

1 October 2019

Acquisition of IP Transit and Ordnance Networks

Key benefits of the acquisitions:

- Completes a national IP network backbone
- Cloud-based carrier-grade Network-as-a-Service Platform
- Complementary State Government client base
- Earnings accretive in FY2020

Field Solutions Holdings Limited (ASX: FSG), Australia's leading rural, regional and remote telecommunications carrier, is pleased to announce it has entered into binding agreements to acquire 100% of IP Transit Pty Ltd (IP Transit), and the assets of Ordnance Networks Pty Ltd (Ordnance Networks) effective 1 July 2019.

IP Transit and Ordnance Networks operate a national carrier backbone and provide carrier-specific products, services and software.

The acquisitions of IP Transit and Ordnance Networks will immediately deliver FSG with network points of interconnect in New South Wales, Queensland, South Australia, Victoria and Western Australia.

FSG will offer the IP Transit products, through its Field Wholesale division as a cost-effective and flexible, national IP Transit service, which will be extended to include international points of presence in early 2020.

Ordnance Network's Network-as-a-Services platform simplifies the provisioning and management of large networks. It will power the core FSG national rural network to deliver new operational efficiencies and cost savings. FSG plans to accelerate the growth of the Ordnance Platform, making it available to other MSP's and ISP's both nationally and internationally through its Field Wholesale Division.

The acquisitions of the IP Transit and Ordnance businesses are immediately financially accretive and deliver outstanding efficiency and scalability benefits which support the growth of FSG's core business. Management project the acquisitions will contribute new revenue to the group of at least \$1,200,000 and be significantly earnings accretive in FY2020

Directors of IP Transit, David Hooton (Chairman, Internet Association of Australia) and Lee Campbell-Smith will stay with the business and have been appointed to senior management roles within FSG.

IP Transit

IP Transit is a pioneer in wholesale on-demand internet connectivity for carriers and content providers. Its national network is available in Sydney, Brisbane, Melbourne, Adelaide and Perth.

The consideration for IP Transit is comprised of initial consideration of \$340,000 to be paid in cash or ordinary shares at the 10-day VWAP before settlement, plus performance-based consideration based on new revenue delivered for the year ending 30 June 2020, subject to minimum contribution margins. Settlement is scheduled for 30 November 2019, subject to shareholder approval.

Management anticipates the aggregate consideration payable will be in the range \$680,000 to \$900,000, subject to performance.

Ordnance Networks

Ordnance's carrier-grade Network-as-a-Service Platform provides customers with cloud-like network flexibility and automated service delivery. Its products and services enable customers to go from design and build to the ongoing operation and support of their software-defined routing, switching, and broadband termination solutions.

The consideration for Ordnance Networks is comprised of: initial consideration of \$200,000 to be paid in cash or shares at the 10-day VWAP prior to settlement; deferred consideration of \$200,000, subject to new revenue delivered for the year ending 30 June 2020 and minimum contribution margins; and performance consideration of 20% of cumulative earnings contribution from Ordnance Networks for 3 years ending 30 June 2023.

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ASX Announcement



Shares issued as consideration for the IP Transit and Ordnance Network transactions will be subject to a 12-month escrow from the date of issue.

“FSG has been growing consistently over the past two years, it is essential we now develop our underlying network backbone and POI infrastructure, including our network management software and automation”, outlines Andrew Roberts, CEO FSG. Rural Fabric, the product name given to FSG’s rural network, delivers symmetric services to areas not currently serviced by the NBN, and regions with higher bandwidth demands than can be accommodated by the NBN today.

In the last month alone, FSG has won 2 large tenders from Queensland Regional councils and will be designing, constructing and maintaining our network assets across large sections of rural Southern Queensland. “As we grow our networks in regional areas and remote townships, we see substantial growth in the demand for bandwidth and networking services”, comments Roberts, adding “winning these tenders highlights the importance of owning and managing our network”.

About FSG

FSG provides, builds and operates “true broadband networks” specifically for rural, regional and remote Australia. FSG is a licensed Australian telecommunications carrier, providing services via its own telecommunications network (trading under the brands ‘JustISP’ and “Ant Communications) and a NBNco Retail Service Provider.

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