

ASX Announcement:

# Scheme Booklet registered with ASIC



NEWS RELEASE 1<sup>st</sup> October 2021

5G Networks Limited (ASX:5GN) (**5GN**) and Webcentral Group Limited (ASX:WCG) (**Webcentral**) refer to the announcement made earlier today relating to the proposed merger pursuant to which Webcentral will acquire all of the issued ordinary shares in 5GN by way of a scheme of arrangement (**Scheme**), and the orders made by the Federal Court of Australia on 1 October 2021 for 5GN to convene and hold a meeting of 5GN shareholders to consider and vote on the Scheme (**Scheme Meeting**) and approving the despatch of an explanatory statement providing information about the Scheme and Notice of Scheme Meeting (**Scheme Booklet**) to 5GN shareholders.

## Scheme Booklet

5GN confirms that the Scheme Booklet has today been registered with the Australian Securities and Investments Commission. A copy of the Scheme Booklet is attached and will be made available on 5GN's website at [www.5gnetworks.com.au](http://www.5gnetworks.com.au). Also attached is a copy of the example proxy form for shareholders to submit a proxy for the Scheme Meeting.

The Scheme Booklet will be dispatched to 5GN shareholders by Wednesday, 6 October 2021 in the manner described in the 5GN announcement made earlier today.

5GN encourages all shareholders to read the Scheme Booklet carefully and in its entirety before making a decision on whether or not to vote in favour of the Scheme at the Scheme Meeting. 5GN shareholders should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

## Independent Expert's Report

The Independent Expert, PKF Melbourne Corporate Pty Ltd (**Independent Expert**), has concluded that the Scheme is fair and reasonable and in the best interests of 5GN shareholders.

The Independent Expert's conclusion should be read in context with the full Independent Expert's Report which is annexed to the Scheme Booklet.

## Independent Directors' Recommendation

The 5GN Independent Directors continue to unanimously recommend that 5GN shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of 5GN Shareholders.

Each 5GN Director intends to vote, or procure the voting of all the 5GN shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme, in the absence of a superior proposal.

## Scheme Meeting

The Scheme Meeting will be held virtually at 10:00am (Melbourne time) on Monday, 8 November 2021. The Scheme Meeting will be conducted via an online platform at <https://agmlive.link/5gns21>. Participants will be able to view and listen to the Scheme Meeting live, vote on the resolution to agree to the Scheme in real time and ask questions online. Details of how to access the virtual meeting and participate in the Scheme Meeting are contained in the Scheme Booklet.

## Shareholder Information Line

A shareholder information line will be available on 1300 657 159 (or +61 1300 657 159 if outside Australia) between 8:30am and 5:30pm (Melbourne time) Monday to Friday, excluding public holidays, for any questions relating to the Scheme or the Scheme Booklet.

The release of this announcement to the ASX was authorised by the Independent Board Committee of the 5GN Board of Directors and the Independent Board Committee of the Webcentral Board of Directors.

## For further information contact:

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## 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.

5GN currently owns and operates its own Nationwide highspeed 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 over 1,000 racks through its owned and operated Data Centres across Melbourne, Sydney, Brisbane 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.

## About Webcentral

Webcentral is an Australian owned digital services company who empower more than 330,000 customers to grow and thrive in the online world. Our portfolio of digital services is extensive, with market leading offers across domain management, website development and hosting, office and productivity applications and online marketing.

Our customer focussed heritage has been built on expertise, innovation and personalised service; critical attributes delivered through our culture and embraced by our people. This is demonstrated through more than 25 years of online industry leadership across Australia's digital foundation brands such as Melbourne IT, Netregistry and WME.

The Webcentral mission is dedicated to leading online success for our customers. We achieve this by building trusted and valued client relationships which convert successful business outcomes at each milestone across the customers' digital journey.



## 5G Networks Limited Scheme Booklet

# VOTE IN FAVOUR

The Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.

The Independent Expert has also concluded that the Scheme is fair and reasonable and in the best interests of 5GN Shareholders.

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Merger. If you are in any doubt as to how to deal with this document, you should consult your legal, investment or other professional adviser.

Legal Advisor:

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NORTON ROSE FULBRIGHT







# CONTENTS

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Important notices	4
1. Letter from the Chairman of 5G Networks	8
2. Letter from the Chairman of Webcentral	11
3. Timetable and key dates	12
4. Actions for 5GN Shareholders	13
5. Frequently asked questions	15
6. Reasons for voting for and against the Scheme	23
7. Overview of the Merger	27
8. Overview of 5GN	32
9. Overview of Webcentral	42
10. Overview of the Merged Group	56
11. Tax implications	74
12. Risk factors	79
13. Additional information	87
14. Glossary	97
 Annexure A – Independent Expert’s Report	 103
Annexure B – Investigating Accountant’s Report	152
Annexure C – Scheme	159
Annexure D – Deed Poll	177
Annexure E – Notice of Scheme Meeting	186
Corporate Directory	190

# IMPORTANT NOTICES

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## GENERAL

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

## NATURE OF THIS SCHEME BOOKLET

This Scheme Booklet includes the explanatory statement for the Scheme required by sub-section 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to 5GN Shareholders, or a solicitation of an offer from 5GN Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Sub-section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under sub-section 411(1) of the Corporations Act. Instead, 5GN Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

## ASIC AND ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of sub-section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with sub-section 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with sub-section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing to approve the Scheme.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

## IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SUB-SECTION 411(1) OF THE CORPORATIONS ACT

The fact that, under sub-section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how 5GN Shareholders should vote (on this matter 5GN Shareholders must reach their own conclusion);
- has prepared, or is responsible for the content of, the explanatory statement; or
- has approved or will approve the terms of the Scheme.

## NOTICE OF SCHEME MEETING

The Notice of Scheme Meeting is set out in Annexure E.

## NOTICE OF SECOND COURT HEARING

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any 5GN Shareholder may appear at the Second Court Hearing, expected to be held at 10:15 am (Melbourne time) on Thursday, 11 November 2021 at the Federal Court of Australia, 305 William Street Melbourne Victoria 3000.

Any 5GN Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on 5GN a notice of appearance in the prescribed form together with any affidavit that the 5GN Shareholder proposes to rely on.

# IMPORTANT NOTICES

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## DEFINED TERMS

Capitalised terms used in this Scheme Booklet are defined in Section 14.1 of this Scheme Booklet. Section 14.2 of this Scheme Booklet also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in Section 14.1.

## NO INVESTMENT ADVICE

This Scheme Booklet has been prepared without reference to the investment objectives, financial and tax situation or particular needs of any 5GN Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The Independent Directors encourage you to seek independent financial and tax advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in Section 12 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure A. If you are in doubt as to the course you should follow, you should consult your legal, financial, tax or other professional adviser.

## FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of 5GN, Webcentral or the Merged Group are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to 5GN or Webcentral and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Neither 5GN nor Webcentral, nor any of their respective affiliates, officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, 5GN and Webcentral, and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

## RESPONSIBILITY STATEMENT

5GN has prepared, and is responsible for, the 5GN Information. Neither Webcentral nor any of its Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Webcentral has prepared, and is responsible for, the Webcentral Information. Neither 5GN nor any of its Subsidiaries, nor any of their respective directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

PKF Melbourne Corporate Pty Ltd has prepared the Independent Expert's Report (as set out in Annexure A of this Scheme Booklet) and takes responsibility for that report. Neither 5GN nor Webcentral nor any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report.

# IMPORTANT NOTICES

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Grant Thornton Corporate Finance Pty Ltd has prepared the Investigating Accountant's Report (as set out in Annexure B of this Scheme Booklet) and takes responsibility for that report. Neither 5GN nor Webcentral nor any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Investigating Accountant's Report.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

## FOREIGN JURISDICTIONS

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. This Scheme Booklet and the Scheme do not constitute an offer of securities in any place which, or to any person whom, it would not be lawful to make such an offer.

A Scheme Shareholder whose address shown in the Register is a place outside Australia or New Zealand as at the Scheme Record Date will be an Ineligible Foreign Shareholder unless Webcentral and 5GN agree otherwise that it is lawful and not unduly onerous or impracticable to issue New Webcentral Shares to that Scheme Shareholder under the Scheme.

## CHARTS AND DIAGRAMS

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at 24 September 2021, being the Last Practicable Date. Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

## TIMETABLE AND DATES

All times and dates referred to in this Scheme Booklet are times and dates in Melbourne, Victoria, Australia, unless otherwise indicated. All times and dates relating to the Implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

## TAX IMPLICATIONS OF THE SCHEME

If the Scheme becomes Effective, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australia tax consequences of the Scheme, refer to Section 11. The tax treatment may vary depending on the nature and characteristics of 5GN Shareholders and their specific circumstances. Accordingly, 5GN Shareholders should seek professional tax advice in relation to their particular circumstances.

## PRIVACY

5GN may collect personal information in the process of Implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in 5GN and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist 5GN and Webcentral to conduct the Scheme Meeting and Implement the Scheme, including to issue the Scheme Consideration. Without this information, 5GN may be hindered in its ability to issue this Scheme Booklet and Implement the Scheme, including to issue the Scheme Consideration.



## IMPORTANT NOTICES

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Personal information of the type described above may be disclosed to the 5GN Share Registry, the Webcentral share registry (to enable it to issue the Scheme Consideration), third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of 5GN, Government Agencies, and also where disclosure is otherwise required or allowed by law. 5GN Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them.

If you would like to obtain details of the information about you held by the 5GN Share Registry in connection with 5GN Shares, please contact the 5GN Share Registry. 5GN Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how 5GN collects, uses and discloses personal information is contained in our Privacy Policy located at [www.5GN.com.au/about/privacy-policy](http://www.5GN.com.au/about/privacy-policy).

### DATE OF SCHEME BOOKLET

This Scheme Booklet is dated 1 October 2021.

# 1. LETTER FROM THE CHAIRMAN OF 5G NETWORKS

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1 October 2021

Dear 5GN Shareholder,

On behalf of the 5G Networks Independent Board Committee, I am pleased to provide you with this Scheme Booklet, which outlines details you will need to consider in relation to the proposed merger of Webcentral Group Limited (**Webcentral**) and 5G Networks Limited (**5G Networks**). This document also provides you with information concerning important matters relevant to your vote in relation to the Scheme. I encourage you to read this Scheme Booklet carefully and to participate in this transformational transaction for 5G Networks by voting in favour of the Scheme.

On 16 July 2021, Webcentral and 5G Networks announced that they had entered into a Merger Implementation Agreement under which both companies agreed to merge to create a leading digital services provider. The Merger brings together two highly complementary businesses to create a leading integrated, full-service online digital solutions provider with unique strategic merit and strong value drivers for 5GN Shareholders.

The Merger is to be conducted by way of a scheme of arrangement (**Scheme**) and is subject to several conditions, including 5GN Shareholder, Court and regulatory approvals, Webcentral shareholder approval of a reverse takeover resolution and the acquisition of related party shares, together with other customary conditions. If the Scheme is approved and Implemented, Webcentral will acquire 100% of the fully paid ordinary shares in 5G Networks. Once combined, Webcentral and 5G Networks (**Merged Group**) as comprised by Webcentral and its Subsidiaries following Implementation of the Scheme, will trade as Webcentral and will continue to be listed on the Australian Securities Exchange under the ASX code "WCG".

## The Merged Group

The Merger delivers:

- Value creation through a larger entity with enhanced prospects for both organic growth and growth by acquisition;
- Simplification of sales delivery to over 330,000 customers across Government, enterprise, wholesale and small/medium businesses through a combined online portal, and new product releases into this customer base including OX Mail, C Panel, VPS, WordPress and VBO, NBN and Streaming;
- Revenue synergies through acceleration of cross sell and up sell opportunities to complementary customer bases, with the combined business having a larger addressable market than the current combined markets;
- Cost synergies estimated at \$2 million from operating platform consolidation, corporate cost rationalisation and labour synergies; and
- Highly experienced and complementary Board and senior management teams to drive growth.

The Merged Group will have increased financial scale and a strengthened combined balance sheet supported by strong free cash flow generation which are expected to provide the Merged Group with an enhanced platform to pursue further organic growth opportunities and growth by acquisition. The financial performance of the Merged Group is expected to be further supported through the delivery of cost and capital expenditure synergies from infrastructure, network and transmission savings, consolidation of overlapping functions of the two businesses and economies of scale. The Merged Group may also benefit from potential revenue synergies through cross-selling opportunities in the Government, enterprise, wholesale and small/medium businesses markets.

## Scheme Consideration

If the Scheme is approved and Implemented, 5GN Shareholders will receive 2 New Webcentral Shares for every 5GN Share held and 5GN Shareholders will own approximately 74% of Webcentral, with Webcentral Shareholders owning the remaining 26% (excluding for the purposes of this calculation the 69,524,461 Webcentral Shares held by 5G Networks that will be cancelled following Implementation).

The 2 for 1 merger ratio is consistent with the trading prices prior to the Merger announcement on 16 July 2021, and 5-day and 30-day volume weighted average trading prices to 14 July 2021:

	Webcentral	5G Networks	Ratio
Closing Price 14 July 2021	\$0.46	\$0.93	2.0
5-day VWAP to 14 July 2021	\$0.46	\$0.94	2.0
30-day VWAP to 14 July 2021	\$0.44	\$0.93	2.1

# 1. LETTER FROM THE CHAIRMAN OF 5G NETWORKS

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## Independent Directors' recommendation

The Independent Directors, being myself and Mr Jason Ashton, believe that the value and strategic opportunities offered by the Merger reflect a compelling proposition for 5GN Shareholders. The Independent Directors believe that the Scheme is in the best interest of 5GN Shareholders and therefore **unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.**

The Independent Directors unanimously consider that the Scheme is in the best interests of 5GN Shareholders for reasons including the following:

- The Merged Group will have increased financial scale and equity market relevance;
- The Merged Group will benefit from a consolidated debt facility, allowing the Merged Group to target accretive acquisitions of listed or private enterprises;
- The Merger will simplify sales delivery to 330,000 plus customers across Government, enterprise, wholesale and small/medium businesses through a combined online portal;
- The Merged Group may benefit from potential revenue synergies through acceleration of cross sell and up sell opportunities to complementary customer bases, with the combined business having a larger addressable market than the current combined markets; and
- The Merger is expected to generate cost synergies of approximately \$2 million.

Further details on why you may wish to vote in favour of the Scheme are set out in Section 6.1 of this Scheme Booklet.

Notwithstanding the Independent Directors' unanimous recommendation and the Independent Expert's conclusion that the Scheme is fair and reasonable and in the best interests of 5GN Shareholders, you may wish to vote against the Scheme for the reasons set out in Section 6.2 of this Scheme Booklet, which include the following:

- You may disagree with the Independent Directors' unanimous recommendation or the Independent Expert's conclusion and believe that the Scheme is not in your best interests;
- You may believe there is potential for a Superior Proposal to be made in the foreseeable future;
- The future value of the New Webcentral Shares is not certain; and
- You may be concerned about specific risks associated with Webcentral's business.

Each 5GN Director intends to vote, or procure the voting of all the 5GN Shares held or Controlled by them at the time of the Scheme Meeting in favour of the Scheme, in the absence of a Superior Proposal.

## Independent Expert

The 5GN Independent Directors have appointed an independent expert, PKF Melbourne Corporate Pty Ltd, to prepare the Independent Expert's Report in relation to the Scheme. **The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of 5GN Shareholders.** A complete copy of the Independent Expert's Report is contained in Annexure A.

## How to vote

The Scheme can only be Implemented if approved by 5GN Shareholders at the Scheme Meeting to be held at 10.00 am (Melbourne time) on Monday, 8 November 2021. As such, your vote is important and I strongly encourage you to take careful consideration of all the information set out in this Scheme Booklet when deciding whether to vote in favour of the Scheme.

In the interests of the health and safety of shareholders, employees and other stakeholders in the context of the coronavirus (COVID-19) pandemic, including the restrictions on physical gatherings, the Scheme Meeting will be held virtually. You are invited to cast your vote and ask questions at the Scheme Meeting in person, online in real time at <https://agmlive.link/5gns21> or by completing and returning the Proxy Form to the 5GN Share Registry by 10.00 am (Melbourne time) on Saturday, 6 November 2021.



# 1. LETTER FROM THE CHAIRMAN OF 5G NETWORKS

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## Further information

You should take into consideration all of the information set out in this Scheme Booklet when deciding whether or not to vote in favour of the Scheme, including the risks associated with holding shares in the Merged Group.

