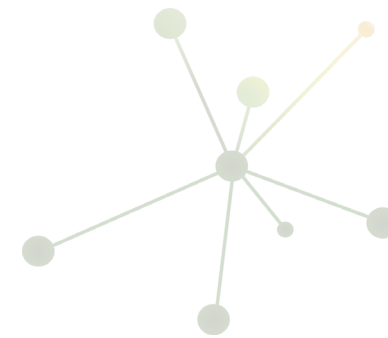


# FY23 Financial and Operational Results

**ASX:FSG**  
**September 2023**

# ASIC / ASX Disclaimer



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## **Australia's Leading Telecommunications Carrier for rural, regional and remote Australia**

We connect and service regional, rural and remote Australian industries bridge the digital divide between metro and rural Australia, digitally enabling key industries such as agriculture, agribusiness, resources and mining.

# Board of Directors



**Dr. Ken Carr**  
Chairman and  
non-Executive Director



Dr Carr (PhD Bus Adm. MBA) is a seasoned, non- executive director and chair, having held CEO/MD roles in 5 ASX listed companies primarily in the, telecoms, banking, payments and electronic manufacturing sectors and non-executive director roles in 3 others, including 2 as chair.

Dr. Carr has held a board position on FSG since listing in 2015 and is also a current Non-Executive Director of two private Mining Services businesses in Rural Australia involved in hire and automation. His previous experiences in technology from executive roles at British Telecom, and AT&T and electronics manufacturing provide a solid grounding in areas where FSG is targeting.

**Andrew Roberts**  
Managing Director and CEO



Mr Roberts (AICD) is a business executive/ entrepreneur with over 25 years' experience in the IT industry in Australia, New Zealand, Asia Pacific, and the United Kingdom.

He has extensive strategic IT and commercial experience in business aggregation, business analysis/strategy, sales, marketing, professional services, operations and general management.

Mr Roberts has direct experience in building and growing IT and cloud-based companies from start-up to sale. He has previously been a director of Comops Limited (ASX: COM) and was recently head of strategy and cloud operations at Rubik Financial Limited (ASX: RFL). Mr Roberts was also the deputy chair of the Young and Well Cooperative Research Council, a federally funded not-for-profit organisation focusing on the use of technology to assist well being in young people's lives.

**Wendy Tyberek**  
Finance Director



Ms Tyberek (CA, AICD, BBus) is a chartered accountant with over 25 years experience in financial business management and related technologies in Australia and the UK.

Wendy is the Finance Director and CFO and leads the finance team for FSG, responsible for the finance, compliance and reporting functions within the group.

She is a hands-on CFO focussed on achieving results and has extensive experience in leading teams to develop and deliver financially successful technology-based solutions to private and public-sector enterprises.

Her previous roles have included senior positions with MYOB, Comops (ASX:COM), Solution 6 and Deloitte

**Matt Ranawake**  
Non-Executive Director



Mr Ranawake (BBus, MBA, CPA, FAICD) was elected to the Freshtel board on 23 November 2010. Mr Ranawake has over 20 years of experience in the telecommunications industry in Asia Pacific, Australia, India and China, combined with a strong background in finance, mergers and acquisitions, information systems, sales, change management, strategy and business development acquired across a number of industries.

Mr Ranawake previously held roles as CFO of Konekt Limited, an ASX listed workplace health solutions provider, Consistel Group in Singapore and LongReach Group Limited, an ASX listed Australian telecommunications equipment manufacturer where he was involved in several capital raises and mergers. He has held senior management positions in Telstra Corporation, British Telecom and Marconi.

Mr Ranawake also has several years of experience in gas, electric and petroleum industries.

**Dr. Phillip Carter**  
Non-Executive Director



Dr Carter (PhD, MAppFin, BEng, SFFIN, FAICD) is a joint managing director of Kestrel Capital Pty Ltd.

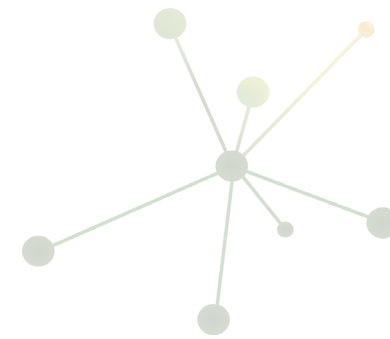
He has extensive experience developing and financing technology rich industrials in Australia, Europe and the United States of America.

