

ASX Announcement: 5GN Acquires ColoAU, a leading wholesale provider of data centre services and hyper-speed global networks



NEWS RELEASE 8th July 2020

Key Highlights

- 5GN has entered into an agreement to acquire the assets of ColoAU's national business; the purchase price is \$2.9M, representing 4 times normalised EBITDA.
- The acquisition purchase price will be \$2.4M in cash and \$0.5M in 5GN shares at a 5-day VWAP; an earn out of up to \$0.5M in 5GN shares is payable if revenue growth targets are achieved.
- Normalised annual revenue is reported at \$4.2M and normalised EBITDA is \$0.7M. Synergies expected in the first 12 months will be in the range of \$0.5M to \$0.7M p.a.
- This acquisition will allow 5GN to fast track its wholesale business utilising the established ColoAU automated systems and on-demand provisioning platform.
- ColoAU operates a national and international 100Gb WDM network which connects Australian capital cities to dedicated international access and data centres in Los Angeles, Dallas, Singapore, Tokyo and New Zealand.
- ColoAU also sells and support data racks in many of the data centres across the entire network.

5G Networks (ASX:5GN) is pleased to announce the acquisition of Colocation Australia (ColoAU) located in Brisbane.

This strategic investment will allow 5GN to accelerate indirect sales revenue by enabling partner access to ColoAU's automated network platform, which will be integrated with the new 5GN Cloud Federation and growing number of data centres.

By integrating the ColoAU network platform, 5GN's wholesale customers will enjoy automated self-service capabilities for their data networking and data centre needs

to meet the growing demand for high-speed connectivity across cloud platforms and data centre hosting in Australia and international markets. Importantly, this capability also unlocks several new geo-market opportunities for 5GN, as a result of the international data network that ColoAU has successfully built and commercialised.

Built on innovative software technology - Software Defined Networking (SDN) - the market-leading ColoAU data network can deliver super-fast (100Gb) bandwidth for hyper-connectivity on-demand, to any data centre or cloud platform across the network. This innovative technology will also be critical in connecting and supporting the rapid rollout of 5GN fibre across most capital cities in Australia.

In addition to planned synergies of between \$0.5M to \$0.7M p.a., the acquisition also enables 5GN to implement a number of benefits including cost avoidance and strategy acceleration, as 5GN was planning to invest and build the networking technology recently deployed by ColoAU. A clear strategic benefit is the ability to pivot and now focus on innovation and speed to market for channel partners, further differentiating the 5GN infrastructure and data services as market leading.

5G Networks Managing Director, Joe Demase stated,

"ColoAU allows us to fast track a number of growth strategies we have identified including the ability to employ system automation to augment the customer fulfilment process and accelerate the speed of service delivery. We believe our channel partner program will be further enhanced by offering alternative on-demand connectivity solutions which will seamlessly connect to over 67 leading data centres once our fibre network rollout is complete. Importantly, the international architecture of ColoAU's network is also exciting as it opens the possibility of new markets and geographic expansion."



About 5G Networks

5G Networks (5GN) is a licenced telecommunications carrier operating across Australia. Our mission is to be Australia's partner of choice for unifying a seamless digital experience for our customers across data connectivity, cloud and data centre services, underpinned by expert managed services in the business to business market.

5G Networks currently owns and operates its own Nationwide high-speed Data Network with points of presence in all major Australian capital cities. In addition, the Company offers managed cloud solutions through its Cloud and Data Centre capabilities as well as managed services to optimise customers' IT and network environments. Supporting this is the Company's combined rack capacity of 720 racks through its owned and operated Data Centres across Melbourne, Sydney and Adelaide.

As an organisation, we are dedicated and passionate about delivering unique value to our 2500+ customers which include several top 50 ASX listed and Government organisations. This commitment is strengthened by a core focus on digital leadership, innovation and an exceptional customer experience.

For further information contact:

Joe Demase
Managing Director
jd@5gn.com.au
1300 10 11 12

Glen Dymond
Chief Financial Officer
gd@5gn.com.au
0408 199 712

5G