If you have any questions or require further information in relation to this Scheme Booklet or the Scheme or if you would like a hard copy of this Scheme Booklet free of charge, you should call the Shareholder Information Line on 1300 657 159 (callers within Australia) or +61 1300 657 159 (callers outside Australia), Monday to Friday between 8.30am and 5.30pm (Melbourne time). If you are in any doubt as to what you should do, you should consult an independent, appropriately licenced and authorised financial, legal and/or tax adviser without delay.

On behalf of the 5GN Independent Directors, I would like to take this opportunity to thank you for your ongoing support of 5G Networks and look forward to your participation at the Scheme Meeting.

Yours sincerely,



Albert Cheok  
Non-Executive Chairman  
5G Networks Limited

## 2. LETTER FROM THE CHAIRMAN OF WEBCENTRAL

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1 October 2021

Dear 5GN Shareholder,

The Webcentral Board, together with the 5G Networks Board, is pleased to provide you with the opportunity to participate in the combination of Webcentral and 5G Networks to create an Australian-owned, leading integrated, full-service online digital solutions provider.

The combination of Webcentral and 5GN is supported by the 5GN Independent Directors who unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal for 5GN. PKF Melbourne Corporate Pty Ltd, the Independent Expert, has also concluded that the Scheme is fair and reasonable and in the best interests of 5GN Shareholders.

Webcentral is Australasia's largest full service digital technology partner for small to medium sized businesses. The Scheme brings together highly complementary businesses in Webcentral's domain and webhosting expertise and 5G Networks' strength in data networks, cloud, data centres and managed services.

Webcentral considers that the combination will benefit both companies' shareholders as the Scheme is expected to generate cost synergies from the combination of two complementary businesses, rationalisation of duplicated costs, and economies of scale. The Merged Group may also benefit from revenue synergies through cross-selling and up-selling of products across Webcentral and 5G Networks' respective customer bases.

The Merger can be expected to deliver stronger returns to shareholders than either business could achieve as a standalone business. The Merged Group will be led by a highly experienced board and senior management team that will draw on the experience of both groups' skills and expertise to drive growth.

Further details of the benefits of the Merger to 5GN Shareholders are detailed in the reasons to vote in favour of the Scheme set out in Section 6.1 of this Scheme Booklet. A summary of the reasons identified by the 5GN directors as to why you may not want to vote in favour of the Scheme is set out in Section 6.2 of this Scheme Booklet.

As a 5GN Shareholder, your vote is important to ensure that the Scheme is implemented and the benefits of the Merger can be realised by all shareholders.

On behalf of the Webcentral Board, we believe the Scheme is an exciting, transformational opportunity that is in the best interests of all 5GN Shareholders. We look forward to your participation at the Scheme Meeting to be held at 10.00 am (Melbourne time) on Monday, 8 November 2021 and encourage you to vote in favour of the Merger. I am extremely excited by the prospects for the combined entity and I look forward to welcoming you as a shareholder of the Merged Group following the successful implementation of the Scheme.

Yours sincerely,



Joe Gangi  
Chairman  
Webcentral Group Limited

### 3. TIMETABLE AND KEY DATES

Event	Time and date
<b>Date of this Scheme Booklet</b>	Friday, 1 October 2021
Latest time and date for receipt of Proxy Forms (including proxies lodged online) or power of attorney by the 5GN Share Registry for the Scheme Meeting	10.00am, Saturday, 6 November 2021
Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm, Saturday, 6 November 2021
<b>Scheme Meeting</b> The Scheme Meeting will be held as a virtual meeting. 5GN Shareholders and their authorised proxies, attorneys and corporate representatives may attend, participate in and vote at the Scheme Meeting via the online platform	10.00am, Monday, 8 November 2021
<i>If the Scheme is approved by the Requisite Majority of 5GN Shareholders at the Scheme Meeting</i>	
<b>Second Court Date</b>	Thursday, 11 November 2021
<b>Effective Date</b> The date on which the Scheme becomes Effective and is binding on Scheme Shareholders Court order lodged with ASIC and announcement to ASX This will also be the last day for trading in 5GN Shares (5GN Shares will be suspended from trading on ASX from close of trading on this date)	Friday, 12 November 2021
Subject to confirmation from ASX, New Webcentral Shares commence trading on ASX on a deferred settlement basis	Monday, 15 November 2021
<b>Scheme Record Date</b> The date for determining entitlements to the Scheme Consideration	7.00pm, Tuesday, 16 November 2021
<b>Implementation Date</b> Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive the Scheme Consideration on the Implementation Date.	Tuesday, 23 November 2021
Commencement of trading of New Webcentral Shares on ASX on a normal settlement basis	Wednesday, 24 November 2021

All times and dates in the above timetable are references to the times and dates in Melbourne, Victoria, Australia and all such times and dates are subject to change. 5GN may vary any or all of these dates and times. Certain times and dates are conditional on the approval of the Scheme by 5GN Shareholders and by the Court. Any changes to times and dates will be announced by 5GN to ASX.



## 4. ACTIONS FOR 5GN SHAREHOLDERS

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### 4.1 CAREFULLY READ THIS SCHEME BOOKLET

This Scheme Booklet contains information that is material to your decision whether or not to approve the Scheme by voting in favour of the Scheme Resolution. Accordingly, you should read this Scheme Booklet in its entirety before making a decision on how to vote on the Scheme Resolution.

If you are in any doubt as to what you should do, you should also consult your legal, financial, tax or other professional adviser. Answers to some common questions are contained in Section 5 of this Scheme Booklet titled 'Frequently asked questions'.

If you have any additional questions about the Merger or the Scheme Booklet or if you would like a hard copy of this Scheme Booklet free of charge, please contact the Shareholder Information Line on 1300 657 159 (callers within Australia) or +61 1300 657 159 (callers outside Australia). The Shareholder Information Line is open Monday to Friday between 8.30am and 5.30pm (Melbourne time).

### 4.2 SCHEME MEETING DETAILS

#### 4.2.1 SCHEME MEETING

The Court has ordered 5GN to convene the Scheme Meeting at which 5GN Shareholders will be asked to consider the Scheme.

In the interests of the health and safety of shareholders, employees and other stakeholders in the context of the coronavirus (COVID-19) pandemic, including the restrictions on physical gatherings, the Scheme Meeting will be held as a virtual meeting.

The details of the Scheme Meeting are as follows:

- Date: Monday, 8 November 2021
- Time: 10.00am (Melbourne time)
- Location: via the online platform at <https://agmlive.link/5gnsnm21>

If you are a 5GN Shareholder at 7:00 pm (Melbourne time) on Saturday, 6 November 2021, you are entitled to vote on the Scheme Resolution at the Scheme Meeting by attending and participating in the Scheme Meeting online at <https://agmlive.link/5gnsnm21>. Scheme Shareholders who participate in the Scheme Meeting via the online platform will be able to watch the Scheme Meeting, cast an online vote and ask questions online in real time.

Please monitor 5GN's website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.

The Scheme Meeting may also be postponed or adjourned, including if satisfaction of a Condition Precedent is delayed. Any such postponement or adjournment will be announced by 5GN to the ASX.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure E of this Scheme Booklet.

In order to proceed, the Scheme Resolution must be passed by the Requisite Majority of 5GN Shareholders present and voting at the Scheme Meeting (either in person online or by proxy, attorney or, in the case of corporate 5GN Shareholders, corporate representative) being:

- a majority in number (more than 50%) of 5GN Shareholders; and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by 5GN Shareholders.

You are encouraged to vote by attending the Scheme Meeting (online) or alternatively by appointing a proxy by completing and submitting the Proxy Form in accordance with the instructions on that form.

Voting is not compulsory. However, **the Independent Directors unanimously recommend that 5GN Shareholders vote in favour of the Scheme in the absence of a Superior Proposal.**

If the Scheme Resolution is passed at the Scheme Meeting, 5GN will apply to the Court to approve the Scheme.

## 4. ACTIONS FOR 5GN SHAREHOLDERS

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### 4.3 VOTING

#### 4.3.1 VOTING BY POLL

Voting at the Scheme Meeting will be conducted by way of a poll. 5GN Shareholders will have one vote for each 5GN Share owned (subject to the restrictions on voting rights set out in the Notice of Scheme Meeting).

#### 4.3.2 ENTITLEMENT TO VOTE

Each 5GN Shareholder who is registered on the Register as the holder of a 5GN Share at 7:00 pm (Melbourne time) on Saturday, 6 November 2021 may vote at the Scheme Meeting, in person online, by proxy, by attorney or, in the case of a corporation, by corporate representative (subject to restrictions on voting rights set out in the Notice of Scheme Meeting).

#### 4.3.3 HOW TO VOTE

Each 5GN Shareholder who is entitled to vote can vote at the Scheme Meeting:

- in person, by attending the Scheme Meeting online and voting via the online platform at <https://agmlive.link/5gns21>;
- by appointing a proxy to attend and vote on your behalf; or
- by attorney or corporate representative. You are entitled to appoint an attorney or, in the case of a corporate shareholder, a corporate representative to attend and vote at the Scheme on your behalf.

##### 4.3.3.1 APPOINTING A PROXY

If you are unable to, or do not wish to, attend the Scheme Meeting online, or will not have access to a device or the internet, you are encouraged to lodge a directed proxy vote by completing and submitting the Proxy Form in accordance with the instructions given on that form.

If you have received a hard copy Proxy Form, you may lodge a proxy vote:

- online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and following the instructions on the website. You will need to enter the secure access information set out on the Proxy Form; or
- by completing and signing the Proxy Form and returning to the 5GN Share Registry by:
  - mail to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia;
  - fax on (02) 9287 0309 (within Australia) or +61 2 9287 0309 (outside Australia); or
  - hand at Link Market Services Limited at Level 12, 680 George Street Sydney NSW 2000.

If you have not received a hard copy Proxy Form, you may submit a proxy online by clicking on the personalised link that you have received by email and following the instructions set out in the email. Alternatively, you may obtain a hard copy Proxy Form by calling the Shareholder Information Line on 1300 657 159 (callers within Australia) or +61 1300 657 159 (callers outside Australia), Monday to Friday between 8.30am to 5.30pm (Melbourne time) and following the lodgement instructions on the Proxy Form.

Proxy forms and powers of attorney must be lodged by 10:00 am (Melbourne time) on Saturday, 6 November 2021. For further information on proxy voting, refer to the detailed instructions contained on the Proxy Form.

##### 4.3.3.2 APPOINTING AN ATTORNEY

If voting by attorney, the power of attorney appointing the attorney must be duly signed and specify the name of each of the 5GN Shareholder and the attorney, and also specify the meetings at which the appointment may be used. A copy of the power of attorney must be given to the 5GN Share Registry in the same manner, and by the same time, as outlined for the Proxy Forms.

##### 4.3.3.3 APPOINTING A CORPORATE REPRESENTATIVE

A corporate shareholder, or body corporate appointed as a proxy, may appoint an individual as its representative to attend the Scheme Meeting and vote on its behalf. If a representative of the corporation is to attend the Scheme Meeting virtually, a copy of the "Certificate of Appointment of Corporate Representative" must be given to the 5GN Share Registry at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au) prior to the Scheme Meeting in accordance with the Notice of Scheme Meeting.

A form of the certificate may be obtained from the 5GN Share Registry at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## 5. FREQUENTLY ASKED QUESTIONS

Question	Response	Section Reference
What is a scheme of arrangement?	<p>A scheme of arrangement is a statutory arrangement facilitated by Part 5.1 of the Corporations Act between a company and its shareholders.</p> <p>Schemes are commonly used to effect the acquisition of shares in a target company. Sometimes, as in this case, they are used for the merger of two companies.</p> <p>Schemes must be approved by a Requisite Majority of shareholders and the Court in order to become binding on the target company's shareholders.</p>	N/A
What is the Scheme I am being asked to consider?	<p>5GN Shareholders are being asked to consider the proposed scheme of arrangement under which it is proposed that Webcentral will acquire 100% of the outstanding shares in 5GN, in return for which each Scheme Shareholder (excluding Ineligible Foreign Shareholders – see 'Consideration' below and Section 7.9.3) will receive the Scheme Consideration, being New Webcentral Shares, on the Implementation Date.</p> <p>The Scheme requires approval by the Requisite Majority of 5GN Shareholders at the Scheme Meeting and approval by the Court at the Second Court Hearing in order to become Effective.</p> <p>A copy of the Scheme is contained in Annexure C.</p>	Section 7
What is the Merger Implementation Agreement and is it binding on me?	<p>The Merger Implementation Agreement contains various undertakings by 5GN and Webcentral to pursue and progress the Scheme. The key terms of the Merger Implementation Agreement are summarised in Section 13.1.</p> <p>The Merger Implementation Agreement is binding on 5GN only and not on 5GN Shareholders. The Scheme will only become binding on 5GN Shareholders if and when the Scheme becomes Effective which will only occur if the Scheme is approved by the Requisite Majority of 5GN Shareholders at the Scheme Meeting, approved by the Court at the Second Court Hearing and a copy of the Court orders are lodged with ASIC.</p>	Section 13.1
What should I do?	<p><b>The Independent Directors unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.</b></p> <p>5GN Shareholders should read this Scheme Booklet carefully and in its entirety. 5GN Shareholders may also choose to consult independent legal, investment, tax or other professional advisors in relation to any of the information contained in this Scheme Booklet.</p> <p>Based on this Scheme Booklet and any independent advice you may receive, you should determine how you wish to vote on the Scheme. You are able to vote by attending the Scheme Meeting, or by appointing a proxy, attorney or, in the case of corporate 5GN Shareholders, a corporate representative, to vote on your behalf.</p> <p>Please refer to Section 4.3 and Annexure E for further information on how to vote on the Scheme.</p>	Section 4.3 and Annexure E



## 5. FREQUENTLY ASKED QUESTIONS

Question	Response	Section Reference
Who is Webcentral?	Webcentral was founded in 1996 as Melbourne IT, primarily focussed on solutions in the domains and hosting market and grew to be the leading domain name registrar in Australia, prior to listing on the ASX in 1999. Webcentral is now Australia's largest full-service digital technology partner for small to medium sized businesses.	Section 9
Who is entitled to participate in the Scheme?	Persons who hold 5GN Shares on the Scheme Record Date can participate in the Scheme.	Section 7.9
Will I have to pay brokerage fees?	No brokerage fees will be payable on the transfer of 5GN Shares to Webcentral under the Scheme. Brokerage fees may be deducted from the Sale Proceeds payable to Ineligible Foreign Shareholders – see Section 7.9.3.	Section 7.9.3
Scheme process		
What do the Independent Directors recommend?	<p><b>The Independent Directors unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.</b></p> <p>Each 5GN Director intends to vote any 5GN Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal.</p>	Section 7.5
What is the Independent Expert's opinion?	<p>The 5GN Board has commissioned the Independent Expert, PKF Melbourne Corporate Pty Ltd, to prepare an Independent Expert's Report in relation to the Scheme.</p> <p><b>The Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of 5GN Shareholders.</b></p> <p>A complete copy of the Independent Expert's Report is contained in Annexure A.</p>	Annexure A
Why you may consider voting in favour of the Scheme	<p>The Independent Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.</p> <p>Reasons why you should consider voting in favour of the Scheme include:</p> <ul style="list-style-type: none"> <li>• The Merged Group will have increased financial scale and equity market relevance, with higher liquidity and enhanced prospectus for growth, supporting the potential entry into ASX indices in the future</li> <li>• The Merged Group will benefit from a consolidated debt facility, allowing the Merged Group to target accretive acquisitions of listed or private enterprises</li> <li>• The Merger will simplify sales delivery to 330,000 plus customers across Government, enterprise, wholesale and small/medium businesses through a combined online portal, and new product releases into this customer base including OX Mail, cPanel, VPS, WordPress and VBO, NBN and Streaming</li> <li>• The Merged Group may benefit from potential revenue synergies through acceleration of cross sell and up sell opportunities to complementary customer bases, with the combined business having a larger addressable market than the current combined markets</li> </ul>	Section 6.1

