

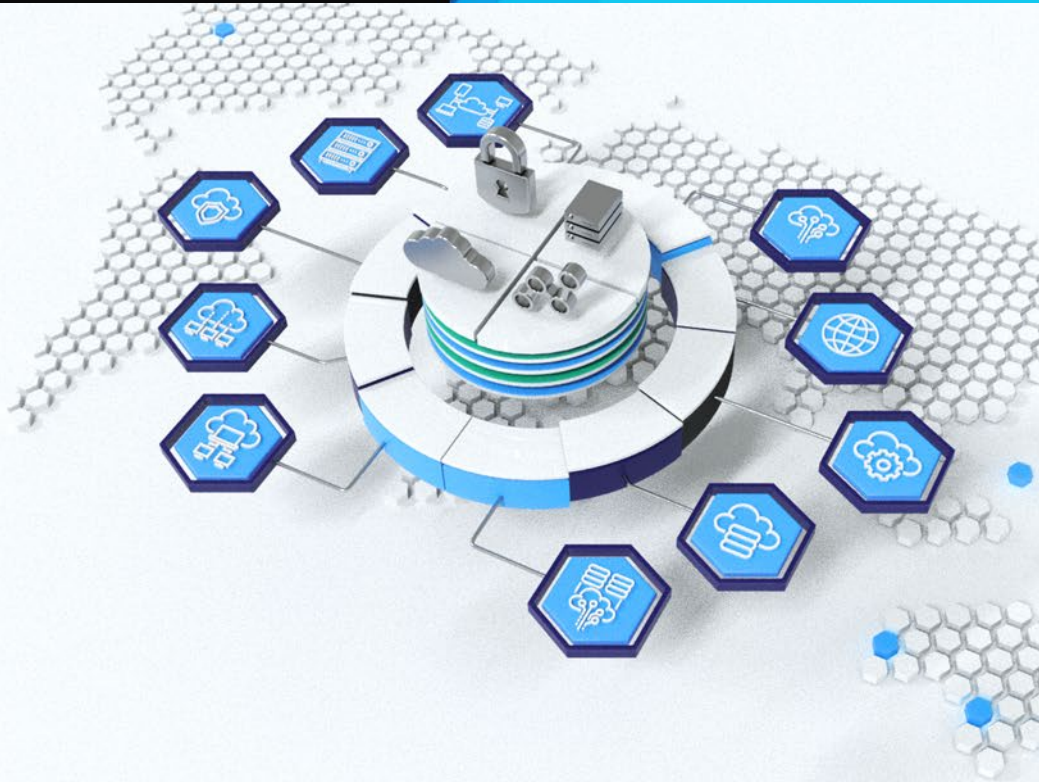


NEXION GROUP LTD
ACN 628 415 887

Cloud, Network, Security
& Data Centre Company

An Emerging Player

NEXION is an emerging Cloud, network, security, and data centre group of companies. We offer cutting-edge Hybrid-Cloud services and end-to-end information technology solutions to Enterprise customers.



PROSPECTUS

For an offer of between 25,000,000 Shares and up to 40,000,000 at an issue price of \$0.20 per Share to raise between \$5,000,000 and up to \$8,000,000 (Offer).

The Public Offer is conditional upon satisfaction of the Conditions, which are detailed further in Section 4.5. No Shares will be issued pursuant to this Prospectus until those Conditions are met.

Lead Manager: Bridge Street Capital Partners

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have been questions about the Shares being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Shares offered by this Prospectus should be considered as highly speculative.



BRIDGE STREET
CAPITAL PARTNERS

IMPORTANT NOTICE

This Prospectus is dated 30 November 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered as highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia or New Zealand. This Prospectus has been prepared for publication in Australia and New Zealand and may not be released or distributed in the United States of America.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.nexiongroup.io. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing on to another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on + 61 8 9441 4835 during office hours or by emailing the Company at investors@nexiongroup.io

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No document or other information available on the Company's website is incorporated into this Prospectus by reference.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot

withdraw your application once it has been accepted.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Shares under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section D of the Investment Overview as well as Section 8 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results,

performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those

investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 13.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

If you complete an application form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a

Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Shares in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct, and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance, and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

Use of Trademarks

This Prospectus includes the Company's registered and unregistered trademarks. All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary, Mr. Jack Toby on +61 4 179 62396

CORPORATE DIRECTORY

Directors

Peter Christie
Non-Executive Chairman

Paul Glass
Managing Director & CEO

Chris Daly
Non-Executive Director

Company Secretary

Jack Toby

Proposed ASX Code

NNG

Registered Office

Building C, Level 2
355 Scarborough Beach Road
OSBORNE PARK WA 6017

Telephone: + 61 8 9441 4835
Facsimile: +61 8 6477 3608

Email: investors@nexiongroup.io
Website: www.nexiongroup.io

Legal advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Investigating Accountant

Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue
PERTH WA 6000

Auditor*

Stantons International Audit and
Consulting Pty Ltd
Level 2, 1 Walker Avenue
PERTH WA 6000

Lead Manager

Bridge Street Capital Partners
Level 14, 234 George Street
SYDNEY NSW 2000

Telephone: + 61 2 9002 5414

Share Registry*

Computershare Investor Services Pty Limited
172 St Georges Terrace
PERTH WA 6000

Telephone: + 61 8 9323 2033

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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1. CHAIRMAN'S LETTER

Dear Investor

On behalf of the directors of NEXION Group Ltd (**Company** or **NEXION**), it is my pleasure to invite you to become a shareholder in NEXION.

NEXION provides Hybrid Cloud infrastructure used by corporations to host their core business systems. Hybrid Cloud describes the combined use of dedicated private compute infrastructure with publicly available Cloud services such as those offered by Amazon and Microsoft to optimise the price and performance of corporate IT systems. Hybrid Cloud is one of the fastest growing segments of the IT industry today as corporations accelerate their migration from traditional owner-operated compute resources to pay-as-you-go platforms.

At NEXION we are proud of our rapid rate of growth. Since establishing the business in 2017, the team has achieved an annual compound growth rate of 137% and established two new OneCloud Nodes (**OneCloud Nodes**) in Perth and Melbourne. The next phase of our growth will see us deploy to additional Australian locations, supplement these nodes with software-defined wide-area network (**SD-WAN**) capability then expand globally to deploy OneCloud Nodes in regions that may include New Zealand, Africa, North America and Europe.

NEXION works closely with tier-one global technology manufacturers and developers to create our core platform and deploy our OneCloud Nodes. Our team led by Paul Glass and Kevin Read plans to expand NEXION's reach across Australia and globally via acquisition of similarly focussed information technology service providers. Growth via acquisition will maximise the speed at which NEXION can roll-out new OneCloud Nodes and on-board new customers in national and international locations. A key feature of our business model is long-term contracted recurring revenues with high gross margins. As we bring more service providers into NEXION and migrate more customers to OneCloud, our recurring revenue base should continue to grow.

This Prospectus is seeking to raise a minimum of \$5M and a maximum of \$8M via the issue of Shares at an issue price of \$0.20 per Share under the Offer. The purpose of the Offer is to provide funds to implement the Company's business strategies (explained in Section 5).

The Board have significant expertise and experience in the Information Technology industry and will aim to ensure that funds raised through the Offer will be utilised in a cost-effective manner to advance the Company's business.

This Prospectus is issued for the purpose of supporting an application to list the Company on ASX. This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a Shareholder and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely



Peter A. C. Christie
Chairman

2. KEY OFFER INFORMATION

INDICATIVE TIMETABLE¹

Lodgement of Prospectus with the ASIC	30 November 2020
Exposure Period begins	30 November 2020
Opening Date	7 December 2020
Closing Date	16 December 2020
Issue of Shares under the Offer	4 January 2021
Despatch of holding statements	11 January 2021
Expected date for quotation on ASX	20 January 2021

Notes:

1. The above dates are indicative only and may change without notice. Unless otherwise indicated, all time given are Australian Western Standard Time. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.
2. If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offers open.

KEY STATISTICS OF THE OFFER


	Minimum Subscription \$5 million ¹	Maximum Subscription \$8 million ²
Offer Price per Share	\$0.20	\$0.20
Shares currently on issue	63,696,573	63,696,573
Shares to be issued on conversion of Convertible Notes	7,596,888	7,596,888
Options currently on issue	Nil	Nil
Shares to be issued under the Offer	25,000,000	40,000,000
Gross Proceeds of the Offer	\$5,000,000	\$8,000,000
Shares on issue Post-Listing (undiluted)³	96,293,461	111,293,461
Market Capitalisation Post-Listing (undiluted)⁴	\$19,258,692	\$22,258,692
Lead Manager Options to be issued on completion of the Offer	5,288,702	6,038,702
Performance Rights (Executive and Board)	9,480,572	9,480,572
Shares on issue Post-Listing (fully diluted)³	111,062,735	126,812,735
Market Capitalisation Post-Listing (fully diluted)⁴	\$22,212,547	\$25,362,547

Notes:

1. Assuming the Minimum Subscription of \$5,000,000 is achieved under the Offer.
2. Assuming the Maximum Subscription of \$8,000,000 is achieved under the Offer.
3. Certain Shares on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 6.12 for a disclaimer with respect to the likely escrow position.
4. Assuming a Share price of \$0.20, however the Company notes that the Shares may trade above or below this price.
5. Refer to Section 11 for the terms of the Shares, Options, Performance Rights.

3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company Overview		
Who is the issuer of this Prospectus?	NEXION Group Ltd (ACN 628 415 887) (Company or NEXION)	Section 6.1
Who is the Company?	<p>The Company is an Australian unlisted public company, incorporated on 27 August 2018.</p>  <p>NEXION OneCloud</p> <p>Since incorporation, the Company has focused on deployment and rental of Hybrid Cloud infrastructure (NEXION OneCloud) and interconnection of these OneCloud Nodes using software-defined wide-area network (SD-WAN) networks.</p> <p>NEXION owns its own data centre in Belmont, Western Australia, from which it centrally controls its growing network of OneCloud and Aryaka SD-WAN infrastructure.</p> <p>NEXION is a full-stack information technology service provider offering sales of associated information technology, project management and support services that complement its Hybrid Cloud infrastructure service.</p>	Section 6.1
Who are the Directors and key management personnel involved in the Company?	<p>The Board consists of:</p> <p>Paul Glass – Managing Director & CEO</p> <p>Paul is a co-founder and the Managing Director of NEXION. He has 15 years' experience in voice, video and data communications.</p> <p>Peter Christie – Non-Executive Chairman</p> <p>Peter is an IT industry expert with 30 years of experience across the “full stack” of information technology from enterprise application software down through middleware, servers, operating systems, networks, and data centres.</p> <p>Chris Daly – Non-Executive Director</p> <p>Chris has 30 years of management and supervisory experience in businesses operating in the contracting, fabrication, sales, equipment rental and construction sectors.</p> <p>Kevin Read – Chief Operating Officer and Alternate Director to Paul Glass</p>	Section 9

Item	Summary	Further information																												
	<p>Kevin Read is co-founder and Chief Operating Officer. Kevin has over 20 years global ICT Management experience across an array of industries including Aviation, Pharma, and media.</p> <p>Jack Toby – Company Secretary</p> <p>Mr Toby has extensive experience as Company Secretary and Chief Financial Officer of several listed public companies and major corporations for over the last 30 years.</p> <p>Dominic Papaluca –Chief Financial Officer</p> <p>Dom Papaluca is a partner in national accounting and business services firm Carbon Group. He has been an accountant since 1994, initially as a sole practitioner until 2003 when he founded Sterling Accountants and Business Consultants</p> <p>Detailed profiles of each of the Directors are set out in Section 9.</p>																													
What are the significant interests of Directors and key management personnel in the Company?	<table><tr><th>Holder</th><th>Shares</th><th>Performance Rights</th><th>Annual Salary</th></tr><tr><td>Kevin Read</td><td>11,998,217</td><td>3,318,200</td><td>264,000</td></tr><tr><td>Paul Glass</td><td>11,851,694</td><td>3,318,200</td><td>264,000</td></tr><tr><td>Peter Christie</td><td>4,942,585</td><td>1,422,086</td><td>66,000</td></tr><tr><td>Chris Daly</td><td>1,751,175</td><td>948,057</td><td>66,000</td></tr><tr><td>Dom Papaluca*</td><td>65,384</td><td>379,223</td><td>Nil¹</td></tr><tr><td>Jack Toby</td><td>230,770</td><td>94,806</td><td>60,000</td></tr></table> <p>*Dom Papaluca charges standard fees for accounting and CFO services on an hourly basis as required via his accounting firm, Carbon Group.</p> <p>Please refer to Section 9 Board, Management and Corporate Governance for further details.</p>	Holder	Shares	Performance Rights	Annual Salary	Kevin Read	11,998,217	3,318,200	264,000	Paul Glass	11,851,694	3,318,200	264,000	Peter Christie	4,942,585	1,422,086	66,000	Chris Daly	1,751,175	948,057	66,000	Dom Papaluca*	65,384	379,223	Nil ¹	Jack Toby	230,770	94,806	60,000	Section 9
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Jack Toby	230,770	94,806	60,000																											
What are the Company's key objectives post listing?	<p>The Company's main objectives on completion of the Offer are:</p> <p>(a) deploy additional OneCloud Nodes in Australia and internationally as opportunity demands;</p> <p>(b) deploy SD-WAN points of presence (PoPs) in locations that enhance connectivity to OneCloud Nodes;</p> <p>(c) acquire information technology service providers that can utilise our OneCloud Nodes and increase NEXION's reach into new markets; and</p> <p>(d) provide working capital for the Company.</p>	Section 6.3																												

Item	Summary	Further information
What are the key advantages of an investment in the Company?	<p>The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages:</p> <ul style="list-style-type: none"> (a) subject to raising the Minimum Subscription, the Company will have sufficient funds to expand the network of OneCloud Nodes and Aryaka PoPs, thereby increasing the NEXION's capacity to generate recurring revenues; (b) A public listing will provide NEXION a "currency" in its ASX-traded shares that can be used to make accretive acquisitions of complimentary information technology services businesses, globally; and (c) NEXION will have funds to invest in additional R&D to further integrate its OneCloud technology with other leading Public Cloud platforms including AWS, Azure and Google Cloud. 	Section 6
What are the significant interests of advisors to the Company?	<p>The Lead Manager, Bridge Street Capital Partners will, subject to the conditions of the Lead Manager Mandate receive:</p> <ul style="list-style-type: none"> (a) a lead management fee of 2% of all funds raised under the Offer; (b) a placement fee of 4% of all funds raised under the Offer; (c) a retainer of AUD\$6,000 plus GST per quarter; and (d) Lead Manager Options equivalent to 5% of the fully diluted capital of the Company at IPO exercisable at 200% of the IPO price within 3 years of the listing date. 	Section 4.4
What other allocations will be made under the Offer?	Nil	Section 6.10
Performance Rights	<p>Messrs Glass and Read have executive agreements in place that on reaching certain revenue targets and objectives during the first two full financial years after IPO may earn them a total 3,318,200 Shares each in the Company.</p> <p>Messrs Christie, Daly, Toby and Papaluca have board agreements that on reaching certain targets and objectives during the first two full</p>	Sections 9.3.2

Item	Summary	Further information
	financial years after IPO may earn them a collective total of 2,844,172 Shares.	
What related party agreements are the Company party to?	Please refer to Section 10.	Section 10
B. Industry Overview		
What is the industry in which the Company will operate?	NEXION is an information technology company delivering Cloud infrastructure and network services.	Section 5
What products does the company offer it's customers?	NEXION offers Private Cloud Infrastructure coupled with Public Cloud Products such as Amazon AWS and Microsoft Azure to create a Hybrid Cloud service called a OneCloud Node. NEXION uses SD-WAN technology to connect its corporate customers to its OneCloud Nodes.	Section 6
Who are the Company's target customers?	NEXION focusses on delivery of core compute, data storage and network services to corporations with local, national and international operations.	Section 6
What are the Company's aims and objectives?	NEXION aims to become a global operator of Hybrid Cloud SD-WAN infrastructure.	Section 6
C. Business Model		
How does the Company generate revenue?	NEXION rents its OneCloud Nodes to corporations on a per-unit-per-month basis. A customer typically purchases a number of virtual servers, multiple gigabytes of virtual data storage and network connectivity to multiple locations on a term contract of 36 months.	Section 6.2
How does this differ from the Company's competitors.	NEXION's services are similar to other providers of Hybrid Cloud solutions. It differs from Public Cloud providers in that the contract terms for NEXION services are long-term 36 month agreements whereas public Cloud providers typically offer their services on a month-by-month basis with no fixed term.	Section 6
What are the benefits of the Company's business model to its customers?	NEXION's Hybrid Cloud service offers its customers a balance between flexibility of pay-as-you-use public Cloud services and cost effectiveness of term-contracted Private Cloud services. NEXION's tightly integrated SD-WAN network solution reduces customer's overall	Section 6.2

Item	Summary	Further information
	network cost while maintaining and improving reliability and performance.	
How is the business marketed?	<p>NEXION is a direct-sales business operation where NEXION sales-people interact directly with its corporate clients to deliver services and provide ongoing support.</p> <p>NEXION works closely with its global technology provider partners such as Intel, VMWare and Fortinet to jointly market its OneCloud service to customers.</p> <p>NEXION has a strategic agreement with a global SD-WAN technology provider, Aryaka to deploy Aryaka SD-WAN PoPs along-side its OneCloud Nodes in key locations globally.</p>	Section 6.2
How will the Company expand its business globally?	NEXION will acquire local information technology service providers in the regions where it deploys its OneCloud Nodes. The Acquisition model will provide NEXION with instant access to local sales, technical and support staff to bring new business to its Hybrid Cloud and SD-WAN platforms as they are deployed.	Section 6.3
What are the significant dependencies of the Company post-listing?	<p>The key factors that the Company will depend on to meet its objectives are:</p> <ul style="list-style-type: none"> (a) acquisition of service providers in national and international locations using share-swap agreements rather than cash; (b) deployment of core technologies that make-up the OneCloud Nodes using vendor finance at competitive interest rates rather than cash; and (c) continual sale of new Hybrid-Cloud and SD-WAN services that generate long-term recurring revenue streams. 	Section 6.7
What is the Company's growth strategy?	<ul style="list-style-type: none"> (a) deployment of OneCloud Nodes in Australia and internationally; (b) deployment of SD-WAN points-of-presence in Australia and internationally; and (c) acquisition of information technology service providers in Australia and internationally that are able to support and expand the use of OneCloud Nodes and SD-WAN PoPs. 	Section 6.3
What are the key advantages of an	NEXION offers exposure to the growing market for Hybrid Cloud services.	Section 6.6

Item	Summary	Further information
investment in the Company?	<p>The Company aims to deliver strong recurring revenues with relatively high gross margins from high-quality corporate customers.</p> <p>NEXION plans to grow top line revenue from a combination of acquisition of complimentary technology service providers and organic growth of the underlying business.</p> <p>NEXION's underlying technology is commonly available in almost all markets, enabling NEXION to expand its business on a global scale.</p>	
D. Key Risks		
Limited History	NEXION was founded in 2018 and has a limited history and track record. Past growth rates may not be a reliable indication of future growth rates.	Section 8
Customer Relationships	The growth of NEXION depends in part on increasing the number of its customers and retaining existing customers. NEXION's ability to maintain levels of customer numbers, or to increase the number of customers, could result in NEXION's revenue or margin declining or operating results being materially and adversely affected.	Section 8
Reputational Risk	Extended disruption to NEXION's services within or beyond its control could cause customers to view NEXION as an operational risk and this could adversely affect NEXION's ability to retain existing customers or attract new ones.	Section 8
Supplier Relationships	NEXION is dependent on ongoing relationships with key suppliers, including wholesale suppliers of data and voice networks, power suppliers, product vendors and third-party data centre operators. Termination or failure to renew agreements with key suppliers could have a material adverse effect on NEXION's operations and financial position.	Section 8
Competition risk	NEXION provides services that are readily available from other suppliers. Competition from suppliers that offer an improved or cheaper service could negatively impact NEXION's revenue and growth.	Section 8
Supplier Relationships	NEXION is dependent on ongoing relationships with key suppliers, including wholesale suppliers of data and voice networks, power suppliers, product vendors and third-party data centre operators. Termination or failure to renew agreements with key suppliers could have a material adverse effect on NEXION's operations and financial position.	Section 8

Item	Summary	Further information
Changes to Laws and Regulations	NEXION is subject to local laws and regulations in each jurisdiction in which it provides its services. Changes-in or extensions-of laws and regulations affecting NEXION's business could restrict or complicate NEXION's operations.	Section 8
Technological Change	A failure by NEXION to adapt to technological changes could have an adverse effect on NEXION's business, operating results and financial position.	Section 8
Technology Performance	Whilst NEXION believes it is using proven technologies and has established systems to efficiently carry out its operations, the viability of its endeavours can be affected by force majeure circumstances, incompatibility of hardware or software with customer systems, market access constraints, cost overruns, the performance of associated parties or unforeseen claims and events.	Section 8
Leases	NEXION derives a portion of its revenue from datacentres and in data centre racks where it owns the equipment but leases the premises or rack. Failure to renegotiate leases at the time of renewal or some other event causing NEXION to lose access to the equipment in these facilities may adversely impact NEXION's business.	Section 8
Hacking and Vandalism	NEXION may be adversely affected by malicious third-party applications that interfere with or exploit potential security flaws in its software and infrastructure, which may result in a material adverse effect on NEXION's operations and financial position.	Section 8
Catastrophic Loss	Computer viruses, fire and other natural disasters, break-in or other security problems, a failure of power supply, information systems, hardware, software or telecommunication systems or other catastrophic events could lead to interruption, delays or cessation in service to NEXION's customers and subsequent adverse impact on NEXION's revenue.	Section 8
Acquisitions	NEXION's revenue growth targets may be impacted if it is unable to find suitable businesses and acquire them on reasonable terms. Once acquired, businesses might perform worse than expected.	Section 8
Growth	There is a risk that NEXION may be unable to grow its business through acquisition of new customers or increasing revenue generated from existing customers. A lack of growth may cause future losses.	Section 8

Item	Summary	Further information
International Expansion	NEXION has acquired customers in foreign jurisdictions, including North America, New Zealand and South Africa, and has a strategy of expanding in off-shore markets. However, there is no guarantee that NEXION will be able to retain or continue to grow its revenues in those jurisdictions. As NEXION expands into existing or new jurisdictions, there are risks that these initiatives may result in additional operating complexities, new and unique regulatory requirements, unforeseen costs, failure to achieve expected revenue or to achieve the intended outcomes.	Section 8
Insurance	NEXION will maintain adequate insurance coverage in line with industry practice, but there may be some losses against which it cannot be protected or claims that are refused. If NEXION incurs uninsured losses or liabilities, its business may be materially adversely affected.	Section 8
Requirement to raise additional funds	NEXION may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be un-satisfactory.	Section 8
Economic risks	NEXION's performance will be dependent on the general conditions and outlook of the local and global economies. These economies may in turn be affected by levels of business spending, inflation, interest rates, exchange rates and access to debt and capital markets. A prolonged or significant downturn in general economic conditions may have a material adverse impact upon NEXION's financial performance.	Section 8
Reliance on Key Management	NEXION's success relies to a significant extent on its key management and staff. There is a risk that NEXION may not be able to find similarly skilled replacements should any of these individuals be unable to fulfill their roles.	Section 8
Other risks	For additional specific risks please refer to Section 8.2. For other risks with respect to the industry in which the Company operates and general investment risks, many of which are largely beyond the control of the Company and its Directors, please refer to Sections 8.3 and 8.4.	Sections 8.2, 8.3 and 8.4
F. Financial Information		
How has the Company	The audited historical Financial Information of the Company (including its subsidiaries) as at	Section 7 and Annexure A

