



NEXION Group

ENTERPRISE HYBRID CLOUD

Rights issue to begin execution of
NEXION's global expansion plans.



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13 December 2022

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This presentation was authorised by the Board of NEXION Group Ltd.



NEXION is rapidly becoming a global provider of Hybrid Cloud infrastructure and enterprise Business Solutions

NEXION at a Glance



128.4M

Shares on Issue
26% held by board and management



9.4M

Performance Rights



6M

Options
(40c exercise by Feb 23)



0.7M

Cash



NIL

Debt



8.73M

Market Cap



6.8c

Share Price



1.2

Revenue Multiple



12

Underlying PE*

* Underlying PE is the annualised exit run-rate of the operating surplus for the Group subsidiaries excluding C-suite, Board and ASX compliance costs divided by the market cap excluding depreciation and other non-cash expenses and including application of carry forward tax losses.

Announcing a Rights Issue for Rapid Growth

NEXION is making game-changing acquisitions that will significantly increase its scale and reach.

Phase 1 Acquisitions in New Zealand

NEXION's acquisitions in New Zealand will take the company from \$7M to \$18M in revenue for FY22 with substantial growth anticipate in FY23.

Further Pacific and International Acquisitions

NEXION has a pipeline of acquisitions under evaluation that will bolster its presence on the East Coast of Australia and expand the business internationally.

Why Consider Taking up Your Rights

- The NEXION Rights issue is priced attractively at 5 cents and includes a free attaching listed option with an exercise price of 10 cents.
- On successful completion, NEXION will be a substantially larger business with the capacity to sustain profitability as an ASX technology micro-cap.
- At its current scale and pre-profit status, NEXION's VWAP in calendar 2022 was 10 cents (the Rights issue Option exercise price) and has traded at 11 cents as recently as October 2022.

Global Expansion

NEXION is creating a global Hybrid Cloud network



Deploying hybrid cloud and technical services in 8 global regions within 5 years (2 achieved in year 1 with a 3rd underway).



NEXION's services and technology base are consistent across all regions and markets making NEXION highly scalable.

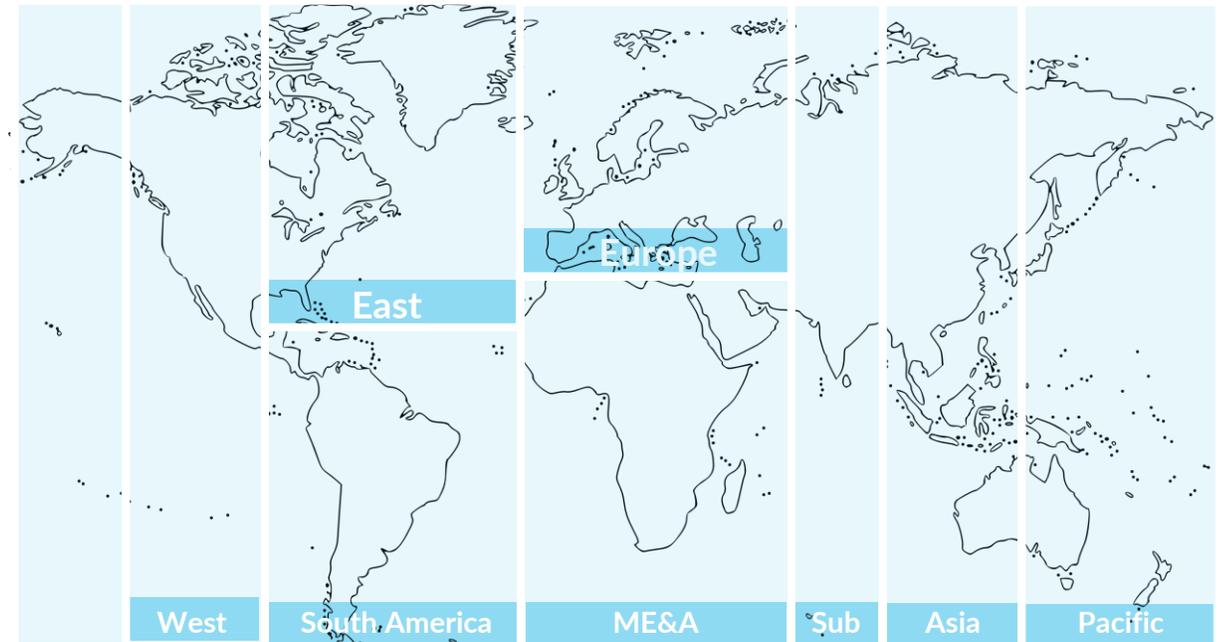


Aligned with Tier-1 Channel Partners such as IBM that require support in edge locations, globally.