## 5. FREQUENTLY ASKED QUESTIONS

Question	Response	Section Reference
	<ul style="list-style-type: none"> <li>The Merger is expected to generate cost synergies of approximately \$2 million from the consolidation of operating platforms, corporate cost rationalisation from the elimination of one listed company and duplicated costs, and labour synergies from the elimination of duplicated roles and functions</li> <li>Scheme Consideration offered under the Scheme enables existing 5GN Shareholders (other than Ineligible Foreign Shareholders) to participate in the combination benefits of the two businesses</li> <li>The Independent Directors unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal</li> <li>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of 5GN Shareholders</li> <li>The Merged Group will have a highly experienced and complementary Board and senior management to drive growth</li> <li>No Superior Proposal has emerged as at the date of this Scheme Booklet</li> </ul> <p>Further detail is provided in Section 6.1.</p>	
Why you may consider voting against the Scheme	<p>Reasons why you might consider voting against the Scheme include:</p> <ul style="list-style-type: none"> <li>You may disagree with the Independent Directors' unanimous recommendation or the Independent Expert's conclusion and believe that the Scheme is not in your best interests.</li> <li>You may believe there is potential for a Superior Proposal to be made in the foreseeable future</li> <li>The future value of the New Webcentral Shares is not certain</li> <li>You may be concerned about specific risks associated with Webcentral's business</li> <li>The tax consequences of the Scheme may not suit your current financial circumstances</li> </ul> <p>Further detail is provided in Section 6.2.</p>	Section 6.2
<b>Consideration</b>		
What will I receive if the Scheme is Implemented?	If you are an Eligible Shareholder and the Scheme is Implemented, you will receive 2 New Webcentral Shares for each 5GN Share you hold. Please refer to Section 7.9 to determine whether you are an Eligible Shareholder.	Sections 7.2 and 7.9
I am a foreign 5GN Shareholder. Does that make me an Ineligible Foreign Shareholder?	A 5GN Shareholder who is (or who is acting on behalf of) a citizen or resident of a jurisdiction other than (and is not a resident of) Australia (and its external territories), New Zealand, or whose Registered Address as at the Scheme Record Date is a place outside Australia (and its external territories), New Zealand, or who is acting on behalf of such a person, will be classified as an Ineligible Foreign Shareholder, unless 5GN and Webcentral jointly determine that it is lawful and not unduly onerous or impracticable to issue that 5GN Shareholder New Webcentral Shares when the Scheme becomes Effective.	Section 7.9.3

## 5. FREQUENTLY ASKED QUESTIONS

Question	Response	Section Reference
How will Ineligible Foreign Shareholders be treated under the Scheme?	<p>All 5GN Shareholders are entitled to participate in the Scheme and Ineligible Foreign Shareholders will participate in the Scheme on the same basis as Eligible Shareholders. However, New Webcentral Shares will not be issued to Ineligible Foreign Shareholders. Instead, the New Webcentral Shares to which the Ineligible Foreign Shareholders would otherwise have been entitled will be issued to a Sale Agent to be sold on the ASX.</p> <p>The Sale Agent will sell those New Webcentral Shares as soon as reasonably practicable after the Implementation Date and the Sale Agent will remit the Sale Proceeds for the New Webcentral Shares to 5GN (after deducting any applicable brokerage, stamp duty or other costs, taxes and charges). 5GN will then remit to each Ineligible Foreign Shareholder the Sale Proceeds attributable to the New Webcentral Shares to which the Ineligible Foreign Shareholder would otherwise have been entitled.</p>	Section 7.9.3
Can I choose to keep my 5GN Shares?	No. If the Scheme is Implemented, your 5GN Shares will be transferred to Webcentral and you will receive the Scheme Consideration. Provided that the Scheme Resolution is passed by the Requisite Majority of 5GN Shareholders at the Scheme Meeting, the Scheme is approved by the Court at the Second Court Hearing and the Scheme becomes Effective, this will occur even if you did not vote on the Scheme or if you voted against the Scheme Resolution.	Section 7.10.1
Can I sell my 5GN Shares?	<p>Yes, you can sell your 5GN Shares on the ASX at any time before the close of trading on the Effective Date.</p> <p>Trading in 5GN Shares will be suspended from official quotation on the ASX from the close of trading on the Effective Date. You will not be able to sell your 5GN Shares on the ASX after this time.</p> <p>If you sell your 5GN Shares on the ASX prior to the Effective Date:</p> <ul style="list-style-type: none"> <li>• you will not receive the Scheme Consideration;</li> <li>• you may be required to pay brokerage on the sale of your 5GN Shares; and</li> <li>• there may be different tax consequences for you compared with those consequences that would apply if you disposed of your 5GN Shares under the Scheme.</li> </ul>	N/A
Can I choose to receive cash for my 5GN Shares?	<p>No. There is no option for 5GN Shareholders to elect to receive cash in place of the Scheme Consideration.</p> <p>On the Implementation Date, Eligible Shareholders will receive Scheme Consideration comprising 2 New Webcentral Shares for each 5GN Share owned on the Scheme Record Date.</p> <p>Following Implementation, you may elect to sell your New Webcentral Shares on the ASX.</p> <p>Alternatively, you may elect to sell your 5GN Shares on the ASX at any time before the close of trading on the Effective Date.</p>	N/A



## 5. FREQUENTLY ASKED QUESTIONS

Question	Response	Section Reference
When will I receive the Scheme Consideration?	<p>The Scheme Consideration will be issued on the Implementation Date. If you are an Ineligible Foreign Shareholder, the net cash proceeds of the sale of the New Webcentral Shares to which you would otherwise have been entitled will be paid to you in accordance with the process outlined in Section 7.9.3.</p> <p>If the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the issue of the Scheme Consideration will also be delayed.</p>	Sections 7.2 and 7.9.3
<b>The Scheme Meeting</b>		
What is the Scheme Meeting?	<p>The Scheme Meeting is a meeting of 5GN Shareholders to consider the Scheme.</p> <p>The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure E of this Scheme Booklet.</p>	Section 4.2.1
Who can vote at the Scheme Meeting?	5GN Shareholders who are registered on the Register at 7.00pm (Melbourne time) on Saturday, 6 November 2021 will be entitled to vote at the Scheme Meeting.	Section 4.3
When and where will the Scheme Meeting be held?	The Scheme Meeting is scheduled to be held at 10:00 am (Melbourne time) on Monday, 8 November 2021 as a virtual meeting at <a href="https://agmlive.link/5gns21">https://agmlive.link/5gns21</a> .	Section 4.2
How do I vote at the Scheme Meeting?	<p>Each 5GN Shareholder who is entitled to vote can vote at the Scheme Meeting:</p> <ul style="list-style-type: none"> <li>• in person, by attending the Scheme Meeting online;</li> <li>• by appointing a proxy to attend and vote on your behalf; or</li> <li>• by attorney or corporate representative. You are entitled to appoint an attorney or, in the case of a corporate shareholder, a corporate representative to attend and vote at the Scheme Meeting on your behalf.</li> </ul>	Section 4.3.3
What vote is required to approve the Scheme?	<p>For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majority of 5GN Shareholders present and voting at the Scheme Meeting (in person online or by proxy, attorney or corporate representative), which is:</p> <ul style="list-style-type: none"> <li>• a majority in number (more than 50%) of 5GN Shareholders; and</li> <li>• at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting.</li> </ul> <p>The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.</p>	Section 7.4
What if I do not vote at the Scheme Meeting or do not vote in favour of the Scheme Resolution?	If you do not vote or vote against the Scheme Resolution, but the Scheme Resolution is approved by the Requisite Majority of 5GN Shareholders, then, subject to the other Conditions Precedent to the Scheme being satisfied or waived, and Court approval, the Scheme will be Implemented and binding on all 5GN Shareholders, including those who did not vote or voted against the Scheme Resolution.	Section 6.3.1

## 5. FREQUENTLY ASKED QUESTIONS

Question	Response	Section Reference
When will the result of the Scheme Meeting be known?	<p>The result of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting. The result will be accessible from the ASX's website at <a href="http://www2.asx.com.au">www2.asx.com.au</a> and on 5GN's website at <a href="https://5gnetworks.com.au/">https://5gnetworks.com.au/</a>.</p> <p>Even if the Scheme Resolution is passed by the Requisite Majority of 5GN Shareholders at the Scheme Meeting, the Scheme will not become Effective unless and until it is approved by the Court at the Second Court Hearing and the Court order is lodged with ASIC.</p>	Section 4.2.1
Tax implications of the Scheme		
What are the Australian tax implications of the Scheme for 5GN Shareholders?	<p>A summary of the general Australian income tax, stamp duty and GST consequences for 5GN Shareholders who participate in the Scheme is set out in Section 11.</p> <p>Each 5GN Shareholder's tax position will depend on their particular circumstances. 5GN Shareholders are urged to consult their own professional tax advisers as to the specific tax consequences to them of the Scheme, including the applicability and effect of income tax and other tax laws in their particular circumstances.</p>	Section 11
Am I entitled to scrip-for-scrip Capital Gains Tax rollover relief?	<p>Australian resident 5GN Shareholders who would otherwise make a capital gain on the disposal of their 5GN Shares under the Scheme should be eligible to choose scrip for scrip roll-over relief.</p> <p>The tax consequences of the Scheme will differ for each 5GN Shareholder, and 5GN Shareholders should consult their own professional tax advisers to seek advice which considers their individual circumstances.</p>	Section 11.2.1
Further Questions		
Are there any conditions that need to be satisfied before the Scheme can proceed?	As at the date of this Scheme Booklet, the outstanding Conditions Precedent which must be satisfied or waived (as applicable) before the Scheme can become Effective are set out in Section 7.3.	Section 7.3
When will the Scheme become Effective?	<p>If the Conditions Precedent are satisfied or waived (as applicable) and the Scheme is approved by the Requisite Majority of 5GN Shareholders at the Scheme Meeting, 5GN will apply to the Court to approve the Scheme at the Second Court Hearing.</p> <p>The Scheme will become Effective on the date on which the Court order approving the Scheme is lodged with ASIC. The Scheme is expected to become Effective on the Second Court Date or the Business Day following the Second Court Date.</p>	Section 7.4

## 5. FREQUENTLY ASKED QUESTIONS

Question	Response	Section Reference
What happens if the Scheme is not Implemented?	<p>If the Scheme is not Implemented:</p> <ul style="list-style-type: none"> <li>• you will not receive the Scheme Consideration;</li> <li>• you will retain your 5GN Shares; and</li> <li>• 5GN will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX.</li> </ul>	Section 7.11
What happens if a Competing Proposal is proposed?	<p>If a Competing Proposal is proposed to the 5GN Board prior to the Second Court Date, the 5GN Board will carefully consider the proposal and determine whether it is a Superior Proposal.</p> <p>Under the Merger Implementation Agreement, 5GN must notify Webcentral of any Competing Proposal and its terms.</p>	Section 13.1.3
Under what circumstances is a reimbursement fee payable?	<p>Under the Merger Implementation Agreement:</p> <ul style="list-style-type: none"> <li>• 5GN must pay Webcentral a Reimbursement Fee of the greater of reasonable actual Third Party costs incurred by WCG and \$500,000 if certain specified events occur.</li> <li>• Webcentral must pay 5GN a Reverse Reimbursement Fee of the greater of reasonable actual Third Party costs incurred by 5GN and \$500,000 if certain specified events occur.</li> </ul> <p>No Reimbursement Fee or Reverse Reimbursement Fee is payable if the Scheme does not proceed solely as a result of the Requisite Majority of 5GN Shareholders failing to approve the Scheme at the Scheme Meeting.</p> <p>See sections 13.1.4 for a more detailed explanation of the circumstances in which a Reimbursement Fee or Reverse Reimbursement Fee is payable.</p>	Section 13.1.5.
Who can I contact if I have further questions in relation to this Scheme Booklet or the Scheme?	<p>If you have any further questions about this Scheme Booklet or the Scheme, you should:</p> <ul style="list-style-type: none"> <li>• seek independent legal, financial, tax or other professional advice; and</li> <li>• contact the Shareholder Information Line on 1300 657 159 (callers within Australia) or +61 1300 657 159 (callers outside Australia), Monday to Friday between 8.30am to 5.30pm (Melbourne time).</li> </ul>	N/A
<b>Merged Group</b>		
What is the Merged Group?	If the Scheme is Implemented, Webcentral will become the parent company of the Merged Group. 5G Networks and all of its Subsidiaries will become subsidiaries of Webcentral.	
What are Webcentral's intentions in relation to the Merged Group if the Scheme proceeds?	If the Scheme is implemented, Webcentral intends to continue to operate the businesses of 5GN and Webcentral in a similar manner as they are currently operating, while focusing on the realisation of the expected Merged Group synergies.	Section 10.3.2

## 5. FREQUENTLY ASKED QUESTIONS

Question	Response	Section Reference
Who will the directors be?	<p>If the Scheme is Implemented, the Board of Webcentral will consist of the following:</p> <ul style="list-style-type: none"> <li>• Chairman: Mr Joe Gangi</li> <li>• Managing Director: Mr Joe Demase</li> <li>• Non-Executive Director: Ms Natalie Mactier</li> <li>• Non-Executive Director: Mr Jason Ashton</li> </ul>	Section 10.3.1
Who will the senior management be?	<p>If the Scheme is Implemented, the senior management team of Webcentral will consist of the following:</p> <ul style="list-style-type: none"> <li>• Chief Financial Officer and Joint Company Secretary: Glen Dymond</li> <li>• Chief Operating Officer: John Stevens</li> <li>• General Counsel and Joint Company Secretary: Michael Wilton</li> <li>• Sales Director: Garry White</li> <li>• Chief Marketing Officer: Glenn Flower</li> <li>• Executive General Manager – Operations: Chris Demase</li> <li>• Chief Technical Officer: Marco Mattiuzzo</li> <li>• Executive National Field Manager: Joel Bruce</li> <li>• Head of People &amp; Culture: Steve Marchese</li> </ul>	Section 10.3.2
Who will be the substantial shareholders of Webcentral?	<p>Upon Implementation of the Scheme, 5GN Shareholders will own approximately 74% of Webcentral with Webcentral Shareholders owning the remaining 26% (excluding for the purposes of this calculation the 69,524,461 Webcentral Shares held by 5G Networks that will be cancelled following Implementation).</p> <p>The only substantial holder of Webcentral is expected to be Joe Demase and his related entities who are expected to hold approximately 14.89% of Webcentral Shares following the implementation of the Scheme.</p>	Section 10.5.2



## 6. REASONS FOR VOTING FOR AND AGAINST THE SCHEME

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**The Independent Directors unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.**

### 6.1 REASONS TO VOTE IN FAVOUR OF THE SCHEME

This Section summarises the reasons why the Independent Directors believe the Scheme is in the best interests of 5GN Shareholders and have determined to unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

This Section should be read in conjunction with Sections 6.2 and 6.3 and the other information contained in this Scheme Booklet, including the Independent Expert's Report.

#### 6.1.1 THE MERGED GROUP WILL HAVE INCREASED FINANCIAL CAPACITY

The Merged Group will be a larger entity with enhanced prospects for growth and is expected to benefit from a larger market capitalisation.

If the Scheme is implemented, the Merged Group will have increased financial scale and equity market relevance, with higher liquidity and the potential for inclusion in ASX indices in the future.

#### 6.1.2 THE MERGED GROUP WILL HAVE A CONSOLIDATED DEBT FACILITY

The Merged Group will benefit from a consolidated debt facility, allowing the Merged Group to target accretive acquisitions of listed or private enterprises.

In addition, the 5GN loan to Webcentral will be removed as a result of the Merger.

#### 6.1.3 THE MERGED GROUP WILL BENEFIT FROM SIMPLER SALES DELIVERY TO ITS CUSTOMERS

The Merger will simplify sales delivery to 330,000 plus customers across Government, enterprise, wholesale and small/medium businesses through a combined online portal, and new product releases into this customer base including OX Mail, cPanel, VPS, WordPress and VBO, NBN and Streaming.

#### 6.1.4 THE MERGED GROUP IS EXPECTED TO GENERATE REVENUE AND COST SYNERGIES

The Merged Group may benefit from potential revenue synergies through acceleration of cross sell and up sell opportunities to complementary customer bases, with the combined business having a larger addressable market than the current combined markets.

The Merger is expected to generate cost synergies of approximately \$2 million from the consolidation of operating platforms, corporate cost rationalisation from the elimination of one listed company and duplicated costs, and labour synergies from the elimination of duplicated roles and functions.

#### 6.1.5 SCHEME CONSIDERATION OFFERED UNDER THE SCHEME ENABLES EXISTING 5GN SHAREHOLDERS (OTHER THAN INELIGIBLE FOREIGN SHAREHOLDERS) TO PARTICIPATE IN THE COMBINATION BENEFITS OF THE TWO BUSINESSES

Upon Implementation, Scheme Shareholders will own approximately 74% of Webcentral (excluding for the purposes of this calculation the 69,524,461 Webcentral Shares held by 5G Networks that will be cancelled following Implementation). The all scrip Scheme Consideration means that Eligible Shareholders will access the benefits of combining with Webcentral, while retaining exposure to 5GN's current business.