As chairman of Prism Group Holdings, he led the restructure and turnaround of its global operations and subsequent sale of the business to a US competitor, delivering significant returns to investors. Previously, Phillip headed a leading United Kingdom technology consulting and investment advisory practice and managed the InterTechnology Fund, recognised by the European Private Equity and Valuations Capital Association (EVCA) as one of the most active development capital funds in Europe. Other current directorships: Kestrel Growth Companies Limited, Tambla Limited and Consolidated Financial Holdings Limited.



# FY23 Highlights

# FY23 Achievements



Revenue of \$55.8M representing a 30% increase YoY



EBITDA increase of 11% YoY



Cashflow from Operations increased 17% to \$8.3M (FY22: \$7.0M)



NPAT Loss of \$2.4M (2022: Profit \$1.3M) includes accounting amortisation of TasmaNet contracts



Investment in Capital Assets \$12.5M (FY22: \$11.6M)



FY23 backlog of committed contracts \$27.1M (12-month value)

Notes:  
YoY - Year on Year comparison shown above are to FY22 results.

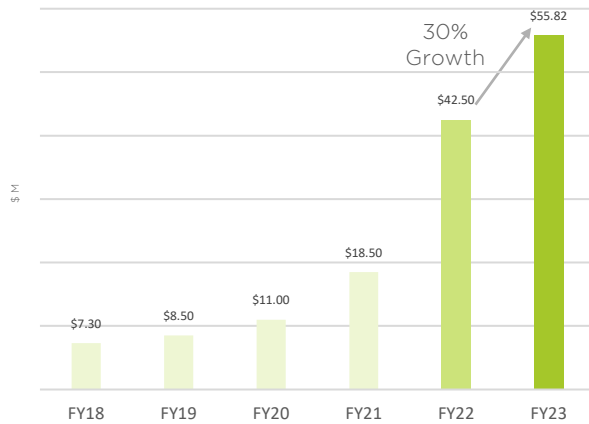
# FY23 Financial Highlights

**6** year-on-year growth in Revenue and EBITDA

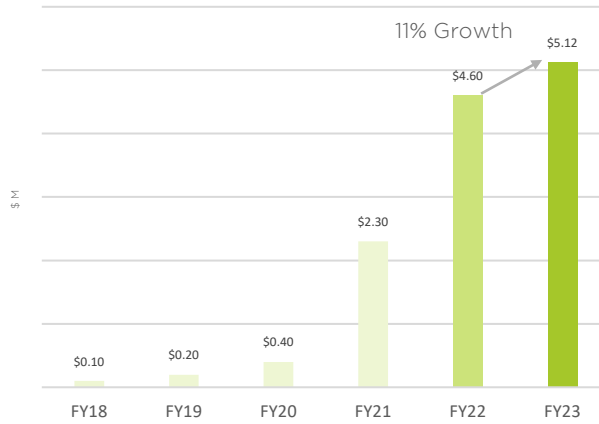
Revenue  
**\$55.82m**  
+30% YoY<sup>1</sup>

EBITDA  
**\$5.12m**  
+11% YoY<sup>1</sup>

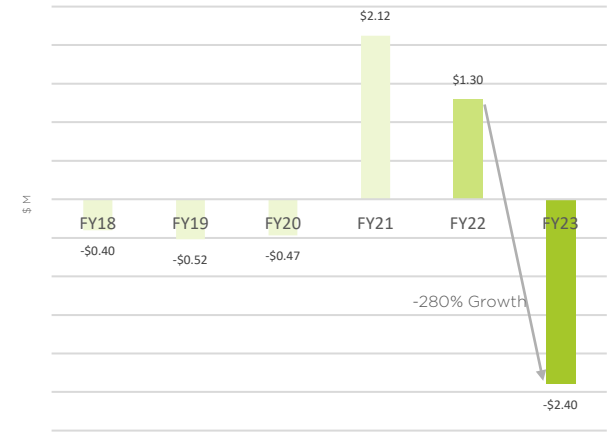
NPAT  
**-\$2.4m**  
-280% YoY<sup>1</sup>



Growth in key sectors driving sustained top line growth



Flattening EBITDA reinvestment in operations and business expansion



Statutory NPAT reflects post-acquisition accounting treatment of the TasmaNet customer contracts.