Item	Summary	Further information																												
performed historically?	30 June 2020 is set out in Section 7 and Annexure A.																													
What is the key Financial Information for the Company?	<table><tr><th>Financial Performance</th><th>Growth</th><th>FY20 (\$M)</th><th>FY19 (\$M)</th></tr><tr><td>Revenue & Other Income</td><td>70%</td><td>4.33</td><td>2.54</td></tr><tr><td>Profit/(Loss) for the Year</td><td>9.6%</td><td>(1.23)</td><td>(1.36)</td></tr></table> <table><tr><th>Pro-Forma Balance Sheet</th><th>FY20 (\$M)</th><th>Minimum Subscription (\$M)</th><th>Maximum Subscription (\$M)</th></tr><tr><td>Total Assets</td><td>3.35</td><td>7.99</td><td>10.78</td></tr><tr><td>Total Liabilities</td><td>(4.59)</td><td>(2.93)</td><td>(2.93)</td></tr><tr><td>Net Assets</td><td>(1.23)</td><td>5.06</td><td>7.85</td></tr></table>	Financial Performance	Growth	FY20 (\$M)	FY19 (\$M)	Revenue & Other Income	70%	4.33	2.54	Profit/(Loss) for the Year	9.6%	(1.23)	(1.36)	Pro-Forma Balance Sheet	FY20 (\$M)	Minimum Subscription (\$M)	Maximum Subscription (\$M)	Total Assets	3.35	7.99	10.78	Total Liabilities	(4.59)	(2.93)	(2.93)	Net Assets	(1.23)	5.06	7.85	Section 7 and Annexure A
Financial Performance	Growth	FY20 (\$M)	FY19 (\$M)																											
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Total Liabilities	(4.59)	(2.93)	(2.93)																											
Net Assets	(1.23)	5.06	7.85																											
How will the Company fund its activities	The Company will fund its activities from the proceeds of this IPO and from sales of its products and services.	Section 7 and Annexure A																												
G. Offer																														
What is being offered?	The Offer is an offer of at least 25,000,000 Shares and up to 40,000,000 Shares at an issue price of \$0.20 per Share to raise between \$5,000,000 and up to \$8,000,000 (before costs).	Section 4																												
Is there a minimum subscription under the Offer?	The minimum amount to be raised under the Offer is \$5,000,000.	Section 4																												
What are the purposes of the Offer?	<p>The purposes of the Offer are to facilitate an application by the Company for admission to the Official List, to position the Company to seek to achieve the objectives stated at Section C of this Investment Overview Section and to provide the Company with future access to equity capital markets for funding.</p> <p>The Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives.</p>	Section 4																												
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 4																												

Item	Summary	Further information															
Who is the lead manager to the Offer?	The Company has appointed Bridge Street Capital Partners Pty Ltd (Lead Manager) as lead manager to the Offer.	Section 4.4															
Who is eligible to participate in the Offer?	This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.	Section 4.12															
How do I apply for Shares under the Offer?	See Section 4.7 of the Prospectus for details of how to apply for Shares under the Offer.	Section 4.7															
What will the Company's capital structure look like on completion of the Offer?	<p>The Company's detailed capital structure on a post-Offer basis is set out in Section 6.10.</p> <table border="1"> <thead> <tr> <th>Capital Structure (post-Offer)</th><th>Minimum Subscription</th><th>Maximum Subscription</th></tr> </thead> <tbody> <tr> <td>Ordinary Shares</td><td>96,293,461</td><td>111,293,461</td></tr> <tr> <td>Options</td><td>5,288,702</td><td>6,038,702</td></tr> <tr> <td>Performance Rights</td><td>9,480,572</td><td>9,480,572</td></tr> <tr> <td>Total</td><td>111,062,735</td><td>126,812,735</td></tr> </tbody> </table>	Capital Structure (post-Offer)	Minimum Subscription	Maximum Subscription	Ordinary Shares	96,293,461	111,293,461	Options	5,288,702	6,038,702	Performance Rights	9,480,572	9,480,572	Total	111,062,735	126,812,735	Section 6.10
Capital Structure (post-Offer)	Minimum Subscription	Maximum Subscription															
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Performance Rights	9,480,572	9,480,572															
Total	111,062,735	126,812,735															
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer are set out in Section 11.2.	Sections 11.2															
Will any Shares be subject to escrow?	<p>None of the Shares issued under the Offer will be subject to escrow.</p> <p>However, subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, it is anticipated that:</p> <p>(a) 531,522 shares will be escrowed for 12 months; and</p> <p>(b) 44,535,360 shares will be escrowed for 24 months.</p> <p>During the period in which restricted Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on</p>	Section 6.12															

Item	Summary	Further information																		
	<p>the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>The Company will announce to ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.</p> <p>The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List) will be approximately 53% at Minimum Subscription and up to 60% at Maximum Subscription, comprising all shares issued.</p>																			
Will the Shares be quoted?	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.	Section 4.10																		
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in the Key Offer Information Section.	Section 2																		
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares).	Section 4.2																		
Are there any conditions to the Offer?	<p>No, other than raising the Minimum Subscription and ASX approval for quotation of the Shares, the Offer is unconditional (together, the Conditions).</p> <p>The Offer will only proceed if all Conditions are satisfied. Further details are set out in Section 4.5.</p>	Section 4.5																		
H. Use of funds																				
How will the proceeds of the Offer be used?	<p>The Offer proceeds and the Company's existing cash reserves will be used for:</p> <table border="1"> <thead> <tr> <th>Use</th><th>\$5 million (Min)</th><th>\$8 million (Max)</th></tr> </thead> <tbody> <tr> <td>OneCloud Expansion</td><td>\$1,500,000</td><td>\$3,300,000</td></tr> <tr> <td>IPO Preparation & Fees</td><td>\$338,000</td><td>\$458,000</td></tr> <tr> <td>Cost of the Offer</td><td>\$270,000</td><td>\$360,000</td></tr> <tr> <td>Working Capital</td><td>\$2,892,000</td><td>\$3,882,000</td></tr> <tr> <td>Total</td><td>\$5,000,000</td><td>\$8,000,000</td></tr> </tbody> </table> <p>further details of which are set out in Section 6.8.</p>	Use	\$5 million (Min)	\$8 million (Max)	OneCloud Expansion	\$1,500,000	\$3,300,000	IPO Preparation & Fees	\$338,000	\$458,000	Cost of the Offer	\$270,000	\$360,000	Working Capital	\$2,892,000	\$3,882,000	Total	\$5,000,000	\$8,000,000	Section 6.8
Use	\$5 million (Min)	\$8 million (Max)																		
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Total	\$5,000,000	\$8,000,000																		

Item	Summary	Further information
Will the Company be adequately funded after completion of the Offer?	The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 6.3
I. Additional information		
Is there any brokerage, commission, or duty payable by applicants?	No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer. However, the Company will pay to the Lead Manager 6% (ex GST) of the total amount raised under the Prospectus	Section 10.1.1
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful applicants. If the Offer does not proceed, application monies will be refunded without interest.	Section 4.15
What are the tax implications of investing in Shares?	Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.	Section 4.14
What is the Company's Dividend Policy?	The Company anticipates that significant expenditure will be incurred in the deployment of its core product's infrastructure and that this, together with the possible acquisition of additional service providers, is expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.	Section 6.13

Item	Summary	Further information
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (4th Edition)</i> as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices and the Company's compliance and departures from the Recommendations as at the date of this Prospectus are outlined in Annexure B – corporate governance statement.</p> <p>Prior to listing on the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.</p>	Annexure B
Where can I find more information?	<p>(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser;</p> <p>(b) By contacting the Company Secretary, on + 61 8 9441 4835 ; or</p> <p>(c) NEXION Offer Information Line on 1300 214 711 (within Australia) and +61 3 9415 4057 (outside Australia) between 9:00am to 5:00pm (Melbourne Time) Monday to Friday (excluding public holidays)..</p>	

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is an initial public offering of between 25,000,000 and up to 40,000,000 Shares at an issue price of \$0.20 per Share to raise between \$5,000,000 (**Minimum Subscription**) and up to \$8,000,000 (**Maximum Subscription**).

The Shares issued under the Offer will be fully paid and will rank equally with all other existing Shares currently on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 11.2.

4.2 Minimum subscription

If the Minimum Subscription has not been raised within four (4) months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

4.3 Oversubscriptions

No oversubscriptions above the Maximum Subscription will be accepted by the Company under the Offer.

4.4 Lead Manager

The Company has appointed Bridge Street Capital Partners Pty Ltd (ACN 164 702 005) (Corporate Authorised Representative of AFSL 456663) (**Lead Manager**) as lead manager to the Offer (**Lead Manager Mandate**). In consideration for its services, the Company has agreed to pay the following fees to the Lead Manager:

- (a) a lead management fee of 2% of all funds raised under the Offer;
- (b) a placement fee of 4% of all funds raised under the Offer; and
- (c) a retainer of AUD\$6,000 plus GST per quarter commencing immediately after the IPO and ceasing upon the effective date of any termination of the Lead Manager Mandate. The Lead Manager Mandate has a 12 month term from its commencement in consideration for ongoing services to be provided to the Company, including corporate advice, promotional activities, reviewing the Company's presentations and announcements and investor and media relations; and
- (d) Lead Manager Options, based on the value ascribed to Lead Manager Options in the pro forma transactions note (b) to the pro-forma statement of financial position set out in Section 7.10 and summarised in this table:

Lead Manager Options	Minimum Subscription	Maximum Subscription
Number of Options	5,288,702	6,038,702
Exercise Price	\$0.40	\$0.40
Expiry Date	31 Jan 2024	31 Jan 2024
Value Per Option pre-IPO	\$0.0822	\$0.0822
Value of Options Issued	\$434,633	\$496,269
Amount raised if exercised	\$2,115,481	\$2,415,481
% of fully diluted Shares on Issue ¹	5%	5%

Notes:

1. In the event that all Lead Manager Options are exercised, and no other Shares are issued, and all Performance Rights are exercised. It should be noted that a portion of the Lead Manager Options may be granted to other parties that assist with raising funds under the Offer and the potential maximum voting power of the Lead Manager will reduce to the extent this occurs.

The fees payable to the Lead Manager were negotiated on an arm's length basis.

Further details of the Lead Manager Mandate are set out in Section 10.1.1.

4.5 Conditions of the Offer

The Offer is conditional upon the following events occurring:

- (a) the Minimum Subscription to the Offer being reached; and
- (b) ASX granting conditional approval for the Company to be admitted to the Official List,

together the **Conditions**.

If these Conditions are not satisfied then the Offer will not proceed and the Company will repay all application monies received under the Offer within the time prescribed under the Corporations Act, without interest.

4.6 Purpose of the Offer

The primary purposes of the Offer are to:

- (a) assist the Company to meet the admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules;
- (b) provide the Company with additional funding for:
 - (i) Deployment of additional compute and data storage infrastructure (OneCloud Nodes) in Australia and internationally as opportunity demands;
 - (ii) Deployment of SD-WAN points of presence (**PoPs**) in locations that enhance connectivity to OneCloud Nodes;

- (iii) Acquisition of information technology service providers that can utilise OneCloud Nodes and increase NEXION's reach into new markets; and
 - (iv) the Company's working capital requirements while it is implementing the above; and
- (c) broaden the Company's Shareholder base and provide a liquid market for its Shares.

The Company intends on applying the funds raised under the Offer together with its existing cash reserves in the manner detailed in Section 6.8.

4.7 Structure of the Offer

The Offer is structured as follows:

- (a) the Institutional Offer, which consists of an invitation to certain institutional investors in Australia or New Zealand to apply for Shares (see Section 4.7.1);
- (b) the Public Offer, which is only open to eligible retail investors with a registered address in Australia or New Zealand (see Section 4.7.2); and
- (c) the Priority Offer, which is only open to select investors with a registered address in Australia or New Zealand who have received a personal invitation to participate in the Priority Offer (see Section 4.7.3).

The allocation of Shares within and between the Institutional Offer, the Public Offer and the Priority Offer will be determined by the Company, in consultation with the Lead Manager, having regard to the allocation policies set out in Sections 4.7.1 to 4.7.3.

The Company in consultation with the Lead Manager reserves the right to close the Offer early, to accept late applications or extend the Offer without notifying any recipient of this Prospectus or any applicant.

4.7.1 Institutional Offer

Who can apply?

The Institutional Offer consists of an invitation to certain institutional investors in Australia or New Zealand to apply for Shares under this Prospectus. Application procedures for the Institutional Offer have been, or will be, advised to the institutional investors by the Lead Manager.

Shares acquired by institutional investors as part of the Institutional Offer will be allotted under this Prospectus.

Allocation policy under the Institutional Offer

The allocation of Shares under the Institutional Offer will be determined by the Company in consultation with the Lead Manager. Participants in the Institutional Offer have been, or will be, advised of their allocation of Shares, if any, by the Lead Manager.

The Company, in consultation with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares among institutional investors and an

application may be scaled back or rejected at the discretion of the Company. There is no assurance that any institutional investor will be allocated any Shares, or the number of Shares, for which it has applied for. The allocation policy will be influenced by a range of factors, including:

- (a) the number of Shares bid for by particular applicants;
- (b) the timeliness of the bid by particular applicants;
- (c) the Company's desire for an informed and active trading market following its listing on ASX;
- (d) the Company's desire to establish a wide spread of institutional Shareholders;
- (e) the overall level of demand under the Institutional Offer, the Public Offer and the Priority Offer;
- (f) the size and type of funds under management of particular applicants;
- (g) the likelihood that particular applicants will be long-term Shareholders; and
- (h) any other factors that the Company and the Lead Manager consider appropriate.

4.7.2 Public Offer

Who can apply?

The Public Offer is open to eligible retail investors who have a registered address in Australia or New Zealand. Investors who receive a firm allocation through a Broker will be treated as an applicant under the Public Offer in respect of that allocation.

Investors should contact their Broker to determine whether they may be offered a firm allocation.

How to apply

An original, completed and lodged application form together with payment for the application monies (for applications under the Offer), constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the application form. The application form does not need to be signed to be valid. If the application form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe amend or complete the application form is final. If your BPAY® payment for the application money is different to the amount specified in your application form, the Company may accept your application for the amount of application money provided.

Applications for Shares under the Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and in multiples of \$500 worth of Shares (2,500 Shares) thereafter, payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Application Monies paid by BPAY® must be received by the Share Registry no later than 5:00pm (Perth Time) on 16 December 2020 and it is the Applicants responsibility that this occurs. You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive application monies by BPAY® before the Offer Closing Date arising as a result of, among other things, processing of payments by financial institutions.

For more information, Applicants should refer to the Offer Website <https://nexionoffer.thereachagency.com/> or contact the NEXION Offer Information Line on 1300 214 711 (within Australia) and +61 3 9415 4057 (outside Australia) between 9:00am to 5:00pm (Melbourne Time) Monday to Friday (excluding public holidays).

The Company and the Lead Manager may, subject to the Corporations Act, elect to close the Offer (or any part of it) early or extend the Offer (or any part of it), or accept late applications either generally or in particular cases. Applicants are therefore encouraged to submit their applications as early as possible after the Opening Date.

By making an application, you declare that you were given access to this Prospectus, together with an application form. The Corporations Act prohibits any person from passing an application form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your application.

Payment methods

Applicants must pay their Application Money by BPAY® in accordance with the instructions on the online application form accompanying the electronic version of this Prospectus which is available via a link at the Offer Website <https://nexionoffer.thereachagency.com/> and follow the instructions on the online application form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)). When completing your BPAY® payment please make sure to use the specific biller code and unique CRN on your application form. If you do not use the correct CRN your application will not be recognised as valid.

Payments must be made in Australian dollars. The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their application forms as early as possible. However, the Company reserves the right to extend the Offer or accept late applications.

Acceptance of Applications

An application under the Public Offer is an offer by the applicant to the Company to subscribe for Shares for all or any of the application amount specified in and accompanying the application form at the Offer Price. An application is made by an applicant on the terms and conditions set out in this Prospectus, including

any supplementary or replacement prospectus, and the application form. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.

Acceptance of an application will give rise to a binding contract on allocation of Shares to successful applicants.

The Company, in agreement with the Lead Manager, reserves the right to reject any application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Public Offer, or to waive or correct any errors made by an applicant in completing their application.

The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

Application Monies

Application monies will be held on trust for applicants until the Shares are issued to successful applicants. Application monies will be fully or partially refunded where an application is rejected or accepted in part only or as otherwise set out in this Prospectus. No interest will be paid on refunded amounts.

Allocation policy under the Public Offer

The allocation of Shares under the Public Offer will be determined by the Company in consultation with the Lead Manager.

There is no assurance that any person will be allocated any Shares or the number of Shares for which they apply for under the Public Offer.

The Company reserves the right in its absolute discretion to not issue Shares to applicants under the Public Offer and may reject any application or allocate a lesser number of Shares than those applied for at its absolute discretion.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied or bid for.

4.7.3 Priority Offer

Who can apply?

The Priority Offer is open to selected investors in Australia or New Zealand nominated by the Company in its sole discretion. If you are an applicant under the Priority Offer, you should have received a personalised invitation to apply for Shares under the Priority Offer. Investors who receive a personalised invitation from the Company will be treated as an applicant under the Priority Offer in respect of that allocation.

How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for Shares, you should follow the instructions on your personalised invitation. This will include instructions on how to access the application form.

Applications for Shares under the Priority Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and in multiples of \$500 worth of Shares (2,500 Shares) thereafter, payment for the Shares must be made in full at the Offer Price

(\$0.20 per Share). There is no maximum number or value of Shares that may be applied for under the Priority Offer. The Company reserves the right to scale back applicants under the Priority Offer in its absolute discretion. Any amount (greater than \$2.00) applied for in excess of the amount allocated to you will be refunded in full (without interest).

If the amount of your BPAY® payment for application monies (or the amount for which those BPAY® payments clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in your application form, you may be taken to have applied for such lower amount as your cleared application monies will pay for (and to have specified that amount in your application form) or your application may be rejected.

If you are an applicant under the Priority Offer, you must pay for Shares applied for online by BPAY® by following the instructions on the online application form. It is the responsibility of the applicant to ensure payments are received by the Closing Date. If you make a BPAY® payment, your bank, credit union or building society may impose a limit on the amount that you can transact on BPAY® and policies with respect to timing for processing BPAY® transactions may vary between bank, credit union or building society.

Applicants making an online payment must use the specific biller code and the unique customer reference number (CRN) generated by the online application.

Application Monies paid by BPAY® must be received by the Share Registry no later than 5:00pm (Perth Time) on 16 December 2020 and it is the Applicants responsibility that this occurs. You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive application monies by BPAY® before the Offer Closing Date arising as a result of, among other things, processing of payments by financial institutions.

For more information, Applicants should refer to the Offer Website <https://nexionoffer.thereachagency.com/> or contact the NEXION Offer Information Line on 1300 214 711 (within Australia) and +61 3 9415 4057 (outside Australia) between 9:00am to 5:00pm (Melbourne Time) Monday to Friday (excluding public holidays).

Applications under the Offer

Applicants must pay their Application Money by BPAY® in accordance with the instructions on the Online application form accompanying the electronic version of this Prospectus which is available via a link at the Offer Website <https://nexionoffer.thereachagency.com/> and follow the instructions on the online application form (which includes the Biller Code and your unique CRN). When completing your BPAY® payment please make sure to use the specific biller code and unique CRN on your application form. If you do not use the correct CRN your application will not be recognised as valid.

An original, completed and lodged application form together with payment for the application monies (for applications under the Offer), constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the application form. The application form does not need to be signed to be valid. If

the application form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe amend or complete the application form is final. If your BPAY® payment for the application money is different to the amount specified in your application form, the Company may accept your application for the amount of application money provided.

Payments must be made in Australian dollars. The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their application forms as early as possible. However, the Company reserves the right to extend the Offer or accept late applications.

Allocation policy under the Priority Offer

Allocations under the Priority Offer will be at the absolute discretion of the Company.

4.8 Acknowledgements of Applicants

Each applicant under the Offer will be deemed to have:

- (a) agreed to become a member of the Company and to be bound by the Constitution and the terms and conditions of the Offer;
- (b) acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the application form and having read them all in full;
- (c) declared that all details and statements in their application form are complete and accurate;
- (d) declared that the applicant(s), if a natural person, is/are over 18 years of age;
- (e) acknowledged that, once the Company or a Broker receives an application form, it may not be withdrawn;
- (f) applied for the number of Shares at the Australian dollar amount shown on the front of the application form;
- (g) agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus) or no Shares at all;
- (h) authorised the Company, the Lead Manager and their respective officers or agents, to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the application form;
- (i) acknowledged that the Company does not intend to pay dividends in the near term and that any dividends paid in the future may not be franked as set out in Section 6.13;

- (j) acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the applicant(s);
- (k) declared that the applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- (l) acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- (m) acknowledged and agreed that if the admission of the Company to the Official List of ASX does not occur for any reason, the Offer will not proceed.

4.9 Underwriting

The Offer is not underwritten.

4.10 ASX listing

Application for Official Quotation by ASX of the Shares will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not grant Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. Accordingly, the Shares may not be able to be traded for some time after the close of the Offer. If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, no Shares will be issued under the Offer and the Company will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under this Prospectus.

4.11 Issue

Subject to the Minimum Subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List (being, the Conditions set out in Section 4.8), issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. However, the Company will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors, in agreement with the Lead Manager, will determine the recipients of the Shares in their sole discretion in accordance with the allocation policies detailed in Sections 4.7.1 to 4.7.3.

Holding statements for Shares allocated to the Company's sponsored subregister and confirmation of allocation for Clearing House Electronic Subregister System

(CHESS) holders will be mailed to applicants being allocated Shares under the Offer as soon as practicable after their issue.

4.12 Applicants outside Australia and New Zealand

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia or New Zealand. Applicants who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia or New Zealand it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed application form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

4.12.1 New Zealand

The Public Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014. Refer to the Important Notices Section.

4.13 Commissions payable

The Company reserves the right to pay commissions of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensees in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

The Lead Manager will be responsible for paying all commissions that the Lead Manager and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager pursuant to the Lead Manager Mandate.

No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

4.14 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all prospective applicants. As such, all prospective investors in the Company are urged to obtain independent taxation and financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus or the reliance of any applicant on any part of the summary contained in this Section.

4.15 Discretion regarding the Offer

The Offer may be withdrawn at any time. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest) in accordance with applicable laws.

The Company and the Lead Manager also reserve the right to close the Offer (or any part of it) early, extend the Offer (or any part of it), accept late applications or bids either generally or in particular cases, reject any application or bid, or allocate to any applicant or bidder fewer Shares than applied or bid for.

5. INDUSTRY OVERVIEW

5.1 The Cloud

The “cloud” refers to large computers called “servers” that are accessed over the Internet, and the software and databases that run on those servers. Cloud servers are located in data centres all over the world. By using cloud computing, users and companies do not have to manage physical servers themselves or run software applications on machines they have to buy and manage themselves.

For businesses, switching to cloud computing removes some IT costs and overhead. For instance, they no longer need to update and maintain their own servers, as the cloud vendor they are using will do that. The cloud can also make it easier for companies to operate internationally, because employees and customers can access the same files and applications from any location over the Internet.