Growing fast via equity funded acquisitions initially then organically using free cash flow and debt as NEXION matures.

Deploying Hybrid Cloud Across 8 Regions



Executing Pacific Acquisitions



Acquisition Strategy

- Acquiring small operators between \$5M and \$50M annual revenue with high growth and strong NPAT.
- Light touch M&A strategy with each business remaining independent after acquisition.
- Back-office integration limited to support system integration and support ticket-sharing.
- Overall NEXION group organic revenue growth target of 30% compound in early years trending toward 18% as the business matures.
- Acquisitions funded from equity and debt to \$100M gross revenue then funded with conservative debt and equity thereafter.
- Acquisition revenue growth of circa 85% per annum on average to \$100M then trending to a steady-state of 21% over time.
- Average annual share price growth accelerates at an increasing pace as less percent of new equity is required to fund acquisitions.
- Group contracts increase resource utilisation across the group. Improves margins and free cash flow for acquired businesses.

New Zealand Acquisitions



AISCorp and Silicon are both based in Wellington.

Each provides a complimentary set of skills for customers across most verticals.

High-growth businesses with hands-on owners and executives remaining in-place to become part of the NEXION team.

Teams can support new projects introduced by NEXION's new Auckland office.

AUD \$11.7M

FY22 Revenue

24%

Historic Annual Growth

AUD \$1.12M

FY22 EBITDA

8x FY23E NPAT

Purchase price

What we do



NEXION is creating a **global Hybrid Cloud network** that delivers complimentary hosting solutions for our partners including IBM, Aryaka, NetApp and their customers.



NEXION is creating a comprehensive set of repeatable solutions that leverage our infrastructure and **scale globally** to deliver from our customers.



High-margin, recurring, **long term contracted revenue** generated from our globally-connected hybrid cloud platform is our bedrock.



NEXION complements Hybrid Cloud with enterprise information and communications **technology-as-a-service** to provide an end-to-end solution from desktop to cloud.

Hybrid Cloud



CLOUD

Fully managed solutions OneCloud – Technology ‘As-a-Service’.



SECURITY

Advanced threat protection from the network edge to the core.



NETWORKS

Global converged fiber, wireless and satellite managed networks

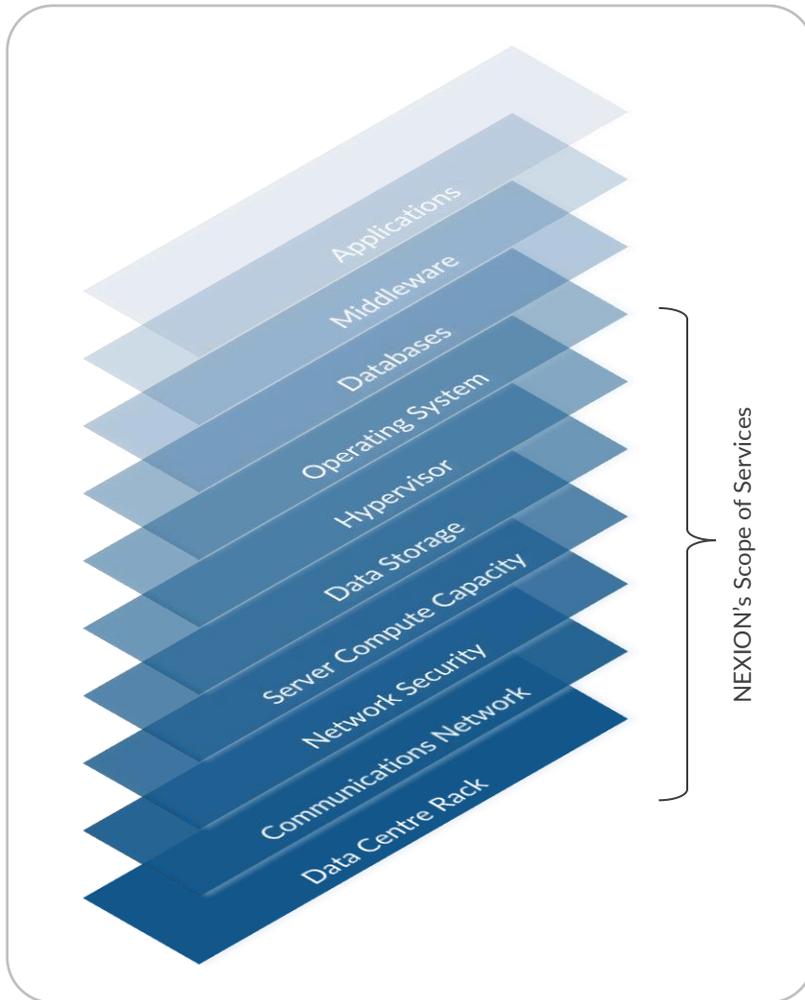


DATA

Distributed data management services across public and private cloud.