#### 6.1.6 THE INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT 5GN SHAREHOLDERS VOTE IN FAVOUR OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL

The Independent Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme Resolution at the Scheme Meeting. The Scheme will not be implemented unless the Scheme Resolution is passed by the Requisite Majority.

## 6. REASONS FOR VOTING FOR AND AGAINST THE SCHEME

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In reaching their recommendation, the Independent Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet and in particular in this section 6.1 and section 6.2.

In the absence of a Superior Proposal, each of the 5GN Directors intends to vote all 5GN Shares held or controlled by them in favour of the Scheme.

### 6.1.7 THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE SCHEME IS FAIR AND REASONABLE AND IN THE BEST INTERESTS OF 5GN SHAREHOLDERS

5GN appointed PKF Melbourne Corporate Pty Ltd to prepare the Independent Expert's Report providing an opinion on the Scheme for 5GN Shareholders. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of 5GN Shareholders.

The reasons why the Independent Expert reached that conclusion are set out in the Independent Expert's Report, a full copy of which is attached as Annexure A. 5GN Shareholders should carefully review the Independent Expert's Report in its entirety.

### 6.1.8 THE MERGED GROUP WILL HAVE A HIGHLY EXPERIENCED AND COMPLEMENTARY BOARD AND SENIOR MANAGEMENT TEAM TO DRIVE GROWTH

The strength of Webcentral's board and management team combined with 5GN's management team will be a significant advantage in seeking to drive organic growth, infrastructure expansion and target acquisitions. That may lead to a market re-rating of Webcentral, which would benefit Scheme Shareholders who receive New Webcentral Shares.

### 6.1.9 NO SUPERIOR PROPOSAL HAS EMERGED AS AT THE DATE OF THIS SCHEME BOOKLET

Since 16 July 2021 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the 5GN Directors are not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

## 6.2 REASONS TO NOT VOTE IN FAVOUR OF THE SCHEME

**The Independent Directors unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.**

**The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of 5GN Shareholders.**

Notwithstanding this recommendation and this conclusion, 5GN Shareholders should read and consider the following reasons not to vote in favour of the Scheme when determining how to exercise their vote at the Scheme Meeting.

### 6.2.1 YOU MAY DISAGREE WITH THE INDEPENDENT DIRECTORS' UNANIMOUS RECOMMENDATION OR THE INDEPENDENT EXPERT'S CONCLUSION AND BELIEVE THAT THE SCHEME IS NOT IN YOUR BEST INTERESTS

Notwithstanding the unanimous recommendation of the Independent Directors and the conclusion of the Independent Expert, you may believe or receive advice that the Scheme is not in your best interests. You are not obliged to follow the recommendation of the Independent Directors nor to agree with the Independent Expert's conclusion.

### 6.2.2 YOU MAY BELIEVE THERE IS POTENTIAL FOR A SUPERIOR PROPOSAL TO BE MADE IN THE FORESEEABLE FUTURE

You may believe that there is potential for a Superior Proposal to be made. However, since the initial announcement of entry into the Merger Implementation Agreement on 16 July 2021 to the date of this Scheme Booklet, no Superior Proposal has been received by the 5GN Directors.

## 6. REASONS FOR VOTING FOR AND AGAINST THE SCHEME

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### 6.2.3 THE FUTURE VALUE OF THE NEW WEBCENTRAL SHARES IS NOT CERTAIN

If the Scheme is implemented, 5GN Shareholders (other than Ineligible Foreign Shareholders) will receive Scheme Consideration in the form of 2 New Webcentral Shares for every 5GN Share they hold. The market value of the Scheme Consideration that will be issued will depend on the price at which ASX quoted Webcentral Shares trade after the Implementation Date.

The market price of Webcentral Shares may fluctuate based on many variables, some of which are not directly related to the success of Webcentral. If the price of New Webcentral Shares falls, the value of the securities received by Eligible Shareholders as Scheme Consideration will decline in value. If the price of New Webcentral Shares rises, the value of the Scheme Consideration to Eligible Shareholders will increase.

Accordingly, there is no guarantee as to the future value of the Scheme Consideration, or that Eligible Shareholders will realise the implied value of the Scheme Consideration based on the trading prices of Webcentral Shares prior to the date of this Scheme Booklet under the Scheme.

### 6.2.4 YOU MAY BE CONCERNED ABOUT SPECIFIC RISKS ASSOCIATED WITH WEBCENTRAL'S BUSINESS

In holding New Webcentral Shares, you will be exposed to risk factors relating to Webcentral and the Merged Group. A number of the risks associated with being a holder of Webcentral Shares may be new, or may be different to or potentially greater in impact than those associated with an investment in 5GN.

You should read Section 9, which summarises the business operations and strategy of Webcentral, to understand what additional businesses and assets you would be exposed to as a shareholder of Webcentral.

Additionally, there are a number of risks specific to the Merged Group, which are described in further detail in Section 12.2. 5GN Shareholders should take these risks into account before deciding whether or not to vote in favour of the Scheme.

### 6.2.5 THE TAX CONSEQUENCES OF THE SCHEME MAY NOT SUIT YOUR CURRENT FINANCIAL CIRCUMSTANCES

Implementation of the Scheme may trigger different or adverse tax consequences for certain 5GN Shareholders. The tax treatment may vary depending on the nature and characteristics of each 5GN Shareholder and their specific circumstances. The tax consequences of the Scheme may not suit a 5GN Shareholder's financial position.

5GN Shareholders should read the tax implications outlined in Section 11. Section 11 is general in nature and 5GN Shareholders should consult with their professional tax adviser regarding their particular circumstances.

## 6.3 OTHER KEY CONSIDERATIONS IN RELATION TO VOTING ON THE SCHEME

5GN Shareholders should also consider the following in determining how to exercise their vote at the Scheme Meeting.

### 6.3.1 THE SCHEME MAY BE IMPLEMENTED EVEN IF YOU VOTE AGAINST THE SCHEME OR DO NOT VOTE AT ALL

If the Scheme is approved by the Requisite Majority of 5GN Shareholders and the Court and all of the other Conditions Precedent to the Scheme are either satisfied or waived (as applicable):

- the Scheme will bind all 5GN Shareholders, including those who did not vote on the Scheme Resolution and those who voted against it, meaning that all 5GN Shareholders at the Scheme Record Date will have their 5GN Shares transferred to Webcentral and all Scheme Shareholders will receive the Scheme Consideration;
- 5GN will become a wholly-owned subsidiary of Webcentral; and
- 5GN will be delisted from the ASX.

## 6. REASONS FOR VOTING FOR AND AGAINST THE SCHEME

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### 6.3.2 IMPLICATIONS FOR 5GN AND 5GN SHAREHOLDERS IF THE SCHEME IS NOT IMPLEMENTED

If any Conditions Precedent, including 5GN Shareholder approval and Court approval, are not satisfied or waived (as applicable) prior to the End Date, the Scheme will not proceed.

If the Scheme does not proceed, 5GN Shareholders will not receive the Scheme Consideration and will retain their 5GN Shares. Additionally, the advantages of the Scheme described in Section 6.1 will not be realised and the potential disadvantages of the Scheme described in Section 6.2 will not arise.

If the Scheme is not implemented, 5GN will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX. Further, Webcentral will remain a controlled entity of 5GN.

5GN and Webcentral have both incurred costs in respect of the Scheme prior to the date of this Scheme Booklet, including in relation to the conduct of negotiations, retention of advisers, provision of information to each other, engagement of the Independent Expert, and preparation of this Scheme Booklet.

Depending on the reasons why the Scheme does not proceed, 5GN or Webcentral may be liable to pay the Reimbursement Fee or Reverse Reimbursement Fee respectively. Information on the Reimbursement Fee and Reverse Reimbursement Fee is set out in Section 13.1.4.

### 6.3.3 CONDITIONALITY OF THE SCHEME

Implementation of the Scheme is subject to the satisfaction (or waiver, as applicable) of a number of Conditions Precedent.

The Conditions Precedent are set out in full in clause 3.1 of the Merger Implementation Agreement, a copy of which is available on the ASX website at [www2.asx.com.au](http://www2.asx.com.au) and on 5GN's website at <https://5gnetworks.com.au/>.

As at the date of this Scheme Booklet, the Implementation of the Scheme is still subject to a number of Conditions Precedent, which are summarised in Section 7.3.

If the Conditions Precedent are not satisfied or waived (as applicable) by the End Date, the Scheme will not proceed and 5GN Shareholders will not receive the Scheme Consideration.

As at the date of this Scheme Booklet, neither 5GN nor Webcentral is aware of any matter which they expect will result in a breach of, or lead to non-performance of, any of the Conditions Precedent.



## 7. OVERVIEW OF THE MERGER

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### 7.1 BACKGROUND TO THE MERGER

On 16 July 2021, 5GN announced that it had entered into the Merger Implementation Agreement with Webcentral, in relation to the acquisition by Webcentral of all the shares in 5GN, by way of a scheme of arrangement under Part 5.1 of the Corporations Act.

A brief summary of the Merger Implementation Agreement is included in Section 13.1 of this Scheme Booklet. A copy of the Merger Implementation Agreement is available on the ASX website at [www2.asx.com.au](http://www2.asx.com.au) and on 5GN's website at <https://5gnetworks.com.au/>.

This Section 7 contains an overview of the Merger.

If the Scheme becomes Effective and the Scheme is Implemented:

- 5GN will become a wholly owned subsidiary of Webcentral and will be delisted from ASX; and
- Webcentral Shareholders will hold in aggregate approximately 26% and 5GN Shareholders will hold in aggregate approximately 74% in Webcentral (excluding for the purposes of this calculation the 69,524,461 Webcentral Shares held by 5G Networks that will be cancelled following Implementation).

### 7.2 SCHEME CONSIDERATION

If the Scheme is Implemented, Scheme Shareholders (other than Ineligible Foreign Shareholders) will receive 2 New Webcentral Shares for each 5GN Share they own as at the Scheme Record Date.

All New Webcentral Shares issued to Scheme Shareholders under the Scheme will rank equally in all respects with all existing Webcentral Shares on issue as at the Implementation Date. The rights and liabilities attached to the New Webcentral Shares are described in Section 10.3.2.

Webcentral will be under no obligation to issue any New Webcentral Shares to any Ineligible Foreign Shareholder and will instead issue the New Webcentral Shares that would otherwise have been issued to an Ineligible Foreign Shareholder to a nominee appointed by Webcentral to be sold, as described in Section 7.9.3.

### 7.3 CONDITIONS PRECEDENT TO IMPLEMENTATION

#### 7.3.1 OVERVIEW

As at the date of this Scheme Booklet, the Implementation of the Scheme is still subject to a number of Conditions Precedent, including:

- **5GN Shareholder approval:** approval of the Scheme by the Requisite Majority of 5GN Shareholders at the Scheme Meeting;
- **Court approval:** approval of the Scheme by the Court;
- **Restraints:** there is no action by a court or other Government Agency which would restrain, prohibit or otherwise materially adversely affect the Scheme;
- **5GN Prescribed Occurrence:** no 5GN Prescribed Occurrence occurs between 16 July 2021 and 8.00am on the Second Court Date;
- **5GN Material Adverse Change:** no 5GN Material Adverse Change occurs between 16 July 2021 and 8.00 am on the Second Court Date;
- **Webcentral Shareholder Approval:** before 10:00am on the date of the Scheme Meeting, Webcentral Shareholders approve the Substantial Asset Resolution and the Reverse Takeover Resolution at the Webcentral EGM;
- **ASX quotation:** before 8.00am on the Second Court Date, ASX has not indicated to Webcentral that it will not grant permission for the official quotation of the New Webcentral Shares on ASX from the Business Day following the Implementation Date;
- **Webcentral Prescribed Occurrence:** no Webcentral Prescribed Occurrence occurs between 16 July 2021 and 8.00am on the Second Court Date;

## 7. OVERVIEW OF THE MERGER

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- **Webcentral Material Adverse Change:** no Webcentral Material Adverse Change occurs between 16 July 2021 and 8.00 am on the Second Court Date; and
- **No breach:** no material breach of the Merger Implementation Agreement by either party has occurred (which has not been remedied to the reasonable satisfaction of the other party) before 8:00 am on the Second Court Date.

The Conditions Precedent are set out in full in clause 3.1 of the Merger Implementation Agreement, a copy of which is available on the ASX website at [www2.asx.com.au](http://www2.asx.com.au) and on 5GN's website at <https://5gnetworks.com.au/>.

The Scheme will not proceed unless all the Conditions Precedent are satisfied or waived (as applicable) in accordance with the Merger Implementation Agreement.

As at the date of this Scheme Booklet, the following key Conditions Precedent have been satisfied or waived:

- **Independent Expert:** the Independent Expert has issued the Independent Expert's Report which concludes that the Scheme is in the best interests of 5GN Shareholders;
- **CBA bank consent:** Commonwealth Bank of Australia has given its consent to 5GN and Webcentral to undertake the Scheme;
- **5GN Options and 5GN Performance Rights:** the actions specified in Schedule 6 of the Merger Implementation Agreement have in all material respects been taken in relation to the 5GN Options, 5GN Performance Rights and ESOP Shares on substantially the terms specified in that Schedule or otherwise reasonably satisfactory to 5GN and Webcentral; and
- **ASX waivers:** ASX has granted a waiver required to permit the actions specified in Schedule 6 of the Merger Implementation Agreement in respect of the 5GN Performance Rights to be undertaken without contravention of the ASX Listing Rules.

In addition, as at the Last Practicable Date, none of the 5GN Directors are aware of any circumstances which would cause any Condition Precedent not to be satisfied.

5GN will make an announcement on ASX's website at [www2.asx.com.au](http://www2.asx.com.au) and on 5GN's website at <https://5gnetworks.com.au/> as and when the Conditions Precedent are satisfied or waived.

### 7.4 SCHEME MEETING

At the First Court Hearing on Friday, 1 October 2021, the Court made the requisite orders that the Scheme Meeting be convened and that this Scheme Booklet be despatched to 5GN Shareholders.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure E of this Scheme Booklet.

The Requisite Majority of 5GN Shareholders present and voting at the Scheme Meeting (either online or by proxy, attorney or, in the case of corporate 5GN Shareholders, corporate representative) necessary to approve the Scheme are:

- a majority in number (more than 50%) of 5GN Shareholders; and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting.

The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

### 7.5 INDEPENDENT BOARD COMMITTEE

The 5GN Board has established the Independent Board Committee (**IBC**) comprising the Independent Directors to consider the Scheme.

The roles and responsibilities of the IBC in connection with the Scheme include:

- providing general oversight of 5GN's consideration of the Scheme;
- engaging, liaising and dealing with the Independent Expert and other advisers and experts;

## 7. OVERVIEW OF THE MERGER

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- liaising and dealing with members of 5GN's management;
- ensuring the 5GN Board has available to it sufficient information and external advice to ensure informed decision-making of all matters related to the Scheme;
- supervising the preparation of 5GN Shareholder communications including the Notice of Scheme Meeting and disclosure documents (including this Scheme Booklet); and
- approving the final terms of corporate transactions and documents.

The IBC may meet as often as it deems necessary to fulfil its responsibilities. The IBC may seek the advice of 5GN's auditors, legal advisers or other independent advisers and experts about any matter in connection to its powers, duties or responsibilities.

### 7.6 RECOMMENDATION OF INDEPENDENT DIRECTORS

**The Independent Directors unanimously recommend that 5GN Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.**

In considering whether to vote in favour of the Scheme, the Independent Directors encourage you to:

- carefully read all of this Scheme Booklet (including the Independent Expert's Report);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain advice from your legal, financial, tax or other professional advisers on the effect of the Scheme becoming Effective.

Each 5GN Director will vote, or procure the voting of, any 5GN Shares owned or Controlled by them in favour of the Scheme at the Scheme Meeting to be held at 10:00am (Melbourne time) on Monday, 8 November 2021 as a virtual meeting at <https://agmlive.link/5gns21>, in the absence of a Superior Proposal. Each 5GN Director's Relevant Interests are disclosed in Section 13.4 of this Scheme Booklet.

### 7.7 INDEPENDENT EXPERT'S CONCLUSION

5GN Directors engaged PKF Melbourne Corporate Pty Ltd as Independent Expert to consider whether the Scheme is in the best interest of 5GN Shareholders. **The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of, the 5GN Shareholders.** The Independent Expert's Report is contained in Annexure A.

### 7.8 COURT APPROVAL

5GN will apply to the Court for an order approving the Scheme if:

- the Scheme is approved by the Requisite Majority of 5GN Shareholders at the Scheme Meeting; and
- all Conditions Precedent (except Court approval of the Scheme) have been satisfied or waived (as applicable).