The Cloud can be delivered to businesses in a number of different forms including:

(a) **Public Cloud**

Cloud services are considered “public” when they are delivered over the public Internet for anyone to use. Common providers of Public Cloud services include Amazon (AWS), Microsoft (Azure) and Google (Google Cloud).

(b) **Private Cloud**

Private cloud is compute and data storage infrastructure configured and managed to meet the specific needs of individual organisations. Private Cloud infrastructure typically resides in colocation data centres and uses private networks to connect customer premises to the Cloud service.

(c) **On-Premises**

Some technology is still required on-premise. Examples include control systems for heavy industry, highly secure systems for some aspects of banking and government and remote sites such as oil platforms and mines.

(d) **Hybrid Cloud**

Hybrid cloud is a composition of a public cloud and a private environment, such as a private cloud or on-premises resources, that remain distinct entities but are bound together, offering the benefits of multiple deployment models.

(e) **Hybrid Multi-Cloud**

Hybrid Multi-Cloud describes the use of Public Cloud, Private Cloud and in-house compute and data storage infrastructure to meet the information technology requirement of an organisation.

5.2 The Hybrid Cloud Opportunity

Public clouds offer agility, elasticity and scalability on a global basis. Companies embrace Public Cloud to make their information technology services more responsive to the needs of their businesses. By shifting workloads to the cloud,

businesses can make great strides in reducing costs and boosting productivity. This allows them to focus on their core operations and more quickly pivot to new market opportunities. However, Public Cloud is not always the best solution. It may be relatively expensive for a particular compute or storage workload, too slow if it is not in region or perceived as less secure than a Private Cloud equivalent.

Hybrid Cloud evolved as companies embraced different models of Public, Private and on-premise solutions to meet the diverse requirements their business units have, globally.

According to a November 2019 article by Jim Comfort, IBM Cloud's General Manager of Multicloud Offerings:

"94% of enterprises today are operating in de facto hybrid environments with a mix of public cloud, private cloud, traditional IT, and countless SaaS applications. And, 67% are using a mix of multiple cloud vendors, with different tools and management systems for each."

5.3 Hybrid Cloud Architecture

A Hybrid Cloud solution architecture typically has customer premises and connected devices networked to compute and data storage capacity hosted in colocation data centres, on-premise, or in hyper-scale data centres that host the Public Cloud.

A key element that is essential to successful deployment of Hybrid-Cloud is a flexible SD-WAN. SD-WAN allows for easy connection-to and transmission-between Clouds using a mix of network types including the internet.

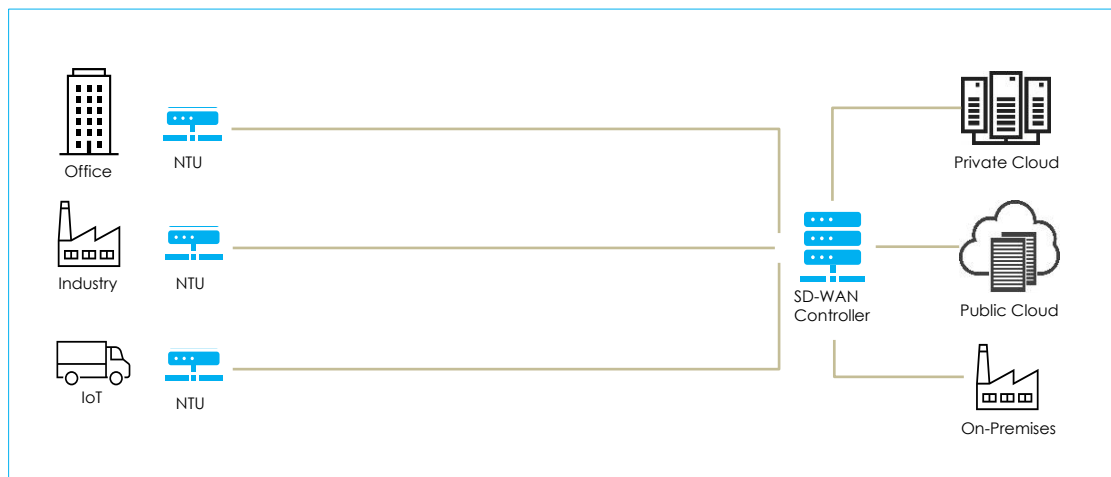


Fig 1. SD-WAN connectivity from customer premise to Hybrid Cloud

A Hybrid-Cloud solution can be constructed using hardware and software from a mix of brand-name technology vendors. Fundamental components of Hybrid Cloud include compute and storage nodes, network equipment, virtualisation software and multi-cloud management tools.

5.4 Hybrid Cloud Benefits

Hybrid Cloud benefits include:

- ✓ lower average costs from fit-for-purpose platforms;
- ✓ better performance from locating compute resources closer to users; and
- ✓ better security for highly sensitive data.

5.5 Hybrid Cloud Industry Trends

The Flexera May 2020 State of the Cloud Report (**Flexera Report**) states:

"...results show that enterprises continue to embrace multi-cloud and hybrid cloud strategies and are already using more than two public and two private clouds on average.

Respondents expect to increase cloud spend by almost 50 percent this year, but they still struggle to forecast spend accurately as they significantly exceed their cloud budgets. As a result, optimizing existing cloud use remains at the top of companies' 2020 priority list for the fourth year in a row, followed by migrating more workloads to the cloud. A majority of enterprises expect to increase cloud usage due to COVID-19."

Other key statistics from the report include that of the respondents to Flexera's survey:

- 20% of enterprises spend more than \$12 million per year on public clouds;
- 59% of enterprises expect cloud usage to exceed prior plans due to COVID-19;
- Organisations are over budget for cloud spend by an average of 23% and expect cloud spend to increase by 47% next year;
- Respondents estimate organizations waste 30% of cloud spend; and
- 73% of organisations plan to optimise existing use of cloud (cost savings), making it the top initiative for the fourth year in a row.

The Flexera Report goes on to say that 93% of respondents had a multi-cloud strategy, and that 87% are taking a hybrid approach, combining the use of both public and private clouds.

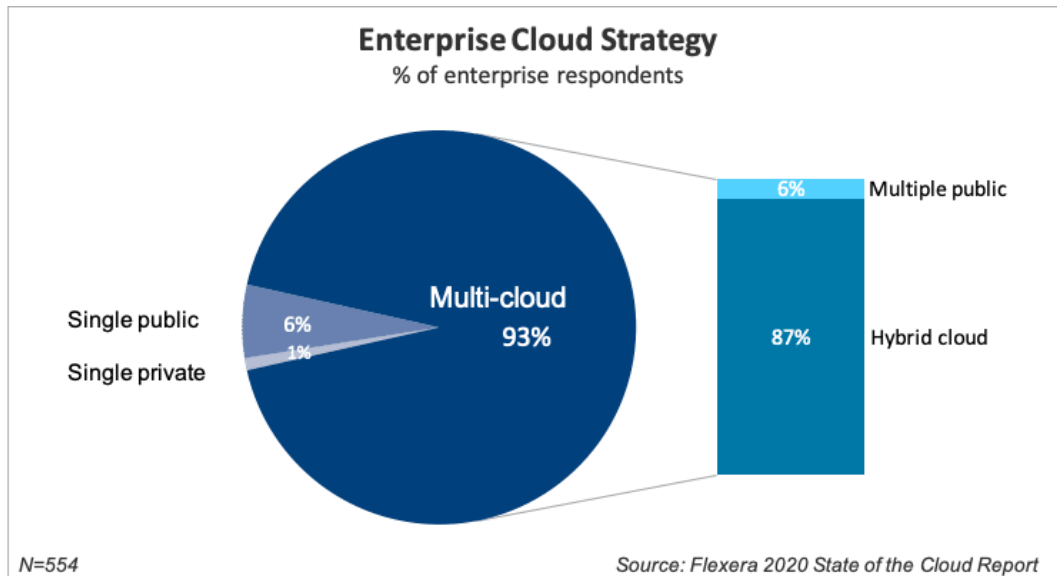


Fig 2. Hybrid Cloud Approach Adoption Rate – Source Flexera State of the Cloud Report, 2020.

5.6 Market Size

The Hybrid Cloud services that NEXION delivers, are part of the large domestic technology market sector from which NEXION can generate revenue. A 2019 report commissioned by Digi and produced by Alpha-Beta Strategy and Economics showed that the Australian technology sector contributed A\$122 Billion to the economy or approximately 6.6% of Gross Domestic Product (GDP). NEXION delivers core infrastructure and services to this market which suggests there is ample opportunity for the Company to find new business for growth.

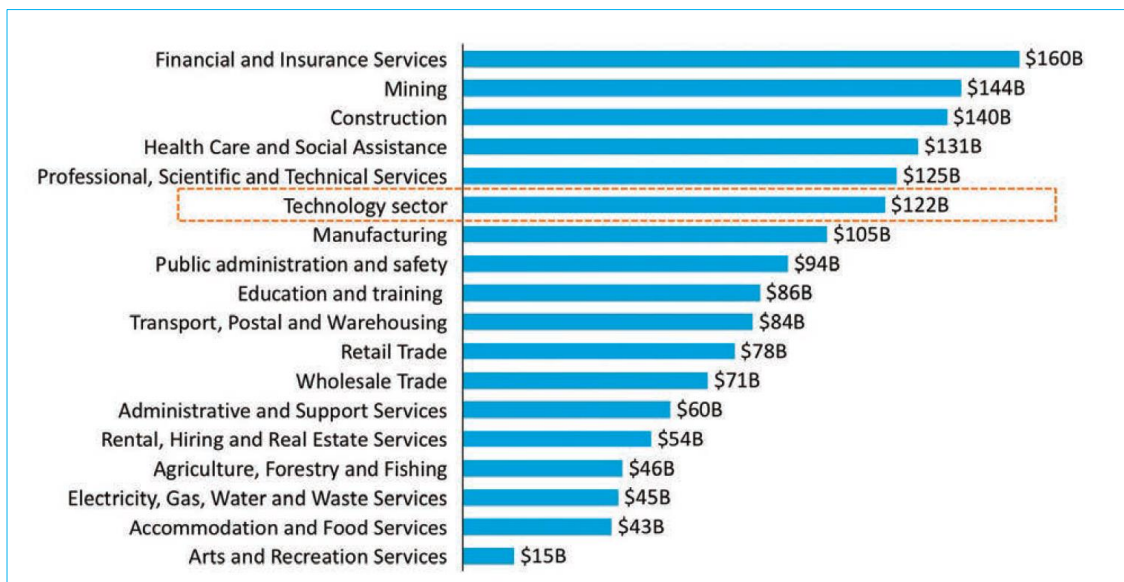


Fig 3. Technology Sector contribution to GDP – Source, Australia's Digital Opportunity by Digi and Alpha Beta Strategy and Economics

The report also highlighted that Australia's information technology industry is relatively small as a percentage of GDP when compared to other countries which suggests there is room for new technology adoption in Australia and even greater opportunities for NEXION to grow internationally.

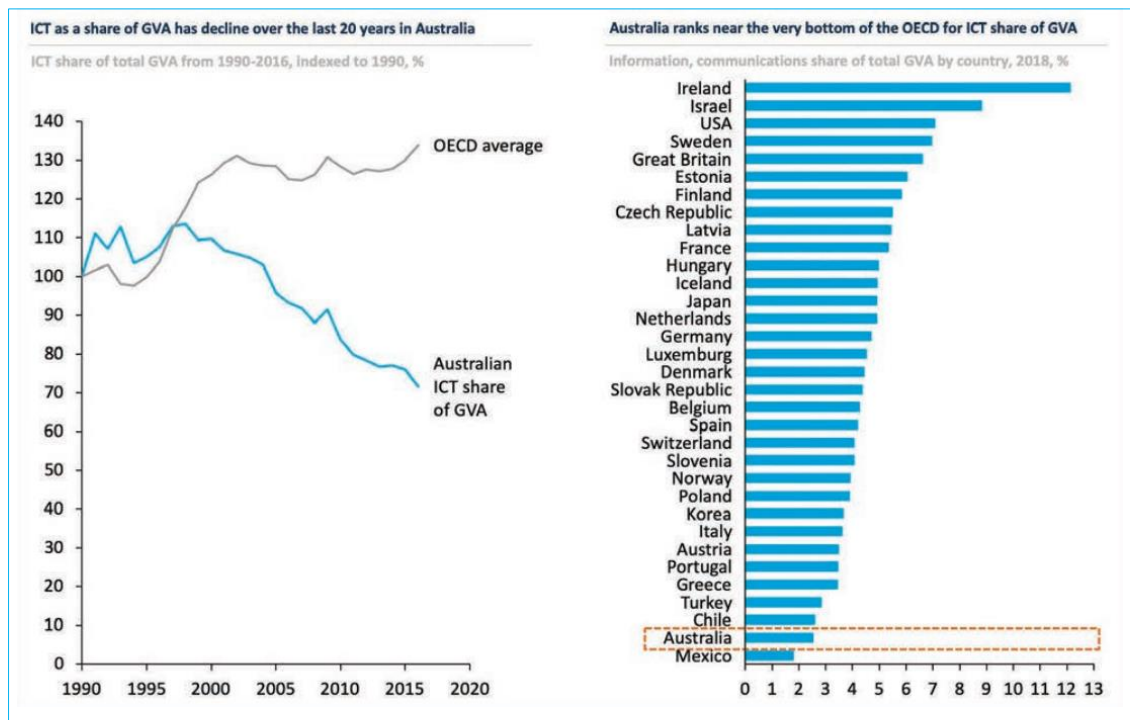


Fig 4. ICT as a Share of GVA (GDP) – Source, Australia's Digital Opportunity by Digi and Alpha Beta Strategy and Economics

6. COMPANY OVERVIEW

6.1 Background

NEXION is an information technology service provider that offers compute and data storage equipment as a service that it integrates with Public Cloud services to form a Hybrid Cloud.

NEXION Networks Pty Ltd (**NEXION Networks**) owns and operates Hybrid Cloud infrastructure and provides associated services while NEXION W1 Pty Ltd (**NEXION W1**) owns and operates a 3 Mega-watt capacity data centre in Perth, Western Australia.

The Company offers private Cloud infrastructure integrated with Public Cloud services to form the NEXION Hybrid Cloud solution it calls OneCloud. NEXION hosts a OneCloud Node in its own data centre in Perth and third-party data centres in other cities and sells capacity to customers on term contracts up to 36-months. NEXION provides project management services to migrate customers to its Hybrid Cloud platform as well as associated equipment and support services for additional fees. The Company also provides SD-WAN to connect customer premises and equipment to its Hybrid Cloud.

NEXION was formed in 2018 from the amalgamation of the datacentre business NEXION W1 and NEXION Networks. Since its incorporation, NEXION has delivered rapid revenue growth, attracting a range of channel partners with global reach and enterprise customers to its OneCloud services.

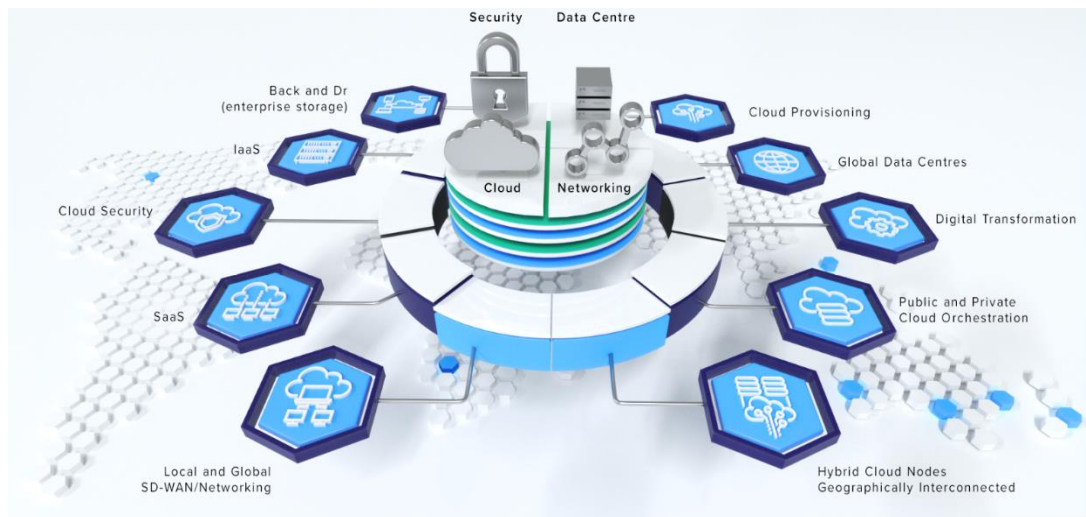
In summary, NEXION is:

- ✓ Asset backed with its own profitable data centre in Western Australia with long term contracted network and Cloud revenue;
- ✓ Scaling globally by deploying its NEXION OneCloud Nodes.
- ✓ Strategically aligned with Aryaka to deploy SD-WAN network nodes in select cities globally;
- ✓ Operational in Perth, Adelaide and Melbourne with plans to expand internationally starting with New Zealand, Europe and Southern Africa.

NEXION's core assets are quick to scale, easily repeatable and seamlessly integrated into public Cloud services of Google, Amazon, Microsoft and IBM.

6.1.1 NEXION OneCloud

The Hybrid Cloud platform offered by the Company is called the NEXION OneCloud. OneCloud Nodes consist of compute and storage capacity, bonded globally via SD WAN that customers rent to deploy their corporate applications and integrate their operations to the public cloud services offered by Microsoft, Amazon, Google, IBM and alike.



OneCloud Nodes offer tailored solutions to specific customers that meet their unique compute and data storage requirements. When coupled with generic Public Cloud services and some on-premise compute equipment, they collectively make up a NEXION Hybrid Cloud solution.

As an information technology managed services company, NEXION offers additional up-stream services with its OneCloud solution including Cyber Security, Backup and Recovery, Network Monitoring and Performance Optimisation.

In FY2021, NEXION entered into a strategic alliance with Aryaka, a global leader in SD-WAN to construct Aryaka SD-WAN PoP, starting in Perth and with the intention of expanding into other regions where the combination of OneCloud Nodes and Aryaka PoPs bring unique value to local markets.



Customers purchase global network connectivity from Aryaka on a per megabit-per-month basis. The revenue sharing agreement with NEXION for the Aryaka PoPs that NEXION deploys adds a new revenue stream that is aligned to the Company's goal of generating long-term recurring income from delivering services to tier-one customers.

NEXION focuses its sales efforts on attracting larger corporations and government agencies as its customers. NEXION also sells its services through channel partners in the information technology industry who in-turn resell the OneCloud platform and Aryaka network service to their customers.

The equipment that comprises a OneCloud node or Aryaka PoP is sourced from globally common vendors and can be financed by vendors' finance arms or general equipment financiers. Where possible, NEXION will source low-cost finance to acquire equipment for its Nodes and PoPs. This equipment is then deployed in colocation data centres local to each deployment region and where cross-connectivity to global communications providers is readily available. Each PoP/Node combination requires one rack for the initial deployment but can scale to multiple racks as utilisation grows.

Each PoP/Node combination requires a local team to sell-to and support customers in the region where it's deployed. NEXION plans on acquiring local information technology service providers that are already profitable in their own right and bring the relevant skills and expertise to the group. This growth by acquisition strategy is a proven model in the industry that should lead to faster expansion at lower cash-cost to the Group over time than the alternative of hiring new teams direct in each market. Acquisitions will be predominantly by share-swap rather than cash payment to preserve NEXION capital and ensure long term commitment to the corporate strategy by the acquired executive teams.

6.2 Business Model

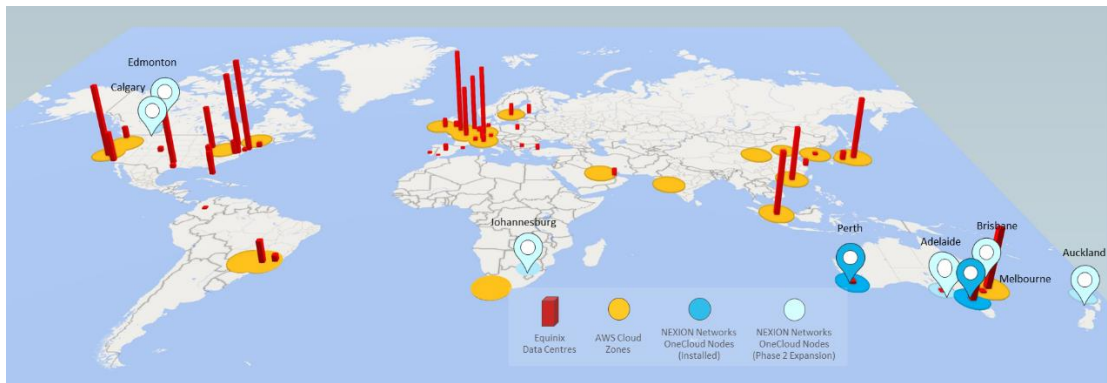
NEXION's core revenue streams are from renting its OneCloud infrastructure to customers on a monthly fee basis, delivering project management and technical resources to deploy new technology, selling network solutions from telecommunications providers, selling third-party technology including Cyber Security products, providing technology monitoring and management services and selling bandwidth on the Aryaka SD-WAN network. NEXION will take advantage of new opportunities to generate revenue from additional services as they arise in the information technology industry.

NEXION's core sales focus is to generate recurring revenue by renting its Hybrid Cloud platform to corporate clients and channel partners. NEXION generates additional recurring revenue from margin on products and services it re-sells to complement its Hybrid Cloud platform. Project management and technical resources required to re-architect customers' information technology platforms and migrate services to NEXION's Hybrid Cloud is another source of revenue for the Company. While NEXION owns a Data Centre in Perth, Western Australia, it will continue to generate revenue from renting racks and associated network services in that facility.

Other than the strategic relationship with Aryaka, NEXION maintains relationships with key technology vendors including VMware, Intel, Fortinet and other similar global technology providers. While NEXION prefers to focus on using and reselling technology from a few key suppliers, the Company is not dependent upon continued supply from those vendors to maintain its revenue streams or retain its customers.

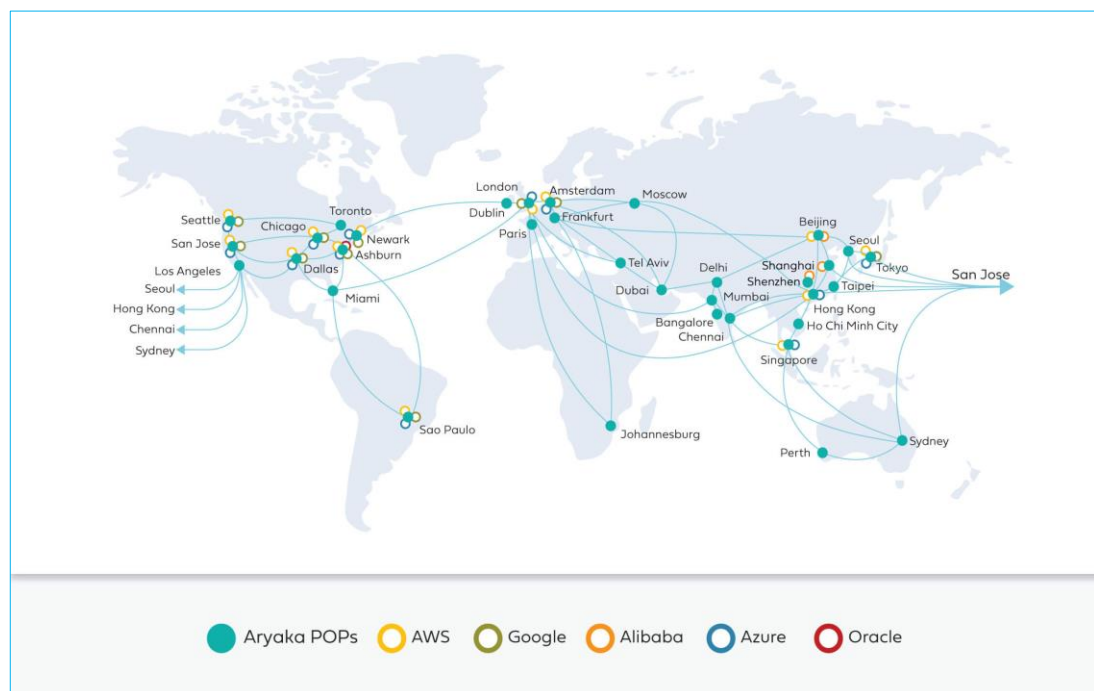
6.3 Growth Strategies

NEXION's growth plan is to deploy OneCloud Nodes in strategic locations globally. The first OneCloud node was deployed in Perth as will be the first NEXION owned Aryaka PoP. NEXION's second OneCloud node was deployed in Melbourne and will be followed by nodes in other Australian capital cities such as Adelaide and Brisbane. Following the IPO, NEXION will deploy additional OneCloud Nodes in cities globally.