Notes:  
1. Year on Year comparison shown above are to FY22 results.

# Business Highlights



Acquisition and operational workforce integration of TasmaNet completed



Introduction of 24/7 support for Enterprise and Government Customers



Commenced national resilience upgrade of all of 121 NBN POI connections



3 Sites live on long term contacts with Optus, via Mobile Blackspots Round 5



Domestic Roaming and Neutral Host Trial commenced with Optus

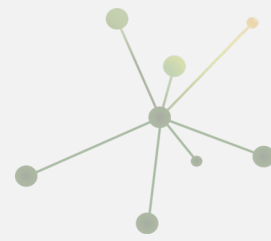


Completed a reorganisation of the core operational units, with a focus on key vertical markets, to improve time to market, customer service and gross margins

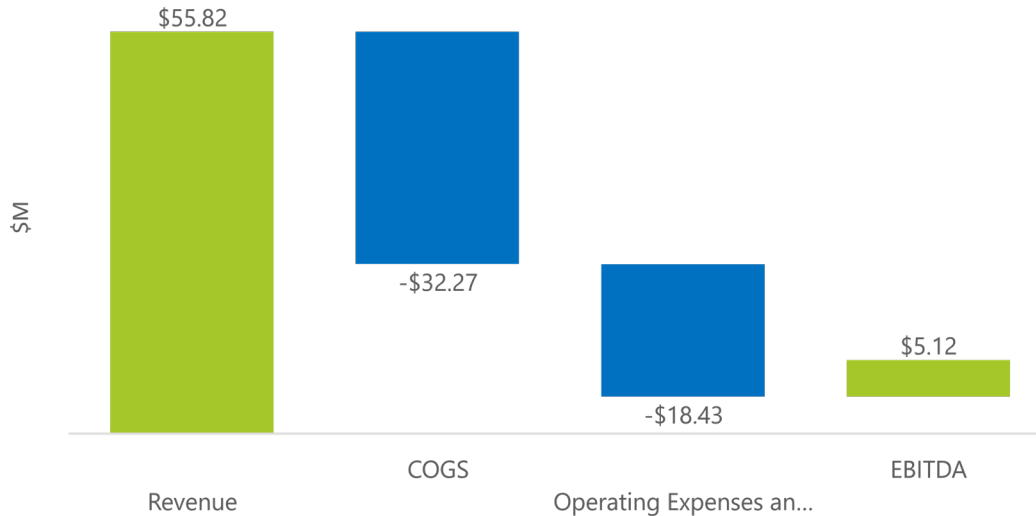


# FY23 Financial Results

# FY23 Financial Results



FY23 Revenue Waterfall



- Strong ongoing revenue growth in key markets
- Slight softening of gross margins in core expected to recover
- 17% increase in cash flow from operations

	FY22		FY23	
	\$M	% change	\$M	% change
Revenue	\$42.79	127%	\$55.82	30%
COGS	-\$23.80	125%	-\$32.27	36%
Gross Margin	\$18.99	130%	\$23.55	24%
Gross Margin %	44%	0.00%	42%	-4%
Operating Expenses and Overheads	-\$14.62	137%	-\$18.43	26%
EBITDA	\$4.60	111%	\$5.12	11%
Cash Flow from Operations	\$7.04	41%	\$8.26	17%

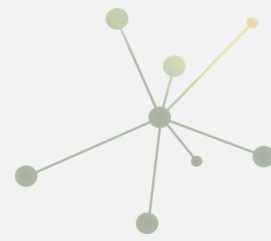
# FY23 Summary Balance Sheet



	FY22 \$M	FY23 \$M
Cash and Cash Equivalents	9.66	3.22
Trade and other receivables	9.46	12.81
Other assets	0.65	0.19
Income tax	0.91	
<b>Total current assets</b>	<b>21.07</b>	<b>16.23</b>
Property, Plant and equipment	18.61	28.47
Right of use assets	5.98	11.52
Intangibles	15.07	14.01
Deferred tax assets	1.09	1.57
<b>Total non-current assets</b>	<b>40.75</b>	<b>55.58</b>
<b>Total assets</b>	<b>61.81</b>	<b>71.81</b>
Current Liabilities	15.31	21.96
Non-Current Liabilities	5.05	10.39
<b>Total Liabilities</b>	<b>20.36</b>	<b>32.45</b>
<b>Net Assets</b>	<b>41.45</b>	<b>39.45</b>

