/Loans $	Cash flows $	Other (non-Cash) $	2026 $
Loans payable	80,000	-	(40,000)	-	40,000
Total liabilities from financing activities	80,000	-	(40,000)	-	40,000

	2025 $	New leases/Loans $	Cash flows $	Other (non-Cash) $	2025 $
Lease liabilities	954,535	-	(162,500)	(792,035)	-
Loans payable	367,555	80,000	(203,100)	(164,455)	80,000
Total liabilities from financing activities	1,322,090	80,000	(365,600)	(956,490)	80,000

Note 29. 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	2026 $	2025 $
Financial Assets			
Cash and cash equivalents	12	20,709	9,188
Trade and other receivables	13	2,264,638	-
Total financial assets		2,285,347	9,188

Financial liabilities		2026 $	2025 $
Trade and other payables – current	16	847,386	555,389
Loans payable – current	18	40,000	80,000
Total financial liabilities		887,386	635,389

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 29. Financial risk management (continued)

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 2026, 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:

2026	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years	Total Contractual Cash flows
Trade and other payables	847,386	847,386	-	-	847,386
Loan payable	40,000	40,000	-	-	40,000
2025	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years	Total Contractual Cash flows
Trade and other payables	555,389	555,389	-	-	555,389
Loan payable	80,000	80,000	-	-	80,000

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.

Notes to the consolidated financial statements

for the year ended 30 June 2026

Note 29. Financial risk management (continued)

2026	Floating Interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing greater than 1 year	Non-interest bearing	Total
Financial assets					
Cash and cash equivalents	20,709	-	-	-	20,709
Trade and other receivables	-	-	-	2,264,638	2,264,638
	20,709	-	-	2,264,638	2,285,347
Financial liabilities					
Trade and other payables	-		-	847,386	847,386
Loans payable	-	40,000	-	-	40,000
	-	40,000	-	847,386	887,386

2025	Floating Interest rate	Fixed interest rate maturing in 1 year or less	Fixed interest rate maturing greater than 1 year	Non-interest bearing	Total
Financial assets					
Cash and cash equivalents	9,188	-	-		9,188
	9,188	-	-	-	9,188
Financial liabilities					
Trade and other payables	-	-	-	555,389	555,389
Loans payable	-	80,000	-	-	80,000
	-	80,000	-	555,389	635,389

Note 30. 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 2026

Entity Name	Entity Type	Country of incorporation	% of share capital held	Australian Tax residency status	Foreign Countries tax residency
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	Australian	New Zealand

Basis of preparation
Key assumptions and judgements
Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. For the purposes of this section, an entity is an Australian resident at the end of a financial year if the entity is:

a) an Australian resident (within the meaning of the Income Tax Assessment Act 1997) at that time; or
b) a partnership, with at least one partner being an Australian resident (within the meaning of the Income Tax Assessment Act 1997) at that time; or
c) a resident trust estate (within the meaning of Division 6 of Part III of the Income Tax Assessment Act 1936) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

- *Australian tax residency*

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

- *Foreign tax residency*

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

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 Statements, and

   (c) giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 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 46) 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 Wednesday, 30 September 2026

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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 2026, 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 material accounting policy information, the consolidated entity disclosure statement 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 2026 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 & Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits 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(g) in the financial statements, which indicates that the Group incurred a loss from continuing operations after tax of $295,795 and net cash outflows from operating activities of $413,284 for the year ended 30 June 2026, and, had net assets $1,403,146. The Group had cash and cash equivalents of $20,709. As stated in Note 1(g), the events or conditions, along with other matters as set forth in Note 1(g), 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.

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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 2026 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 conclusion 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:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free from misstatement whether due to fraud and 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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

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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.

- 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.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

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, actions taken to eliminate threats or safeguards applied.

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 the 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 2026.

In our opinion, the Remuneration Report of Nexion Group Limited for the year ended 30 June 2026 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
30 September 2026