

# **Nexdius Limited**

**ABN: 95 165 149 968**

## **Financial Statements**

**For the Year Ended 30 June 2020**

# Nexdius Limited

ABN: 95 165 149 968

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For the Year Ended 30 June 2020

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# Nexdius Limited

ABN: 95 165 149 968

## Directors' Report

30 June 2020

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2020.

### Directors

The names of each person who has been a director during the year and to the date of this report are:

Kristina K W Arnott

Experience

Kristina has been a practicing lawyer for over 20 years with experience advising FMCGs, and their Boards, on a broad range of issues including: litigation; regulation; governance; corporate law; and contracts. Her most recent role was as Area General Counsel for British American Tobacco. In this role, she had responsibility for all legal, security and illicit trade issues in Australia, New Zealand and the South Pacific. This included intellectual property litigation, regulatory issues in multiple jurisdictions, chairing and participating in committees and advising the Board.

Mathew G H Collett

Experience

Mathew has over 25 years' experience across Business Management, Banking, Corporate Advisory, FMCG and Marketing. Mathew has had extensive experience building several successful start-ups including Cocoon Data (Covata), a data security software company now listed on the ASX (CVT), where he was responsible for the overall development and expansion of the technology across Australia & Nth America. He started and managed his own corporate advisory firm, plus he owned and managed a manufacturing & distribution FMCG company, Lime Grove. Lime Grove was the oldest and largest lime (fruit) provider in Australia which sold over 75% of Lime Grove produce to Woolworth's. Mathew continues to hold key relationships with Woolworths, Thomas Dux and independent stores across Australia. Mathew was a former Director at JBWere (now Goldman Sachs) and Managing Director of ICAP Futures Australia and Tullett Prebon Australia.

Titus E Day

Experience

Resigned 3/7/2020 - A veteran in the entertainment industry with over 25 years' experience, Titus has successfully founded businesses and managed leading companies such as IMG, LA based Atlantic Talent Management and media management company 22 Management. Titus has represented some of the world's best known names including, Jamie Oliver, Jennifer Hawkins and Guy Sebastian. He has negotiated some of Australia's biggest media deals including the Beaconsfield Miners Channel Nine deal.

Courtney Elizabeth Day

Experience

Appointed 3/7/2020 - Courtney is an experienced Creative Executive who has worked in the marketing and entertainment industry for over 20 years with a focus on business development, strategy, creative direction, digital marketing and promotion. Courtney has also vast experience as an executive producer for TV, live events and recordings. Courtney has strong ties and relationships across media and public relations across Australia and the US and has a strong track record in the industry.

# Nexdius Limited

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## Directors' Report

30 June 2020

### Directors

Andrew Elder Forbes  
Experience

Appointed 10/9/2020 - Andrew has a diverse international background in corporate finance, institutional stockbroking, and presently osteopathy. Andrew sits on the board of a small regional bank, BDCU Alliance Bank, as well as the peak body for his profession, Osteopathy Australia. He is also a graduate of the AICD. Andrew brings a wealth of risk management and strategic planning experience to the board of Nexdius.

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

### Company secretary

The details of each person who has been a secretary during the year and to the date of this report are

Winton W Willesee

Erlyn S Dale

Both Erlyn and Winton are experienced company secretaries with a broad range of experience in the efficient administration of companies and corporate governance, having been involved with several listed and unlisted public and other companies.

### Principal activities

The principal activities of the Group during the financial year was manufacture and wholesale distribution of vitamin D promoting sunscreen products.

No significant change in the nature of these activities occurred during the year.

### Operating results

The consolidated loss of the Group amounted to \$ 44,243 (2019: \$1,296,779).

### Review of operations

The COVID19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business on a national and international basis. The scale and duration of these developments remain uncertain as at the date of this report.

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

# Nexdius Limited

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## Directors' Report

30 June 2020

### Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

### Environmental matters

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

### Meetings of directors

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings	
Number eligible to attend	Number attended
Kristina K W Arnott	10
Mathew G H Collett	10
Titus E Day	10
Courtney Elizabeth Day	-
Andrew Elder Forbes	-

### Indemnification and insurance of officers and auditors

During the financial year the Group paid a premium of \$29,662 (2019: \$3,005) to insure the directors, secretaries and management of the consolidated Group.

Limited indemnities have been given for officers and directors of Nexdius Limited. No indemnities have been given during or since the end of the financial year for auditors of Nexdius Limited.