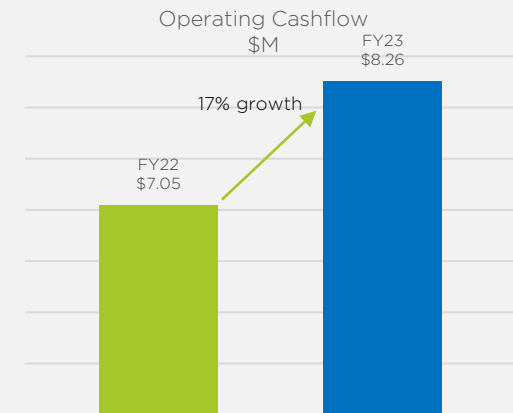
- Increase in PPE funded by BAU operations and cash
- Net Increase in ROU assets of \$5.54M (\$11.52 vs \$5.98 in FY22)
- Increases in asset finance of \$4.7M (\$10.58 vs \$5.88 in FY22)
- Current liabilities Trade + Other payables of \$14.8M (up from \$11.59M in FY22) includes \$1.5M Tasmanet earnout contingency

# FY23 Summary Cash Flow



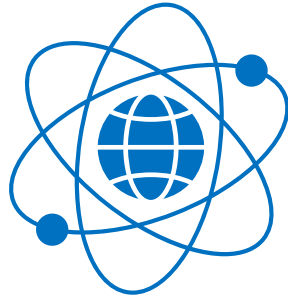
	FY22 \$M	FY23 \$M
<b>Receipts from customers</b>	39.38	52.45
Payment to suppliers and employees	(32.10)	(44.53)
Interest paid	(0.23)	(0.61)
Refund / (Payment) of income tax		0.95
<b>Net Cash from Operating Activities</b>	<b>7.05</b>	<b>8.26</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of business net of cash acquired	(2.70)	
Payment for property, plant and equipment	(11.59)	(12.55)
Payments for intangibles	(1.10)	
<b>Net Cash used in investing activities</b>	<b>(15.39)</b>	<b>(12.55)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	21.37	
Cost of raising capital	(0.92)	
Payment of Leases	(1.37)	(2.46)
Proceeds from short-term borrowings	0.86	
Repayment of short-term borrowings	(1.81)	
<b>Net cash from financing activities</b>	<b>18.13</b>	<b>(2.46)</b>
<b>Net increase/(Decrease) in cash and cash equivalents</b>	<b>9.79</b>	<b>(6.74)</b>
Cash and cash equivalents at the beginning of the financial year	0.18	9.97
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9.97</b>	<b>3.23</b>

- 17% increase in operating cashflow
- Ongoing investment in network expansion and customer and network systems



# FY23 Business Update

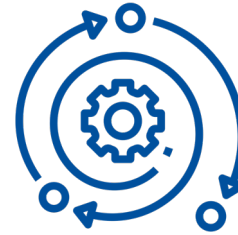
# Factors Influencing the industry



**Low Earth Orbit Satellites**



**Satellite to Mobile Technology**



**External Industry factors**



**Tower Sales**

Positive

Allows FSG to deploy connectivity faster.

FSG actively support LEO services.

Watching

Innovative future option.

Significant development and ecosystem support implications

Does not negate the need for terrestrial mobile phone and broadband infrastructure.

Positive

The state of investment in rural, regional and remote mobile and broadband is directly linked to the level of Government investment.

FSG stay committed to Active Sharing as the default mode of delivery for rural, regional, and remote Australia

Positive

The mobile industry is now fragmented into network operators, and tower owners.

This introduces competing priorities and increases the cost of delivery for rural, regional, and remote telecommunications.

FSG stay focused on being an integrated MNO and infrastructure owner.