Any 5GN Shareholder will be able to appear at the Second Court Hearing, expected to be held at 10.15 am (Melbourne time) on Thursday, 11 November 2021 at the Federal Court of Australia, 305 William Street Melbourne Victoria 3000.

### 7.9 ENTITLEMENT TO PARTICIPATE IN THE SCHEME

#### 7.9.1 5GN SHAREHOLDERS

The way in which an individual 5GN Shareholder participates in the Scheme will depend on whether that shareholder is an:

- Eligible Shareholder; or
- Ineligible Foreign Shareholder.

## 7. OVERVIEW OF THE MERGER

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### 7.9.2 ELIGIBLE SHAREHOLDERS

Eligible Shareholders are 5GN Shareholders who are not Ineligible Foreign Shareholders. If the Scheme becomes Effective and is Implemented, each Eligible Shareholder will receive the Scheme Consideration of 2 New Webcentral Shares for each 5GN Share they own.

### 7.9.3 INELIGIBLE FOREIGN SHAREHOLDER

A Scheme Shareholder will be an Ineligible Foreign Shareholder where their address shown in the Register on the Scheme Record Date is a place outside Australia and its external territories or New Zealand, unless Webcentral and 5GN (each acting reasonably) determine that it is lawful and not unduly onerous or impracticable to issue New Webcentral Shares to that Scheme Shareholder under the Scheme.

Webcentral will be under no obligation to issue any New Webcentral Shares to any Ineligible Foreign Shareholder and will instead issue the New Webcentral Shares that would otherwise have been issued to an Ineligible Foreign Shareholder to a nominee appointed by Webcentral (on terms reasonably acceptable to 5GN) (**Sale Agent**).

Ineligible Foreign Shareholders will participate in the Scheme on the same basis as all Eligible Shareholders. However, New Webcentral Shares will not be issued to Ineligible Foreign Shareholders. Instead, the New Webcentral Shares to which the Ineligible Foreign Shareholders would otherwise have been entitled to will be issued directly to the Sale Agent and sold, as soon as reasonably practicable on or after the Implementation Date, on the ASX at a price reasonably determined by the Sale Agent. The Sale Agent, in consultation with Webcentral and 5GN, will remit the Sale Proceeds for the New Webcentral Shares to 5GN (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges). 5GN will then remit to each Ineligible Foreign Shareholder the Sale Proceeds attributable to the New Webcentral Shares to which the Ineligible Foreign Shareholder would otherwise have been entitled. The Sale Proceeds will be paid to each Ineligible Foreign Shareholder by:

- direct credit to the nominated bank account of the Ineligible Foreign Shareholder as noted on the Register on the Scheme Record Date; or
- where an account has not been provided, Sale Proceeds will be remitted by dispatching a cheque by mail to the Ineligible Foreign Shareholder's Registered Address as at the Scheme Record Date.

Sale Proceeds will be paid to Ineligible Foreign Shareholders in Australian dollars.

Under the Scheme, each Ineligible Foreign Shareholder is taken to appoint 5GN as its agent to receive on its behalf any financial services guide or other notices which may be issued by the Sale Agent to that Ineligible Foreign Shareholder.

Full details of this process are contained in clause 5.3 of the Scheme, which is set out in Annexure C.

## 7.10 IMPLEMENTATION OF THE SCHEME

### 7.10.1 CONSEQUENCES OF APPROVING THE SCHEME

If the Scheme is approved by the Requisite Majority of 5GN Shareholders at the Scheme Meeting, approved by the Court at the Second Court Hearing, and the Conditions Precedent in relation to the Scheme outlined in Section 7.3 of this Scheme Booklet are satisfied or waived (as appropriate), then 5GN will lodge the Court order approving the Scheme with ASIC. As a consequence (on the basis of the current timetable):

- the Scheme will become Effective on the Effective Date (Friday, 12 November 2021). At the close of trading on ASX on the Effective Date, 5GN Shares will be suspended from trading;
- on or about Monday, 15 November 2021, New Webcentral Shares will commence trading on ASX on a deferred settlement basis;



## 7. OVERVIEW OF THE MERGER

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- on the Implementation Date (Tuesday, 23 November 2021), if you were a 5GN Shareholder at the Scheme Record Date, Webcentral will issue New Webcentral Shares as Scheme Consideration under the Scheme either to you if you are an Eligible Shareholder or to the Sale Agent on your behalf if you are an Ineligible Foreign Shareholder (as applicable); and
- on or about Wednesday, 24 November 2021, the New Webcentral Shares issued as Scheme Consideration will begin trading on ASX on a normal settlement basis.

Refer to Sections 7.9.2 and 7.9.3 to determine whether you are an Eligible Shareholder or an Ineligible Foreign Shareholder.

### 7.10.2 DELISTING OF 5GN

After the Scheme has been Implemented, 5GN will request that the ASX removes it from the official list of the ASX.

In addition, Webcentral will cancel the Webcentral Shares held by 5GN by way of a selective share buy-back or capital reduction within 12 months of the Implementation Date, in accordance with section 259D of the Corporations Act.

### 7.10.3 WARRANTIES GIVEN BY SCHEME SHAREHOLDERS

Under the Scheme, each Scheme Shareholder is taken to have warranted to 5GN and Webcentral on the Implementation Date and appointed and authorised 5GN as its attorney and agent to warrant to Webcentral on the Implementation Date, that:

- all their 5GN Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their 5GN Shares to Webcentral together with any rights and entitlements attaching to those shares; and
- it has no existing right to be issued any other 5GN Shares or any other form of 5GN securities.

5GN undertakes that it will provide such warranties to Webcentral as agent and attorney of each Scheme Shareholder.

## 7.11 CONSEQUENCES IF THE SCHEME DOES NOT PROCEED

If the Scheme is not Implemented:

- 5GN Shareholders will continue to hold 5GN Shares and will be exposed to general risks as well as risks specific to 5GN, including those set out in Section 12 of this Scheme Booklet;
- 5GN Shareholders will not receive the Scheme Consideration; and
- depending on the reasons why the Scheme does not proceed, 5GN or Webcentral may be liable to pay the Reimbursement Fee or Reverse Reimbursement Fee respectively. Information on the Reimbursement Fee and Reverse Reimbursement Fee is set out in Section 13.1.4.

If the Scheme is not Implemented and in the absence of a Superior Proposal, 5GN will continue as an ASX listed entity with management continuing to implement its current business plan and financial and operating strategies. Further, Webcentral will remain a controlled entity of 5GN.

If the Scheme is not Implemented, the advantages of the Scheme described in Section 6.1 of this Scheme Booklet will not be realised and the potential disadvantages and risks of the Scheme described in Section 6.2 and Section 12 of this Scheme Booklet will not arise.

## 8. OVERVIEW OF 5GN

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### 8.1 CORPORATE HISTORY

5GN listed on ASX in 2017 with the initial acquisition of Enspire Australia Pty Ltd, a data network and cloud hosting business.

In 2018, 5GN significantly expanded its operating capability, customer base and geographical footprint through the acquisition of Aptel, a Melbourne based voice, data and cloud provider with over 20 years' experience servicing over 800 mid-market corporate clients, hotels groups and commercial offices throughout Australia, and Annitel / Hostworks, a cloud and managed services provider with several locations across Australia.

In 2019, 5GN expanded its data centre and cloud infrastructure capacity through the acquisition of Melbourne Data Centre, and acquired Sydney Data Centre, which allowed 5GN to fast track its CloudPort product and new indirect channel services and provide fibre expansion to Sydney CBD customers.

In 2020, 5GN acquired North Sydney Data Centre and the Brisbane Data Centre, further expanding its data centre and cloud infrastructure in NSW and Queensland and acquired ColoAu, operator of a national and international 100Gb WDM network connecting Australian capital cities to dedicated international access and data centres in Los Angeles, Singapore, Tokyo and New Zealand. The ColoAu acquisition allowed 5GN to fast track its wholesale business utilising the established ColoAu automated systems and on-demand provisioning platform.

In October 2020, 5GN acquired a controlling interest in Webcentral following the launch of an off-market takeover offer in September 2020. At the close of its offer period on 10 November 2020, 5GN had a Relevant Interest in 56.68% of the Webcentral Shares. 5GN currently has a Relevant Interest in approximately 44.71% of the Webcentral Shares.

In 2021, 5GN further expanded its wholesale service offering through the acquisition of Intergrid Group, a leading dedicated cloud provider (Bare Metal) operating cloud hosting services within data centres in six Australian capital cities and Auckland, New Zealand. The Intergrid acquisition complements the 5GN cloud platform and has assisted 5GN to expand its wholesale service offerings and accelerate 5GN Wholesale portal customer growth.

In May 2021, 5GN launched its partner sales channel, 5GN Wholesale, which offers customers access to data centre and connectivity services, as well as IP Transit and 5GN cloud services.

### 8.2 BUSINESS OVERVIEW

5G Networks is a licensed telecommunications carrier operating across Australia. Its 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 5G Networks' combined rack capacity of over 1,000 racks through its owned and operated Data Centres across Melbourne, Sydney, Brisbane and Adelaide.

As an organisation, 5G Networks is dedicated and passionate about delivering unique value to its 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.

### 8.3 5GN SERVICES

5GN provides the following services to government, small and medium enterprises, large corporate enterprises and wholesale customers across Australia and overseas:

**Cloud & Data centre services:** 5GN provides market leading cloud services that combine the security of private cloud with public cloud platforms. The platform is orchestrated and governed from 5GN Cloud, a single management console which securely manages the cloud ecosystem. 5GN Cloud combines the control, flexibility and security of a national private cloud, with the agility and innovation of public cloud. Data centre services are used to host critical infrastructure in addition to the inter-connection of cloud services, partners, network carriers and offices.

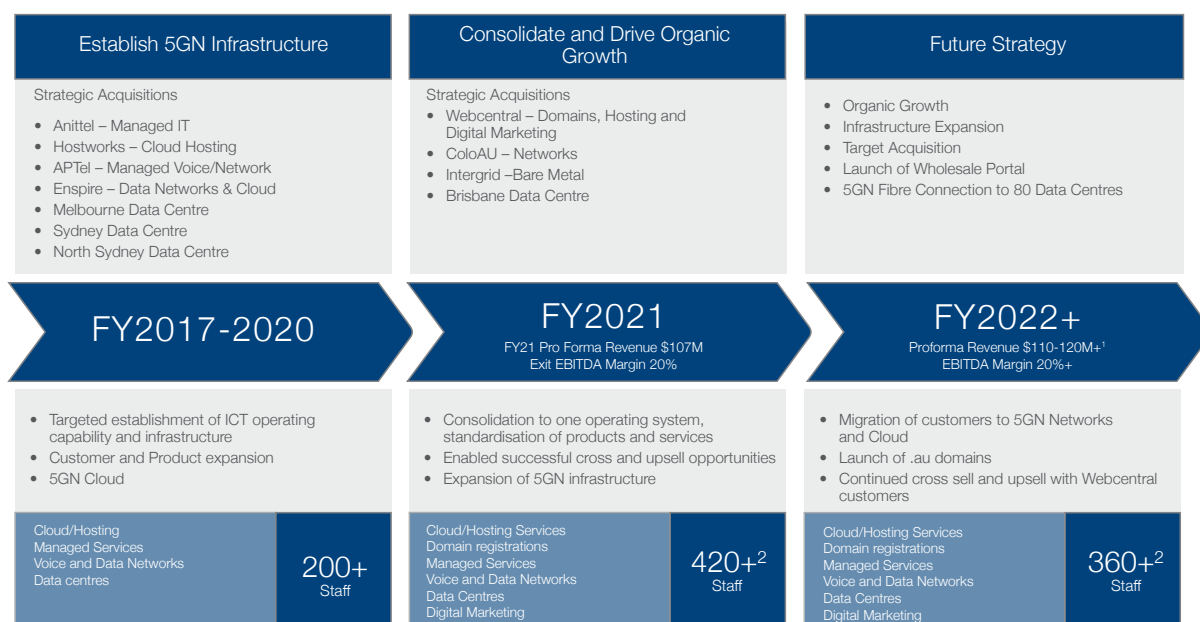
## 8. OVERVIEW OF 5GN

**Data Networks:** 5GN's data network solutions help businesses to connect with secure world-class technologies to enhance both application performance and availability. 5GN Managed Network is an agile and secure optical fibre network that enables customers to connect to their data at ultra-high speeds with minimal latency. This is augmented through our rapidly growing metropolitan fibre network which will soon extend 180 km across our major cities, connecting to more than 80 data centres.

**Managed Services:** 5GN managed services provides solutions that optimise customers' information and communication technology environments to accelerate future opportunities through Managed IT and Service Management. Managed IT provides business solutions through introducing new business models and digitally enabled platforms and services. Service Management provides end to end service management for data networks, cloud and data centre services.

### 8.4 BUSINESS STRATEGY AND INITIATIVES

The strategy of 5GN since its inception in 2017 is set out below.



1. Proforma Revenue range dependent on one-off hardware sales

2. Total staff numbers of 420+ prior to 5GN's investment in Webcentral and current staff numbers of 360+ for the combined business

### 8.5 BOARD AND SENIOR MANAGEMENT

As at the date of this Scheme Booklet, the 5GN Directors are:

- Albert Cheok – Independent Chair**

Mr Cheok graduated from the University of Adelaide with First Class Honours in Economics and was awarded a PhD scholarship to study at Cambridge University, which Mr Cheok did not take up. Mr Cheok is a Fellow of the Certified Public Accountants Australia. Mr Cheok has more than 46 years of high-level experience in the banking, financial and corporate sectors in the Asia Pacific region.

Mr Cheok was an Advisor to the Australian Government Inquiry into the Australian Financial System ("Campbell Inquiry"), which introduced comprehensive reforms to the Australian banking system. He was the Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking in Hong Kong for three and half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia from September 1995 to November 2005.

## 8. OVERVIEW OF 5GN

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Mr Cheok was named ‘the top REIT fund manager in Asia for 2016’ by Singaporean Fortune Times magazine.

Beyond his various board capacities, Mr Cheok is a well-accomplished personal investment banker and financial adviser to select clients throughout Asia-Pacific. In this capacity he has been involved in several high profile mergers and acquisitions, asset acquisitions, corporate re-structuring, corporate strategies, brand image and building and private fund management projects.

- **Joseph Demase – Managing Director**

Mr Demase comes from a background in building a host of successful businesses, including the completion of two ASX listings in the telecommunications sector. Further to this, Joseph has acquired experience in the telecommunications sector amongst both the Australian and UK divisions, along with over 25 years of business experience, allowing Joseph to skilfully identify market opportunities across the board. Joseph displays an abundance of experience, having succeeded in a broad range of executive positions.

- **Joe Gangi – Non-Executive Director**

Mr Gangi has over 30 years’ experience in corporate management and governance and has been an independent director of 5GN since the company’s inception and initial IPO. He is a member of the RMIT University, Engineering Faculty, Industry Advisory Committee and is an active advisor to several private sector boards. He also provides strategic planning and consulting services to the Local Government sector. His expertise lies in business management and leadership with a focus on business sustainability, growth and development, strategic and client relationship management and risk management. Joe’s business management skills are underpinned by the management of several business units across the Asia Pacific region in the professional engineering services sector while his technical experience is demonstrated by the successful delivery of several industrial manufacturing projects.

- **Jason Ashton – Non-Executive Director**

Mr Ashton has more than 25 years’ experience in the Internet and Telecommunications industries. Jason was co-founder (1993) and Managing Director of business ISP Magna Data which was acquired in 1999. Jason was also co-founder (2002) of ASX listed BigAir Group Limited and was its Chief Executive Officer from 2006 until its acquisition by Superloop Limited in 2016 (ASX:SLC). Jason Ashton served as an Executive Director at Superloop from 2016 to 2018.

As at the date of this Scheme Booklet, 5GN’s senior management are:

- **Glen Dymond – Chief Financial Officer and Joint Company Secretary**

Glen Dymond has more than 25 years’ experience in senior finance and operations management roles at several ASX-listed entities, including Zenitas Healthcare Limited, Spotless Group Limited, Broadspectrum Limited and ConnectEast Group. Mr. Dymond’s commercial finance and operations experience has been achieved across a diverse range of business programs. This includes process development to drive financial performance, as well as client commercial management and driving successful change management across organisations undergoing rapid growth and change.

- **Michael Wilton – General Counsel and Joint Company Secretary**

Michael Wilton is General Counsel and joint Company Secretary at 5GN. He is a capital markets and M&A lawyer, having more than 25 years’ experience in those sectors. He also has substantial legal expertise in IT and telecommunications. In addition to his role at 5GN, Michael is a partner in the Melbourne office of Cornwalls Lawyers.