NEXION's Scope of Services

NEXION provides core compute, storage, network and security services, essential for enterprises to operate.



Essential Enterprise Information Technology

NEXION operates in a large addressable Market of US\$1.1 trillion (AU\$1.52 trillion). The market grew 3.4 percent in 2022 and predicts annual growth of 4.0 percent through 2023 to 2034, according to new research from IDC

NEXION's Revenue Streams



Cloud

We host servers and data storage in our points of presence (PoPs) for our customers



Network

NEXION delivers data and voice across fibre, satellite and wireless networks including security management from end-to-end.



Services

NEXION provides the smart-hands customers need to keep their information technology running



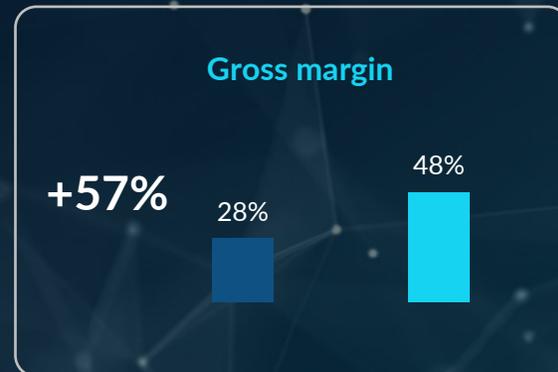
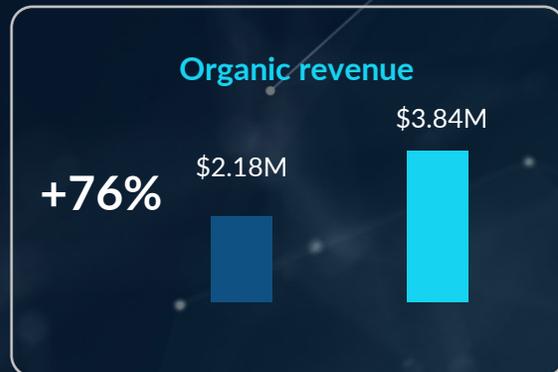
Products

Where necessary, NEXION sells hardware and software to our customers to support their business.

NEXION FY22 Performance

FY22 Growth

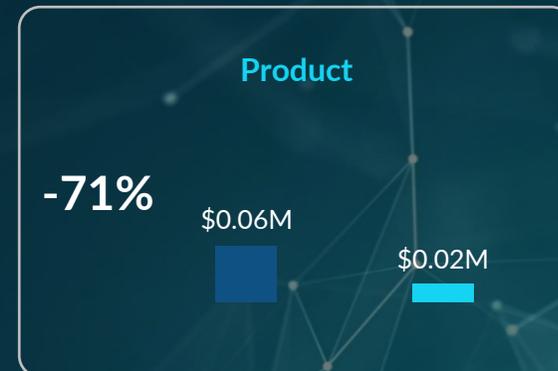
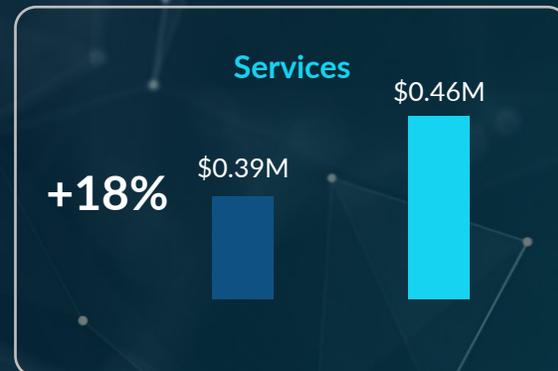
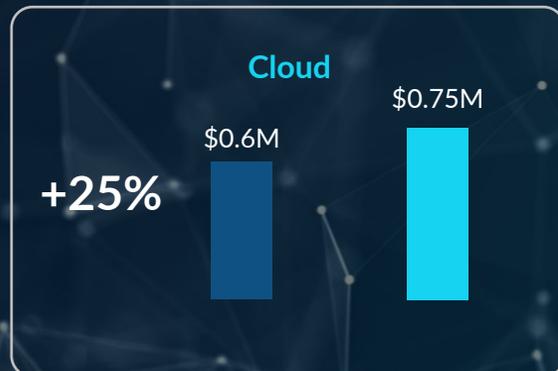
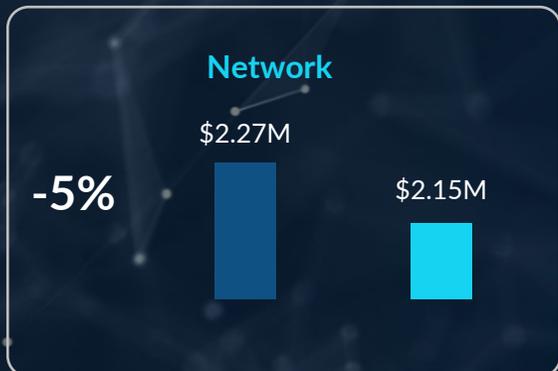
Vs. FY21