# Logical Separation & Reorganisation

Completed logical separation between its core ISP/MSP business units and infrastructure units during FY23 and reorganisation of business into customer and industry-oriented business units





## Core

Operates & Monetises Assets



Rural & Regional



Mining & Resources



Wholesale



Public Sector

## Infrastructure

Build and Develops Assets



Infrastructure



**Increase  
Customer  
Satisfaction**



**Increase  
productivity**



**Reduce cost to  
serve**



**More  
coverage**



**Lower cost of  
operations**

- Deliver Customer and Industry oriented:
  - Products
  - Sales & Marketing methodology
  - Delivery & service model
- Innovate with industry specific applications of core technologies
  - e.g. Mobile rapid deploy trailers (agtech and mining)
  - Flexible VNNI wholesale networks

- Create “Net New” regional telecommunications coverage by:
  - Building multi-use assets
  - Leverage technology innovations e.g. LEO
  - Deliver broadband, IoT and Mobile Networks in a single asset construct

# FY23 - Core & Infrastructure Financial Breakdown



## CORE

Continued growth in key sectors

Increased direct costs results in slightly lower margin

28% increase in year-on-year recurring revenues



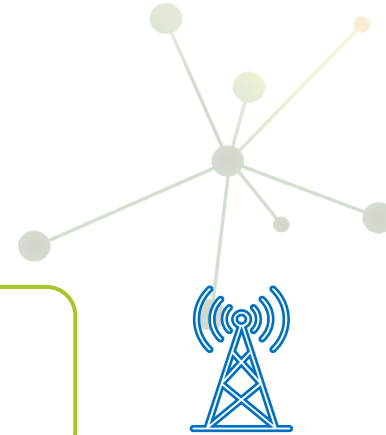
**Total Revenue**  
% of combined revenue



**Gross Margin**  
Gross Margin %



**EBITDA**  
EBITDA Margin %



## INFRASTRUCTURE

High margin customer build projects result in higher margins

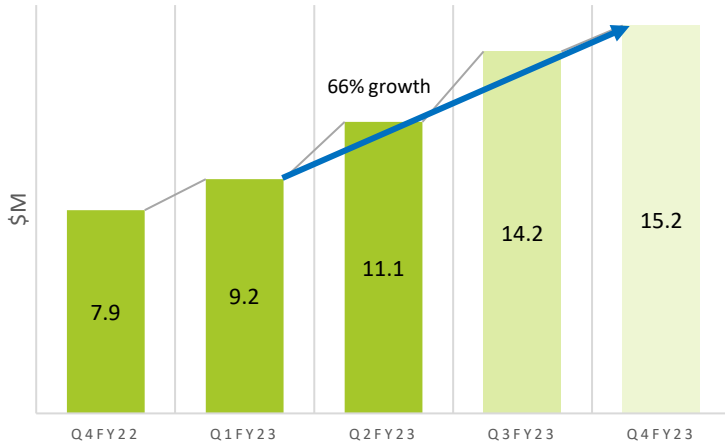
Re-clustering and rescheduling of infrastructure builds

	Total Revenue % of combined revenue	Gross Margin Gross Margin %	EBITDA EBITDA Margin %
<b>Core</b>	<b>\$ 49.30M</b> 88%	<b>\$ 20.82M</b> 42%	<b>\$8.85M</b> 17%
<b>Infrastructure</b>	<b>\$ 6.52M</b> 12%	<b>\$ 2.73M</b> 41%	<b>-\$3.74M</b> -57%
	<b>\$ 55.82M</b>	<b>\$ 23.55M</b> 42%	<b>\$5.12M</b> 9%



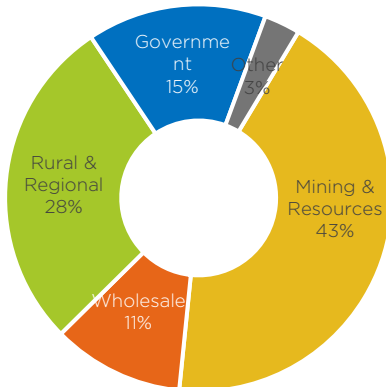
# FY23 Core Business Revenue & Pipeline Growth