NEXION will seek to deploy OneCloud Nodes in regions where it has pre-commitment from customers or already has local sales and support resources on the ground with a reliable sales pipeline under development. In many situations including Perth, a significant portion of the initial revenue base underpinning a OneCloud node and/or Aryaka PoP will be dependent upon a few major customers until that local market develops and the customer base diversifies.

NEXION plans to work closely with Aryaka to introduce OneCloud Nodes next to existing Aryaka PoPs. Aryaka's global private network provides the world's business users with fast and reliable cloud and SaaS access from any location in the world. Their worldwide PoPs are located on all six habitable continents and have been strategically located to place end-users with optimal access to Cloud, SaaS applications and data centres.



Global Aryaka network showing PoP locations and access points to Cloud services.

- ✓ In each new NEXION Networks OneCloud Node, NEXION Networks will become the Aryaka PoP.
- ✓ NEXION's plan is to move aggressively into new regions with Aryaka subject to Aryaka's approval;
- ✓ The Perth Aryaka PoP built by NEXION is exclusively for use by Aryaka's customers or customers of Aryaka's services and will be delivering revenue in FY 2021.

- ✓ NEXION Networks will receive a percentage of all revenue generated by the Aryaka PoP in Perth;
- ✓ Aryaka's Global network will complement NEXION's OneCloud Nodes as NEXION rolls out new nodes around the world.

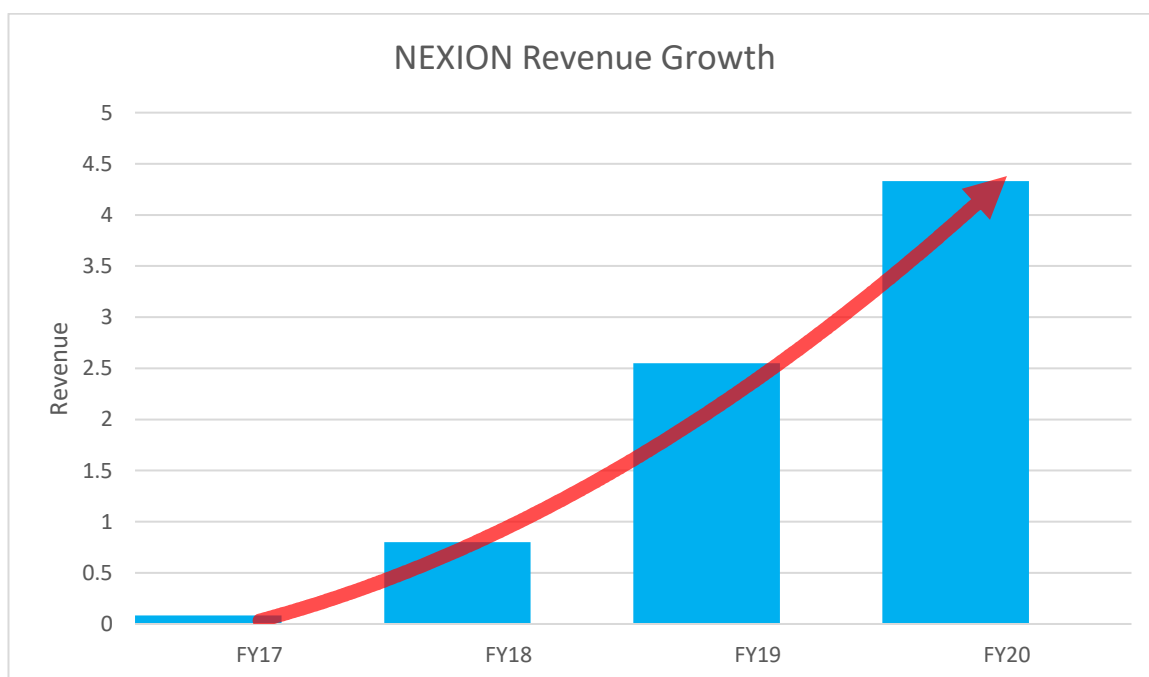
6.4 Competition

NEXION considers the global Hybrid Cloud market to be highly competitive. The technology NEXION utilises to create its Cloud is generally available and the price elasticity is relatively low.

Hybrid Cloud and SD-WAN service providers that NEXION may compete with in the future vary from country-to-country ranging from small operators servicing local businesses to large global operators that support multi-national enterprise.

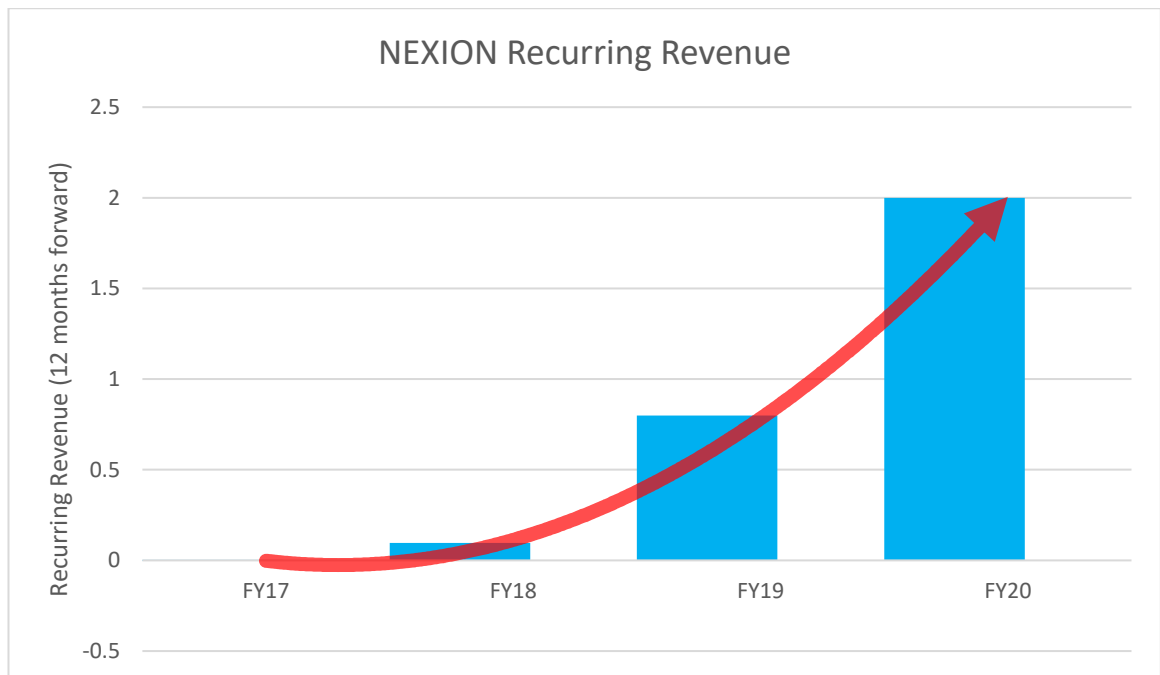
6.5 Investment highlights

NEXION set-out to tackle the enterprise market for Hybrid Cloud and as a result of its focus on high-quality customers in the rapidly growing Hybrid Cloud segment of the information technology industry, it has experienced rapid revenue growth that exceeded 69% from FY19 to FY20.



The Hybrid Cloud solution NEXION provides generates long-term recurring revenue from quality enterprise-grade customers. The forward -looking value of 12-months of this recurring revenue is shown in the graph below and demonstrates the underlying value of the Hybrid-Cloud model. As NEXION delivers more Hybrid Cloud nodes and attracts more customers, the recurring revenue base of the company grows.

Typical contracts for NEXION OneCloud services are written for an average of 36 months. Customer turnover is therefore very low and renewal ratios are very high.



6.6 Key investment highlights

The key investment highlights for NEXION include:

- ✓ Globally scalable business model based on OneCloud node infrastructure that can be replicated quickly and easily to sustain growth;
- ✓ Strategic partnership with global SD-WAN provider Aryaka giving a well-defined pathway for global expansion;
- ✓ Lead generation and growth opportunities utilising Aryaka PoP locations and global Aryaka partners;
- ✓ Pathways to new customers via leading global channel partners and reseller agreements;
- ✓ Enterprise customer base that is sector agnostic and currently servicing most major sectors from mining to education;
- ✓ Underlying recurring revenue base that underpins operating costs and allows for stable company growth;
- ✓ Rapidly growing revenue from a quality enterprise customers; and
- ✓ Highly technical and experienced management team supported by a Board with deep experience and expertise across information technology, project delivery, accounting, finance and public markets.

6.7 Significant dependencies

The key factors that the Company will depend on to meet its objectives are:

- (a) Continued access to:
 - (i) wholesale telecommunications suppliers of data communications services on commercial terms; and

- (ii) highly skilled staff – NEXION is dependent upon recruiting and retaining experienced staff to support its current growth strategy;
- (b) Maintenance of its reputation as a secure and reliable provider of Cloud services;
- (c) Renewal of data centre leases on commercial terms; and
- (d) Access to third party data centres at reasonable prices.

6.8 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves post-admission, over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available	Minimum Subscription ⁴ (\$) \$5,000,000	Percentage of Funds (%)	Maximum Subscription (\$) \$8,000,000	Percentage of Funds (%)
Existing cash reserves	250,000	4.76%	250,000	3.03%
Funds raised from the Offer ¹	5,000,000	95.24%	8,000,000	96.97%
Total	5,250,000	100%	8,250,000	100%
Allocation of funds				
Deployment of new OneCloud Nodes	1,500,000	28.57%	3,300,000	40.00%
Expenses of the Offer ²	270,000	5.14%	360,000	4.37%
Administration costs ³	588,000	11.20%	708,000	8.57%
Working capital	2,892,000	55.09%	3,882,000	47.06%
Total	5,250,000	100%	8,250,000	100%

Notes:

1. Refer to the Financial Information set out in Section 7 for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer.
2. Expenses of the Offer are at fees payable to Bridge Street Capital Partners as set out in Section 10.1.1
3. Administration costs include the general costs associated with the IPO including development of the Prospectus, preparation of the Company for IPO, listing fees and audit expenses.
4. It is anticipated that the funds raised under the Offer will enable 2 years of full operations (if the Minimum Subscription is raised). It should be noted that the Company may not be fully self-funding through its own operational cash flow at the end of this period. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding.

In the event the Company raises more than the Minimum Subscription of \$5,000,000 under the Offer but less than the Maximum Subscription of \$8,000,000, the additional funds raised will be first applied towards the expenses and administration costs of the Offer and then proportionally to the other line items in the above table.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

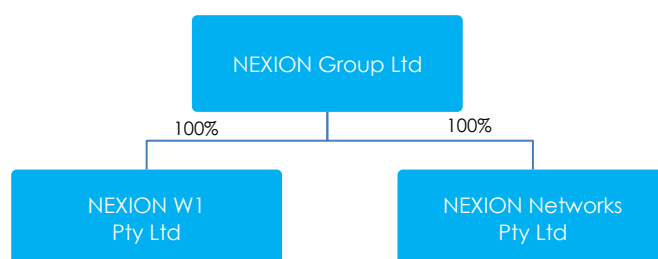
The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 8.

6.9 Corporate Structure

The Company, is an Australian unlisted public company incorporated on 27 August 2018 as NEXION Group Pty Ltd and converted to NEXION Group Ltd on October 19, 2020 (gazetted on 27 October 2020 and effective from 27 October 2020). NEXION owns 100% of NEXION W1 and NEXION Networks.

NEXION Networks delivers Hybrid Cloud infrastructure and services to the customers of the Company and its subsidiaries, NEXION W1 owns the NEXION W1 data centre located in Belmont, Western Australia which was acquired in 2018.

The Company owns Hybrid Cloud node infrastructure comprising computers, data storage and network equipment that is housed at the NEXION W1 data centre and two Equinix data centres in Perth and Melbourne.



6.10 Capital Structure

The capital structure of the Company following completion of the Offer (assuming both Minimum and Subscription under the Offer) is summarised below:

Shares

	Minimum Subscription	Maximum Subscription
Shares currently on issue ¹	63,696,573	63,696,573
Shares to be issued on conversion of Convertible Notes ²	7,596,888	7,596,888
Shares to be issued pursuant to the Offer	25,000,000 ³	40,000,000 ⁴
Total Shares on completion of the Offer	96,293,461	111,293,461

Notes:

1. The rights attaching to the Shares are summarised in Section 11.2.
2. There are currently 6,500 Convertible Notes on issue. On the Company receiving a letter from ASX confirming that the Company will be admitted to the Official List of ASX, subject to the satisfaction of certain conditions set out in the letter, on terms acceptable to the Company will convert the Convertible Notes to Shares on the basis of 1,168.75 Shares for each Convertible Note (with fractional entitlements rounded up).
3. 25,000,000 Shares to be issued at an issue price of \$0.20 per share to raise up to \$5,000,000 under the Offer.
4. 40,000,000 Shares to be issued at an issue price of \$0.20 per share to raise up to \$8,000,000 under the Offer.

Options

	Minimum Subscription	Maximum Subscription
Options currently on issue	Nil	Nil
Lead Manager Options to be issued on completion of the Offer	5,288,702	6,038,702
Total Options on completion of the Offer	5,288,702	6,038,702

Notes:

1. Lead Manager Options to be issued to the Lead Manager under the Lead Manager Mandate. See Section 11.8 for additional detail.

Performance Rights

	Minimum Subscription	Maximum Subscription
Performance Rights issued to Directors, employees and consultants ¹	9,480,572	9,480,572
Total Performance Rights on issue after completion of the Offer	9,480,572	9,480,572

Notes:

1. Refer to Section 11.9 for a summary of the terms and conditions of the Performance Rights.

6.11 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	Options and Performance Rights ¹	Percentage (%) (undiluted) ²	Percentage (%) (fully diluted) ³
Read Tech Pty Ltd as trustee for the Read Tech Trust ⁴	11,998,217	3,318,200	16.83%	18.96%
Kingsley International Pty Ltd as trustee for the Kingsley International Trust ⁵	11,851,694	3,318,200	16.62%	18.78%
Cheque Raise Pty Ltd	10,196,175	Nil	14.30%	12.62%
Herdsmen Lake Capital Pty Ltd / Herdsmen Lake Capital Asia Pte Ltd ⁶	4,942,585	1,422,086 ³	6.93%	7.88%
Smart Capital Investments Pty Ltd ⁷	4,852,650	Nil	6.81%	6.01%

On completion of the issue of Shares under the Offer with Minimum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Shareholder	Shares	Options and Performance Rights ¹	Percentage (%) (undiluted) ²	Percentage (%) (fully diluted) ³
Read Tech Pty Ltd as trustee for the Read Tech Trust ⁴	11,998,217	3,318,200	12.46%	13.79%
Kingsley International Pty Ltd as trustee for the Kingsley International Trust ⁵	11,851,694	3,318,200	12.31%	13.66%
Cheque Raise Pty Ltd	10,196,175	Nil	10.59%	9.18%
Herdsmen Lake Capital Pty Ltd / Herdsmen Lake Capital Asia Pte Ltd ⁶	4,942,585	1,422,086 ³	5.13%	5.73%
Smart Capital Investments Pty Ltd ⁷	4,852,650	Nil	5.04%	4.37%

On completion of the issue of Shares under the Offer with Maximum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Public Offer)

Shareholder	Shares	Options and Performance Rights ¹	Percentage (%) (undiluted) ²	Percentage (%) (fully diluted) ³
Read Tech Pty Ltd as trustee for the Read Tech Trust ⁴	11,998,217	3,318,200	10.78%	12.08%
Kingsley International Pty Ltd as trustee for the Kingsley International Trust ⁵	11,851,694	3,318,200	10.65%	11.96%
Cheque Raise Pty Ltd	10,196,175	Nil	9.16%	8.04%
Herdsmen Lake Capital Pty Ltd / Herdsmen Lake Capital Asia Pte Ltd ⁶	4,942,585	1,422,086	4.44%	5.02%
Smart Capital Investments Pty Ltd ⁷	4,852,650	Nil	4.36%	3.83%

Notes:

- No Options are held by the substantial Shareholders, only Performance Rights (if any).
- Undiluted percentages include the Shares currently on issue and the Shares expected to be issued during the period that the Offer is open for the conversion of the Convertible Notes;
- Fully diluted percentages take into account:
 - Performance Rights issued to Directors and executives;
 - Shares to be issued during the period that the Offer is open for the conversion of the Convertible Notes; and
 - Lead Manager Options issued to Bridge Street Capital Partners under their Lead Manager Mandate.
- Mr Kevin Read is a director and shareholder of Read Tech Pty Ltd. Mr Read is also a potential beneficiary of the Read Tech Trust.
- Mr Paul Glass is a director and shareholder of Kingsley International Pty Ltd. Mr Glass is also a potential beneficiary of the Kingsley International Trust.
- Herdsmen Lake Capital Pty Ltd holds 1,422,086 Performance Rights and its wholly owned subsidiary Herdsmen Lake Capital Asia Pte Ltd holds 4,942,585 Shares. Mr Peter Christie is a director of Herdsmen Lake Capital Pty Ltd.
- Comprising of 4,703,050 Shares held by Smart Capital Investments and 149,600 Shares held by Mr Terry Smart. Mr Smart is an associate of Smart Capital Investments Pty Ltd by virtue of controlling Smart Capital Investments Pty Ltd.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

6.12 Restricted Securities

Subject to the Company being admitted to the Official List and completing the Offer, certain Shares will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

While the ASX has not yet confirmed the final escrow position applicable to the Company's Shareholders, the Company anticipates that the following Shares will be subject to escrow:

Escrow Period	Shares	% Fully Diluted (Minimum Subscription)	% Fully Diluted (Maximum Subscription)
12 Months	531,522	0.48%	0.42%
24 Months	44,535,360	40.10%	35.12%
Total	45,066,882	40.58%	35.54%

The number of Shares that are subject to ASX imposed escrow are at ASX's discretion in accordance with the ASX Listing Rules and underlying policy. The above is a good faith estimate of the Shares that are expected to be subject to ASX imposed escrow.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX (which admission is subject to ASX's discretion and approval).

6.13 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the deployment of NEXION OneCloud infrastructure and the business development effort required to attract customers. These activities, together with the possible acquisition of additional subsidiaries, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

7. FINANCIAL INFORMATION

7.1 Introduction

The Financial Information set out in this Section includes the following:

- (a) consolidated statement of profit or loss and other comprehensive income for NEXION for FY2019 and FY2020 (Section 7.3);
- (b) consolidated statement of cash flows for NEXION for FY2019 and FY2020 (Section 7.5);
- (c) summary historical statement of financial position for NEXION as at the end of each of FY2019 and FY2020 (Section 7.7); and
- (d) a pro forma statement of financial position of NEXION following IPO and supporting notes (Section 7.9), for both the Minimum and Maximum Subscriptions.

The Historical and Pro Forma Financial Information should be read together with the other information contained in this Prospectus, including:

- (a) management's discussion and analysis set out in this Section 7.8;
- (b) the risk factors described in Section 8;
- (c) the Independent Limited Assurance Report on the Historical and Pro Forma Financial Information set out in Annexure B of the Prospectus; and
- (d) the other information contained in this Prospectus.

Investors should note that historical results are not a guarantee of future performance.

The Company was incorporated on 27 August 2018. The Financial Information for FY2019 is for the period from incorporation date to 30 June 2019. FY2020 is for the year ended 30 June 2020.

7.2 Basis of preparation of the Historical and Pro Forma Financial Information

The Financial Information included in this Section has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board and the Corporations Act. The Historical and Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Future consolidated general-purpose financial statements of NEXION will be prepared in accordance with the Corporations Act, Australian Accounting Standards and the authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with IFRS as issued by the International Accounting Standards Board.

The Directors are responsible for the inclusion of all Financial Information in this Prospectus. Investors should note that historical financial performance is not a guide for future financial performance. The Historical and Pro Forma Financial Information has been reviewed by Stantons whose Independent Limited

Assurance Report is contained in Annexure A of the Prospectus. Investors should note the scope and limitations of that report. The information in this Section should also be read in conjunction with the risk factors set out in Section 8 and other information contained in this Prospectus.

The following historical Financial Information has been derived from the audited financial statements of NEXION for FY2019 and FY2020, which were audited by Stantons International. An unqualified audit opinion was issued for each of those periods with an Emphasis of Matter included in the audit opinion regarding the going concern assumption, this was dependent on the Group earning sufficient revenue from its operations, raising further capital and managing its working capital effectively.

FY2019 is for the period from incorporation date, being 27 August 2018 to 30 June 2019. FY2020 is for the year ended 30 June 2020. All amounts disclosed in this Section are presented in Australian Dollars unless otherwise noted.

Stantons International have audited the Historical Financial Information for the period ended 30 June 2019 and the year ended 30 June 2020. The auditor's opinion was that the financial reports gave a true and fair view of the Group's financial position as at both 30 June 2020, and 30 June 2019, and of its financial performance for the year and period, respectively, then ended complying with Australian Accounting Standards and the Corporations Regulations 2001.

Both audit opinions included an emphasis of matter regarding going concern, stating that the ability of the Group to continue as a going concern and be able to pay its liabilities as and when they fall due is dependent upon the Group earning sufficient revenue from its operations, raising further capital and managing its working capital effectively. In the event that the Group is not successful in deriving cash from its operations or in raising further capital, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

7.3 Summary historical statement of profit or loss and other comprehensive income for financial years 2019 and 2020.

	Financial Year 2020 (AUD \$)	Financial Year 2019 (AUD \$)
Revenue from continuing operations	3,802,843	2,306,622
Cost of goods sold	(2,758,643)	(1,662,734)
Gross Profit	1,044,200	643,888
Other income	531,785	236,628
Consulting and accounting expenses	(568,778)	(399,887)
Employee benefits expenses	(1,065,289)	(938,726)
Occupancy expenses	(36,513)	(242,818)

	Financial Year 2020 (AUD \$)	Financial Year 2019 (AUD \$)
Finance costs	(266,837)	(33,309)
Depreciation and amortisation	(391,771)	(171,747)
Impairment of goodwill	-	(241,985)
Other expenses	(474,079)	(213,235)
Loss before income tax	(1,227,282)	(1,361,191)
Income tax expense	-	-
Loss for the year attributable to members	(1,227,282)	(1,361,191)
Total comprehensive loss for the year attributable to members	(1,227,282)	(1,361,191)
The total comprehensive loss attributable to the Company	(1,227,282)	(1,361,191)

The above historical Financial Information has been derived from the audited financial statements of NEXION for FY2019 and FY2020, which were audited by Stantons International.