- FY22 was another year of rapid growth for NEXION with underlying growth of 76% and growth including acquisitions of 207%.
- Gross margins continue to increase the blend of products sold skewed further toward those with higher margins.
- Cost rationalisation continued as the integration of the first acquisition completed in August.

FY22 Growth

H1 Vs. H2



Strategic Partners

NEXION delivers business solutions with our enterprise-scale strategic partners



NYSE:IBM Mktcap USD119.66B

NEXION delivers wholesale services to IBM's and their customers customers where IBM cant provide local resources and infrastructure.



NASDAQ: FTNT Mktcap USD46.96B

NEXION is a strategic partner in-region for Fortinet with high-levels of expertise in their cyber security and routing technology.



Private, US HQ excess of 100M ARR

NEXION provides SD-WAN nodes for Aryaka in strategic locations and delivers Aryaka network services for our international customers.



NASDAQ: NTAP Mktcap USD16.4B

NEXION is a partner of NetApp's using their storage as a service product, Keystone in our OneCloud nodes.

Growing Customer Base

NEXION has a diverse range of enterprise and industrial customers.



NEXION provides IBM with the full range of managed services for a key WA utility across 12 sites, 3 data centres, 330 servers and 750 seats. Managed Services include but not limited to, Network infrastructure support and maintenance, Firewall and back up services, IaaS and SaaS, Modernised workplaces and identity and asset management.



NEXION provides Hames Sharley with all their cyber security solutions and networking requirements to each of their 6 sites rolled into a 3-year managed service agreement.



NEXION is Clough's exclusive networking partner providing fixed wireless, satellite, NBN and fibre to all their sites whilst providing professional services including security and solution architecture work.



NEXION provides DDH1 with Satellite Internet Connectivity Solutions for their remote drilling and operational workforce teams across Western Australia, providing Internet Connectivity to over 30 different rigs sites at any given time.

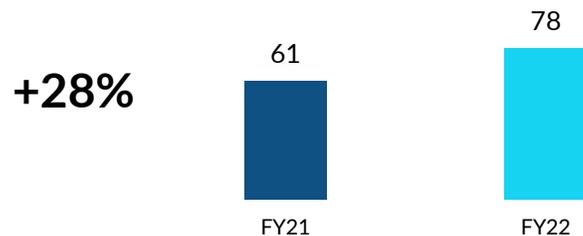
NEXION Customer Metrics

FY22 Growth

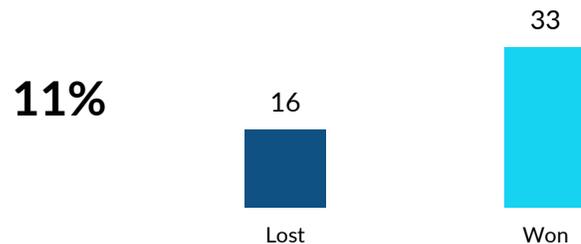
Vs. FY21

Growing base of stable enterprise-scale customers delivering strong recurring revenue growth.