Q-on-Q Revenue growth

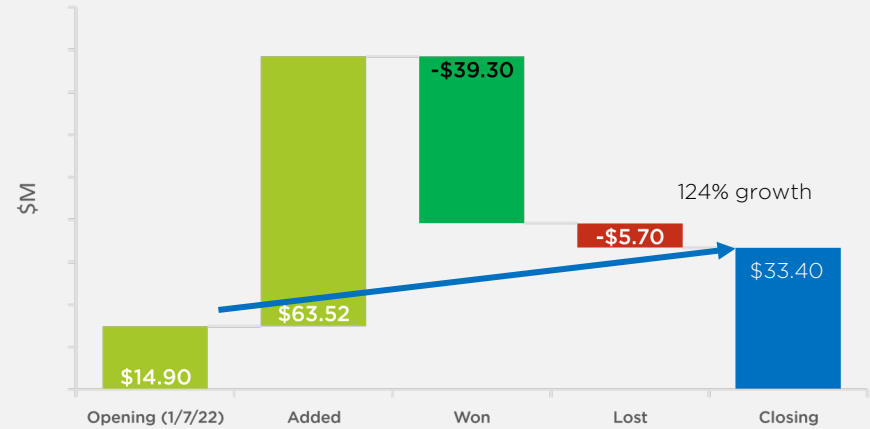


- 18% Average Quarter on Quarter revenue growth
- 77% Recurring Revenue (MRR) (as percentage of total revenue)

Pipeline by industry sector



Pipeline movement  
01/07/2022 - 30/06/2023



## Sector Growth

- Rural and Regional
  - Agtech and Security opportunities
  - State Government Emergency response initiatives
  - Managed services
  - Private LTE
  - Onsite Accommodation
- Wholesale
  - Closed New opportunities in Network as a Service and Virtual WBA
- Mining
  - Opportunities for “whole of mine business”
  - Mining Private LTE application

## September Update

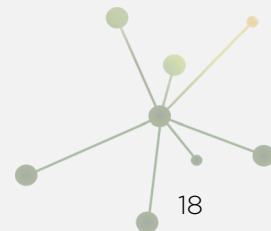
- New Sales on Track July/August
- Estimated on track for Q124 and H124
- Mining Summit launch (sept)
- AgTech Showcase at Henty (sept)
- Private LTE (across all sectors)
- Consistent growth in monthly recurring revenue ~3% per month



# FY23 Infrastructure Build Update



- **21** new towers/sites completed across 4 networks
- **127** live towers/sites by June 2024



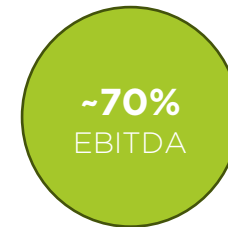
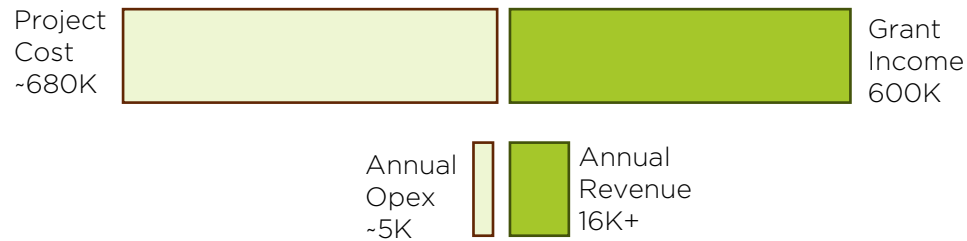


# Case Study – MNIP

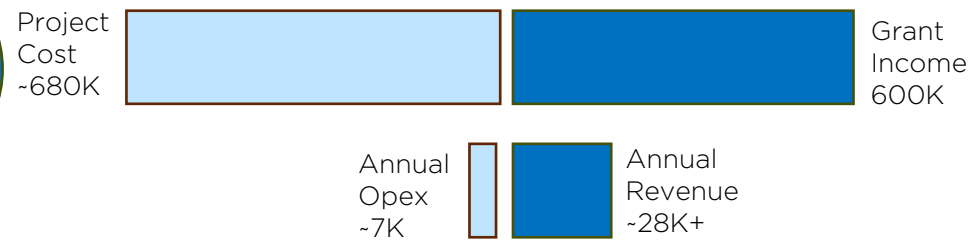


- 2 x MNIP tower build (Mobile network Infrastructure Provider)
- 1 x carrier 20-year colocation agreement
- Annual revenue increase
- ~70% EBITDA Margin