7.4 Management discussion and analysis of the historical financial performance and key operating metrics.

NEXION's financial performance for FY2019 and FY2020 includes losses of \$1,361,191 and \$1,227,282 respectively. 2019 was a period of expansion for the Company where it extended operations from Perth to Adelaide and Melbourne. 2020 saw the company consolidate its team and focus on developing its recurring revenue base. Consequently, revenue increased 64% whereas operating overheads increased by only 25%.

Other Income includes R&D Rebates of \$235,019 in 2019 and \$393,415 in 2020. The 2020 result includes \$134,500 of government incentives related to COVID-19.

The goodwill of \$241,984 on acquisition of NEXION Networks was fully impaired in 2019 following a restructure of NEXION Networks and NEXION W1 to become subsidiaries of the then newly formed NEXION.

Throughout 2019 and 2020, NEXION took on debt to support the roll-out of its OneCloud Nodes and to fund delivery of some large customer projects through to completion. Subsequent to 30 June 2020, loans from Directors have been repaid or converted to Shares. Equipment finance for OneCloud node infrastructure at the date of this prospectus in \$682,672 and attracts interest payments of approximately \$54,000 per annum.

The Company currently occupies a corporate office in Osborne Park. The office has been provided rent free by a related party. A formal sub-lease is currently being prepared and will be in place by the end of 2020.

7.5 Summary historical statement of Cash Flows

The table below presents the summary historical statement of cash flows for FY2019 and FY2020.

	Financial Year 2020 (AUD \$)	Financial Year 2019 (AUD \$)
Cash flow from operating activities		
Receipts from customers	3,727,795	2,368,759
Payments to suppliers and employees	(3,953,474)	(3,635,657)
R&D rebate received	235,019	-
Interest received	846	1,609
Interest paid	(5,993)	-
Income tax paid	-	6,449
Net cash inflow/(outflow) from operating activities	4,193	(1,258,840)
Cash flow from investing activities		
Payments for property, plant and equipment	(13,918)	(267,751)
Cash acquired from acquisition of a subsidiary	-	52,665
Net cash used in investing activities	(13,918)	(215,086)
Cash flow from financing activities		
Receipts from borrowings	519,881	245,000
Repayment of borrowings	(200,000)	-
Payments for loans to third parties (equipment loan)	(106,408)	(6,200)
Issue of shares (net of issue costs)	20,000	1,320,000
Payment of rental lease liabilities	(170,046)	-
Net cash inflow from financing activities	63,427	1,558,800
Net increase in cash and cash equivalents	53,702	84,874
Cash and cash equivalents at beginning of year/ date of incorporation	84,874	-
Cash and cash equivalents at end of year	138,576	84,874

The above historical Financial Information has been derived from the audited financial statements of NEXION for FY2019 and FY2020, which were audited by Stantons International.

7.6 Management discussion and analysis of the summary historical statement of cash flows.

NEXION has stabilised its overheads, significantly increased sales revenue between 2019 and 2020, and deferred the payment of certain trade payables until post 30 June 2020, resulting in net cash flow from operating activities transforming from negative \$1,258,840 to positive \$4,193.

Directors and management issued loans to the Company to assist in funding operations and a portion of these loans were repaid (\$200,000) during FY2020. Subsequent to 30 June 2020, the loans have been converted to equity, see Section 7.10(a)(iii) for further details.

7.7 Summary historical statement of financial position

The table below presents the summary historical statement of financial position for the years ended 30 June 2020 and 30 June 2019.

	Year ended 30 June 2020 (AUD \$)	Year ended 30 June 2019 (AUD \$)
Current assets		
Cash and cash equivalents	138,576	84,874
Trade and other receivables	1,073,445	470,305
Prepayments	-	5,191
Total current assets	1,212,021	560,370
Non-current assets		
Property, plant and equipment	864,414	615,646
Intangible assets	-	75,000
Right-of-use asset	1,276,631	-
Total non-current assets	2,141,045	690,646
Total assets	3,353,066	1,251,016
Current liabilities		
Trade and other payables	1,872,709	600,601
Lease liability	124,527	-

	Year ended 30 June 2020 (AUD \$)	Year ended 30 June 2019 (AUD \$)
Provision for employee entitlements	41,762	25,403
Loans payable	872,313	400,468
Total current liabilities	2,911,311	1,026,472
Non-current liabilities		
Lease liability	1,176,022	-
Loans payable	499,460	250,989
Total non-current liabilities	1,675,482	250,989
Total liabilities	4,586,793	1,277,461
Net liabilities	(1,233,727)	(26,445)
Equity		
Contributed equity	1,354,746	1,334,746
Accumulated losses	(2,588,473)	(1,361,191)
Capital and reserves attributable to members	(1,233,727)	(26,445)
Total Equity	(1,233,727)	(26,445)

The above historical Financial Information has been derived from the audited financial statements of NEXION for FY2019 and FY2020, which were audited by Stantons International.

7.8 Management discussion and analysis of the summary historical statement of financial position.

At 30 June 2020 the Company was completing a number of large customer migration projects to its OneCloud Nodes and a major network infrastructure installation for a customer. As a result, Trade Payables were significantly larger than at 30 June 2019. The Company was also able to defer payment of certain Trade Payables until post 30 June 2020.

A lease agreement was entered into on 29 March 2018 for the W1 datacentre building at 37-39 Robinson Avenue, Belmont, Western Australia. The lease has a 3-year term with an option to extend for 10 years. Where the option to extend is reasonably certain, this has been included in the Lease Liability calculations. The current and non-current lease liability amounts of \$124,527 and \$1,176,022

respectively, account for the Right of Use liability under AASB 16, as does the Right of use asset balance of \$1,276,631.

The value of the data centre asset is recognised as cost at acquisition less depreciation.

The total contract value of the recurring revenue from customers for use of the data centre and the OneCloud Nodes over the coming years is not reflected on the balance sheet but is considered a strategic benefit of NEXION's hybrid cloud business model.

Most contracts are for between 24 to 36 months on average. The Company recognises the revenues as the service is provided.

7.9 Pro Forma statement of financial position

The table below sets out the audited historical statement of financial position of NEXION as of 30 June 2020, with pro forma adjustments for subsequent events and the Offer impacting equity and the pro forma adjustments that have been made to it (further described below). It therefore shows a pro forma statement of financial position as at 30 June 2020.

The pro forma statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of NEXION's view of its future financial position.

The first table shows the pro forma statement of financial position following a Minimum Subscription of \$5,000,000. The second table shows the pro forma statement of financial position following a Maximum Subscription of \$8,000,000.

Minimum Subscription Pro Forma statement of financial position

	As at 30 June 2020	Subsequent Events	Pro-Forma Adjustment	Pro-Forma
Current Assets				
Cash and cash equivalents	138,576	246,994	4,392,000	4,777,570
Trade and other receivables	1,073,445	-	-	1,073,445
Total Current Assets	1,212,021	246,994	4,392,000	5,851,015
Non-Current Assets				
Property, plant & equipment	864,414	-	-	864,414
Right of use asset - non current	1,276,631	-	-	1,276,631
Total Non-Current Assets	2,141,045	-	-	2,141,045
Total Assets	3,353,066	246,994	4,392,000	7,992,060

	As at 30 June 2020	Subsequent Events	Pro-Forma Adjustment	Pro-Forma
Current Liabilities				
Trade and other payables	(1,872,709)	885,000	-	(987,709)
Provision for employee entitlements	(41,762)	-	-	(41,762)
Lease liability	(124,527)	-	-	(124,527)
Loans payable	(872,313)	767,700	-	(104,613)
Total Current Liabilities	(2,911,311)	1,652,700	-	(1,258,611)
Non-Current Liabilities				
Lease liability	(1,176,022)	-	-	(1,176,022)
Loans payable	(499,460)	-	-	(499,460)
Total Non-Current Liabilities	(1,675,482)	-	-	(1,675,482)
Total Liabilities	(4,586,793)	1,652,700	-	(2,934,093)
Net Assets/(Liabilities)	(1,233,727)	1,899,694	4,392,000	5,057,967
Equity				
Contributed equity	1,354,746	1,899,694	3,957,367	7,211,807
Share-based payments reserve	-	-	1,698,709	1,698,709
Accumulated losses	(2,588,473)	-	(1,264,076)	(3,852,549)
Total Equity	(1,233,727)	1,899,694	4,392,000	5,057,967

Maximum Subscription Pro Forma statement of financial position

	As at 30 June 2020	Subsequent Events	Pro-Forma Adjustment	Maximum Subscription Pro-Forma (AUD \$)
Current Assets				
Cash and cash equivalents	138,576	246,994	7,182,000	7,567,570
Trade and other receivables	1,073,445	-	-	1,073,445
Total Current Assets	1,212,021	246,994	7,182,000	8,641,015

	As at 30 June 2020	Subsequent Events	Pro-Forma Adjustment	Maximum Subscription Pro-Forma (AUD \$)
Non-Current Assets				
Property, plant & equipment	864,414	-	-	864,414
Right of use asset - non current	1,276,631	-	-	1,276,631
Total Non-Current Assets	2,141,045	-	-	2,141,045
Total Assets	3,353,066	246,994	7,182,000	10,782,060
Current Liabilities				
Trade and other payables	(1,872,709)	885,000	-	(987,709)
Provision for employee entitlements	(41,762)	-	-	(41,762)
Lease liability	(124,527)	-	-	(124,527)
Loans payable	(872,313)	767,700	-	(104,613)
Total Current Liabilities	(2,911,311)	1,652,700	-	(1,258,611)
Non-Current Liabilities				
Lease liability	(1,176,022)	-	-	(1,176,022)
Loans payable	(499,460)	-	-	(499,460)
Total Non-Current Liabilities	(1,675,482)	-	-	(1,675,482)
Total Liabilities	(4,586,793)	1,652,700	-	(2,934,093)
Net Assets/(Liabilities)	(1,233,727)	1,899,694	7,182,000	7,847,967
Equity				
Contributed equity	1,354,746	1,899,694	6,685,731	9,940,171
Share-based payments reserve	-	-	1,760,345	1,760,345
Accumulated losses	(2,588,473)	-	(1,264,076)	(3,852,549)

	As at 30 June 2020	Subsequent Events	Pro-Forma Adjustment	Maximum Subscription Pro-Forma (AUD \$)
Total Equity	(1,233,727)	1,899,694	7,182,000	7,847,967

7.10 Subsequent events and Pro Forma Adjustments

Subsequent to 30 June 2020, events have occurred which have changed the cash position of the company, trade and other payables, total loans payable, contributed equity, reserves, and the number of Shares and Options on issue.

These changes have been reflected in the pro forma statement of financial position as "Subsequent Events". With the exception of the subsequent events and pro forma transactions noted below no other transactions have occurred between 30 June 2020 and the date of this Prospectus which the Directors consider require disclosure.

This prospectus contemplates transactions subsequent to 30 June 2020 which are to take place on or before the completion of the offer. These transactions are reflected in the pro forma statement of financial position as "Pro forma adjustments".

(a) Subsequent Events

(i) Issue of Convertible Notes

During August 2020, the Company issued 6,500 Convertible Notes at an issue price of \$187 raising \$1,215,500 before costs of \$83,506. Interest accrues at 8% per annum payable quarterly in arrears. The Convertible Notes are unsecured. In the event that the conversion date does not occur by 30 June 2021, the Company will at its sole discretion redeem the Convertible Notes for their face value or swap the Convertible Notes at the conversion price for ordinary shares.

The Convertible Notes will be converted into Shares in the case of an IPO, on the Company receiving a letter from ASX confirming that the Company will be admitted to the Official List of ASX, subject to the satisfaction of certain conditions set out in the letter, on terms acceptable to the Company, (**Conversion Date**). The Conversion Price will be \$0.16 (equating to 1 convertible note converting into 1,168.75 Shares). The Convertible Notes cannot be converted into Shares prior to the Conversion Date. Subject to obtaining the necessary shareholder approval for the conversion of the Convertible Notes into Shares or the Company converting into a public company the Company will procure that all of the Convertible Notes will automatically convert into Shares at the Conversion Price immediately following the Conversion Date.

(ii) Use of Proceeds from Convertible Notes

Proceeds from the issue of Convertible Notes were used to pay-down Creditors.

(iii) **Conversion of loans to equity**

On 3 November 2020, loans payable to Kingsley International Pty Ltd, Read Tech Pty Ltd, Wiserange Investments Pty Ltd, Claude L. Daly & Sons Pty Ltd and Herdsman Lake Capital were converted to issued shares in the Company. A total amount of \$767,700 of loans and associated interest payable up to repayment date, was extinguished, with 5,905,387 shares issued.

(b) **Pro-forma Transactions**

(i) **The Offer**

The Minimum Subscription pro-forma statement assumes the Minimum Subscription of \$5,000,000 less the cost of the capital raise and IPO totalling \$608,000.

The Maximum Subscription pro-forma statement assumes the Maximum Subscription of \$8,000,000 less the cost of the capital raise and IPO totalling \$818,000.

(ii) **Issue of Lead Manager Options & Performances Rights to Directors and Key Management Personnel**

The Share-based payment reserve includes \$434,633 for the Lead Manager Options as defined in Sections 4.4(d) and 11.8, for the minimum pro forma statement and \$496,269 for the maximum pro forma statement.

Share-based payment reserves also include the current estimated value of \$1,264,076 for the Performance Rights on-issue as set-out in Sections 9.3 and 11.9, for both the minimum and maximum pro forma statements.

The effect of the Subsequent Events and Pro-forma Transactions on cash and cash equivalents, trade and other payables, loans payable, contributed equity, accumulated losses, and reserves is as follows:

	Minimum Subscription Pro- Forma (AUD \$)	Maximum Subscription Pro-Forma (AUD \$)
Audited cash and cash equivalents as at 30 June 2020	138,576	138,576
<i>Subsequent events:</i>		
Issue of Convertible Notes (net of costs)	1,131,994	1,131,994
Use of proceeds from Convertible Notes	(885,000)	(885,000)
<i>Pro-forma adjustments:</i>		
The Offer	5,000,000	8,000,000
Costs associated with the Offer	(608,000)	(818,000)

	Minimum Subscription Pro- Forma (AUD \$)	Maximum Subscription Pro-Forma (AUD \$)
Pro-forma cash and cash equivalents	4,777,570	7,567,570

	Minimum Subscription Pro-Forma (AUD \$)	Maximum Subscription Pro-Forma (AUD \$)
Audited trade and other payables as at 30 June 2020	(1,872,709)	(1,872,709)
<i>Subsequent events:</i>		
Use of proceeds from Convertible Notes	(885,000)	(885,000)
Pro-forma trade and other payables	(987,709)	(987,709)

	Minimum Subscription Pro-Forma (AUD \$)	Maximum Subscription Pro-Forma (AUD \$)
Audited loans payable as at 30 June 2020	(1,371,773)	(1,371,773)
<i>Subsequent events:</i>		
Conversion of loans to equity	767,700	767,700
Pro-forma loans payable	(604,073)	(604,073)

	Minimum Subscription Pro-Forma (AUD \$)	Maximum Subscription Pro-Forma (AUD \$)
Audited share capital as at 30 June 2020	1,354,746	1,354,746
<i>Subsequent events:</i>		
Issue of Convertible Notes (net of costs)	1,131,994	1,131,994
Conversion of loans to equity	767,700	767,700
<i>Pro-forma adjustments:</i>		

	Minimum Subscription Pro-Forma (AUD \$)	Maximum Subscription Pro-Forma (AUD \$)
The Offer	5,000,000	8,000,000
Costs associated with the Offer	(608,000)	(818,000)
Issue of Lead Manager Options	(434,633)	(496,269)
Pro-forma share capital	7,211,807	9,940,171

	Minimum Subscription Pro-Forma (AUD \$)	Maximum Subscription Pro-Forma (AUD \$)
Audited reserves as at 30 June 2020	-	-
<i>Pro-forma adjustments:</i>		
Fair value of issue of Lead Manager Options	434,633	496,269
Fair value of Issue of Performance Rights to Directors and Key Management Personnel	1,264,076	1,264,076
Pro-forma reserves	1,698,709	1,760,345

	Minimum Subscription Pro-Forma (AUD \$)	Maximum Subscription Pro-Forma (AUD \$)
Audited accumulated losses as at 30 June 2020	2,588,473	2,588,473
<i>Pro-forma adjustments:</i>		
Fair value of Issue of Performance Rights to Directors and Key Management Personnel	1,264,076	1,264,076
Pro-forma accumulated losses	3,852,549	3,852,549

7.11 Summary of significant accounting policies

(a) Basis of preparation

(i) General-purpose financial report

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other

authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The financial statements are presented in Australian Dollars ("AUD").

(ii) **Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- (A) financial assets and liabilities (including derivative instruments); and
- (B) certain classes of property, plant and equipment and investment property – measured at fair value.

(iii) **New and amended standards adopted by the entity**

The Group has adopted AASB 16: Leases using modified retrospective approach with the cumulative effect of initially applying AASB 16 recognised as at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated. The impact of the adoption of this standard and the respective account policies is disclosed below.

Changes in accounting policy

The Group has recognised a lease liability and right-of-use asset for all leases (with exception of short-term and low value leases) recognised as operating leases under AASB 117: Leases where the Group is a lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets were measured at their carrying values as if AASB 16 Leases had been applied since the commencement date but discounted using the Group's incremental borrowing rate per lease term as at 1 July 2019. The right-of-use assets have

been recognised in the statement of financial position as at 1 July 2019.

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- (A) For a portfolio of leases that have been reasonably similar characteristics, a single discount rate has been applied.
- (B) Leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term lease.
- (C) The use of hindsight to determine lease terms or contracts that have options to extend or terminate.
- (D) The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 3.50%.

(iv) **New and amended standards not yet adopted**

A number of new standards, amendments to standards and interpretations issued by AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these financial statements. The Board expects no impact on the financial statements of the Group.

(v) **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 2020, the Group had net liabilities of \$1,233,727 and net current liabilities of \$1,699,290, and in the year then ended incurred a loss of \$1,227,282 and net operating cash inflows of \$4,193. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

Subsequent to 30 June 2020, management have been able to lower the risk of going concern by;

- (A) securing additional funding through the issuance of Convertible Notes , raising \$1,215,500 before costs of \$83,506; and
- (B) converting \$767,700 of loans payable to equity.

Management has considered the impacts of Government restrictions in response to the COVID-19 pandemic. Despite the measures taken impacting how the Group and its employees operate, the Group has continued to trade and has been able to meet ongoing customer contract obligations, and source new sales contracts. Management has fully considered the impact of

the pandemic when considering the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern and to pay its debts as and when they become due and payable is dependent upon the Group earning sufficient revenue, ensuring that they continue to minimise their costs, and manage working capital effectively. The Directors have a reasonable expectation that the business will be able to do this, and therefore have adopted the going concern basis in preparing this financial report.

(vi) **Comparative balances**

The comparative balances are for the period from incorporation from 27 August 2018 to 30 June 2019.

(vii) **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.

(b) **Principles of consolidation and equity accounting**

(i) **Subsidiaries**

Subsidiaries are all entities (including structured 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 group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

(c) **Foreign currency translation**

(i) **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in the Australian dollar (\$), which is the Group's functional and presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets are recognised in other comprehensive income.

(iii) **Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (A) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (B) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- (C) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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.

(d) **Revenue recognition**

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

Revenue is recognised for the major business activities as follows:

(i) **Software, subscription and virtual products**

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

(ii) **Data centre services**

Data centre services revenue primarily consist of recurring monthly service fees and upfront project fees. Revenue from the provision of recurring monthly service fees is recognised in the accounting period in which the services are rendered. Project fees primarily comprise installation services relating to a customer's initial deployment. As this is not considered to be a distinct service, revenue is deferred and recognised over the term of the contract with the customer, taking into account renewal options that are held by the customer.

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

The Group enters into contracts with customers that guarantee certain performance measures such as uptime and on time delivery of services. If these guarantees of service performance

are not achieved, the Group reduces revenue for any credits or cash payments that may be due to customers under contract. Key areas of estimation include the amount of the service credits, the likelihood that the service credits will be claimed, and the time period over which they impact revenue.

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.

(iv) **Research and development rebates, and other government incentives**

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

(e) **Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- (i) fair values of the assets transferred;
- (ii) liabilities incurred to the former owners of the acquired business;
- (iii) equity interests issued by the group;
- (iv) fair value of any asset or liability resulting from a contingent consideration arrangement, and
- (v) fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- (vi) consideration transferred;
- (vii) amount of any non-controlling interest in the acquired entity; and
- (viii) acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(f) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- (i) leases of low value assets; and
- (ii) leases with a term of 12 months or less.

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

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

On initial recognition, the carrying value of the lease liability also includes:

- (i) amounts expected to be payable under any residual value guarantee;
- (ii) the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- (iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

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

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

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

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

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

- (i) if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- (ii) in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- (iii) if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

separately for, any services provided by the supplier as part of the contract.

(g) **Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) **Impairment**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of an asset below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss and other comprehensive income – is removed from equity and recognised in the profit or loss and other comprehensive income statement. Impairment losses recognised in the statement of profit and loss and other comprehensive income on equity instruments classified as available for sale are not reversed through the profit or loss and other comprehensive income.

(i) **Income tax**

The income used for tax calculations is made up of current tax income and deferred tax income.

(i) **Current Tax**

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

(ii) **Deferred Tax**

Deferred income tax expense reflect 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.

(iii) **Offsetting balances**

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement of simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where; (1) a legally enforceable right of set-off exists; and (2) the deferred tax assets and liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Nexion and its subsidiaries have not applied tax consolidation legislation.

(j) **Good and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flows.

(k) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(l) **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.

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.

(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.

(m) **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**

(A) **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.

(B) 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.

(C) Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss and other comprehensive

income upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the Convertible Notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the Convertible Notes using the effective interest method.

(n) **Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

(o) **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

(i) **Plant and Equipment**

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

(ii) **Depreciation**

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing balance basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(p) **Intangible assets**

(i) **Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) **Customer contracts**

Customer contracts are initially recorded at cost. Assets deemed to have an indefinite life are tested annually for impairment and carried at cost less accumulated impairment losses. Assets deemed to have a finite life are amortised over their expected economic life to the Group and then recorded at cost less accumulated amortisation and impairment losses.

(q) **Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) **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.

(s) **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(t) **Fair value of assets and liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the

fair value of the asset or liability, 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 Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect 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 Group 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.

Fair value hierarchy

AASB 13 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:

(i) **Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

(ii) **Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

(iii) **Level 3**

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.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(u) **Critical accounting estimates and judgements**

(i) **COVID-19**

The impact of COVID-19 on the global economy and how governments, businesses and consumers will respond is uncertain. This uncertainty is reflected in the Group's assessment of expected credit losses, which is subject to a number of management estimates and judgements.

(ii) **Deferred taxation**

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

- (A) assessable income is derived of a nature, and of an amount sufficient to enable the benefit from the deductions to be realised
- (B) conditions for deductibility imposed by law are complied with; and
- (C) 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.

(iii) **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.

Diversity in practice exists around the accounting treatment of refundable R&D incentives, because the Australian Accounting Standards do not specifically address R&D incentives. The Group has decided to record R&D refundable tax incentives as other income.