### Proceedings on behalf of company

In 2019, the Company was named as the third defendant in proceedings commenced in the Federal Court of Australia. The Proceedings are principally against one of the Company's former directors, Titus Day, for matters unrelated to the Company's day to day business operations. The proceedings stem from a contractual dispute between Mr Day and a third party, with a claim principally being made by the third party against Mr Day and his shareholding in the Company and an alternate claim against the Company if the former claim is unsuccessful. Mr Day was granted a stay of proceedings in July 2020. It is unclear when the civil proceedings will resume, however the Company remains confident that if the stay is lifted and proceedings resume, it can defend the action against it and has filed a Defence and Cross Claim in the Federal Court. Mr Day has previously agreed to personally pay all legal costs associated with defending these proceedings.

No person has applied for leave of court under Section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

# Nexdius Limited

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## Directors' Report

30 June 2020

### Auditor's independence declaration


The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director: .....

Kristina K W Arnott



Director: .....

Mathew G H Collett

Date 18 December 2020

Nexdius Limited  
ABN: 95 165 149 968

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Nexdius Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



SCOTT TOBUTT  
PARTNER

DATE: 18<sup>TH</sup> DECEMBER 2020  
SYDNEY, NSW

# Nexdius Limited

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	4	624,023	244,797
Other income	4	159,168	2,127
Raw materials and consumables used		(46,578)	(374,166)
Employee benefits expense		(74,352)	(50,524)
Depreciation and amortisation expense		-	(32,145)
Accountancy expenses		(63,484)	(178,179)
Advertising expenses		(99,487)	(126,620)
Consultancy expense		(334,523)	(610,233)
Other expenses		(82,342)	(112,574)
Finance costs		(126,668)	(59,262)
<b>Loss before income tax</b>		<b>(44,243)</b>	<b>(1,296,779)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<b>(44,243)</b>	<b>(1,296,779)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(44,243)</b>	<b>(1,296,779)</b>

The accompanying notes form part of these financial statements.



# Nexdius Limited

ABN: 95 165 149 968

## Consolidated Statement of Financial Position As At 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	14,569	24,004
Trade and other receivables	6	24,073	27,982
Inventories	7	7,370	44,873
<b>TOTAL CURRENT ASSETS</b>		<b>46,012</b>	<b>96,859</b>
Intangible assets	8	6,070	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,070</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>52,082</b>	<b>96,859</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	891,182	850,391
Borrowings	10	419,590	569,248
Employee benefits	11	11,630	11,630
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,322,402</b>	<b>1,431,269</b>
Trade and other payables	9	199,493	211,120
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>199,493</b>	<b>211,120</b>
<b>TOTAL LIABILITIES</b>		<b>1,521,895</b>	<b>1,642,389</b>
<b>NET DEFICIT</b>		<b>(1,469,813)</b>	<b>(1,545,530)</b>
<b>EQUITY</b>			
Issued capital	12	7,633,361	7,513,401
Accumulated losses		(9,103,174)	(9,058,931)
<b>TOTAL EQUITY</b>		<b>(1,469,813)</b>	<b>(1,545,530)</b>

The accompanying notes form part of these financial statements.

# Nexdius Limited

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## Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

	Ordinary Shares	Accumulated losses	Total
Note	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>7,513,401</b>	<b>(9,058,931)</b>	<b>(1,545,530)</b>
Loss attributable to members of the parent entity	-	(44,243)	(44,243)
Issue of shares	119,960	-	119,960
<b>Balance at 30 June 2020</b>	<b>7,633,361</b>	<b>(9,103,174)</b>	<b>(1,469,813)</b>

	Ordinary Shares	Accumulated losses	Total
Note	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>6,109,826</b>	<b>(7,762,152)</b>	<b>(1,652,326)</b>
Loss attributable to members of the parent entity	-	(1,296,779)	(1,296,779)
Shares issued during the year	1,403,575	-	1,403,575
<b>Balance at 30 June 2019</b>	<b>7,513,401</b>	<b>(9,058,931)</b>	<b>(1,545,530)</b>

The accompanying notes form part of these financial statements.

# Nexdius Limited

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## Consolidated Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	818,699	304,573
Payments to suppliers and employees	(696,899)	(2,306,475)
Interest received	-	13
Grants received	42,828	-
Finance costs	(126,668)	(59,262)
Net cash used in operating activities	21 <u>37,960</u>	<u>(2,061,151)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of intangibles	<u>(6,070)</u>	(32,145)
Net cash used by investing activities	<u>(6,070)</u>	<u>(32,145)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	(161,285)	701,235
Proceeds from issue of shares	119,960	1,403,575
Net cash provided by financing activities	<u>(41,325)</u>	<u>2,104,810</u>
Net increase/ (decrease) in cash and cash equivalents held	(9,435)	11,514
Cash and cash equivalents at beginning of year	24,004	12,490
Cash and cash equivalents at end of financial year	5 <u>14,569</u>	<u>24,004</u>

The accompanying notes form part of these financial statements.