## 8. OVERVIEW OF 5GN

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- **Garry White – Sales Director**

Garry White comes from a successful background in the both the ICT and telecommunications sectors, holding over 20 years' experience. Prior to joining 5G Networks, Garry has delivered success for leading organisations across Australia, New Zealand, Hong Kong, Singapore and the UK, including being the Sales Director for one of Australia's major Telco companies.

- **Glenn Flower – Chief Marketing Officer**

Glenn Flower brings over 20 years' experience in the ICT sector across marketing and product management, with a strong background in managing cloud, data networks and unified applications. With extensive post graduate education including a Masters in Marketing, Glenn has industry leading experience in managing agile business transformation and digital technology to support revenue growth and customer demand.

- **Chris Demase – Executive General Manager - Operations**

Chris Demase holds extensive experience in the telecommunication sector. Previously General Manager for Fibre Deployment at Sky Bridge Group Pty Ltd, Chris was responsible for the delivery of NBN fibre construction services to over 15,000 end user premises and management of over 1100 field contractors. Complementing Chris' experience is a Masters in Business Administration (MBA) and Prince 2 Project Management

- **Marco Mattiuzzo – Chief Technical Officer**

Marco Mattiuzzo has a strong background in providing IT services to legal firms and barristers across Australia. With over 10 years' experience in ICT and specialising in virtualisation and data centre services, Marco's current focus lies on maximising value for the clients of 5G Networks.

- **Joel Bruce – Executive National Field Manager**

Joel Bruce carries over 20 years' experience in the ICT industry, with a strong background in providing IT support and consulting services to some of Australia's largest organisations. A significant proportion of Joel's career has been dedicated to managing large technical teams to ensure customers achieve successful business outcomes through the use of digital technology.

- **Steve Marchese – Head of People & Culture**

Steve Marchese is a psychologist who has worked across a range of sectors for over 25 years. He has always had an interest in organisation development and growth and the complexities of the intricate relationship between people and the organisation. Steve is passionate about driving positive workplace culture and relationships, working closely with staff across all levels of the organisation to develop environments where people feel valued, and experience a sense of connection to their organisation.

### 8.6 CAPITAL STRUCTURE

As at the Last Practicable Date, 5GN's issued securities are as follows:

**Table 1: 5GN capital structure**

Type of security	Number on issue
5GN Shares	120,661,123
5GN Performance Rights	8,000,000



## 8. OVERVIEW OF 5GN

### 8.7 SHARE PRICE HISTORY

5GN Shares are quoted on the ASX under the code '5GN'.

The closing price of 5GN Shares on the ASX on 15 July 2021, being the last trading day prior to the announcement of the Scheme, was \$0.895.

The closing price of 5GN Shares on the ASX on the Last Practicable Date was \$0.92.

During the three months ending on the Last Practicable Date:

- the highest recorded daily closing price for 5GN Shares on the ASX was \$1.10 on 26 August 2021; and
- the lowest recorded daily closing price for 5GN Shares on the ASX was \$0.85 on 30 June 2021.

Figure 2 shows the 5GN Share price performance over the 12 months to the Last Practicable Date:

**Figure 2: 5GN Shares – historical share price performance**



### 8.8 SUBSTANTIAL 5GN SHAREHOLDERS

The substantial holders of 5GN Shares as at the Last Practicable Date, were as follows:

**Table 2: Substantial 5GN Shareholders<sup>1</sup>**

Substantial 5GN Shareholder	Number of 5GN Shares owned	Voting power
Joe Demase <sup>1</sup>	18,386,996	15.24%

1. 5GN shares held by Joe Demase and the following entities controlled by or associated with Joe Demase: J D Management Group Pty Ltd, Demase Enterprises Pty Ltd as trustee for the JMD Superannuation Fund and Studio Incorporate Pty Ltd

### 8.9 HISTORICAL FINANCIAL INFORMATION

This Section 8.9 contains the following historical financial information of 5GN:

- historical income statements for the years ended 30 June 2020 and 30 June 2021 (**5GN Historical Income Statements**);
- historical statements of cash flows for the years ended 30 June 2020 and 30 June 2021 (**5GN Historical Statements of Cash Flows**), and
- historical statements of financial position as at 30 June 2020 and 30 June 2021 (**5GN Historical Statements of Financial Position**);

(together, the **5GN Historical Financial Information**).

## 8. OVERVIEW OF 5GN

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This Section should be read in conjunction with the rest of this Scheme Booklet, including information on the risk factors set out in Section 12 and the risks associated with the Scheme, as set out in Section 12.3.

All amounts disclosed in the tables are presented in Australian dollars. A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

5GN will ensure that a copy of its financial report for the financial year ended 30 June 2021 is made available, free of charge, to any 5GN Shareholder who requests a copy before the Scheme is approved by order of the Court. 5GN Shareholders can also access a copy of 5GN's financial report for the financial year ended 30 June 2021 from the ASX website at [www2.asx.com.au](http://www2.asx.com.au) and 5GN's website at <https://5gnetworks.com.au/>.

### 8.9.1 BASIS OF PREPARATION OF THE 5GN HISTORICAL FINANCIAL INFORMATION

The 5GN Historical Financial Information presented in this Section 8.9 has been extracted from 5GN's consolidated financial statements for the years ended 30 June 2020 and 30 June 2021. The consolidated financial statements of 5GN for the years ended 30 June 2020 and 30 June 2021 were audited by Grant Thornton in accordance with Australian Auditing Standards and on which Grant Thornton provided unqualified audit opinions.

The 5GN Historical Financial Information presented in this Section 8.9 has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) however it is presented in abbreviated form and consequently does not contain all of the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The 5GN Historical Financial Information presented in this Section 8.9 should therefore be read in conjunction with the financial statements for the respective periods, including the description of the accounting policies and the notes to those financial statements, all of which are available at [www.5gnetworks.com.au/investor-centre](http://www.5gnetworks.com.au/investor-centre) or the ASX website at [www2.asx.com.au](http://www2.asx.com.au).

#### 8.9.1.1 EXPLANATION OF CERTAIN NON-IFRS FINANCIAL MEASURES

5GN uses certain measures to manage and report on its businesses that are not recognised under AAS or International Financial Reporting Standards (**IFRS**). These measures are collectively referred to in this Section 8.9 as non-IFRS financial measures pursuant to Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. 5GN management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall 5GN business. The principal non-IFRS financial measure referred to in this Section 8.9 is as follows:

- EBITDA is reported earnings including significant items before the following:
  - interest income or expense;
  - depreciation and amortisation;
  - impairment expense; and
  - income tax expense.

## 8. OVERVIEW OF 5GN

### 8.9.2 5GN HISTORICAL INCOME STATEMENTS

Set out below are the 5GN Historical Income Statements for the years ended 30 June 2021 and 30 June 2020.

**Table 3: 5GN Historical Income Statements**

A\$'000	FY20	FY21
<b>Revenue</b>		
Data Centres, Networks and Cloud	25,465	27,723
Managed Services	23,860	25,326
<b>Total Revenue</b>	<b>49,325</b>	<b>53,049</b>
<b>Cost of goods sold</b>		
Data Centres, Networks and Cloud	(10,358)	(14,478)
Managed Services	(9,739)	(10,846)
<b>Total COGS</b>	<b>(20,097)</b>	<b>(25,324)</b>
<b>Gross Profit</b>	<b>29,228</b>	<b>27,725</b>
Other income	401	3,189
<b>Expenses</b>		
Employee benefits expenses	(19,997)	(20,286)
Other expenses	(3,090)	(2,927)
Share based payments expenses	(1,424)	(2,461)
Acquisition costs	(441)	(2,142)
Transaction and restructuring costs	(197)	(542)
Net impairment losses on financial assets and liabilities	(275)	-
<b>EBITDA</b>	<b>4,205</b>	<b>2,555</b>
Net interest income/(expenses)	(1,387)	72
Depreciation expenses	(4,890)	(5,857)
Amortisation expenses	(78)	(185)
<b>Profit/(Loss) Before Tax</b>	<b>(2,150)</b>	<b>(3,416)</b>
Income tax (expense)/benefit	606	(784)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(1,544)</b>	<b>(4,200)</b>
<b>KPIs</b>		
Revenue Growth (%)	n/a	7.5%
Gross Profit margin (%)	59.3%	52.3%
Overheads as a % of Revenue	63.6%	58.7%
EBITDA Margin (%)	8.5%	4.8%
Net Profit Margin (%)	-3.1%	-7.9%

## 8. OVERVIEW OF 5GN

### 8.9.3 5GN HISTORICAL STATEMENTS OF CASH FLOWS

Set out below are 5GN's Historical Statements of Cash Flows for the years ended 30 June 2021 and 30 June 2020.

**Table 4: 5GN Historical Statements of Cash Flows**

A\$'000	FY20	FY21
<b>Cash flow from operating activities</b>		
Receipts from customers and recoveries	53,591	60,086
Payments to suppliers and employees	(44,791)	(53,889)
Transaction and restructuring costs	-	(1,572)
Interest received	38	1,417
Interest paid	(1,326)	(1,480)
<b>Net Cash Flow from Operating Activities</b>	<b>7,512</b>	<b>4,562</b>
<b>Cash flow from investing activities</b>		
Net cash on acquisitions	(4,080)	(6,831)
Purchase of plant and equipment	(3,308)	(7,352)
Increase in pledged bank deposits	(397)	-
Return of pledged bank deposits	-	1,397
Loans to other entities	-	(27,463)
<b>Net Cash Flow from Investing Activities</b>	<b>(7,785)</b>	<b>(40,249)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	18,386	31,376
Proceeds from exercise of options	2,264	1,752
Proceeds from applications for share purchase plan	763	-
Proceeds from borrowings	3,263	7,159
Repayment of borrowings	(4,690)	(4,858)
Payment of capital raising costs	(974)	(1,755)
Payment of lease liabilities	(1,701)	(2,384)
Dividends paid	(580)	(977)
<b>Net Cash Flow from Financing Activities</b>	<b>16,731</b>	<b>30,313</b>
<b>Net increase in cash and cash equivalents</b>	<b>16,458</b>	<b>(5,374)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>5,660</b>	<b>22,118</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>22,118</b>	<b>16,744</b>

## 8. OVERVIEW OF 5GN

### 8.9.4 5GN HISTORICAL STATEMENTS OF FINANCIAL POSITION

Set out below is 5GN's Historical Statements of Financial Position as at 30 June 2021 and 30 June 2020.

**Table 5: 5GN Historical Statements of Financial Position**

A\$'000	As at 30 June 2020	As at 30 June 2021
<b>Current assets</b>		
Cash and cash equivalents	23,515	16,743
Trade and other receivables	2,808	4,662
Contract assets	700	595
Other assets	727	965
Intercompany loan receivable	-	26,627
<b>Total Current Assets</b>	<b>27,750</b>	<b>49,593</b>
<b>Non-current assets</b>		
Property, plant and equipment	9,062	13,595
Right-of-use asset	12,369	12,004
Deferred tax asset	1,725	7,053
Goodwill	16,567	22,509
Other intangible assets	294	726
Financial assets	-	11,196
<b>Total Non-Current Assets</b>	<b>40,017</b>	<b>67,084</b>
<b>Total Assets</b>	<b>67,767</b>	<b>116,677</b>
<b>Current liabilities</b>		
Trade and other payables	6,709	8,419
Borrowings	1,212	428
Lease liability	2,141	2,544
Provisions	2,292	2,448
Provision for income tax	41	146
Contract liabilities	1,313	1,310
Other financial liabilities	-	1,100
Other liabilities	2,951	3,498
<b>Total Current Liabilities</b>	<b>16,659</b>	<b>19,893</b>
<b>Non-current liabilities</b>		
Trade and other payables	1,274	-
Borrowings	2,578	5,579
Lease liability	11,302	11,109
Provisions	299	313
Deferred tax liabilities	-	5,518
<b>Total Non-Current Liabilities</b>	<b>15,453</b>	<b>22,518</b>
<b>Total Liabilities</b>	<b>32,112</b>	<b>42,411</b>
<b>NET ASSETS</b>	<b>35,655</b>	<b>74,265</b>
<b>Equity</b>		
Contributed equity	38,644	80,061
Reserves	3,125	6,519
Accumulated losses	(6,114)	(12,314)
<b>Equity Attributable to Members of the Parent</b>	<b>35,655</b>	<b>74,265</b>
<b>TOTAL EQUITY</b>	<b>35,655</b>	<b>74,265</b>

## 8. OVERVIEW OF 5GN

### 8.9.5 MATERIAL CHANGES IN FINANCIAL POSITION (SINCE 30 JUNE 2021)

On 30 July 2021, 5GN agreed to loan its available cash and debt funding to Webcentral to assist Webcentral's on-market takeover offer of Cirrus Networks Holdings Limited (ASX:CNW).

To the knowledge of the 5GN Directors, other than the above matters and the accumulation of profits in the ordinary course of business, the financial position of 5GN has not changed materially since 30 June 2021.

## 8.10 OUTLOOK

### 8.10.1 COVID-19 PANDEMIC

5GN has proactively managed the impact of COVID-19 given that 5GN Group's data connectivity, cloud and data centre services and managed IT are an essential service for its customers. 5GN has been focussed on supporting its customers as they transition to remote working arrangements through laptops, VPN access technology and the increase of network and internet capacity. 5GN continues to proactively work with its key customers to identify more efficient ways of conducting their operations, and to support their businesses' requirements. 5GN has significant network and data centre capacity to accommodate the increase in demand for these services and its employees already use the latest technology and infrastructure to support work from home or remote locations.

The COVID-19 pandemic continues to evolve and 5GN considers it reasonably likely that its business will be affected in other ways, including increased bad debt risk due to customers facing financial distress caused by the pandemic, and possible decline in corporate customer revenue arising from forced business closures and customers seeking lower cost services.

In light of the challenging macroeconomic conditions and resultant market uncertainty caused by COVID-19, there is insufficient knowledge and insight to predict with certainty the impact of COVID-19 on 5GN's business or future financial or other performance. As such, actual events and their impacts on 5GN's business and performance may be significantly different to those expressed in this Section 8.10.1.

## 8.11 PUBLICLY AVAILABLE INFORMATION

5GN is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, 5GN is subject to Listing Rules which require (subject to some exceptions) continuous disclosure of any information that 5GN has that a reasonable person would expect to have a material effect on the price or value of 5GN Shares.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by 5GN is available on ASX's website at [www2.asx.com.au](http://www2.asx.com.au).

In addition, 5GN is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by 5GN may be obtained from an ASIC office or by obtaining an ASIC company extract by visiting the ASIC Connect website.

5GN's Shareholders may obtain a copy of 5GN's 2021 Annual Report from ASX's website at [www2.asx.com.au](http://www2.asx.com.au) or from 5GN's website at <https://5gnetworks.com.au/>.

### 8.11.1 5GN ASX ANNOUNCEMENTS SINCE 17 SEPTEMBER 2021

5GN's announcements to ASX after the lodgement with ASX of its 2021 Annual Report on 17 September 2021 to the Last Practicable Date are listed in the table below.

**Table 6: 5GN ASX announcements since 17 September 2021**

Date	Announcement
17 September 2021	Corporate Governance Disclosures



## 9. OVERVIEW OF WEBCENTRAL

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### 9.1 CORPORATE HISTORY

Webcentral is Australasia's largest full service digital technology partner for small to medium sized businesses (**SMB**). Since 1996 Webcentral has worked with more than one million individuals and companies to launch their business idea, build a presence online and capitalise upon the constantly evolving opportunities in the digital technology space. Webcentral is passionate about, and driven by, the success of their customers' business.

Webcentral was founded in 1996 as Melbourne IT, primarily focussed on solutions in the domains and hosting market and grew to be the leading domain name registrar in Australia, prior to listing on the ASX in 1999. Webcentral's service offerings expanded into enterprise cloud services, mobile app development and data analytics solutions following various acquisitions including Netregistry, Web Marketing Experts, Nothing But Web, Results First, UberGlobal, InfoReady and Outware, following which it changed its name to Arq Group.

In July 2019, Arq Group completed the divestment of the TPP Wholesale Reseller business (**TPP Wholesale**) to CentralNic Group Plc. TPP Wholesale was part of the Arq Group's non-core SMB operations and the transaction was considered the second stage of the reseller divestment process, following the divestment of its International Domain Name Reseller (**DNR**) business in March 2016. This was an all-cash transaction and the proceeds were used to reduce debt and provide Webcentral with balance sheet flexibility.