(iv) Leases

On adoption of AASB 16 Leases from 1 July 2019, the Group was required to determine the measurement of lease liabilities based on the present value of remaining lease payments, discounted using the Group's incremental borrowing rate at commencement date. Judgement is required in determining an appropriate incremental borrowing rate, and the Group has determined the rate based on the effective interest rate of its most recent borrowings, adjusted to the specific term of each lease. In determining the lease term, management considered all relevant facts and circumstances that create an economic incentive to either exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if it is reasonably certain to be extended. The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

(v) Revenue from contracts with customers

Key judgements in the recognition of revenue from contracts with customers include the identification of performance obligations within the contracts, allocation of the transaction price within the contract to the identified performance obligations, treatment of the upfront project fees and treatment of any variable consideration subsequent to initial commencement.

(vi) Impairment of trade receivables

Whilst there is an inherent uncertainty on the recoverability of trade receivables, the directors understand that the full debt is likely to be received and therefore no provision for impairment has been brought to account for the year ended 30 June 2020 (30 June 2019: nil).

8. RISK FACTORS

8.1 Introduction

The Shares offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The future performance of the Company and the value of the Shares may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks that have a direct influence on the Company and its activities are set out in Section 3. Those key risks as well as other risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 8, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares. This Section 8 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 8, together with all other information contained in this Prospectus.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 8 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

8.2 Company Specific Risks

Risk Category	Risk
Limited History	The Company was only recently incorporated on 27 August 2018 and has only limited operating history and limited historical financial performance.
Contractual Risk	<p>The Company enters into long term contracts to rent use of its information technology infrastructure to customers. This recurring revenue is fundamental to the ongoing ability for the Company to generate revenue.</p> <p>While the contracts typically have 36-month terms, customers can terminate for a range of reasons including non-performance and breach.</p> <p>Maintaining performance against contracts and retaining customers is essential to the ongoing ability of the Company to remain a going concern.</p>

Risk Category	Risk
Customer relationships	<p>The growth of the Company depends in part on increasing the number of its customers. The Company's ability to maintain levels of customer numbers, or to increase the number of customers further, in applicable business sectors and geographical areas is likely to be subject to limits.</p> <p>There is a risk that one or more customers may terminate their contracts early or that, upon expiration of their existing contracts, they may choose not to renew arrangements with the Company or that the subsequent terms may be less favourable to the Company.</p> <p>Failure to maintain customer relationships or renew agreements could result in the Company's revenues declining and operating results being materially and adversely affected.</p>
Supplier relationships	<p>The Company plans to utilise wholesale infrastructure providers to deliver services into the Company's national and international network. This includes suppliers of data and voice networks, as well as third party data centres.</p> <p>The Company is dependent on ongoing mutually beneficial relationships with such key suppliers. Termination or failure to renew agreements with such suppliers could impact on the provision of services by the Company, which would be likely to have a material adverse effect on the Company's operations and financial position.</p> <p>In addition, any change to applicable rates and charges by key suppliers could impact on the Company's gross margin and profitability.</p>
Privacy and Data Collection Risk	<p>Use of the NEXION OneCloud Nodes and Aryaka PoPs involves the storage, transmission, and processing of data including certain personal or individually identifying information. Personal privacy, information security, and data protection are significant issues. The regulatory framework governing the collection, processing, storage, and use of business information, particularly information that includes personal data, is rapidly evolving and any failure or perceived failure to comply with applicable privacy, security, or data protection laws, regulations or contractual obligations may adversely affect the Company's business.</p>
Reputational	<p>Extended disruption to NEXION's services within or beyond its control could cause customers to view NEXION as an operational risk and this could adversely affect NEXION's ability to retain existing customers or attract new ones.</p>
Changes to laws or regulations	<p>The Company is subject to local laws and regulations in each jurisdiction in which it provides its services. Future laws or regulations may be introduced concerning various aspects of the Company's business, all of which may impact its operations. Changes in or extensions of laws and regulations affecting the Company's business could restrict or complicate the Company's business and significantly increase its compliance costs.</p>

Risk Category	Risk
	For example, the Company will need to consider and respond to ongoing changes to data retention laws and the impact these laws may have on The Company's business.
Technological developments	<p>If the Company fails to adapt to technological changes, this could have an adverse affect on the Company's business, operating results and financial position.</p> <p>The ability to improve the Company's existing products and services and develop new products and services is subject to risks inherent in the development process. The Company's products and services may be shown to be ineffective, not capable for adaptation to its customer's business, or unable to compete with superior or cheaper products or services marketed by third parties.</p> <p>There is no assurance that the Company will be successful in maintaining its market share or that it will be able to develop and introduce competitive technological advances in a timely and cost effective way.</p>
Leases	NEXION derives a portion of its revenue from datacentres and in data centre racks where it owns the equipment but leases the premises or rack. Failure to renegotiate leases at the time of renewal or some other event causing NEXION to lose access to the equipment in these facilities may adversely impact NEXION's business.
Hacking and vandalism	The Company may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in the company's software and infrastructure. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a customer's or the Company's computer systems. If the Company's efforts to combat these malicious applications are unsuccessful, or if its software or infrastructure has actual or perceived vulnerabilities, the Company's business reputation and brand name may be harmed, which may result in a material adverse effect on the Company's operations and financial position.
Protection of Intellectual Property Rights	The commercial value of the Company's intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of

Risk Category	Risk
	<p>technologies, or that any of the projects that may arise from technologies will have commercial applications.</p> <p>It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation may be potentially significant and may divert management's attention from normal commercial operations.</p>
Rapid growth risk	<p>The Company aims to experience rapid growth in the scope of its operating activities which may expand operations in new jurisdictions. This growth is anticipated to result in an increased level of responsibility where if unable to be managed, will result in not being able to take advantage of market opportunities and execute its business plan or respond to competitive pressure.</p>
Competition	<p>The market in which the Company operates includes large and well-funded technology companies whose resources exceed those currently available to the Company. In recent years, these competitors have strategically focused resources on the application market and have established extensive experience in developing and marketing applications. There can be no assurance that the Company will be able to match or compete with the efforts of such competitors that release competing products to market.</p> <p>Rival product offerings by existing and new competitors as well as technology developments by competitors may have an adverse effect on the Company's business operations, financial performance and prospects as well as on the value and market price of the Company's shares. This risk may influence the Company's customer acquisition cost and customer lifetime value.</p>
Catastrophic loss	<p>Computer viruses, fire and other natural disasters, break-ins, or a failure of power supply, information systems, hardware, software or telecommunication systems or other catastrophic events could lead to interruption, delays or cessation in service to the Company's customers. This may result in actual or consequential loss to the Company. The Company may be unable to operate its business, potentially putting The Company in breach of its contractual obligations, damaging its reputation and adversely affecting its ability to generate revenue.</p> <p>The Company may not have adequate disaster recovery plans to prevent or minimise loss. The Company also cannot guarantee that it will be able to obtain sufficient insurance to cover loss arising from a catastrophic event, the result of</p>

Risk Category	Risk
	which could have a material adverse effect on the Company's business and financial performance.
Acquisitions	NEXION's revenue growth targets may be impacted if it is unable to find suitable businesses and acquire them on reasonable terms. Once acquired, businesses might perform worse than expected.
Growth	There is a risk that NEXION may be unable to grow its business through acquisition of new customers or increasing revenue generated from existing customers. A lack of growth may cause future losses.
Reliance on key personnel	<p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.</p> <p>The Company may not be able to replace its senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company.</p>
International expansion	NEXION has acquired customers in foreign jurisdictions, including North America, New Zealand and South Africa, and has a strategy of expanding in off-shore markets. However, there is no guarantee that NEXION will be able to retain or continue to grow its revenues in those jurisdictions. As NEXION expands into existing or new jurisdictions, there are risks that these initiatives may result in additional operating complexities, new and unique regulatory requirements, unforeseen costs, failure to achieve expected revenue or to achieve the intended outcomes.
Requirement to raise additional funds	NEXION may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be un-satisfactory.
COVID-19 Risk	<p>The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.</p> <p>The COVID-19 pandemic may also give rise to issues, delays or restrictions in product processing and packaging and the Company's ability to deliver products to customers, which may result in cost increases or adverse impacts on sales. In addition, the effects of COVID-19 on the Company's Share price and global financial markets generally may also affect</p>

Risk Category	Risk
	<p>the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.</p> <p>The COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to the Company's ability to freely move people and equipment to and from data centres where the Company's equipment is hosted or customer premises and this may cause delays or cost increases. The effects of COVID -19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.</p> <p>The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. If any of these impacts appear material prior to close of the Offer, the Company will notify investors under a supplementary prospectus.</p>
Foreign Jurisdiction Risk	<p>The Company intends expanding operations internationally. There is a risk investing in international operations may not be profitable or succeed due to poor execution or external factors beyond NEXION's control including obtaining appropriate licences and consents for NEXION's business, taxation, working conditions, insurance, demand for services, contractors, potential acquisitions, growth, counterparties, intellectual property, technical failure, operational failure, disputes, litigation, non-payment, currency exchange rates, debt and interest rates, financial performance, legal compliance, political unrest and operational management.</p>

8.3 Industry Specific Risks

Category of Risk	Risk
Product liability	<p>As with all products, there is no assurance that unforeseen adverse events or defects will not arise in the Company's products. Adverse events could expose the Company to product liability claims or litigation, resulting in the removal of regulatory approval for the relevant products and/or monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage, if any.</p>
Disputes	<p>The activities of the Company may result in disputes with third parties, including, without limitation, the Company's investors, competitors, regulators, partners, distributors, customers, directors, officers and employees, and service providers. The Company may incur substantial costs in connection with such disputes.</p> <p>Further, a change in strategy may involve material and as yet unanticipated risks, as well as a high degree of risk, including a higher degree of risk than the Company's strategy in place as of the date hereof.</p>

Category of Risk	Risk
Loss of Customers	The Company has established important relationships through development of its business to date. The loss of one or more customers through termination or expiry of contracts may adversely affect the operating results of the Company.
Litigation	The Company is exposed to possible litigation risks including, but not limited to, intellectual property ownership disputes, security breaches, contractual claims, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.
Data loss, theft or corruption	<p>The Company will store data in its own systems and networks and also with a variety of third party service providers. Exploitation or hacking of any of the Company's systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on the Company's business, financial condition and results. Further, if the Company's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure which may lead to a decrease in the number of customers.</p> <p>The Company has not been hacked, but it is possible that the Company may experience negative publicity if their systems are able to be hacked at some point in the future.</p>
Foreign exchange	The Company will be operating in a variety of jurisdictions, outside of Australia and as such, expects to generate revenue and incur costs and expenses in foreign currencies. Consequently, movements in currency exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. For example, the appreciation or depreciation of the US dollar relative to the Australian dollar would result in a foreign currency loss or gain. Any depreciation of currencies in foreign jurisdictions in which the Company operates may result in lower than anticipated revenue, profit and earnings of the Company.
Insurance coverage	The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company proposes to arrange and maintain insurance coverage for its employees, as well as directors and officers liability insurance, however it does not currently propose to arrange and maintain business interruption insurance or insurance against claims for certain property damage. The Company will need to review its insurance requirements periodically. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or

Category of Risk	Risk
	<p>liabilities, the Company's financial position and financial performance may be adversely affected.</p> <p>The Company considers that it has sufficient insurance policies in place in respect of its business and assets. However, the occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.</p>

8.4 General Risks

Category of Risk	Risk
Additional requirements for capital	<p>The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p>
Economic conditions and other global or national issues	<p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations.</p>
Currently No Market	<p>There is currently no public market for the Company's Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop or continue after the Offer. The price at which the Company's Shares trade on ASX after listing may be higher or lower than the issue price of Shares offered under this Prospectus and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.</p> <p>There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any</p>

Category of Risk	Risk
	<p>given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.</p>
Market conditions	<p>Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) (interest rates and inflation rates; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology or defence stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p> <p>Further, the value of the Shares may fluctuate more sharply than that of other securities, given the low per Share pricing of the Shares under the Prospectus, and the fact that investment in the Company is highly speculative.</p>
Price of Shares	<p>As a publicly-listed company on ASX, the Company will be subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in its Share price. The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Public Offer price. There is no assurance that the price of the Shares will increase or not decrease following the commencement of quotation on ASX, even if the Company's earnings increase.</p> <p>Further, after the end of the relevant escrow periods affecting Shares in the Company, a significant sale of then tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on the Company's Share price. Please refer to Section 6.12 for further details on the Shares likely to be classified by the ASX as restricted securities.</p>
Taxation risk	<p>The acquisition and disposal of Shares will have tax consequences for investors, which will vary depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent professional taxation and financial advice about the consequences of acquiring and disposing of Securities from a taxation viewpoint and generally.</p>

8.5 Investment speculative

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares.

Prospective investors should consider that an investment in the Company is highly speculative. There is no guarantee that the Shares offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Shares.

Before deciding whether to subscribe for Shares under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

9. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

9.1 Directors and key personnel

The Board of the Company consists of:

(a) **Peter Christie – Non-Executive Chairman**

Peter is an IT industry expert with 30 years of experience across the full stack of information technology from enterprise applications down through middleware, servers, operating systems, networks and data centres. Peter began his career as a software engineer in the banking sector and has held business development and solution architecture positions with many global technology corporations including Unisys, Informix (IBM), Logica, ABB, Tibco and Orange.

Peter successfully formed and listed Australia's first modular data centre operator, The Data Exchange Network (DXN) on the ASX and as CEO, delivered and certified a world-first mixed Tier-III and Tier-IV engineering solution for low-cost, scalable data centre construction.

Peter has extensive experience in capital raising, IPO's and senior management of listed technology companies. He has a Bachelor's degree in Economics and Computer Science from Flinders University. Peter is also Chairman of Vserv Federation and RadianArc.

The Board considers that Mr. Christie is an independent Director.

(b) **Paul Glass – Managing Director & CEO**

Paul Glass, is co-founder and Chief Executive Officer. He has 15 years' experience in voice, video and data communications starting with Jersey Telecom then moving to Comscentre in Perth and Mitel in 2013 before forming NEXION in 2016. Paul holds an Advanced Diploma in Management and Leadership, Business Management from the Chartered Management Institute, UK (CMI) and is a member of the Australian Institute of Management.

The Board considers that Mr. Glass is not an independent Director.

(c) **Chris Daly – Non-Executive Director**

Chris has 30 years of management and supervisory experience in businesses operating in the contracting, fabrication, sales, equipment rental, mining and construction sectors.

Chris founded Dewatering Services Australia (DSA) in 2003, was the Managing Director and grew the company into a multifaceted mining services provider. DSA was sold to ASX-listed REL in 2011 where Chris continued to expand the business nationally as the Chief Executive of the Pipelines Division.

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. Chris has a strong background in design, estimating and management of infrastructure installation projects and more recently in development and construction of multi-level commercial and domestic buildings.

The Board considers that Mr. Daly is an independent Director.

9.2 Key Management

(a) Kevin Read – Chief Operating Officer and Alternate Director to Paul Glass

Kevin Read is co-founder and Chief Operating Officer. Kevin has over 20 years global ICT Management experience across an array of industries including, Aviation, Pharma and media. His experience extends across Africa, the UK and Australia. Kevin held technical positions with enterprises such as PQ networks & Independent Newspapers Limited in Africa, Unisys in the UK then became the technical manager at Scope Logic in Perth, before joining Paul to co-found NEXION.

(b) Dominic Papaluca – Chief Financial Officer

Dom Papaluca is a partner in national accounting and business services firm Carbon Group. He has been in business since 1994, initially as a sole practitioner until 2003 when he founded Sterling Accountants and Business Consultants, Dom holds a Bachelor of Business, Accounting from Edith Cowan University.

(c) Jack Toby – Company Secretary

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

The Company is aware of the need to have sufficient management to properly supervise its operations, expansion and research and development, and the Board will continually monitor the management roles in the Company. The Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management oversight of the Company's activities.

9.3 Disclosure of Interests

9.3.1 Remuneration

Details of the Directors' remuneration for the previous two completed and the current financial year (on an annualised basis) are set out in the table below:

Director	Remuneration for the financial year ended 30 June 2019	Remuneration for the financial year ended 30 June 2020	Proposed remuneration for financial year ended 30 June 2021
Current Directors			
Peter Christie	Nil	\$35,687 ¹	\$66,000
Paul Glass	\$222,350 ²	\$231,278 ³	\$264,000 ⁴
Chris Daly ⁵	Nil	\$35,000	\$66,000

Kevin Read ⁶	\$234,088	\$231,116	\$264,000 ⁴
Previous Directors			
Kuek Jin (Cameron) Low	Nil	Nil	Nil
Ran Vaingold	Nil	Nil	Nil
Hamish Hughes	Nil	Nil	Nil

Notes:

1. Mr. Christie invoiced NEXION via his trust, Herdsman Lake Capital. No cash payments were made to Mr. Christie or his Trust. \$34,786 was converted to Shares and the balance will be paid in cash from the IPO proceeds.
2. In the financial year 2019, Paul Glass invoiced \$156,786 via his trust Curnick Consulting, of which \$137,701 was paid in cash and \$19,067 converted to Shares. Mr. Glass was also paid \$65,582 directly in cash.
3. In the financial year 2020, Paul Glass invoiced \$231,278 via his trust, Kingsley International of which \$120,206 was paid in cash and \$111,072 converted to Shares.
4. In addition to Messrs Glass and Read's fees of \$22,000 per month (excluding GST), upon the Company's Shares being successfully admitted to the Official List of ASX, Messrs Glass and Read will each receive a success fee of \$100,000 (including GST).
5. Chris Daly invoiced NEXION via his Trust Claud L Daly & Sons. No cash payments were made to Mr. Daly or his Trust. \$35,000 was converted to Shares and earnings post that conversion date will be paid from proceeds of the IPO.
6. In the financial year 2019, Kevin Read invoiced \$157,422 via his trust Read Tech and was paid \$76,666 directly in cash. In the financial year, 2020, Mr. Read invoiced \$231,116 via his trust, Read Tech. Of the amounts invoiced via the Read Tech Trust totalling \$388,358 over two years, \$240,152 was paid in cash and \$148,386 converted to Shares.

The Company's constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors is \$500,000 per annum although may be varied by ordinary resolution of the Shareholders in general meeting. The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Director	Appointed	Retired
Peter Christie	8 August 2019	N/A
Paul Glass	27 August 2018	N/A
Chris Daly	21 November 2019	N/A
Kevin Read	16 September 2020	N/A
Kuek Jin (Cameron) Low	27 August 2018	17 April 2019
Ran Vaingold	27 August 2018	25 July 2019
Hamish Hughes	17 April 2019	6 August 2019
Kuek Jin (Cameron) Low	27 July 2019	21 November 2020

9.3.2 Interests in Securities

As at the date of this Prospectus

As at the date of this Prospectus, the Directors have relevant interests in securities as follows:

Director	Shares	Options	Performance Rights ¹	Percentage (Undiluted) ²	Percentage (Fully Diluted) ³
Peter Christie ⁴	4,942,585	Nil	1,422,086	6.93%	7.88%
Paul Glass ⁵	11,851,694	Nil	3,318,200	16.62%	18.78%
Kevin Read ⁶	11,998,217	Nil	3,318,200	16.83%	18.96%
Chris Daly ⁷	1,751,175	Nil	948,057	2.46%	3.34%

Post-completion of the Offer – Minimum Subscription

Director	Shares	Options	Performance Rights ¹	Percentage (Undiluted)	Percentage (Fully Diluted) ²
Peter Christie ⁴	4,942,585	Nil	1,422,086	5.13%	5.73%
Paul Glass ⁵	11,851,694	Nil	3,318,200	12.31%	13.66%
Kevin Read ⁶	11,998,217	Nil	3,318,200	12.46%	13.79%
Chris Daly ⁷	1,751,175	Nil	948,057	1.82%	2.43%

Post-completion of the Offer – Maximum Subscription

Director	Shares	Options	Performance Rights ¹	Percentage (%) (Undiluted) ²	Percentage (%) (Fully Diluted) ³
Peter Christie ⁴	4,942,585	Nil	1,422,086	4.44%	5.02%
Paul Glass ⁵	11,851,694	Nil	3,318,200	10.65%	11.96%
Kevin Read ⁶	11,998,217	Nil	3,318,200	10.78%	12.08%
Chris Daly ⁷	1,751,175	Nil	948,057	1.57%	2.13%

Notes:

1. Performance Rights are issued subject to IPO and granted based on the Company reaching certain revenue targets for the first two financial years of operations. A description of the terms under which these Rights have been issued is provided in Section 11.9.
2. Undiluted percentages include the Shares currently on issue and the Shares expected to be issued during the period that the Offer is open for the conversion of the Convertible Notes;

3. Fully diluted percentages take into account:
 - (a) Performance Rights issued to Directors and executives;
 - (b) Shares issued during the period that the Offer is open for the conversion of the Convertible Notes; and
 - (c) Lead Manager Options issued to Bridge Street Capital Partners under their Lead Manager Mandate.
4. Mr Christie's holdings are held indirectly through Herdsman Lake Capital Pty Ltd which holds 1,422,086 Performance Rights and its wholly owned subsidiary Herdsman Lake Capital Asia Pte Ltd which holds 4,942,585 Shares. Mr Christie is a director of Herdsman Lake Capital Pty Ltd.
5. Mr Glass's holdings are held indirectly through Kingsley International Pty Ltd as trustee for the Kingsley International Trust. Mr Glass is a director and shareholder of Kingsley International Pty Ltd. Mr Glass is also a potential beneficiary of the Kingsley International Trust.
6. Mr Read's holdings are held indirectly through Read Tech Pty Ltd as trustee for the Read Tech Trust. Mr Read is a director and shareholder of Read Tech Pty Ltd. Mr Read is also a potential beneficiary of the Read Tech Trust.
7. Mr Daly's holdings are held indirectly through Claude L. Daly & Sons Pty Ltd as trustee for the Chris Daly Family Trust. Mr Daly is a director and shareholder of Claude L. Daly & Sons Pty Ltd. Mr Daly is also a potential beneficiary of the Chris Daly Family Trust.

9.4 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- (a) director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

9.5 Executive Employment Agreements

The Company has entered into consultancy agreements with Kingsley International Pty Ltd (Mr Paul Glass' consulting entity) and Read Tech Pty Ltd (Mr Kevin Read's consulting entity) (**Consulting Agreements**).

The termination provisions in the Consulting Agreements are on standard commercial terms and generally require a minimum period of notice prior to termination.

The Consulting Agreement otherwise contains terms and conditions considered standard for an agreement of this nature. Further details of the Consulting Agreements, including the consulting fees are contained in Section 10.3.1.

9.6 Non-Executive Directors

The Company has entered into agreements with each of Peter Christie and Chris Daly which set out the terms of their appointment as non-executive Directors of the Company.

Further details of the Consulting Agreements, including the consulting fees are contained in Section 10.4.

9.7 Other Key Management Personnel

Other key management personnel are employed under individual employment agreements. These agreements include:

- (a) a total fixed annual remuneration or set hourly rate inclusive of superannuation and other fixed payments and benefits that the Company is legally obliged to offer;
- (b) a discretionary right at the option of the Company to participate via invitation or eligibility in incentive plans;
- (c) termination with notice by either party and in the case of the Company, payment in lieu of notice;
- (d) the Company being able to terminate without notice in certain circumstances including breach of contract, criminal activity or serious misconduct;
- (e) a non-compete and non-solicitation undertaking from the employees for up to 12 months; and
- (f) leave entitlements of 20 working days annually.

9.8 Company Secretary & Chief Financial Officer

The Company Secretary, Mr. Jack Toby has been engaged by the Company via his entity, Jaguar Enterprises Pty Ltd as trustee for the Enterprise Trust trading as Board Support and receives \$5,000 (plus GST) per month.

The Chief Financial Officer, Mr Dom Papaluca has been engaged on a fee-for-service basis via his accounting firm Carbon Group Pty Ltd.