# Nexdius Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2020

The financial report covers Nexdius Limited and its controlled entities ('the Group'). Nexdius Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### 2 Summary of Significant Accounting Policies

#### (a). Going concern

Notwithstanding the Group's deficiency in net current assets of \$1,260,773 and net deficit of \$1,454,196, the Director's believe the going concern basis of preparation remains appropriate and have prepared the financial statements on this basis. The Group's ability to continue its normal operations into the foreseeable future is dependent on:

- Forecasted revenue targets and cash flow generation being achieved – an agreement has been secured in relation to a significant new supply contract, and preliminary distribution agreements are well progressed;
- Adherence to agreed payment plans in place with creditors;
- The successful raising of additional funds and capital as and when it is required – the Group has successfully raised capital and funds during this and previous periods and also raised additional capital of \$250,000 since the end of the reporting period. The Group has engaged a Corporate Advisor and is currently in talks with a number of cornerstone investors; and
- The continuation of support from shareholders and related parties.

If the Group is not successful in the achieving the above the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business, with amounts realised being different from those disclosed in the financial report.

These conditions therefore indicate the existence of a material uncertainty which casts doubt on the Group's ability to continue as a going concern. Therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

No allowance for such circumstance has been made in the financial report.

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## Notes to the Financial Statements For the Year Ended 30 June 2020

### 2 Summary of Significant Accounting Policies

#### (b). Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 16 to the financial statements.

#### (c). Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

#### **Sale of goods**

Revenue is recognised at the point in time the goods are transferred to the customer. This is consistent with the transfer of control to the customer and the satisfaction of performance obligations.

#### **Interest revenue**

Interest revenue is recognised using the effective interest rate method.

#### **Other income**

Other income is recognised on an accruals basis when the Group is entitled to it.

# Nexdius Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2020

### 2 Summary of Significant Accounting Policies

#### (c). Revenue and other income

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

#### (d). Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### (e). Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### (f). Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

# Nexdius Limited

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## Notes to the Financial Statements

For the Year Ended 30 June 2020

### 2 Summary of Significant Accounting Policies

#### (g). Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (h). Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

#### (i). Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

#### (j). Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

##### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

# Nexdius Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2020

### 2 Summary of Significant Accounting Policies

#### (j). Financial instruments

##### Financial assets

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

##### Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.



# Nexdius Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2020

### 2 Summary of Significant Accounting Policies

#### (j). Financial instruments

##### Financial assets

##### Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

#### (k). Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

#### (l). Intangible Assets

##### Patents and royalties

Patents and royalties are recognised at cost of acquisition. Patents and royalties have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 2 to 5 years.

##### Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# Nexdius Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2020

### 2 Summary of Significant Accounting Policies

#### (m). Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

### 3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

There were no significant estimates and judgements applied in this period.

# Nexdius Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2020

### 4 Revenue and Other Income

	2020	2019
	\$	\$
Revenue		
Sales revenue	624,023	244,797
Other Income		
Recoveries	116,330	-
Government grants	42,838	2,127
	<u>159,168</u>	<u>2,127</u>

### 5 Cash and cash equivalents

Cash at bank	14,569	24,004
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### 6 Trade and other receivables

Trade receivables	4,384	318
GST receivable	2,851	27,664
Government grant receivable	16,838	-
	<u>24,073</u>	<u>27,982</u>

### 7 Inventories

At cost:		
Finished goods	7,370	44,873

### 8 Intangible Assets

Patents and royalties		
At cost	518,298	512,228
Accumulated amortisation	(512,228)	(512,228)
	<u>6,070</u>	<u>-</u>

### 9 Trade and Other Payables

#### CURRENT

Trade payables	852,143	816,027
Accrued expense	39,039	34,364
	<u>891,182</u>	<u>850,391</u>

#### NON CURRENT

Related party loan	199,493	211,120
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### 10 Borrowings

#### CURRENT

Secured liabilities:		
Borrowings	419,590	569,248
	<u>419,590</u>	<u>569,248</u>

# Nexdius Limited

ABN: 95 165 149 968

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 10 Borrowings

Borrowings are secured by the underlying stock in relation to the sales contract which the debt finance agreement is based upon.

Cash and cash equivalents are pledged against the bank overdraft on an ongoing floating basis for the term of the bank overdraft's maturity.

### 11 Employee Benefits

	2020	2019
	\$	\$
Provision for employee benefits	<u>11,630</u>	<u>11,630</u>

#### (a). Reconciliation

##### 2020

	Employee benefits
	\$
Opening balance	11,630
Additional provisions raised during the year	-
Amounts used	-
<b>Closing balance</b>	<b><u><u>11,630</u></u></b>

### 12 Issued Capital

103,702,038 (2019: 100,237,368) Ordinary shares	<u>7,633,361</u>	<u>7,513,401</u>
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#### (a). Ordinary shares

	No.	No.
At the beginning of the reporting period	100,237,368	85,650,944
Shares issued during the year	<u>3,464,670</u>	<u>14,586,424</u>
At the end of the reporting period	<b><u><u>103,702,038</u></u></b>	<b><u><u>100,237,368</u></u></b>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

### 13 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

Short-term benefits	64,465	21,400
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Performance rights are in place in relation to key management personnel. At the reporting date \$nil expense has been recognised in relation to these performance rights based on an assessment of performance to date against the relevant criteria.