## 1 Carrier



## 2 Carriers

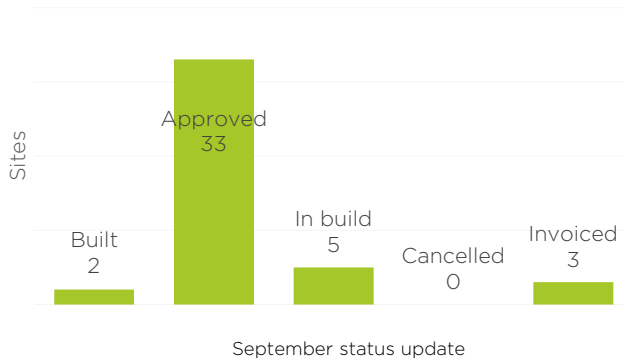
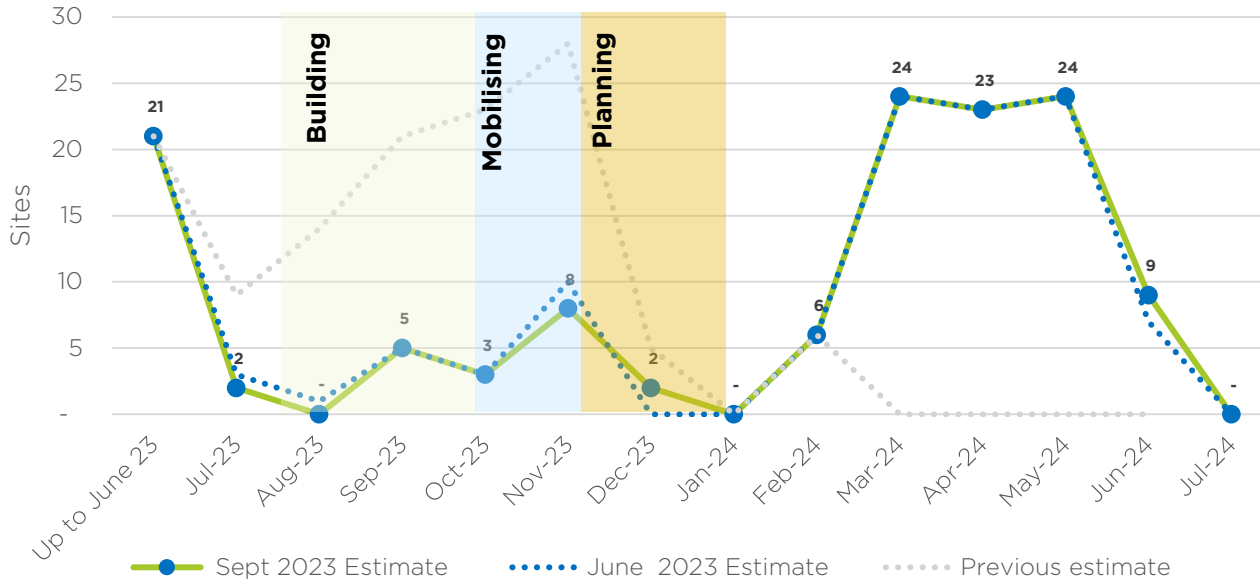




# FY24 Infrastructure Build

September update

Estimated site delivery Schedule



- Revised completion schedule to address incomplete sites in cluster
- Rescheduled incomplete clusters into Q3/4 - FY24 completion (previously Q2/Q3 - FY24)
- Delayed construction costs and revenues related to completion
- No revenue loss (delay only)
- Estimated Completion in FY24

- ~46% of Capex is spent in first 18 months of project before approvals (AAA)
- ~10-15% of grant income at AAA
- Cash lead time build completion to cash 60-120 days (program dependent)
- Infra build capex requirements funded by BAU cashflow and vendor terms





# A tale of two clusters

Or why do build schedules change



A network is designed to achieve a coverage outcome and is based on several sites linked together.