In addition to their respective service fees, Messrs Toby and Papaluca have been issued with the following Performance Rights:

	FY21 Performance Bonus	FY22 Performance Bonus
Annual Revenue Target	\$15,000,000	\$30,000,000
Maximum Performance Rights issued to Mr Toby	43,837 Class A	50,969 Class B
Maximum Performance Rights issued to Mr Papaluca	175,347 Class A	203,876 Class B

The number of Shares issued will be pro-rated down according to the actual revenue achieved to 50%. If the revenue achieved is less than 50% of the milestone no Share will be issued, and the relevant Performance Rights will lapse.

Any Shares to be issued the subject of the Performance Rights will be subject to the receipt of approval from the Shareholders of the Company.

Further details on the terms and conditions of the Performance Rights are contained in Section 11.9.

9.9 Corporate Governance

ASX Corporate Governance Council Principles and Recommendations

The Company's Corporate Governance Statement and table of departures and explanations (from the recommendations of the ASX Corporate Governance Council) are listed in Annexure B to this prospectus.

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (**Recommendations**), except as noted in Annexure B to this Prospectus

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website <http://nexiongroup.io/investor-centre>.

10. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

10.1 Capital Raising Agreements

10.1.1 Lead Manager Mandate

The Company has signed a mandate letter to engage Bridge Street Capital Partners Pty Ltd (**Bridge Street**) to act as lead manager of the Offer (**Lead Manager Mandate**). The material terms and conditions of the Lead Manager Mandate are summarised below:

Item	Description
Fees	<p>Corporate Advisory Fee</p> <p>The Company will pay Bridge Street a corporate advisory fee of \$60,000 based on the following milestones:</p> <ul style="list-style-type: none">(a) Milestone 1: \$5,000 within 5 working days of signing engagement letter;(b) Milestone 2: \$25,000 within 5 working days after completion of the pre-IPO raise;(c) Milestone 3: \$5,000 within 5 working days after the first Due Diligence Meeting; and(d) Milestone 4: \$25,000 within 5 working days after lodgement of prospectus with ASIC. <p>Management Fee</p> <p>The Company will pay Bridge Street a management fee of 2% of the total proceeds raised in the IPO capital raising in either cash or shares at the same price as the IPO capital raising at the option of Bridge Street within 5 working days of settlement of the IPO.</p> <p>Placement Fee</p> <p>The Company will pay Bridge Street a placement fee of 4% of the total proceeds raised in the IPO Capital Raising within 5 working days of settlement of the IPO.</p>
Lead Manager Options	<p>In addition to the above fees, the Company will issue the Lead Manager with the Lead Manager Options. A summary of the terms and conditions of the Lead Manager Options is set out in Section 11.8.</p>
Retention of Services	<p>The Company will retain Bridge Street as a corporate advisor for a minimum of 1 year after listing on the ASX.</p> <p>The Company will pay the Lead Manager \$6,000 (plus GST) per quarter for 12 months.</p>
Term / Termination	<p>Either party may terminate the agreement with 30 days' notice.</p>

Item	Description
Right of First Refusal	Provided completion of the transaction, the Lead Manager will have the right to participate as lead manager or joint lead manager of any capital raising undertaken by the company during the two years from the date that the Shares commence trading on the ASX.

The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.2 Operational Agreements

10.2.1 Aryaka Reseller Agreement

The Company has entered into a federated reseller agreement (**Aryaka Agreement**) with Aryaka, the material terms of which are summarised below:

Item	Description
Term	The Agreement shall be for a term of 3 years from 30 September 2020 (Initial Term) and automatically renews for a term of 1 year thereafter (each a Renewal Term) unless either party notifies the other party of its intent to terminate at least 180 days prior to the expiration of the Initial Term or a Renewal Term.
Termination	<p>Either party may terminate the Agreement in the event that the other party materially breaches or defaults in performing any obligation under the Agreement and such breach or default continues unremedied for a period of 30 days following written notice of default.</p> <p>The Agreement shall terminate, effective upon delivery of written notice by a party:</p> <ul style="list-style-type: none"> (a) upon the institution of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of debts of the other party, provided that any such proceeding is not withdrawn or dismissed within 60 days, in which case such termination shall be voided and the effectiveness of this Agreement restored; (b) upon the making of an assignment for the benefit of creditors by the other party; or (c) upon the dissolution of the other party.
Licence	<p>Aryaka grants the Company a non-exclusive, non-transferable, revocable right and license in Australia and New Zealand (Territory) during the Term to:</p> <ul style="list-style-type: none"> (a) sublicense Aryaka's ANAP (Aryaka Network Access Point) (collectively, Hardware), Aryaka's Application Acceleration and SD-WAN in object code form only (collectively, Software), together with all related documentation (Documentation), directly to customers who purchase Aryaka services from the Company; and (b) display and use the Hardware, Software and Documentation for the purpose of demonstrating the

Item	Description
	<p>Aryaka services and providing support services to customers.</p> <p>The Company must not:</p> <ul style="list-style-type: none"> (a) sell, sublicense, assign, or transfer the Hardware, Software or any Documentation, except as permitted under the Aryaka Agreement; (b) decompile, disassemble, or reverse engineer the Software, or modify the Hardware or any Documentation; (c) copy the Software or Documentation except as expressly permitted under the Aryaka Agreement; or (d) remove from the Hardware, Software or Documentation any language or designation indicating the confidential nature thereof or the proprietary rights of Aryaka or its suppliers in such items; or use the Aryaka services for any unlawful purposes.
Reseller POP	<p>The Company must build out and provide, at its sole cost and expense, a new PoP dedicated to the Aryaka network that meets the following requirements (Reseller POP):</p> <ul style="list-style-type: none"> (a) be built out and provided at 37-39 Robinson Avenue, Belmont, Western Australia, 6104 by December 31, 2020 unless such date is mutually extended by written agreement of the parties; (b) be used exclusively and solely for <ul style="list-style-type: none"> (i) Aryaka's customers for any of Aryaka's services (including, without limitation, any other Aryaka reseller partner's customers receiving Aryaka services); and/or (ii) customers of Aryaka services; and (iii) meet those minimum standards to the reasonable satisfaction of Aryaka.
Fees	<p>Once the Reseller POP has been built out, each month Aryaka will pay the Company \$40 per Mbps for the actual (not subscribed) L2 Circuit Bandwidth usage, based on maximum of 95th percentile of in and out, on the Reseller POP irrespective whether the bandwidth is used by Aryaka's customers for any of Aryaka's services or customers of Aryaka services.</p>
Discount / Commission	<p>In addition to the Fees, the Company will resell all of Aryaka's services at or above Aryaka's then current suggested resale prices (SRP), pursuant to Aryaka's Global Price Book.</p> <p>The Company shall receive a discount equal to the following:</p> <ul style="list-style-type: none"> (a) For: <ul style="list-style-type: none"> (i) the current term of all customers receiving Aryaka services prior to the date of the Aryaka Agreement; and (ii) all new customers of Aryaka services until such time as the Reseller POP is built out and provided, <p>20% of Aryaka's SRP; or</p>

Item	Description
	<p>(b) once the Reseller POP is built out and for so long as such Reseller POP is provided pursuant to the terms and conditions of the Aryaka Agreement, 45% of Aryaka's SRP; or</p> <p>(c) if Aryaka provides the Company with a notification of its intention to terminate the Reseller POP portion of this Agreement for a service level agreement failure, the Company's discount immediately reverts to 20% of Aryaka's SRP for the current term of all customers of Aryaka services.</p> <p>These discounts act effectively as commissions with the Company keeping the percentage discount as a service fee for allowing Aryaka customers to use the Reseller POP.</p>
Governing Law	State of California

The Aryaka Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.2.2 Master Customer Agreement

The Company enters into a standard master customer agreement with each customer (**Customer Agreement**), the material standard terms and conditions of which are summarised below:

Item	Description
Fees	The customer will be charged fees for services performed by the Company as agreed by the parties in the service order (excluding out of pocket expenses).
Term	The Agreement shall remain in effect for a period of 5 years.
Termination	The Agreement may be terminated by either party by notice in writing, which notice must be received by the other party at least 90 days prior to the end of the Term.
Services	Services provided under the Customer Agreement include services provided to the customer pursuant to a service order executed by the parties and could include all or part of, colocation services, maintenance services, and consulting services.

The Customer Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.2.3 Data Solutions Proposal and Service Agreement

The Company enters into data solution proposals and services agreements with customers (**Services Agreement**), the material standard terms and conditions of which are summarised below:

Item	Description
Fees	The Customer will be charged fees for services performed by NEXION Networks as agreed by the parties in the signed proposal (excluding out of pocket expenses).
Term	The Agreement shall remain in effect for a period of 7 years (unless specified otherwise in the signed proposal).
Termination Events	<p>(a) The customer may terminate an individual service before the first 36 months (Minimum Period) expires (including as a result of the Company not accommodating any request by the customer for a service modification or relocation of the service); or</p> <p>(b) The Company terminates in accordance with the Services Agreement for a breach by the customer (including termination for a breach of the Fair Use Policy),</p> <p>(c) the Customer will be liable to pay a cancellation charge calculated as the sum of:</p> <p>(i) the monthly recurring charge multiplied by the number of months, or part thereof, between the date of termination and the end of the Minimum Period; and</p> <p>(ii) any rebates, credits, refunds or discounts (including but not limited to any waiver of port-in credits), provided to the customer in respect of the service.</p>
Services	The services provided under the Services Agreement are specific to each customer and may include, among others, a full suite of Cloud Solutions, IaaS, SaaS, Cloud unified communications.

The Services Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.2.4 Channel Partner Agreement

The Company has enters into channel partner agreements with partners (**Partner Agreement**), the material standard terms and conditions of which are summarised below:

Item	Description
Appointment	Upon compliance with the terms of the Partner Agreement, the Company appoints the Partner as a non-exclusive reseller permitted to make sales of the Company's IT data, hardware and software products and ICT, telecommunication services (Products) to persons or entities in Australia that acquire Products for their own internal use and not for redistribution (End Users).

Item	Description
Licence	<p>Under the Partner Agreement the Company grants the Partner a non-exclusive, non-transferable, revocable license, without right of sublicense, to:</p> <ul style="list-style-type: none"> (a) sell Products to End Users in Australia; (b) use Products in Australia solely for the purpose of demonstrating, marketing, and promoting the Products at data centers mutually agreed by the parties; and (c) distribute the Company's provided marketing materials and end user documentation to End Users and prospective End Users in Australia for the purpose of promoting the sale of Products.
Pricing	<ul style="list-style-type: none"> (a) Pricing is pursuant to the Company's standard price list. (b) Non-standard pricing may be offered from time to time pursuant to programs run by the Company or in the quotes issued by the Company on a case-by-case basis. (c) The Partner will have the sole right to independently determine the prices it charges to End Users.
Term	The Agreement shall remain in effect until terminated.
Termination	<p>Either party may terminate the Agreement:</p> <ul style="list-style-type: none"> (a) upon 90 days' prior written notice to the other party; (b) upon written notice at any time if the other party materially breaches the Agreement and fails to cure such breach within 30 days of written notice thereof; and (c) immediately (without a cure period) upon written notice: <ul style="list-style-type: none"> (i) by the Company if the Partner materially breaches the appointment or intellectual property clauses; (ii) by either party if the other party materially breaches the confidentiality clause, becomes subject to appointment of a trustee, becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors. <p>Upon termination of the Agreement, all rights and licenses granted to Partner immediately terminate and each party shall return or destroy all confidential information of the other party except as required for legal, regulatory or compliance purposes.</p>
Exclusivity	The parties' relationship is non-exclusive, and nothing in the Agreement shall prevent either party from marketing or providing its products or services to any third party.

The Services Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

10.3 Agreements with Directors

10.3.1 Paul Glass – Managing Director & CEO / Kevin Read – Chief Technical Officer & Alternate Director

The Company has entered into the Consulting Agreements with Kingsley International Pty Ltd (Mr Paul Glass' consulting entity) as trustee for the Kingsley International Trust and Read Tech Pty Ltd (Mr Kevin Read's consulting entity) as trustee for the Read Tech Trust, the material terms and conditions of which are summarised below:

Item	Description									
Term	The Consulting Agreement commences on the date on which the Company's securities are admitted for trading on the official list of the ASX and will continue until the earlier of: (a) 24 months after commencement; or (b) the date the Agreement is validly terminated in accordance with the Agreement.									
Consultancy Fee	\$22,000 per month (exclusive of GST).									
Success Fee	A one-off success fee of \$100,000 each, payable from the proceeds of the IPO on the assumption that the IPO is completed before June 30, 2021.									
Performance Bonus	<p>The Consulting Agreements contain a revenue-based performance bonus for the 2021 and 2022 financial years. The number of Performance Rights and the revenue milestones are set out in the table below:</p> <table><tr><th></th><th>FY21 Performance Bonus</th><th>FY22 Performance Bonus</th></tr><tr><td>Annual Revenue Target</td><td>\$15,000,000</td><td>\$30,000,000</td></tr><tr><td>Maximum Performance Rights issued to each of Messrs Glass and Read</td><td>1,534,282 Class A</td><td>1,783,918 Class B</td></tr></table> <p>The number of Shares issued will be pro-rated down according to the actual revenue achieved to 50%. If the revenue achieved is less than 50% of the milestone no Shares will be issued and the relevant Performance Rights will lapse. Any Shares to be issued the subject of the Performance Rights will be subject to the receipt of approval from the Shareholders of the Company.</p>		FY21 Performance Bonus	FY22 Performance Bonus	Annual Revenue Target	\$15,000,000	\$30,000,000	Maximum Performance Rights issued to each of Messrs Glass and Read	1,534,282 Class A	1,783,918 Class B
	FY21 Performance Bonus	FY22 Performance Bonus								
Annual Revenue Target	\$15,000,000	\$30,000,000								
Maximum Performance Rights issued to each of Messrs Glass and Read	1,534,282 Class A	1,783,918 Class B								
Termination by Company	(a) Without cause, by giving one months' notice to the Consultant unless the Company elects terminate the engagement immediately and pay the Consultant the equivalent of the fee that would otherwise have been payable; or (b) within one month of a material reduction in the fee or a material diminution in the responsibilities or powers assigned to the Consultant or the Nominated Person without there consent, effective immediately and the Company must pay to the Consultant the equivalent of the fee and any									

		performance based bonus that would otherwise be payable.
Termination by Consultant	(a) (b)	By giving one months' notice to the Company; or within one month of a material change.

The Consulting Agreements otherwise contain provisions considered standard for agreements of this nature (including representations and warranties and confidentiality provisions).

10.4 Non-executive Director Appointments

The Company has entered into non-executive director appointment letters with Peter Christie and Chris Daly to act in the capacity of non-executive Chairman and non-executive Director respectively (**NED Appointment Letters**), the material terms and conditions of which are summarised below:

Fees	\$66,000 per annum (including any applicable statutory superannuation) (exclusive of GST).														
Performance Bonus	<p>The NED Appointment Letters contain a revenue-based performance bonus for the 2021 and 2022 financial years. The number of Performance Rights and the revenue milestones are set out in the table below.</p> <table><tr><th></th><th>FY21 Performance Bonus</th><th>FY22 Performance Bonus</th></tr><tr><td>Annual Revenue Target</td><td>\$15,000,000</td><td>\$30,000,000</td></tr><tr><td>Maximum Performance Rights issued to Mr Christie</td><td>657,550 Class A</td><td>764,536 Class B</td></tr><tr><td>Maximum Performance Rights issued to Mr Daly</td><td>438,366 Class A</td><td>509,691 Class B</td></tr></table> <p>The number of Shares issued will be pro-rated down according to the actual revenue achieved to 50%. If the revenue achieved is less than 50% of the milestone no Share will be issued, and the relevant Performance Rights will lapse.</p> <p>Any Shares to be issued the subject of the Performance Rights will be subject to the receipt of approval from the Shareholders of the Company.</p>				FY21 Performance Bonus	FY22 Performance Bonus	Annual Revenue Target	\$15,000,000	\$30,000,000	Maximum Performance Rights issued to Mr Christie	657,550 Class A	764,536 Class B	Maximum Performance Rights issued to Mr Daly	438,366 Class A	509,691 Class B
	FY21 Performance Bonus	FY22 Performance Bonus													
Annual Revenue Target	\$15,000,000	\$30,000,000													
Maximum Performance Rights issued to Mr Christie	657,550 Class A	764,536 Class B													
Maximum Performance Rights issued to Mr Daly	438,366 Class A	509,691 Class B													
Termination	By either party giving one month's written notice to the other unless the Company elects terminate the engagement immediately and pay the Non-Executive Director the equivalent of the fee that would otherwise have been payable.														

The NED Appointment Letters otherwise contain provisions considered standard for agreements of this nature.

10.5 Deeds of indemnity, insurance and access

The Company will enter into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

11. ADDITIONAL INFORMATION

11.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculating the proportion.

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the

amount paid or credited as paid is of the total amounts paid and payable in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they believe to be justified subject to the requirements of the Corporations Act. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement on such terms and conditions as the Directors think fit, (a) a dividend reinvestment plan which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

11.3 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

11.4 Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

11.5 Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

11.6 Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be

varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

11.7 Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

11.8 Lead Manager Options

The Lead Manager will be issued Options equal to 5% of the Company's share capital on completion of the IPO. This will result in between 5,288,702 and 6,038,702 Lead Manager Options being issued.

Set out below are the terms and conditions of the Lead Manager Options:

(a) Entitlement

Each Option entitles the holder to subscribe for one (1) Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (g), the amount payable upon exercise of each Option will be \$0.40.

(c) Expiry Date

The Options will expire at 5.00 pm, Western Standard Time on 31 January 2024. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Quotation

The Company may, in its absolute discretion and subject to the requirements of ASX Listing Rule 2.5, apply for official quotation of the Options on the ASX. In the event that the Options are granted official quotation on the ASX in the future, the Company is under no obligation to maintain the quotation and may take any action that may result in termination of quotation of the Options by the ASX.

(e) Secondary Offer

If the Options are not quoted on the ASX, the Option-holder must not offer any of the Options, or the Shares issued on exercise of the Options, for sale to any person within 12 months from the respective date of issue of those Options or Shares (as applicable) unless:

- (i) the Secondary Offer does not require disclosure as a result of sections 707 or 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
- (ii) the Secondary Offer does not require disclosure as a result of section 708A or ASIC Class Order 04/671 or any variation or replacement of such Class Order;

- (iii) the Secondary Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
- (iv) the Secondary Offer is received by a person outside Australia.

(f) **No obligation**

For the avoidance of doubt, paragraph (e)(iii) does not create any obligation on the Company to issue a disclosure document (whether at its cost or otherwise).

(g) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Options without exercising the Options.

(h) **Reorganisation of capital**

In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules at the time of the reorganisation, but in all other respects the terms of exercise will remain unchanged.

(i) **Notice of Exercise**

The Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option Certification and payment to the Company for the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by them.

(j) **Exercise Date**

The notice of exercise of Options may be deemed by the Company to be received at the end of the calendar month in which it is actually received and the Company shall comply with the ASX Listing Rules with respect to the issue of resultant Shares and the issue of a statement of shareholding.

(k) **Shares issued on exercise**

Shares issued pursuant to an exercise of Options shall rank, from the date of issue, equally with the existing Shares of the Company in all respects.

(l) **Quotation**

If admitted to the official list of ASX at the time, the Company shall make an application to have those Shares issued pursuant to an exercise of Options listed for official quotation by ASX.

(m) **Bonus issue**

If there is a bonus share issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

(n) **Change in exercise price**

There is no right to change the exercise price of the Options nor the number of underlying Shares over which the Options can be exercised.

(o) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

11.9 Performance Rights

Set out below are the terms and conditions of the Performance Rights issued to the Directors and Key Management Personnel:

(a) **Key Terms**

Key Management Personnel means has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Total Pro-forma Revenue for a financial year means the total consolidated revenue for that financial year of NEXION plus the pre-acquisition revenue for that financial year of any subsidiaries acquired during that financial year.

(b) **Vesting Conditions**

The Performance Rights shall vest as follows:

- (i) **Class A Performance Rights:** the Company achieving a Total Pro-forma Revenue of \$15,000,000 for a financial year ending on or before 30 June 2022 (**Class A Deadline**); and
- (ii) **Class B Performance Rights:** the Company achieving a Total Pro-forma Revenue of \$30,000,000 for a financial year ending on or before 30 June 2023 (**Class B Deadline**),

(each a **Vesting Condition**).

Where the Total Pro-forma Revenue achieved by the Class A and B Deadlines as a percentage of the respective Total Pro-forma Revenue targets is:

- (i) less than 50% - no Performance Rights will vest; or

- (ii) 50% or more - the relevant Performance Rights will vest pro-rata equal to the percentage of Total Pro-forma Revenue achieved by the respective Class A and B Deadlines.

(c) **Independent Verification**

A Performance Right Vesting Condition will only be achieved, or achieved as a percentage of its target, after the Company's auditor verifies that, based on Company's audited accounts and as required, the audited accounts of any subsidiaries acquired by the Company:

- (i) the relevant Vesting Condition has been met, or achieved as a percentage of its target; and
- (ii) the revenue generated to meet the relevant revenue Vesting Condition meets the definition of Total Pro-forma Revenue.

(d) **Notification to holder**

The Company shall notify the holder in writing when Performance Rights vest and the number of Performance Rights that have vested.

(e) **Exercise**

Subject to paragraph (m) and to paragraph (n) and to paragraph (o), after being notified when Vesting for a class of Performance Rights has occurred, the holder is entitled to give a written notice or separate written notices to the Company that it wishes to exercise the vested Performance Rights that have vested in whole or in part, setting out the number of Performance Rights to be exercised at that particular time (**Exercise Notice**). If the Exercise Notice is for a part exercise of the Performance Rights, the balance of the Performance Rights held can be the subject of separate Exercise Notices that can be given by the holder in the future. Upon the receipt by the Company of the Exercise Notice, the holder will be issued one fully paid ordinary share in the capital of the Company (**Share**) for each exercised Performance Right.

(f) **Lapse of a Performance Right**

A Performance Right will automatically lapse upon the earlier to occur of:

- (i) 29 January 2025 for Class A Performance Rights and 30 January 2025 for Class B Performance Rights;
- (ii) if the relevant Vesting Condition attached to a class of Performance Rights has not been achieved by the relevant Deadline, then the relevant Performance Rights will automatically lapse. For the avoidance of doubt, a Performance Right will not lapse in the event the relevant Vesting Condition is met before the relevant Vesting Deadline and the Shares the subject of an Exercise Notice are deferred in accordance with paragraph (q) below; and
- (iii) the holder ceasing to be an officer (and employee, if applicable) of the Company, unless otherwise determined by the Board at its absolute discretion.

(g) **Consideration**

The Performance Rights will be issued for nil consideration and no consideration will be payable upon the issue of Shares pursuant to an Exercise Notice.

(h) **Share ranking**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other existing Shares.

(i) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for official quotation of a Share issued pursuant to an Exercise Notice on the ASX within the time period required by the Listing Rules.

(j) **Timing of issue of Shares on Conversion**

Within five (5) Business Days after the date that the Company receives an Exercise Notice, the Company will:

- (i) issue the number of Shares required by the Exercise Notice;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the Exercise Notice.

If a notice delivered under paragraph (j)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(k) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(l) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(m) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable Listing Rules and the Corporations Act at the time of reorganisation.