# Nexdius Limited

ABN: 95 165 149 968

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 14 Related Parties

#### (a). Loans from related parties

Unsecured loans are made from related parties on an arm's length basis.

Loans are unsecured and repayable in cash.

	Opening balance	Closing balance
<b>Loan from related parties</b>		
2020	211,120	199,493
2019	73,920	211,120

No interest is paid on related party loans, which relate to amounts repayable to Courtney Day.

### 15 Share option reserve

The share option reserve records the cumulative value share options issued by the Group. When the share options are exercised the amount in the share option reserve is transferred to share capital.

The Group has various share options and performance shares under issue however \$nil expense has been booked in this year or prior years as all share options and performance shares issued to date have been deemed to be out of the money.

### 16 Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2020	Percentage Owned (%)* 2019
<b>Subsidiaries:</b>			
Solar D Skincare Pty Ltd	Australia	100	100

\*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

### 17 Financial Risk Management

The main risks Nexdius Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

# Nexdius Limited

ABN: 95 165 149 968

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 18 Parent entity

The following information has been extracted from the books and records of the parent, Nexdius Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Nexdius Limited has been prepared on the same basis as the consolidated financial statements as disclosed below.

	2020	2019
	\$	\$
<b>Statement of Financial Position</b>		
Assets		
Current assets	14,993	19,123
Total Assets	<u>14,993</u>	<u>19,123</u>
Liabilities		
Current liabilities	93,331	85,231
Total Liabilities	<u>93,331</u>	<u>85,231</u>
Equity		
Issued capital	7,633,361	7,513,401
Accumulated losses	<u>(7,555,023)</u>	<u>(7,447,293)</u>
Total Equity	<u>78,338</u>	<u>66,108</u>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total loss for the year	<u>(83,985)</u>	<u>(53,572)</u>
<b>Total comprehensive loss</b>	<u>(83,985)</u>	<u>(53,572)</u>

### 19 Contingent Liabilities

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

### 20 Impact of COVID 19 on continuing operations

The COVID19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business on a national and international basis. The scale and duration of these developments remain uncertain as at the date of this report.

It is not possible to estimate the impact of the outbreak's nearterm and longerterm effects or Government's varying efforts to combat the outbreak and support businesses, and therefore we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact on the Group at this time. However, during the year the Group did respond to the uncertainties of COVID by scaling down the business activities and taking advantage of government stimulus, with negotiations around potential international distribution agreements being temporarily put on hold.

# Nexdius Limited

ABN: 95 165 149 968

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 21 Cash Flow Information

#### (a). Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	\$	\$
Net loss for the year	(44,243)	(1,296,779)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	-	32,145
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	3,909	29,973
- (increase)/decrease in inventories	37,503	54,396
- increase/(decrease) in trade and other payables	40,791	(880,886)
Cashflows from operations	<u>37,960</u>	<u>(2,061,151)</u>

### 22 Company Details

The registered office of and principal place of business of the company is:

Nexdius Limited  
4, 162 Queen St  
Woollahra  
NSW 2025

# Nexdius Limited

ABN: 95 165 149 968

## Directors' Declaration

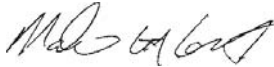
The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 21, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company and consolidated group.
2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.



Director .....  
Kristina K W Arnott



Director .....  
Mathew G H Collett

Dated: 18 December 2020



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEXDIUS LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report of Nexdius Limited (the company), which comprises the consolidated statement of financial position as at 30<sup>th</sup> June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the accompanying financial report of Nexdius Limited, is in accordance with the Corporations Act 2001, including:

- (a) Giving a true and fair view of the company's financial position as at 30<sup>th</sup> June 2020, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards – Reduced Disclosure Requirements and Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter - Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 2(a) in the financial report which indicates that the Company has incurred significant losses and operating cash outflows during the period. The Company's ability to continue as a going concern is contingent upon achieving successful capital and fund raisings and continued improvements in revenue growth and operational cash flows. These conditions therefore indicate the existence of a material uncertainty which casts doubt on the Company's ability to continue as a going concern. Therefore the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No allowance for such circumstance has been made in the financial report.

Our opinion has not been modified in this respect.

## Independence

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30<sup>th</sup> June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.



PKF



SCOTT TOBUTT  
PARTNER

DATE: 18<sup>TH</sup> DECEMBER 2020  
SYDNEY, NSW