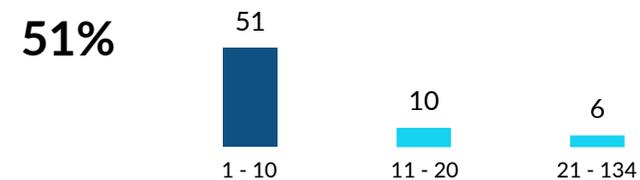
Growth in Recurring Revenue



Low Customer Churn

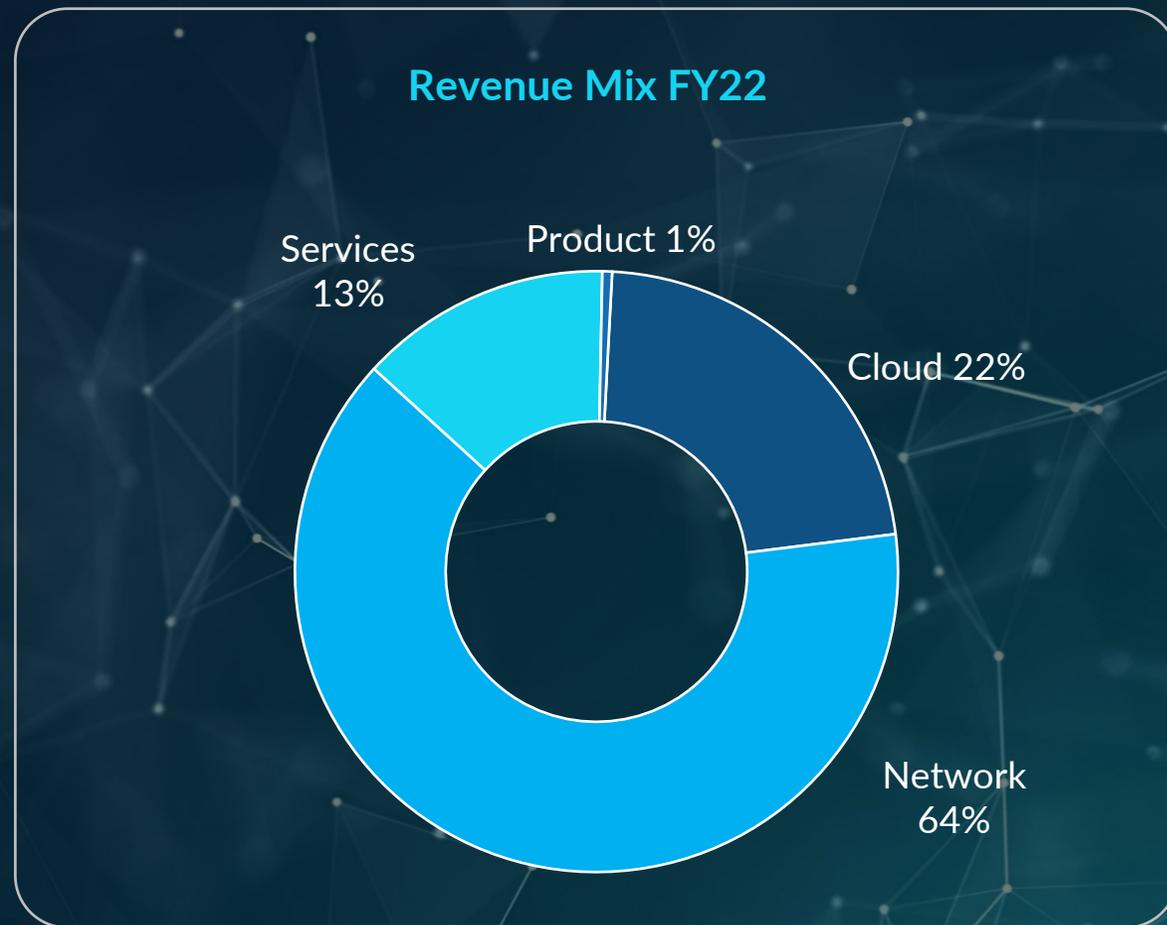
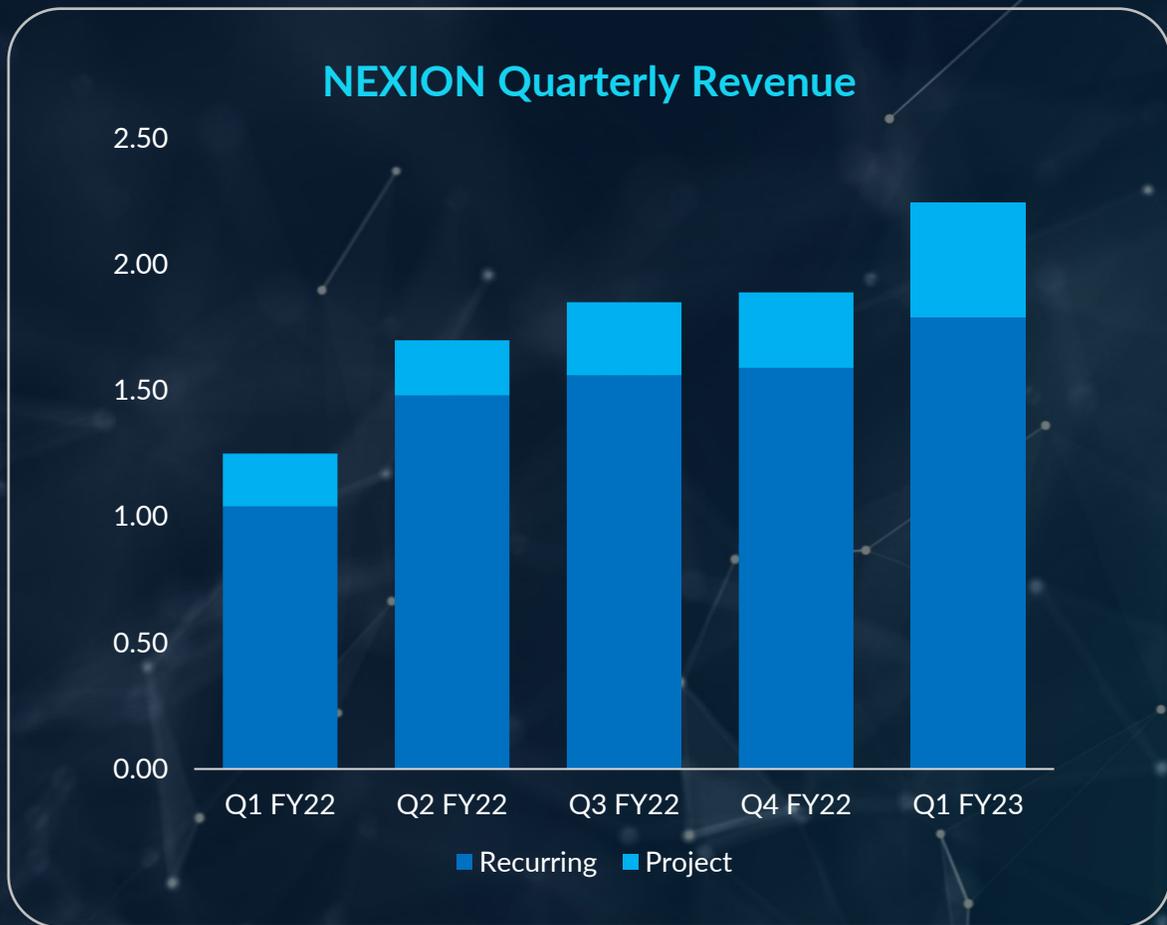