(n) **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(o) **Dividend and voting rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(p) **Change in control**

Subject to paragraph (q), upon:

- (i) a bona fide takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - (B) having been declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (iii) in any other case, a person obtains Voting Power (as defined in the Corporations Act) in the Company that the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that Voting Power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board,

then, to the extent that any Performance Rights have not vested when such bid has been made or such orders have been granted (as the case may be), all Performance Rights will automatically vest on an accelerated basis and be deemed to have been exercised, unless the holder gives a written notice to the Company that it chooses not to exercise the Performance Rights in which case the Performance Rights will lapse

(q) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the issue of a Share pursuant to an Exercise Notice would result in any person being in contravention of section 606(1) of the Corporations Act

(**General Prohibition**) then the exercise of that Performance Right shall be deferred until such later time or times that the exercise of that Performance Right would not result in a contravention of the General Prohibition. In assessing whether an exercise of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the exercise of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the exercise of a Performance Right will not result in any person being in contravention of the General Prohibition;
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (q)(i) within 7 days if the Company considers that the exercise of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the exercise of a Performance Right will not result in any person being in contravention of the General Prohibition.

(r) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(s) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(t) **Amendments required by ASX**

The terms of the Performance Rights may be amended as necessary by the board of Directors in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

(u) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms.

(v) **Subdivision 83A-C**

The Performance Rights will be issued under a scheme to which Subdivision 83A-C of the *Income Tax Assessment Act 1997* specifically applies (subject to the conditions in that Act).

11.10 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
- (c) its formation or promotion; or
- (d) the Offer;

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (e) as an inducement to become, or to qualify as, a Director; or
- (f) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

11.11 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue, holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:
 - (i) the formation or promotion of the Company;
 - (ii) any property acquired or proposed to be acquired by the Company in connection with:
 - (iii) its formation or promotion; or
 - (iv) the Offer; or
 - (v) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

Stantons has acted as investigating accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A. The Company estimates it will pay Stantons a total of \$7,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the

ASIC, Stanton's has not received any fees from the Company for any other services.

Stanton's International has acted as auditor to the Company. The Company estimates it will pay Stanton's International a total of \$37,127 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Stanton's International has not received any fees from the Company for any other services.

Bridge Street Capital Partners Pty Ltd is acting as lead manager to the Offer. The Company will pay a capital raising fee of 6% of the total amount raised under the Prospectus (plus GST) (being between \$300,000 and \$480,000). Those fees are set out in Section 10.1.1 following the successful completion of the Offer for its services as Lead Manager to the Offer. The Company will be responsible for paying all capital raising fees that Bridge Street Capital Partners and the Company agree with any other financial service licensees. During the 24 months preceding lodgement of this Prospectus with the ASIC, Bridge Street Capital Partners Pty Ltd also received \$130,164 in fees for completing the issue of Convertible Notes and other fees.

Steinepreis Paganin has acted as the Australian legal advisers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$65,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any fees from the Company for any other services.

11.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Stanton's has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report in Annexure A in the form and context in which the information and report is included.

Stanton's International has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited Financial

Information of the Company contained in the Investigating Accountants Report included in Annexure A to this Prospectus in the form and context in which it appears.

Bridge Street Capital Partners Pty Ltd has given its written consent to being named as the Lead Manager to the Company in this Prospectus.

Steinepreis Paganin has given its written consent to being named as the Australian legal advisers to the Company in relation to the Offer in this Prospectus.

Computershare has given its written consent to being named as the share registry to the Company in this Prospectus.

11.13 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$5,000,000 for Minimum Subscription under the Offer or \$8,000,000 for Maximum Subscription under the Offer and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)	Maximum Subscription (\$)
ASIC fees	3,206	3,206
ASX fees	74,403	82,953
Lead Manager Fees	300,000	480,000
Legal Fees	65,000	65,000
Investigating Accountant's Fees	7,500	7,500
Auditor's Fees	37,127	37,127
Printing and Distribution	75,000	75,000
Miscellaneous	45,764	67,214
TOTAL	608,000	818,000

11.14 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities. Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

The Company has established a policy to ensure compliance with ASX Listing Rule disclosure including, but not limited to, Listing Rule 3.1 and accountability at senior executive level for that compliance. This policy is periodically reviewed to ensure

that it is operating effectively and whether any changes are required. The terms of the policy are:

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

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

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

12. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in blue ink, consisting of several loops and a trailing line, positioned above a horizontal line.

Peter Christie,
Chairman.
For and on behalf of NEXION Group Ltd

GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Aryaka means Aryaka Networks, Inc. (a company incorporated in the State of California).

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Business Days means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company or **NEXION** means NEXION Group Ltd (ACN 628 415 887).

Conditions has the meaning set out in Section 4.5.

Constitution means the constitution of the Company.

Corporations Act means *the Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Financial Information means the historical audited and pro forma financial information of the Company contained in Section 7.

Lead Manager or **Bridge Street** means Bridge Street Capital Partners Pty Ltd (ACN 164 702 005) (Corporate Authorised Representative of AFSL 456663).

Lead Manager Mandate means the agreement with the Lead Manager summarised in Section 10.1.1.

Lead Manager Option means an Options to be received by the Lead Manager (or its nominee).

Maximum Subscription means the maximum amount to be raised under the Offer, being \$8,000,000.

Minimum Subscription means the minimum amount to be raised under the Offer, being \$5,000,000.

NEXION Networks means NEXION Networks Pty Ltd (ACN 617 824 923).

NEXION W1 means NEXION W1 Pty Ltd (ACN 624 424 460).

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 4.1.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a performance right convertible into a Share on the terms and conditions contained in Section.

Prospectus means this prospectus.

Recommendations has the meaning set out in Section 9.4(b).

Section means a Section of this Prospectus.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Stantons means Stantons International Securities Pty Ltd (ACN 128 908 289).

Stantons International means Stantons International Audit and Consulting Pty Ltd (ACN 144 581 519).

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A – INDEPENDENT LIMITED ASSURANCE REPORT

30 November 2020

The Directors
Nexion Group Limited
Level 2, Building C/355 Scarborough Beach Rd
Osborne Park WA 6017

Dear Directors

RE: INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

Stantons International Securities Pty Ltd ("**SIS**") has been engaged by Nexion Group Limited (the "**Company**") to prepare this Independent Limited Assurance Report ("**Report**") in relation to certain financial information of the Company and its wholly owned subsidiaries ("**Nexion**"), for the proposed initial public offer of shares in the Company, for inclusion in the Prospectus expected to be distributed in December 2020 ("**Prospectus**").

The Prospectus involves the initial public offer of up to 40,000,000 fully paid ordinary shares in the Company at \$0.20 per share to raise at least \$5,000,000 and up to a maximum of \$8,000,000 ("**IPO**") before costs.

SIS holds an Australian Financial Services Licence (AFS Licence Number 448697) and our Financial Services Guide ("**FSG**") has been included in this Report in the event that you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumptions of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than for which it was prepared.

2. Scope

Nexion have requested SIS perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

You have requested SIS to review the following historical financial information (the "**Historical Financial Information**") of Nexion included in the Prospectus:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows for Nexion for the financial years to 30 June 2019 and 30 June 2020; and
- the consolidated historical Statements of Financial Position for Nexion as at 30 June 2019 and 30 June 2020.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information was extracted from the financial reports of Nexion for the years ended 30 June 2019 and 30 June 2020, which were audited by Stantons International Audit and Consulting Pty Ltd ("**SIAC**") in accordance with Australian Auditing Standards.

SIAC issued an unqualified audit opinion on the financial reports of Nexion for the financial years ended 30 June 2019 and 30 June 2020. The audit opinion of SIAC contained an emphasis of matter regarding material uncertainty relating to going concern, on the basis that the ability of the Company to continue as a going concern is dependent upon earning sufficient revenue from its operations, raising further capital and managing its working capital effectively. In the event that the Company is not successful in deriving cash from its operations or in raising further capital, the Company may not be able to meet its liabilities as and when they fall due and the realisable value of the Company current and non-current assets may be significantly lower than book values.

Pro Forma Historical Financial Information

You have requested SIS to review the following pro forma historical financial information (the "**Pro Forma Financial Information**") of Nexion in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2020 assuming the minimum amount of \$5,000,000 is raised under the IPO; and
- the pro forma historical Statement of Financial Position as at 30 June 2020 assuming the maximum amount of \$8,000,000 is raised under the IPO.

The Pro Forma Financial Information has been derived from the historical financial information of Nexion, after adjusting for the effects of the pro forma adjustments described in Section 7 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of the Prospectus, as if those events or transactions had occurred as at the date of the Financial Information. Due to its nature, the Pro Forma Financial Information does not represent the Company's actual or prospective financial position.

The Pro Forma Financial Information has been compiled by Nexion to illustrate the impact of the events or transactions described in Section 7 of the Prospectus on Nexion's financial position as at 30 June 2020. As part of this process, information about Nexion's financial position has been extracted by the Company from Nexion's financial statements for the financial year ended 30 June 2020.

3. Directors' Responsibility

The directors of Nexion are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Financial Information to be free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance

that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, comprising:

- the Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flow of Nexion for the years ended 30 June 2019 and 30 June 2020; and
- the Statements of Financial Position of Nexion as at 30 June 2019 and 30 June 2020;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 7 of the Prospectus.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Financial Information, comprising:

- the pro forma historical Statement of Financial Position of Nexion as at 30 June 2020 assuming the minimum capital raising of \$5,000,000; and
- the pro forma historical Statement of Financial Position of Nexion as at 30 June 2020 assuming the maximum capital raising of \$8,000,000;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 7 of the Prospectus.

6. Independence

SIS does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

7. Disclosures

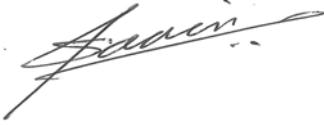
This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not consider the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the Historical Financial Information and Pro Forma Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information and Pro Forma Financial Information may not be suitable for use for another purpose.

SIS has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, SIS has not authorised the issue of the Prospectus. Accordingly, SIS makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD

A handwritten signature in black ink, appearing to read 'Samir', with a long horizontal flourish extending to the right.

Samir Tirodkar
Director

Financial Services Guide

Dated 30 November 2020

Stantons International Securities Pty Ltd (Trading as Stantons International Securities)

Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) (“**SIS**” or “**we**” or “**us**” or “**ours**” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Limited Assurance Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$7,500 exclusive of GST.

In addition, we note that the parent company of SIS received a fee of \$36,500 plus disbursements and GST for completing the audit of Nexion Group Pty Ltd and its controlled entities for the financial years ended 30 June 2019 and 30 June 2020.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business. Stantons International Audit and Consulting Pty Ltd completed the audit for Nexion Group Pty Ltd for the financial years ending 30 June 2019 and 30 June 2020.

Remuneration or other benefits received by our employees and contractors

SIS and Stantons International Audit and Consulting Pty Ltd employees and contractors are eligible for bonuses based on overall performance but not directly in connection with any engagement for the provision of a report.

Complaints resolution

1.1.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

1.1.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

SIS confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum insured for SIS and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with SIS for work done whilst engaged with us.

Contact details

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

ANNEXURE B – CORPORATE GOVERNANCE STATEMENT

1. Introduction

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

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

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

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

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

2. Principle 1: Lay solid foundations for management and oversight

(a) Board Charter

The Board has adopted the following Board Charter:

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

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

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

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

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

The Directors must elect one of their number as Chairman.

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

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

(b) Role and Responsibilities of the Board

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

- (i) demonstrating leadership;
- (ii) defining the Company's purpose and setting its strategic objectives;
- (iii) approving the Company's statement of values and code of conduct to underpin the desired culture within the entity;
- (iv) appointing the chairman;
- (v) appointing and replacing the CEO;
- (vi) approving the appointment and replacement of other senior executives and the company secretary;
- (vii) overseeing management in its implementation of the Company's strategic objectives, instilling of the Company's values and performance generally;
- (viii) approving operating budgets and major capital expenditure;
- (ix) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (x) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (xi) satisfying itself that the entity has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the board expects management to operate;
- (xii) satisfying itself that an appropriate framework exists for relevant information to be reported by management to the board;

- (xiii) whenever required, challenging management and holding it to account;
- (xiv) satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite; and
- (xv) monitoring the effectiveness of the Company's governance practices.

(c) **Role and Responsibilities of Senior Executives**

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

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

(d) **Background checks on persons proposed for election as a director**

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

(e) **Written agreement with each director and senior executive**

The Board determines those circumstances where a written agreement with a director or senior executive is warranted. At present written agreements have not been executed with all directors and senior executives as the Board considers that the roles and responsibilities of all

board members and senior executives are clearly defined and understood without a written agreement.

(f) **Company Secretary**

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

(g) **Diversity Policy**

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

There are no women on the Board. There is one woman in senior executive positions in the Group. The proportion of women employees in the whole organisation is 20%.

(h) **Evaluation of the performance of Directors and Senior Executives**

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

3. Principle 2: Structure the Board to be effective and add value

(a) **Composition of the Board**

The names of the directors of the Company and their skills, comprising their qualifications and experience are set out in the section headed Directors' Report in the Annual Report for the year ended 30 June 2020.

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

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

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

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

Mr Peter Christie and Mr Christopher Daly have been independent directors from the date of their appointment. None of the other Board members met these criteria. Consequently, the Board does have a majority of independent directors. Mr Peter Christie is the chairman of the Board. The Chairman is an independent director.

Mr Peter Christie was appointed a director on 8 August 2019, Mr Paul Glass was appointed a director on 27 August 2018, Mr Christopher Daly was appointed a director on 21 November 2019 and Mr Kevin Read was appointed an alternate director for Mr Paul Glass on 16 September 2020. Mr Paul Glass is the Chief Executive Officer of the Company.

(b) **Nomination of Other Board Members**

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

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

is subject to re-election by shareholders at the next annual general meeting.

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

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

4. Principle 3: Instil a culture of acting lawfully, ethically and responsibly

(a) Code of conduct

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

- (i) practices necessary to maintain confidence in the Company's integrity;
- (ii) practices necessary to take into account their legal obligations and the expectations of their stakeholders; and
- (iii) responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

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

- (i) act in accordance with the Company's stated values and in the best interests of the Company;
- (ii) act honestly and with high standards of personal integrity;
- (iii) comply with all laws and regulations that apply to the Company and its operations;

- (iv) act ethically and responsibly; – treat fellow staff members with respect and not engage in bullying, harassment or discrimination;
- (v) deal with customers and suppliers fairly;
- (vi) disclose and deal appropriately with any conflicts between their personal interests and their duties as a director, senior executive or employee;
- (vii) comply with the Company's Whistleblower policy;
- (viii) comply with the Company's Anti-Bribery and Corruption Policy;
- (ix) not take advantage of the property or information of the Company or its customers for personal gain or to cause detriment to the Company or its customers;
- (x) not take advantage of their position or the opportunities arising therefrom for personal gain; and
- (xi) report breaches of the code to the appropriate person or body within the organisation.

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

(b) **Policy for trading in the securities of the Company**

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

(i) **Definitions**

(A) **Insider Trading:**

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

The insider trading provisions are found in Part 7.10, Division 3 of the Corporations Act 2001 ("Corporations

Act"). Section 677 of the Corporations Act defines material effect on price or value. A reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the first mentioned securities.

(B) Company Securities:

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

(C) Closed Periods:

Closed Periods means the following periods of time:

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

(D) Key Management Personnel:

Key Management Personnel are defined in the ASX Listing Rules.

(E) Declaration:

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

(F) Excluded Trading:

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

- (I) Transfers of Company's Securities already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- (II) An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;

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

(c) **Trading in Exceptional Circumstances:**

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

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

(d) **Trading Restrictions**

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

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

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

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

(e) **Whistle-blower Policy**

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

(i) **Who is a Whistle-blower**

To be a whistle-blower, you must be a current or former:

- (A) employee of the Company your disclosure is about, or a related company or organisation;
- (B) officer (usually that means a director or company secretary) of the Company your disclosure is about, or a related company or organisation;

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

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

(ii) **Who you can make disclosure to**

You must make your disclosure to:

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

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

(iii) **Code of Conduct**

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

(iv) **Subject of Disclosure**

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

- (A) misconduct;
- (B) a breach of the Company's code of conduct;

- (C) an improper state of affairs or circumstances;
- (D) This information can be about the Company or organisation, or an officer or employee of the Company or organisation, engaging in conduct that:
- (E) breaches the Corporations Act,
- (F) breaches other financial sector laws enforced by ASIC or APRA,
- (G) breaches an offence against any other law of the Commonwealth that is punishable by imprisonment for a period of 12 months, or
- (H) represents a danger to the public or the financial system;
- (I) A public Interest disclosure as defined below; or
- (J) An emergency disclosure as defined below.

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

(v) **Public Interest Disclosures**

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

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

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

(vi) **Emergency Disclosures**

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

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

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

(vii) **Protections available to whistle-blowers**

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

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

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

(viii) **How the Company will support and protect whistle-blowers**

The Corporations Act protects a whistle-blower against certain legal actions related to making the whistle-blower disclosure, including:

- (A) criminal prosecution (and the disclosure cannot be used against the whistle-blower in a prosecution, unless the disclosure is false);

- (B) civil litigation (such as for breach of an employment contract, duty of confidentiality, or other contractual obligation), or
- (C) administrative action (including disciplinary action).

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

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

(ix) **How investigations into a disclosure will proceed**

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

(x) **How the Company will ensure fair treatment of employees who are mentioned in whistle-blower disclosures**

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

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

A person may be causing you detriment if they:

- (A) dismiss you from your employment
- (B) injure you in your employment
- (C) alter your position or duties to your disadvantage
- (D) discriminate between you and other employees of the same employer
- (E) harass or intimidate you
- (F) harm or injure you, including causing you psychological harm
- (G) damage your property
- (H) damage your reputation
- (I) damage your business or financial position
- (J) cause you any other damage.

The offence and penalty require that the detriment be the result of an actual or suspected whistle-blower disclosure. In many

cases, particularly in the context of private employment, there may be arguments about whether the conduct involved was victimisation as a result of the whistle-blower disclosure or for some other reason.

The Company will comply with the above legal obligations.

(xi) **Policy Review**

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

(xii) **Employee and Manager training**

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

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

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

(xiii) **Anti-Bribery and Corruption Policy**

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

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

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

- (F) All breaches of this policy are to be reported to the Chairman. Any material breaches of this policy are to be reported to the Board.

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

5. Principle 4: Safeguard Integrity in Corporate Reporting

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

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

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

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

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

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

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

6. Principle 5: Make Timely and Balanced Disclosure

Compliance with ASX Listing Rules

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

- (a) All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Stock Exchange and the

highest standards of ethical conduct. This includes compliance with the continuous disclosure requirements of the listing rules.

- (b) The Company recognises the importance of its market announcements being accurate, balanced and expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
- (c) Directors, senior executives and employees are each responsible to inform the Board of any circumstances which could impact the Company's compliance with these requirements.
- (d) The Company ensures that all market announcements are prepared by suitably qualified staff or consultants and are reviewed by the Board or by the appropriate Director.
- (e) The Board delegates authority to approve and authorise ASX announcements on behalf of the Company to appropriate individuals.
- (f) The Company has highlighted to all directors, senior executives and staff, the importance of safeguarding the confidentiality of corporate information and avoiding premature disclosure. The Company restricts analyst briefings and responses to security holder questions to the appropriately qualified staff.
- (g) The Board constantly monitors market developments to ensure that there has not emerged a false market in the Company's securities and will respond appropriately if a false market occurs.
- (h) The Company Secretary is the person responsible for overseeing and co-ordinating disclosure of information to ASX as well as communicating with the ASX.
- (i) The Board receives copies of all material market announcements promptly after they have been made.
- (j) The Company releases a copy of presentation materials on the ASX Market Announcements Platform before any presentation.

7. Principle 6: Respect the rights of security holders

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

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

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

- (a) preparing half yearly and yearly financial reports and announcing these reports to the ASX;
- (b) preparing quarterly reports in accordance with the listing rules and announcing these reports to the ASX;

- (c) making announcement in accordance with the listing rules and the continuous disclosure obligations;
- (d) maintaining the Company's website and hosting all of the above on the Company's website;
- (e) annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the notice of meeting and proxy form; and
- (f) voluntarily releasing other information which it believes is in the interest of shareholders.

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

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

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

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

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

8. Principle 7: Recognise and Manage Risk

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

- (a) liaise with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole;
- (b) define the basic parameters within which risks must be managed and set the scope for the rest of the risk management process;
- (c) identify the risks to be managed;
- (d) identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk. This analysis should consider the range of potential consequences and how these could occur;
- (e) compare estimated levels of risk against pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities;
- (f) develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs. Allocate responsibilities to those best placed to address the risk and agree on target date for action;
- (g) the Chairman and Chief Executive Officer are responsible for the implementation and maintenance of sound risk management. In carrying out this responsibility, senior managers review the adequacy of internal controls to ensure that they are operating effectively and are appropriate for achieving corporate goals and objectives;
- (h) the Board is responsible for oversight and for providing corporate assurance on the adequacy of risk management procedures; and
- (i) managers at all levels are to create an environment where managing risk forms the basis of all activities.

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

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

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

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

9. Principle 8: Remunerate Fairly and Responsibly

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

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

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

TABLE OF DEPARTURES AND EXPLANATIONS (FROM THE RECOMMENDATIONS OF THE ASX CORPORATE GOVERNANCE COUNCIL)

“Recommendation” Ref (“Principle No” Ref followed by Recommendation Ref)	Departure	Explanation
1.3	Written agreements have not been executed with all directors and senior executives.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that the roles and responsibilities of all directors and senior executives are clearly defined and understood and that written agreements for all directors and senior executives are not warranted as yet.
1.5	No formal diversity policy has been established. No measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally have been established.	The Company does not discriminate on the basis of gender. While gender imbalances may occur from time to time, all applicants for positions with the Group are assessed on their merits irrespective of their gender. Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that the current composition of the Board does not disadvantage the Company and a diversity policy is not necessary to provide a competitive advantage at this time.
1.6 and 1.7	No formal process has been established for periodically evaluating the performance of Directors and Senior Executives and no performance evaluation has been undertaken.	There is no formal process for periodically evaluating the performance of Directors and Senior Executives as the Board monitors the performance of directors and senior executives on an on-going basis and conducts an evaluation of the performance of directors and senior executives as and when the Board considers appropriate.
2.1	A Nomination Committee has not been formed.	The Board comprises five members each of who have valuable contributions to make in fulfilling the role of a nomination committee member. A director will excuse himself where there is a personal interest or conflict.

"Recommendation" Ref ("Principle No" Ref followed by Recommendation Ref)	Departure	Explanation
2.4 and 2.5	The Board does not have a majority of independent directors. The Chairman is not an independent director. The Chairman is the Chief Executive Officer of the Company.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that active director oversight with executive involvement is required in multiple jurisdictions and disciplines, thereby limiting the number of directors who can be independent. Given the nature and depth of their experience, each of the directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders.
2.6	The Company does not have a program for inducting new directors or for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that all directors already have sufficient skills, knowledge and familiarity with the Company and its operating environment to fulfil their role on the board and on board committees effectively. All directors are responsible for their own training and development.
4.1	No formal audit committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary that a formal audit committee be established or a charter be drawn.
7.1	No formal risk management committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to establish a risk management committee or a charter be drawn.
7.2	No formal review of the Company's risk management framework has been carried out.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to conduct a formal review of the Company's risk management framework as the

"Recommendation" Ref ("Principle No" Ref followed by Recommendation Ref)	Departure	Explanation
		Company's risk profile is monitored by the Board on an on-going basis.
8.1	No formal remuneration committee has been established or formal charter drawn.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to establish a remuneration committee or a charter be drawn.