We find "site candidates" for each location to fit the design



Once we have "primary" candidate we conduct appropriate feasibility (title, Geotech etc..) before lodging for build approvals

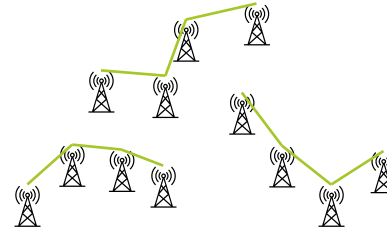


When we build, we want to maximise the number of in a 2-300km radius to optimise the build costs



We want all sites in an area ready to build so we can cluster more effectively

We negotiate with the owners of the various site candidates which could be individuals, governments etc..

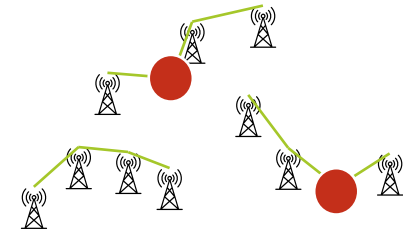
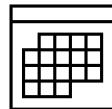


Cluster

Unforeseen circumstances like owners pulling out, governments delaying approvals and environmental events sometime cause 1 or more site in a network to become unavailable



When that happens, we may have to redo some work, restructure and reschedule the construction of a network or an entire cluster.



# FY24 Strategy & Outlook



# Invest in Customer Growth and Key Sectors



Rural & Regional



Mining & Resources



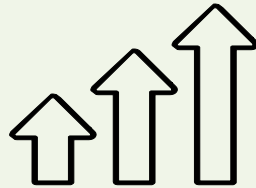
Wholesale



Public Sector



Mature Product Offering



Revenue & margin growth  
all verticals



Innovation and  
Automation



Increase Customer  
Satisfaction & Brand recognition

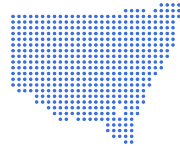
- Investment in enhanced customer service experience and business expansion
- Integrate new technologies into product and service delivery e.g. LEO and AI
- Leverage customer successes to drive brand message
- Create depth in operations
- Lower cost to serve



# Invest in Regional Infrastructure



**Complete national network tower builds**



**Successful completion of Federal neutral host & roaming trials**



**Australia's NMO (Neutral Mobile Operator)**



**LEO Acceleration**

- Complete 106 sites in “in-progress” programs
- Continued investment in RAN Regional Australia Network infrastructure
- Expand government program reach

# Invest in Operating Efficiencies



**Governance & Certifications**



**Process & Automation**



**Implement ERP & harden internal systems**



**Social Responsibility and Governance**

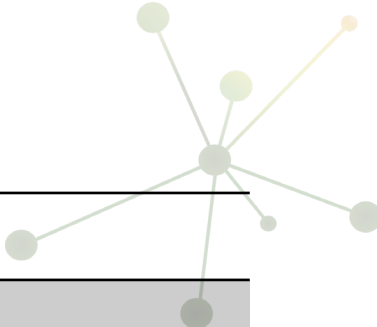
# Cashflow management



- Currently funding operations and infrastructure builds through
  - BAU cashflow
  - Vendor finance
  - Asset based financing / leasing
- Infrastructures Business (Project Finance)
  - As of end of FY23, cashflow has not been an impediment to network build



# FY24 Outlook



**Combined Business**

Consolidated Income*	\$69-75M
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EBITDA	\$5.5-7M
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Core Operate & Monetise Assets		Telecommunications Infrastructure Build and Develop Assets	
Revenue	\$63-67M	Other Revenue	\$6-\$8M
		Government Grants**	\$18-22M

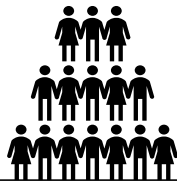
\*Consolidated income represents revenue from core ISP/MSP and Customer Builds

\*\* Government Grants deferred to Balance Sheet

# FY24 Operational Focus



Customer Focused and Industry Specialised Business Units



Improve management to drive staff retention and business efficiency



Completion of national network tower builds



Successful completion of Federal neutral host & roaming trials



Australia's NMO (Neutral Mobile Operator)



Revenue & margin in all verticals



Innovation and Automation



Increase Customer Satisfaction & Brand recognition

# Thank you

[www.fieldsolutions-group.com](http://www.fieldsolutions-group.com)

For further investor enquiries please email:  
[investors@fieldsolutions-group.com](mailto:investors@fieldsolutions-group.com)