In February 2020, Webcentral announced that it had entered into a binding agreement to sell its Enterprise division to an entity owned by a consortium comprised of Quadrant Private Equity and certain members of the Enterprise leadership team for \$35 million on a cash free, debt free basis. The sale included the rights to the Arq brand. The sale completed on 2 March 2020 and the net proceeds were used to reduce the amounts drawn under Webcentral's existing debt facilities. Arq Group continued to execute on its strategic review by announcing that Arq Group was to be rebranded to Webcentral Group. As a result of the divestment, Webcentral recentred its focus on its SMB business with the hopes of becoming the most impactful digital marketing partner in Australia.

In October 2020, pursuant to an off-market takeover bid by 5GN, 5GN became the controlling shareholder of Webcentral. In July 2021, Webcentral rebranded and amalgamated its current brands Netregistry and WME into a single brand, Webcentral, in a move designed to both improve and simplify the customer experience. The rebranding comes as a key milestone in the ongoing business and digital transformation program, which has so far included growing the Australian-based customer care team, enhancing the self-service console to be more intuitive and easier to navigate, and a dedicated customer response system to deliver market leading service and support.

### 9.2 BUSINESS OVERVIEW

Webcentral trades under three brands: Webcentral, Melbourne IT and Domainz, and services more than 330,000 customers across Australia and New Zealand. The key service offerings of Webcentral are as follows:

#### **Domain names**

Revenue from domain names primarily consists of domain registrations and renewals, as well as aftermarket sales. Domain registrations are assessed as a distinct service that provides a customer with the exclusive use of the domain name over the contracted period, including the provision of Domain Name System services.

#### **Hosting - Email and Website**

Webcentral offers web hosting plans including cPanel hosting and VPS hosting, which are suitable solutions for blogs, personal websites and small businesses. Webcentral's hosting revenue primarily derives from website and email hosting services provided over a contracted period of time.

In addition, Webcentral offers basic and premium Microsoft email solutions to businesses.

#### **Digital Marketing**

Webcentral's online marketing revenue consists of SEO, pay-per-click advertising, and social media advertising. SEO is in the process of improving ranking on a search engine in the unpaid section, also known as organic listings. Webcentral has partnerships with both Google and Microsoft, allowing the company to provide online marketing solutions for both Google and Bing search engines.

## 9. OVERVIEW OF WEBCENTRAL

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### Website Building

Webcentral's website building offerings provides customers with the option of either a 'Do It Yourself' service in which the customer can gain access to a range of website templates to build a unique website, or a 'Done For You' service in which the Webcentral team creates and builds the website for the customer. Website builds generate fees for the creation of websites for customers.

### 9.3 INDUSTRY OVERVIEW

While Webcentral operates across multiple industry segments, most of Webcentral's revenue is generated through the provision of domain names, email and website hosting services and digital online marketing.

#### Domain Names

All devices that connect to the Internet have a unique address, being a string of numbers, called an Internet Protocol (**IP**) address. This unique identifier can be used to send data to specific devices on a network. IP addresses can be difficult to remember, so a domain name system (**DNS**) is used instead. Domain names can use a familiar string of letters, and adopt a hierarchical structure, for example 'google.com'. Each level of the hierarchy is separated by a dot, and the last word in a domain name represents a top-level domain (TLD). There were approximately 367.3 million domain name registrations across all TLDs at the close of the first quarter of 2021, an increase of 3.8 million or 1.0% over the first quarter of 2020.

Common TLDs include:

- .com;
- .net;
- .au;
- .edu; and
- .gov.

The Internet Corporation for Assigned Names and Numbers (ICANN), governs the registration of domain names globally. It oversees accreditation of domain name registrars and registries and co-ordinates policy development and internationalisation of the DNS system and introduction of new TLDs.

Domain name registrars, including Webcentral, sell domain names from a domain registry to customers. A registry is an organisation that manages the registration of domain names within the domains for which it is responsible.

Registrars must receive accreditation from each domain space in order to resell a particular domain name. For example, if a registrar wanted to sell a '.au' domain, they would need accreditation from .au Domain Administration Limited (auDA), the administrator and regulatory body for the .au country code TLD.

Getting a domain name is one of the first steps individuals or companies will make in establishing a web presence. Customers usually pay registrars a yearly or monthly fee, to register their domain name.

#### Web and Email Hosting

Hosting is the physical storage location of a website and email. Web hosting allows organisations and individuals to make their websites accessible on the internet. A web hosting company will lease space on its servers to customers. When internet users want to access a website, they will need to enter the domain address in an internet browser, which will connect to the server and send the user to the website. Most companies tend to offer both domain and hosting services, as they are generally complementary products.

Email hosting allows organisations to set up a custom email address and use it to send and receive emails.

The domain name and web hosting industry is made up of numerous competitors, with industry players offering services across multiple industry segments and geographical locations.

## 9. OVERVIEW OF WEBCENTRAL

Key participants include, but are not limited to:

- GoDaddy – Global;
- Web.com – United States;
- Webcentral - Australia and New Zealand;
- Digital Pacific – Australia; and
- Crazy Domains – Australia.

### Digital Marketing

Digital marketing is marketing that utilises internet and online based digital technologies such as desktop computers, smart phones and other digital media and platforms to promote products and services. As digital platforms become increasingly incorporated into marketing strategies, and as people increasingly use digital devices in their everyday lives, digital marketing campaigns have become more prevalent, employing combinations of SEO services, search engine marketing, content marketing, e-commerce marketing and e-mail direct marketing.

Online marketing is a form of marketing and advertising which uses the internet to deliver promotional marketing messages to consumers. Like other advertising media, online advertising frequently involves a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content.

### 9.4 OPERATING MODEL AND REVENUE BREAKDOWN

Webcentral's primary means of generating revenue is from the sale of domain name registrations, email and web hosting subscriptions to small and medium customers and from sale agreements with businesses for digital marketing campaigns.

The revenue by segment for the 18 months ended 30 June 2021 is set out below:

**Table 7: Revenue by segment**

6 months ended	Jun-20 \$m	Dec-20 \$m	June-21 \$m
<b>Revenue</b>			
Domains	11.7	11.3	11.1
Email	4.8	5.0	4.8
Hosting	8.2	7.3	6.5
Digital	4.7	4.2	3.3
Other Income	5.6	4.1	2.0
Reversal of domains, email and hosting revenue	(9.1)	-	-
<b>Total Income</b>	<b>26.0</b>	<b>31.9</b>	<b>27.7</b>

### 9.5 BUSINESS STRATEGY AND INITIATIVES

#### 9.5.1 GENERAL

Webcentral offers a suite of products and services that individuals or SMBs can utilise to build and grow their online presence. Webcentral primarily services the SMB market through the Webcentral, Melbourne IT and Domainz brands offering domain name registrations, web and email hosting services, web site builds and digital marketing services.

Webcentral's business strategy is to assist its customers to launch their business ideas, build a presence online and capitalise upon the constantly evolving opportunities in the digital technology space.

## 9. OVERVIEW OF WEBCENTRAL

### 9.5.2 CNW ACQUISITION

On 30 July 2021, Webcentral announced an on-market takeover bid to acquire all of the fully paid ordinary shares in the capital of Cirrus Networks Holdings Limited ACN 103 348 947 (**CNW**). CNW provides information technology services with a focus on technology consulting, network solution integration and managed IT services using hybrid infrastructure. CNW is a solutions integrator that provides bespoke technology solutions to small and medium enterprises and government organisations. The CNW business is highly complementary to Webcentral's operations and the operations of the Merged Group following the Merger with 5G Networks.

Webcentral's takeover bid was an on-market bid with the offer price for CNW shares acquired under the bid being payable entirely in cash at 3.2 cents per CNW share. The takeover bid closed on 16 September 2021. Webcentral arranged funding to be available to pay the maximum amount of consideration in respect of CNW shares not yet acquired from internal cash resources and loan facilities with 5GN and the Commonwealth Bank of Australia. As at the close of the on-market bid on 16 September 2021, Webcentral had voting power of approximately 16.7% in CNW. As at the Last Practicable Date, Webcentral had voting power of approximately 16.9% in CNW.

### 9.6 BOARD AND SENIOR MANAGEMENT

As at the date of this Scheme Booklet, the directors of Webcentral are:

- Joe Gangi – Chair and Non-Executive Director
- Joe Demase – Managing Director
- Natalie Mactier – Non-Executive Director

As at the date of this Scheme Booklet, Webcentral's senior management are:

- Glen Dymond – Chief Financial Officer and Joint Company Secretary
- John Stevens – Chief Operating Officer (commencing in October 2021)
- Michael Wilton – General Counsel and Joint Company Secretary
- Glenn Flower – Chief Marketing Officer
- Garry White – Sales Director
- Chris Demase – Executive General Manager, Operations
- Marco Mattiuzzo – Chief Technical Officer
- Joel Bruce – Executive National Field Manager
- Steve Marchese – Head of People & Culture

#### 9.6.1 INTERESTS OF WEBCENTRAL DIRECTORS IN MARKETABLE SECURITIES OF WEBCENTRAL

The following table shows the marketable securities of Webcentral owned by, or on behalf of, each Webcentral Director as at the Last Practicable Date:

**Table 8: Interests of Webcentral Directors in Webcentral**

Webcentral Director	Webcentral Shares	Webcentral Options and Performance Rights
Joe Demase	11,951,206	10,000,000
Joe Gangi	2,941,176	1,000,000
Natalie Mactier	Nil	1,000,000

## 9. OVERVIEW OF WEBCENTRAL

### 9.7 CAPITAL STRUCTURE

As at the date of this Scheme Booklet, Webcentral's issued securities are as follows:

**Table 9: Webcentral securities on issue**

Type of security	Number on issue
Webcentral Shares	155,490,679
Webcentral Performance Rights	10,000,000
Webcentral Options	11,225,000

### 9.8 SHARE PRICE HISTORY

Webcentral Shares are quoted on the ASX under the code 'WCG'.

The closing price of Webcentral Shares on the ASX on 15 July 2021, being the last trading day prior to the announcement of the Scheme, was \$0.475.

The closing price of Webcentral Shares on the ASX on the Last Practicable Date was \$0.50.

During the three months ending on the Last Practicable Date:

- the highest recorded daily closing price for Webcentral Shares on the ASX was \$0.62 on 25 August 2021; and
- the lowest recorded daily closing price for Webcentral Shares on the ASX was \$0.46 on 14 July 2021.

Figure 3 shows the Webcentral Share price performance over the 12 months to the Last Practicable Date:

**Figure 3: Webcentral Shares – historical share price performance**



### 9.9 SUBSTANTIAL WEBCENTRAL SHAREHOLDERS

The substantial holders of Webcentral Shares as at the Last Practicable Date, were as follows:

**Table 10: Substantial Webcentral Shareholders**

Substantial Webcentral Shareholder	Number of Webcentral Shares owned	Voting power
5G Networks Limited	69,524,461	44.71%
J D Management Group Pty Ltd <sup>2</sup>	11,951,206	7.69%

2. An entity controlled by Joe Demase

## 9. OVERVIEW OF WEBCENTRAL

### 9.10 CORPORATE GOVERNANCE

The Webcentral Board is responsible for the corporate governance of Webcentral.

The main policies and principles adopted by Webcentral are summarised below. A copy of these policies can be accessed on Webcentral's website: <https://www.webcentral.com.au/investors/corporate-governance/>.

**Table 11: Webcentral corporate governance policies and principles**

Principle	Outline
Director Independence	<p>To be judged independent, a Webcentral Director must, in the opinion of the Webcentral Board be free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Webcentral Board and to act in the best interests of Webcentral as a whole rather than in the interests of an individual Webcentral Shareholder or other party.</p> <p>The Webcentral Board reviews the independence of each Webcentral Director considering information disclosed to the Webcentral Board, with regard to the factors set out in ASX recommendations.</p>
Board Charter	<p>The Webcentral Board is governed by the Webcentral Board Charter which clearly defines the respective roles, responsibilities and authorities of the Webcentral Board.</p>
Committees	<p>The Webcentral Board has established a Nomination and Remuneration Committee and an Audit and Risk Management Committee.</p> <p>Nomination and Remuneration Committee assists the Webcentral Board in ensuring that the Directors have a broad range of experience, expertise, skills, qualifications and contacts and that they are relevant to Webcentral and its business.</p> <p>The Audit and Risk Committee assists the Webcentral Board in overseeing Webcentral's corporate reporting processes.</p>
Corporate Governance Policies	<p>Webcentral has adopted the following corporate governance policies:</p> <ul style="list-style-type: none"><li>• Disclosure Policy;</li><li>• Code of Conduct;</li><li>• Risk Management Policy;</li><li>• Share Trading Policy;</li><li>• Whistleblower Protection Policy;</li><li>• Modern Slavery Policy;</li><li>• Diversity &amp; Inclusion Policy; and</li><li>• Environment &amp; Sustainability Policy.</li></ul>

### 9.11 HISTORICAL FINANCIAL INFORMATION

#### 9.11.1 OVERVIEW

This Section contains the following historical financial information of Webcentral:

- historical income statements for the years ended 30 June 2021 and 30 June 2020 (**Webcentral Historical Income Statements**);
- historical statements of cash flow for the years ended 30 June 2021 and 30 June 2020 (**Webcentral Historical Statements of Cash Flow**); and
- historical statements of financial position as at 30 June 2021 and 30 June 2020 (**Webcentral Historical Statements of Financial Position**),

(together, the **Webcentral Historical Financial Information**).



## 9. OVERVIEW OF WEBCENTRAL

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This Section should be read in conjunction with the rest of this Scheme Booklet, including information on the risk factors set out in Section 12 and the risks associated with the Scheme, as set out in Section 12.3.

All amounts disclosed in the tables are presented in Australian dollars. A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

### 9.11.2 BASIS OF PREPARATION OF THE WEBCENTRAL HISTORICAL FINANCIAL INFORMATION

The Webcentral Historical Financial Information presented in this Section 9.11 has been extracted from Webcentral's consolidated financial statements for the 18 months ended 30 June 2021, the half-year ended 30 June 2020 and the 12 months ended 31 December 2019. The consolidated financial statements of Webcentral for the 18 months ended 30 June 2021 were audited by Grant Thornton and on which Grant Thornton provided an unqualified audit opinion. The consolidated financial statements of Webcentral for the half-year ended 30 June 2020 were reviewed by Ernst & Young in accordance with Australian Auditing Standards and on which Ernst & Young provided an unqualified review opinion. The consolidated financial statements of Webcentral for the 12 months ended 31 December 2019 were audited by Ernst & Young in accordance with Australian Auditing Standards and on which Ernst & Young provided an unqualified audit opinion.

The Webcentral Historical Financial Information presented in this Section 9.11 has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) however it is presented in abbreviated form and consequently does not contain all of the presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The Webcentral Historical Financial Information presented in this Section 9.11 should therefore be read in conjunction with the financial statements for the respective periods, including the description of the accounting policies and the notes to those financial statements, all of which are available at [www.webcentral.com.au/corporate/investors/](http://www.webcentral.com.au/corporate/investors/) or the ASX website at [www2.asx.com.au](http://www2.asx.com.au).

#### 9.11.2.1 EXPLANATION OF CERTAIN NON-IFRS FINANCIAL MEASURES

Webcentral uses certain measures to manage and report on its businesses that are not recognised under AAS or International Financial Reporting Standards (**IFRS**). These measures are collectively referred to in this Section 9.11 as non-IFRS financial measures pursuant to Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. Webcentral management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall Webcentral business. The principal non-IFRS financial measure referred to in this Section 9.11 is as follows:

- **EBITDA** is reported earnings including significant items before the following:
  - interest income or expense;
  - depreciation and amortisation;
  - impairment expense; and
  - income tax expense.

## 9. OVERVIEW OF WEBCENTRAL

### 9.11.3 WEBCENTRAL HISTORICAL INCOME STATEMENTS

Set out below are Webcentral's Historical Income Statements for the years ended 30 June 2021 and 30 June 2020.

