MAP
MERIDIAN
ADVISORY

Prepared for Nexa Holdings Group

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Executive Summary

Nexa Holdings Group (**"Nexa"** or the **"Company"**) is a diversified industrial conglomerate with operations spanning precision manufacturing, logistics services, and specialty chemicals. Following three consecutive years of declining EBITDA margins and a structural deterioration in its legacy manufacturing segment, Nexa's board commissioned Meridian Advisory Partners (**"Meridian"**) to conduct a comprehensive operational and financial review.

This proposal sets out a **24-month restructuring programme** designed to restore sustainable profitability, rationalise the asset base, and position the Company for long-term value creation. Our recommended strategy rests on three interdependent pillars:

- **Operational Transformation** — cost realignment, supply-chain consolidation, and manufacturing footprint rationalisation targeting $38M in annualised savings.
- **Portfolio Simplification** — divestiture of two non-core divisions and redeployment of proceeds to strengthen the balance sheet.
- **Capital Structure Optimisation** — refinancing of existing senior debt facilities and introduction of a covenant-reset agreement with the lending syndicate.

$38M Targeted Annual Cost Savings	**18.4%** Pro-Forma EBITDA Margin (Year 2)	**2.8×** Net Leverage Target (Exit)	**24 Mo.** Full Programme Duration

Situational Assessment

Financial Performance — Current State

Nexa's consolidated revenue of $612M in FY2024 represented a 9% decline from FY2022 peak revenues of $673M. EBITDA contracted from $94M (14.0% margin) to $61M (10.0% margin) over the same period, driven primarily by input-cost inflation in the Precision Manufacturing segment and volume erosion in Logistics Services.

Metric	FY2022	FY2023	FY2024	Variance
Revenue ($M)	673.1	638.4	612.2	−9.1%
Gross Profit ($M)	187.4	164.9	148.3	−20.9%
EBITDA ($M)	94.2	76.8	61.1	−35.1%
EBITDA Margin (%)	14.0%	12.0%	10.0%	−400 bps
Net Debt ($M)	198.0	231.5	274.3	+38.5%
Net Leverage (×)	2.1×	3.0×	4.5×	+2.4×

Root-Cause Diagnosis

[1] **Fragmented manufacturing footprint:** Seven plants across four geographies operate below 62% utilisation on average, generating $22M in excess fixed cost.

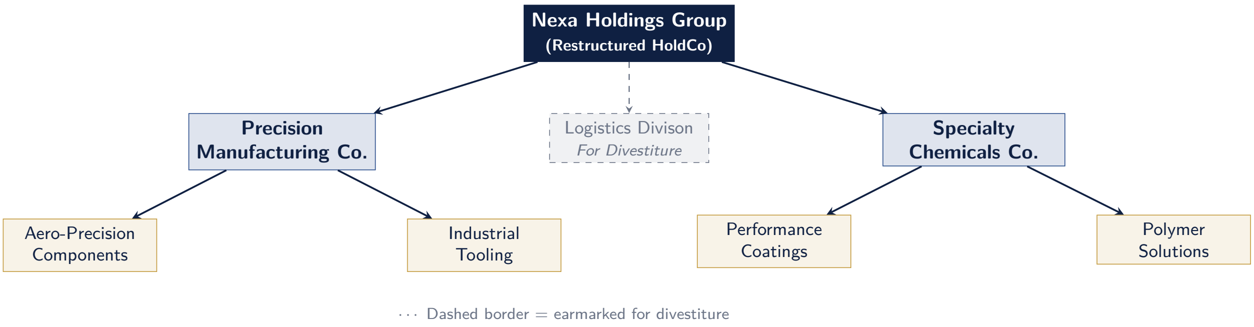
[2] **Undifferentiated product portfolio:** Legacy SKUs face structural margin compression as low-cost Asian competitors capture commodity segments.

[3] **Debt overhang:** Acquisition financing from the 2021 Synapse Components transaction remains unrefinanced at a blended 7.8% coupon; covenants breach is projected by Q2 2026 absent corrective action.

[4] **Talent and leadership gaps:** Three of five divisional CEO roles have been in interim tenure for more than 12 months, slowing strategic execution.

Proposed Organisational Structure

The restructured entity will operate as a focused two-division holding company, shedding non-strategic peripheral assets. The chart below illustrates the target operating model.



Restructuring Pillars

Pillar 1 — Operational Transformation

Meridian's operational review identified **$38M** in annualised cost savings achievable within 18 months. Key initiatives include:

Consolidate seven production sites to four, concentrating volume at the Harbridge and Eastmoor facilities (highest OEE / lowest unit cost). Estimated saving: **$14.2M** p.a. Workforce reduction of approximately 340 FTEs with comprehensive transition support.

Re-tender Tier-1 raw-material contracts (steel, specialty polymers) under a single group procurement framework. Move from 14 fragmented regional suppliers to a preferred panel of 5, unlocking volume rebates and payment term improvements. Estimated saving: **$9.6M** p.a.

Centralise shared services (Finance, HR, Legal) into a single Group Services Centre in Veradene. Eliminate duplicate divisional back-office functions currently costing **$8.4M** per annum. Target SLA-driven service delivery by Month 9.

Deploy predictive-maintenance IoT across core production lines (capex: $3.1M), projected to reduce unplanned downtime by 28% and yield a maintenance-cost saving of **$5.8M** p.a. Full payback within 6.4 months at current run-rate.

