

9 January 2018

Northgate Public Services successfully acquired by Japanese corporation NEC

Acquisition cements NPS' market-leading position and provides significant growth opportunities

Northgate Public Services (“NPS” or “The Company”), a leading software and services provider to the public sector in the UK and Australia, today announces that it has been successfully acquired by NEC Corporation (“NEC”, TSE: 6701), a leader in the integration of IT and network technologies that benefit businesses and people worldwide. NPS has been acquired from international private equity firm Cinven for a total consideration of £475 million.

Following completion of the transaction, the Company will continue to be named Northgate Public Services. Cinven will remain a stakeholder in the Company with a Board position.

NPS has seen a period of transformation following the appointment of CEO Stephen Callaghan in 2016, securing substantial contracts with Government and State agencies such as the South Australia Housing Trust, Richmond and Wandsworth Councils, and West Midlands Police.

The Company has helped the NHS to screen eight million babies for hearing loss, enabled around 200 housing providers to manage over two million homes and has been contracted by 14 police forces to increase information exchange on victims and offenders.

This leading market access within the UK is one of the major drivers behind NEC’s acquisition of the Company, as are the bridgeheads secured by NPS into Canada, Australia and New Zealand. With 95% of UK local authorities either currently working with or having previously worked with NPS, the Company’s insight into what NEC views as a compelling growth market is unrivalled. Similarly, NPS works with every police force in the UK and the Company’s ‘Safety’ offering is expected to be a high growth area for NPS.

This transaction delivers significant technological advantages. NEC’s biometric scanning and facial recognition products will be integrated into some of the Company’s core software platforms, and its expertise in citizen access and smart cities will strengthen NPS’ Government

work. NEC's global network will also enable the Company to provide solutions and services into wider geographies such as North America, APAC and other regions.

The leadership team from NPS will remain in their roles following the acquisition, and there are no plans for any job cuts or redundancies as a result of the transaction.

Stephen Callaghan, Chief Executive Officer of NPS, said:

"This is a very exciting time to be part of Northgate Public Services. Our colleagues and leadership team have worked incredibly hard over the past two years to get the Company into great shape operationally and financially, with the result that NPS is a highly attractive asset to NEC. This transaction represents a step-change in our ability to serve our clients.

"Combined with NEC's business, we will now be able to offer a wider suite of services and software to our existing client base, whilst also expanding in new geographies and technology sectors. I'd like to stress that we see this as simply the beginning of our next phase of development. The increased financial strength, technical capability and market access support NEC provides will allow us to accelerate our growth plans considerably and I am enthusiastic about our future prospects."

Takashi Niino, President and Chief Executive Officer of NEC, said:

"This is a highly strategic acquisition for NEC and is a win-win transaction for all parties which will provide new and exciting opportunities for both businesses. NPS' excellent reputation and existing access into international markets are ideal for enabling NEC to accelerate business expansion, particularly for our world leading biometrics and AI technology.

"In turn, this transaction provides NPS with the opportunity to develop its proven and market-leading software across our growing international client base in North America, APAC and other regions.

"We very much look forward to working collaboratively with NPS to capitalise on the wide-ranging product synergies we have identified. We see this transaction as a platform for both the next phase of growth for NEC and NPS, and an exciting time for both businesses."

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