

25 July 2022

## NEXION to Acquire New Zealand companies, Aiscorp Limited and Silicon Systems Limited

NEXION Group Ltd (**NEXION**) (ASX: NNG), the fast emerging, global Hybrid Cloud service provider is pleased to announce it has entered into binding term sheets to acquire New Zealand information technology companies Aiscorp Limited (**Aiscorp**) and Silicon Systems Limited (**Silicon**).

### Highlights

- **Triples the size of NNG to \$18.3M pro-forma FY22 revenue.**
- **Consolidated group pro-forma EBITDA targeting \$1.35M for the first full 12 months.**
- **Additional resources to underpin new contracts with blue-chip customers in NZ.**
- **Provides a base for future expansion to the Americas.**

NEXION listed in February 2021 with the stated objective to become a global operator of Hybrid Cloud and SD-WAN infrastructure through a combination of acquisitions and organic revenue growth. The acquisitions of Aiscorp and Silicon completes the next step in this plan by forming a foundation for revenue growth in the Pacific region and creating a steppingstone to the Americas.

Aiscorp and Silicon are highly experienced information technology and cloud infrastructure service providers in the region with skills that complement NEXION's. The combination of Aiscorp and Silicon's expertise and local knowledge with NEXION's blue chip enterprise-scale client base sets a foundation capable of delivering rapid growth and strong profits across the group.

The combined un-audited revenue of Aiscorp and Silicon to the end of the NZ financial year 2022 (March 31<sup>st</sup>, 2022) was AUD \$11.71 million and EBITDA was AUD \$1.12 million assuming an NZD/AUD exchange rate of 0.90. The terms of the acquisitions are to pay a minimum number of shares calculated at 1.1 times the FY22 revenue divided by 20 cents per NNG share with the vendors able to take up-to 42% of the valuation in cash.

The purchase is subject to conditions including completion of due diligence, NEXION obtaining its board, shareholder, regulator, and third-party approvals and NEXION raising at least \$7.425 million cash via debt and/or equity. Settlement occurs when all conditions are satisfied and if the conditions remain unsatisfied after November 30, 2022, then either party may terminate the agreement.

On completion, should the NNG share price be less than 20 cents then an adjusting amount of shares will be issued to account for the valuation short-fall. Performance rights up to an additional 100% of the FY22 revenue divided by 20 cents will be issued to the vendors. They will vest proportionate to the percent the actual revenue achieved in FY23 is of the FY22 revenue. Based on historic performance, a minimum 23% of these rights might vest.

NEXION is in the negotiation with an equity funder to provide up-to \$8M in capital at a 5% discount to the then share price (on a 30-day VWAP basis) and is also pursuing investment from existing shareholders. Debt facilities up to \$2M are being considered for the second half of FY23, subject to the consolidated Group demonstrating positive cash flow.

**Group CEO Paul Glass said:**

*“I’m extremely excited to have Aiscorp and Silicon join us on our journey to become a global hybrid cloud operator. Aiscorp and Silicon are outstanding businesses with long histories of delivering services in the Pacific region and will continue to operate as independent, complimentary members of NEXION Group.*

*NEXION has a vision to deliver services in eight global regions and the completion of these acquisitions sets the foundation for our second region called NEXION Pacific that spans the East coast of Australia to the West coast of North America. Our next step is Canada so a base in Wellington makes acquisitions and growth into that time-zone much more efficient.”*

**About Aiscorp Limited**

Aiscorp was originally Artificial Intelligence Corporation when it was purchased by Elmar Gailitis in 1987. Elmar transformed Aiscorp into a provider of IT infrastructure solutions, which has now grown into a full information technology managed services provider. Aiscorp works across government and private sector and in particular delivers services to Pacific islands including Niue, Tonga and the Cook Islands. Aiscorp operates from Wellington, New Zealand.

**About Silicon Systems**

Also from Wellington, Silicon Systems was founded in 1991 and is owned and managed by Liam O’Keeffe. Silicon Systems Limited is a technology solutions company, that has developed a solid presence as one of Wellington’s most established, trusted and capable technology partners. Today it is recognised primarily as a managed IT services and cloud services provider, with a client base spanning government, corporate, and small to medium enterprise sectors.

**About NEXION Group Ltd**

NEXION is an information technology service provider that offers network, compute and data storage as-a-service that it integrates with public cloud services to form NEXION’s hybrid cloud solution called NEXION OneCloud. NEXION sells its OneCloud capacity and technology management services to enterprise customers on term contracts up to 60-months. The company’s enterprise ICT managed services division offers Technology-as-a-Service across the globe.

**Deal Summary**

|                                       | <b>Aiscorp</b> | <b>Silicon</b> |
|---------------------------------------|----------------|----------------|
| Revenue (NZ FY22)                     | NZD \$7.41M    | NZD \$5.59M    |
| EBITDA                                | NZD \$0.371M   | NZD \$0.874M   |
| Consideration                         | NZD \$8.15M    | NZD \$6.15M    |
| Maximum Cash Component                | 42%            | 42%            |
| Performance Rights                    | 37.3M          | 27.9M          |
| M&A Services Fees (payable in shares) | NZD \$0.245M   | NZD \$0.185M   |

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

**NEXION Group Ltd**

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