Pillar 2 — Portfolio Simplification

The Logistics Services division (**Nexalog**) and the Consumer Packaging unit will be divested in a structured dual-track process (trade sale preferred; IPO fallback). Combined indicative enterprise value range: **$115M – $135M**, implying 6.5×–7.5× FY2024 EBITDA. Net proceeds after tax and transaction costs of approximately **$92M** will be applied to debt reduction, bringing pro-forma net leverage below 3.0× at close.

Divestiture Timeline: Vendor due-diligence pack targeted for completion by 28 February 2026 (Month 3). Process launch Q1 2026. Binding bids Q3 2026. Completion subject to regulatory clearance, expected by Q4 2026.

Pillar 3 — Capital Structure Optimisation

Meridian has engaged Apex Capital Markets as financial adviser to manage a comprehensive refinancing of Nexa's $274M senior secured facility. The proposed structure comprises:

- **Term Loan B — $160M** at Euribor + 325 bps, 5-year tenor, with 1% annual amortisation and a springing covenant at 5.5× leverage.
- **Revolving Credit Facility — $60M** at Euribor + 275 bps, providing working-capital flexibility through the transformation period.
- **Covenant holiday** for Q1–Q3 2026, stepping back in at amended levels aligned to the restructuring financial plan.

Implementation Roadmap

Phase	Key Activities	Milestones & Timing
Phase 1 **[0pt] Stabilisation**	Appoint permanent divisional leadership; implement cash-preservation measures (freeze discretionary capex, extend payables); launch lender engagement process; establish Programme Management Office (PMO).	Jan – Mar 2026 PMO live by Day 30 Interim CFO confirmed
Phase 2 **[0pt] Transformation**	Execute plant consolidation; re-tender procurement contracts; launch Nexalog divestiture process; deploy shared-services centre; initiate IoT programme with Vertex Systems as technology partner.	Apr – Oct 2026 Plant 3 closure by M6 Binding bids M9
Phase 3 **[0pt] Value Creation**	Complete divestitures and apply net proceeds to debt; launch premium product repositioning in Specialty Chemicals; invest in Aero-Precision growth capex; exit PMO with embedded continuous-improvement culture.	Nov 2026 – Dec 2027 Net leverage <2.8× EBITDA margin 18%+

Financial Projections — Restructured Base Case

($M)	FY2025E	FY2026E	FY2027E	CAGR
Revenue (Continuing Ops.)	498.0	521.0	548.0	+4.9%
Gross Profit	139.4	156.3	172.6	+11.3%
Gross Margin	28.0%	30.0%	31.5%	+350 bps
EBITDA (reported)	67.2	82.8	100.8	+22.5%
EBITDA Margin	13.5%	15.9%	18.4%	+490 bps
Net Debt (post-divest.)	260.0	178.0	128.0	–
Net Leverage (×)	3.9×	2.1×	1.3×	–

Sensitivity note: Projections assume a 2% annual volume recovery in Precision Manufacturing from H2 2026 and stable specialty-chemicals pricing. A 100 bps margin shortfall against plan reduces FY2027 EBITDA by approximately $5.5M, which remains within covenant headroom under the proposed refinancing terms.

Key Risks & Mitigations

Risk	Impact	Likelihood	Mitigation
Divestiture proceeds below plan	High	Medium	Dual-track process (trade/IPO); floor valuation set at 6.0×; break-fee provisions.
Lender covenant breach (pre-reset)	High	Low	Proactive engagement commenced; waivers pre-agreed; reset terms being documented.
Key talent attrition during restructuring	Medium	Medium	Retention pool of $3.8M approved; new LTIP scheme linked to restructuring KPIs.
Execution delays in plant consolidation	Medium	Medium	PMO with weekly steering committee; contingency buffer of 6 weeks built into plan.
Macro downturn compressing end-markets	High	Low	Downside scenario modelled at -5% volume; covenant headroom maintained above 1.2×.

Governance & Programme Management

Steering Committee Composition

- **Caroline Whitfield** — Chair, Non-Executive Director, Nexa Holdings Group
- **David Ashmore** — Group CEO, Nexa Holdings Group
- **Priya Nandakumar** — Group CFO (Interim), Nexa Holdings Group
- **James Calloway** — Managing Director, Meridian Advisory Partners (Lead)
- **Lena Baumann** — Director, Meridian Advisory Partners (Workstream Lead)
- **Ravi Okafor** — Partner, Apex Capital Markets (Debt Advisory)

The Steering Committee will convene **bi-weekly** throughout Phase 1 and Phase 2, transitioning to monthly cadence in Phase 3. A dedicated PMO dashboard will be maintained in Meridian's secure data room, providing real-time visibility on initiative status, savings realisation, and covenant headroom.

1. Board ratification of this proposal and approval of the PMO budget ($1.4M) by **28 November 2025**.
2. Execution of Meridian's engagement letter and data-room access protocols by **5 December 2025**.
3. Appointment of Permanent Group CFO — shortlist of three candidates has been provided under separate cover; first-round interviews scheduled for **9 December 2025**.
4. Commencement of lender presentation process with Apex Capital Markets no later than **12 January 2026**.
5. Vendor due-diligence kick-off for Nexalog divestiture — Meridian to lead with support from Vertex Legal LLP, target completion **28 February 2026**.

About Meridian Advisory Partners

Meridian Advisory Partners is an independent restructuring and turnaround advisory firm with 22 offices across 14 countries. Founded in 1991, Meridian has advised on over $480 billion of restructuring transactions across industrials, consumer, healthcare, and real-estate sectors. Our dedicated turnaround team comprises 340 professionals, including former CFOs, operational executives, and sector specialists.

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