Top 10 Customers deliver 51% of revenue



NEXION Revenue Growth

- Five quarters of strong revenue growth underpinned by long term recurring contracts.
- October record revenue of \$1.1M suggests Q2 will be the sixth consecutive quarter of growth.

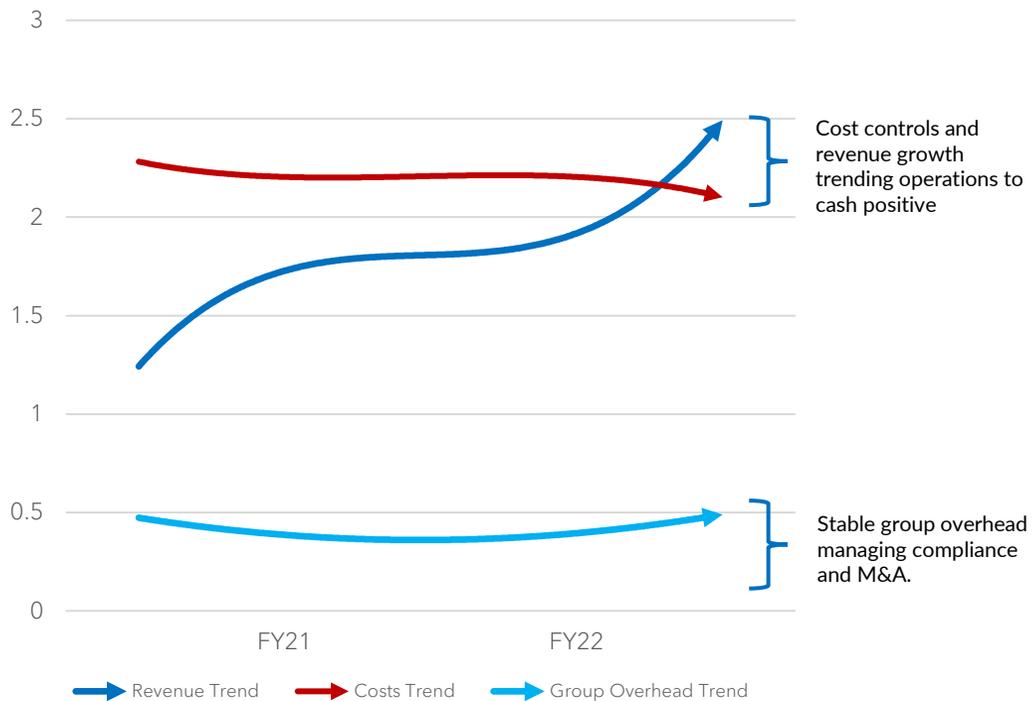


NEXION Revenue Growth

Operating profits trending toward positive.



NEXION Quarterly Revenue Vs. Costs



Positive Earnings Outlook

- Operating earnings are approaching positive to cover the cost of the ASX and Group overheads that include, audit, legal, ASX compliance, C-level group executives, M&A operations and board.
- Along with compliance and general administration, the Group level team is responsible for M&A.
- Further consolidation of costs, pay-down of one-off balance sheet items and continued growth in revenue will deliver positive EBITDA from organic growth without acquisitions.
- Acquisitions will accelerate NEXION’s path to profitability and deliver faster growth.

Performance Summary

NEXION executing on its plan for strong organic growth and global expansion via acquisitions.



NEXION Tracking to Plan

- Achieved overall revenue growth including organic and acquisitions of 207% to \$6.8M in FY22 and poised to deliver a record Q1.
- Exceeded prospectus plan for FY22 to reach pro-forma revenue of \$15M via acquisitions signed prior to June 30 but to conclude in FY23.
- On-track to exceed the FY23 target of \$30M pro-forma revenue from organic growth and planned acquisitions.
- Clear path to cash-flow positive in FY23 both organically and with the inclusion of the announced acquisitions.



Strong Organic Growth

- Achieved 76% underlying organic growth against a target of 35% and industry growth of 4%.
- Recurring revenue continues to grow rapidly up 77% in FY22.
- Annualised recurring revenue exit run rate of \$6.36M at Q4FY22.
- September quarter revenue up 20% on Q4FY22 shows accelerating growth from investment in product development, sales and marketing through the previous half.
- December quarter promising to be yet another record.

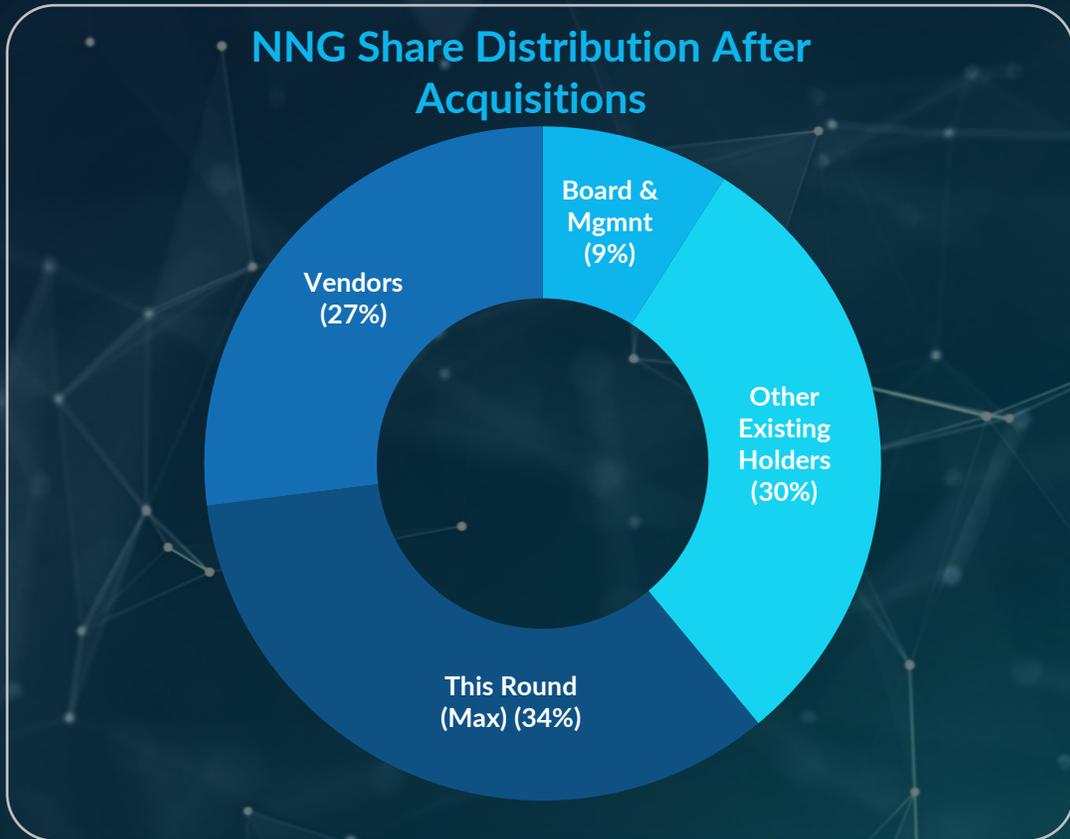


Aggressive Acquisition Plan

- Completed binding term sheets for two acquisitions in NZ that take pro-forma FY23 revenue to \$18M.
- Deep and growing pipeline of acquisition targets in the Pacific regions with a collective \$90M revenue and \$8M EBITDA.
- Stepping out to Canada next with line of sight to strategic acquisitions that can form the foundation of our growth in the America's (West) region.
- Strategy to create a global hybrid cloud hosting network continues to evolve.

Capital Raise

- Raising up to \$6.42M via a Rights issue to fund business development.
- Rights issue offers 1 new share at 5 cents per share plus for each share owned plus a free attaching option with an exercise price of 10 cents.
- Also seeking debt from Australian lenders to provide additional working capital.
- Total Rights Issue and any shortfall placement may vary in size based on debt commitments received (if any)



ASX Peer Analysis

- Consistent valuations amongst profitable NNG peers of 16X cash earnings (EBITDA with non-cash items added back).
- NNG growth rate is and should remain in the upper quartile of its peers.
- NNG at \$0.07 per share lags the peer group at 1.35X FY22 revenue although NNG traded at \$0.11 prior to the Rights issue announcement.
- NNG-P estimates depend on the revenue and EBITDA delivered by the consolidated group in FY24 and the shares on issue following completion of the acquisitions and other market factors.

	Ticker	Share Price (Nov. 2022)	Revenue ³ (FY22)	YoY Growth	EBITDA ¹	EBITDA Margin	Market Cap	Revenue Multiple	Price/EBITDA
Sovereign Cloud	SOV	0.16	4.7	62.1%	(11.3)	N/A	27.2	22.32	N/A
NEXION	NNG	0.07	6.9	207%	(2.9)	N/A	9.0	1.35	N/A
First Wave Cloud	FCT	0.06	9.3	16.3%	(13.5)	N/A	99.8	10.7	N/A
Victor Group	VIG	0.03	10.6	23.2%	1.07	10.2%	17.2	1.62	16
NEXION Pro-Forma FY24 (includes NZ acquisitions) ²	NNG-P	0.14	30.0	353%	2.8	N/A	45.14	1.48	16
Field Solutions	FSG	0.09	42.8	128%	4.96	13.9%	71.0	1.66	13
Atturra	ATA	1.01	134.6	36.9%	11.9	8.8%	202.6	1.51	25
Spirit Telecom	ST1	0.06	135.3	31.6%	4.52	8.6%	39.9	0.29	15
Macquarie Telecom	MAQ	58.6	309.0	8.4%	88.0	8.4%	1,266	4.10	15
Aussie Broadband	ABB	2.62	546.9	56.1%	32.6	5.96%	555.9	1.14	21
Data #3	DTL	6.865	2,193	12.1%	49.4	2.25%	1,059	0.48	29

1. EBITDA excludes non-cash items such as share-based payments

2. Pro-forma includes consolidated estimates for the existing business plus the proposed NZ acquisitions for the first full year FY24. This is an estimate and not a forecast. FY23 revenue will include less than one quarter of consolidated revenue that includes the NZ acquisitions at most.

3. Revenue adjusted to exclude one-off non operating items.



NEXION Group

**WE BELIEVE IN
WHAT'S NEXT, NOT
WHAT'S NOW...**