**Table 12: Webcentral Historical Income Statements**

A\$'000	FY20	FY21
<b>Revenue</b>		
Registration revenue	24,926	23,151
Solutions, hosting and services	42,723	33,509
Reversal of revenue	(9,096)	-
<b>Total Revenue</b>	<b>58,553</b>	<b>56,660</b>
Cost of goods sold	(23,140)	(20,108)
<b>Gross Profit</b>	<b>35,413</b>	<b>36,552</b>
Other income	3,662	4,355
<b>Expenses</b>		
Employee benefits expenses	(28,597)	(21,241)
Other expenses	(12,924)	(15,149)
Transaction and restructuring costs	(5,199)	(5,284)
Gain on disposal of assets	554	(784)
Net impairment losses on financial assets and liabilities	98	(1,014)
Finance costs	(1,994)	-
<b>EBITDA (excl. goodwill impairments)</b>	<b>(8,987)</b>	<b>(2,565)</b>
Impairment of goodwill	(41,123)	(33,000)
Net interest income/(expenses)	(3,617)	(3,322)
Depreciation expenses	(7,072)	(6,277)
Amortisation expenses	(3,733)	(606)
<b>Profit/(Loss) Before Tax</b>	<b>(64,532)</b>	<b>(45,770)</b>
Income tax (expense)/benefit	(1,002)	1,824
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(65,534)</b>	<b>(43,946)</b>
<b>KPIs</b>		
Revenue Growth (%)	n/a	-3.2%
Gross Profit Margin (%)	60.5%	64.5%
Overheads as a % of Revenue	170.7%	145.3%
EBITDA Margin (%)	-25.4%	-7.0%
Net Profit Margin (%)	-111.9%	-77.6%

## 9. OVERVIEW OF WEBCENTRAL

### 9.11.4 WEBCENTRAL HISTORICAL STATEMENTS OF CASH FLOW

Set out below are Webcentral's Historical Statements of Cash Flow for the years ended 30 June 2021 and 30 June 2020.

**Table 13: Webcentral Historical Statements of Cash Flow**

A\$'000	FY20	FY21
<b>Cash flow from operating activities</b>		
Receipts from customers and recoveries	126,369	57,930
Receipt of government grants	222	1,171
Payments to suppliers and employees	(126,141)	(51,708)
Transaction and restructuring costs	(4,766)	(7,994)
Interest received	305	132
Interest paid	(3,317)	(2,186)
Net income tax (paid)/refunded	(631)	333
<b>Net Cash Flow from Operating Activities</b>	<b>(7,959)</b>	<b>(2,324)</b>
<b>Cash flow from investing activities</b>		
Purchase of plant and equipment	(2,324)	745
Proceeds from subleases	1,999	4,180
Payment of earn out	(8,088)	-
Return of capital and dividends	(1)	116
Net proceeds from disposal of discontinued operation	55,158	(778)
<b>Net Cash Flow from Investing Activities</b>	<b>46,744</b>	<b>4,263</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	-	5,614
Proceeds from borrowings	-	60,003
Repayment of borrowings	5,000	(60,870)
Payment of capital raising costs	-	(227)
Payment of borrowing costs	(43,400)	(165)
Payment of lease liabilities	(4,714)	(7,141)
Dividends paid	109	-
<b>Net Cash Flow from Financing Activities</b>	<b>(43,005)</b>	<b>(2,786)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(4,220)</b>	<b>(847)</b>
Net foreign exchange differences	(19)	(159)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>7,657</b>	<b>3,418</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,418</b>	<b>2,412</b>

## 9. OVERVIEW OF WEBCENTRAL

### 9.11.5 WEBCENTRAL HISTORICAL STATEMENTS OF FINANCIAL POSITION

Set out below are the Webcentral Historical Statements of Financial Position as at 30 June 2021 and 30 June 2020.

**Table 14: Webcentral Historical Statements of Financial Position**

A\$'000	As at 30 June 2020	As at 30 June 2021
<b>Current assets</b>		
Cash and cash equivalents	3,418	2,412
Trade and other receivables	5,373	1,718
Lease receivable	3,115	3,041
Contract assets	-	25
Prepayments of domain name registry charges	8,198	5,398
Current tax assets	1,260	-
Other assets	3,273	1,130
<b>Total Current Assets</b>	<b>24,637</b>	<b>13,724</b>
<b>Non-current assets</b>		
Prepayments of domain name registry charges	688	2,429
Property, plant and equipment	6,403	2,278
Right-of-use asset	10,025	3,513
Deferred tax asset	16	2,471
Goodwill	70,923	37,947
Other intangible assets	5,634	3,650
Financial assets	1,409	725
Other assets	4,070	1,494
<b>Total Non-Current Assets</b>	<b>99,168</b>	<b>54,507</b>
<b>Total Assets</b>	<b>123,805</b>	<b>68,231</b>
<b>Current liabilities</b>		
Trade and other payables	13,750	10,136
Borrowings	42,234	-
Lease liability	6,548	6,474
Provisions	1,706	2,264
Deferred revenue	22,725	22,438
Provision for income tax	-	512
Intercompany loan payable	-	26,627
Other liabilities	554	288
<b>Total Current Liabilities</b>	<b>87,517</b>	<b>68,739</b>
<b>Non-current liabilities</b>		
Borrowings	-	15,000
Lease liability	10,214	2,301
Provisions	2,943	234
Deferred revenue	11,465	8,551
<b>Total Non-Current Liabilities</b>	<b>24,622</b>	<b>26,086</b>
<b>Total Liabilities</b>	<b>112,139</b>	<b>94,825</b>
<b>NET ASSETS</b>	<b>11,666</b>	<b>(26,595)</b>
<b>Equity</b>		
Contributed equity	91,179	96,566
Reserves	(728)	(275)
Accumulated losses	(78,920)	(122,886)
<b>Equity Attributable to Members of the Parent</b>	<b>11,531</b>	<b>(26,595)</b>
<b>Non-Controlling Interest</b>	<b>135</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>11,666</b>	<b>(26,595)</b>

## 9. OVERVIEW OF WEBCENTRAL

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### 9.12 WEBCENTRAL FINANCING ARRANGEMENTS

Webcentral holds a \$16.6 million debt facility with Commonwealth Bank of Australia (**CBA**) consisting of a \$15 million Market Rate Loan Facility, a \$1.5 million Bank Guarantee Facility and a \$0.1 Million credit card facility.

In addition, CBA has provided a bridge facility of \$10.5 million for the express purpose of funding the acquisition of CNW, if required.

### 9.13 MATERIAL CHANGES IN WEBCENTRAL'S FINANCIAL POSITION

On 23 August 2021, Webcentral executed a debt facility agreement with CBA in relation to the bridge facility of \$10.5 million.

To the knowledge of Webcentral, and other than as disclosed in this Scheme Booklet, Webcentral's financial position has not materially changed since 30 June 2021, being the date of the last audited statement of financial position of Webcentral.

### 9.14 WEBCENTRAL RELEVANT INTERESTS AND DEALINGS IN 5GN SECURITIES

Webcentral does not have any Relevant Interest in the securities of 5GN as at the date of this Scheme Booklet.

As at the date of this Scheme Booklet, the following Webcentral directors have a Relevant Interest in 5GN Shares:

- Joe Gangi and related entities hold 1,901,932 5GN Shares.
- Joe Demase and related entities hold 18,386,996 5GN Shares.
- Jason Ashton, a proposed director of Webcentral, and related entities hold 2,189,456 5GN Shares.

Except for the consideration to be provided under the Scheme and as otherwise described in this Scheme Booklet, none of Webcentral, any of its Related Bodies Corporate or any of their respective Associates has provided or agreed to provide consideration for any 5GN Shares or other 5GN securities under any transaction during the period of four months before the date of this Scheme Booklet.

### 9.15 NO PRE-TRANSACTION BENEFITS

Except as described in this Scheme Booklet, during the four months before the date of this Scheme Booklet, none of Webcentral, any of its Related Bodies Corporate or any of their respective Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of 5GN Shares,

where the benefit was not offered to all 5GN Shareholders.

### 9.16 LITIGATION

As at the date of this Scheme Booklet, no member of the Webcentral Group is involved in any ongoing litigation or dispute which the Webcentral directors believe is material in the context of the Webcentral Group taken as a whole.

### 9.17 RIGHTS AND LIABILITIES ATTACHING TO NEW WEBCENTRAL SHARES

The rights and liabilities attaching to the ownership of the New Webcentral Shares will be the same as those attaching to existing Webcentral Shares. These rights and liabilities arise from a combination of the Webcentral constitution, the Corporations Act, the Listing Rules and general law.

A summary or description of the significant rights, liabilities and obligations attaching to Webcentral Shares and of other material provisions of the Webcentral constitution is set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Webcentral Shareholders.

## 9. OVERVIEW OF WEBCENTRAL

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### 9.17.1 VOTING AT A GENERAL MEETING

At a general meeting of Webcentral, every Webcentral Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, or on a poll, one vote for each Webcentral Share held (with adjustments made for partly paid shares).

### 9.17.2 MEETING OF MEMBERS

Each Webcentral Shareholder is entitled to receive notice of, attend and vote at general meetings of Webcentral. As noted above, votes may be cast by Webcentral Shareholders either by poll or show of hands, and Webcentral Shareholders are entitled to demand a poll.

Webcentral must give Webcentral Shareholders at least 28 days' written notice of a general meeting.

### 9.17.3 TRANSFER OF SHARES

Subject to the Webcentral Constitution and to any restrictions attached to a Webcentral Shareholder's New Webcentral Share, New Webcentral Shares may be transferred by:

- in the case of CHESS approved securities, in accordance with the CHESS rules;
- by instrument in writing in any usual or common form or in any other form that the Webcentral Directors approve; or
- by any other method of transfer of marketable securities which is recognised by the Corporations Act, ASX Settlement Pty Ltd and ASX and is approved by the Webcentral Directors.

The Webcentral Board may, in specific instances set out in the Webcentral Constitution, decline to register, or prevent registration of a transfer of New Webcentral Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the Listing Rules.

### 9.17.4 FURTHER ISSUE OF SHARES

Subject to the Webcentral Constitution, Corporations Act, and Listing Rules, the Webcentral Board may decide to issue, allot or grant options for, or otherwise dispose of, New Webcentral Shares on such terms, and subject to such restrictions, as the Webcentral Board determines.

Webcentral may not issue preference shares and no issued shares may be converted into preference shares unless rights attached to the preference shares are approved by special resolution of Webcentral, or are consistent with the rights set out in the Webcentral Constitution.

### 9.17.5 WINDING UP

If Webcentral is wound up, subject to the Webcentral Constitution and the rights or restrictions attached to any New Webcentral Share or class of New Webcentral Shares on issue, Webcentral Shareholders will be entitled to share in any surplus property of Webcentral in proportion to the number of shares held by them once all the Webcentral debts, liabilities, costs and expenses are paid.

If Webcentral is wound up, the liquidator may, with the sanction of a special resolution of Webcentral Shareholders, divide the property of Webcentral among the Webcentral Shareholders and decide how the property will be divided between the Webcentral Shareholders.

### 9.17.6 NON-MARKETABLE PARCELS

In accordance with the Listing Rules, the Webcentral Board may sell Webcentral Shares that constitute less than a marketable parcel by following the procedure described in the Webcentral Constitution.



## 9. OVERVIEW OF WEBCENTRAL

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### 9.17.7 VARIATION OF CLASS RIGHTS

Subject to the requirements of section 246B(2) of the Corporations Act and the terms of issue of any class of shares, the rights attached to any class of shares may be varied:

- with written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of the shares of the class.

### 9.17.8 DIRECTORS – APPOINTMENT AND RETIREMENT

Directors are to be appointed by resolution at a general meeting. The Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, provided the total number of directors does not exceed 10.

The number of directors is to be not less than three nor more than 10.

The Directors may appoint one or more of their number to the office of Managing Director or as an Executive Director or to any other office, except auditor, or employment under Webcentral for the period and on the terms they think fit.

At each annual general meeting, one third of the Directors for the time being, or, if their number is not three nor a multiple of three, then the number nearest one third, and any other Director who has held office for three years or more since last being elected, must retire from office.

### 9.17.9 DIRECTORS – VOTING

Questions arising at a meeting of the Webcentral Board must be decided by a majority of votes of the Webcentral Directors present at the meeting and entitled to vote on the matter. In the event of an equality of votes cast for and against a question, the chairman of the meeting has a second or casting vote.

A written resolution of the Webcentral Board may be passed without holding a meeting of the Webcentral Board, if all of the Webcentral Directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document. The resolution is passed when the last Webcentral Director sign.

### 9.17.10 DIRECTORS – REMUNERATION

Webcentral Directors are entitled to be remunerated for their services as Directors and the total amount or value of the remuneration must not, in respect of non-executive directors, exceed \$500,000.00 per annum or any other amount per annum determined by the Company in general meeting.

Remuneration is to be divided amongst such Directors in the proportion and manner agreed between them or, in default of agreement, equally.

Webcentral Directors may be reimbursed for reasonable travelling, accommodation and other expenses as the director may incur when engaged on Webcentral business including travelling to or from Board meetings or committee meetings.

If a Webcentral Director at the request of the Webcentral Board performs additional or special duties for Webcentral, the Webcentral Board may arrange for special remuneration to be paid to that Director either in addition to or in substitution for that Director's remuneration.

## 9. OVERVIEW OF WEBCENTRAL

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### 9.18 PUBLICLY AVAILABLE INFORMATION

Webcentral is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Webcentral is subject to Listing Rules which require (subject to some exceptions) continuous disclosure of any information that Webcentral has that a reasonable person would expect to have a material effect on the price or value of Webcentral Shares.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by Webcentral is available on ASX's website at [www2.asx.com.au](http://www2.asx.com.au).

In addition, Webcentral is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Webcentral may be obtained from an ASIC office.

Webcentral's Shareholders may obtain a copy of Webcentral's 2021 Annual Report from ASX's website at [www2.asx.com.au](http://www2.asx.com.au) or from Webcentral's website at [www.webcentral.com.au](http://www.webcentral.com.au).

#### 9.18.1 WEBCENTRAL ASX ANNOUNCEMENTS SINCE 14 SEPTEMBER 2021

Webcentral's announcements to ASX after the lodgement with ASX of its 2021 Annual Report on 14 September 2021 to the Last Practicable Date are listed in the table below.

**Table 15: Webcentral ASX announcements since 14 September 2021**

Date	Announcement
14 September 2021	Corporate Governance Disclosures
16 September 2021	Change in substantial holding from WCG

# 10. OVERVIEW OF THE MERGED GROUP

The Merged Group information contained in this Section 10 has been prepared by both 5GN and Webcentral. 5GN is responsible for any information regarding the 5GN Group and Webcentral is otherwise responsible for this section.

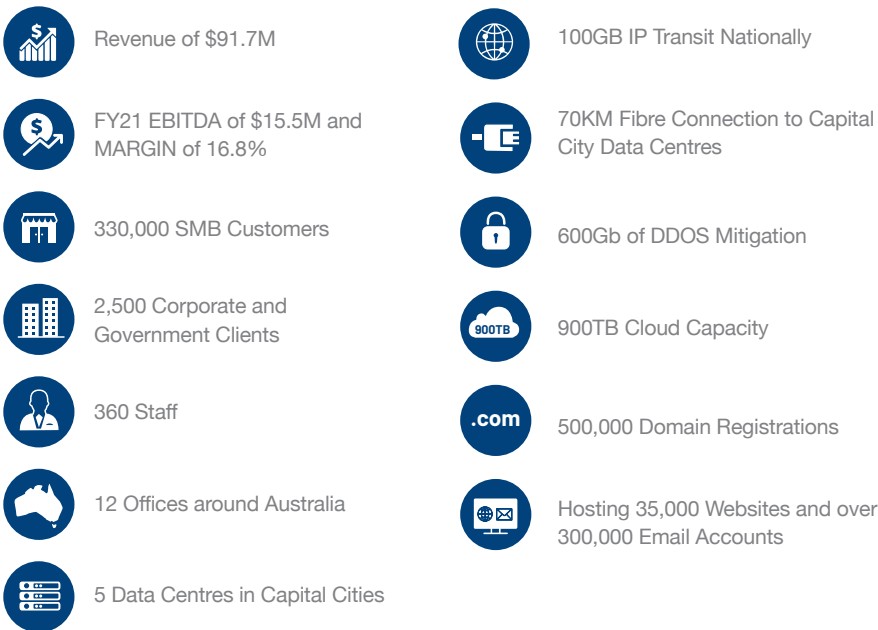
## 10.1 OVERVIEW OF THE MERGED GROUP

### 10.1.1 SUMMARY OF COMBINED WEBCENTRAL BUSINESS

The Merger will combine the resources and strengths of two highly complementary businesses in 5GN and Webcentral to create one of the top 3 Domain providers in Australia and the largest Australian owned operator of Fibre Networks, Cloud and Data Centres.

The Merged Group is summarised in the diagram below.

**Figure 4: Summary of Combined Business**



## 10. OVERVIEW OF THE MERGED GROUP

The Merger will accelerate the integration of the Webcentral and 5GN businesses which commenced in October 2020 following 5GN's acquisition of a controlling shareholding in Webcentral. The status of integration of the two businesses is summarised below.

**Figure 5: Integration Achievements**



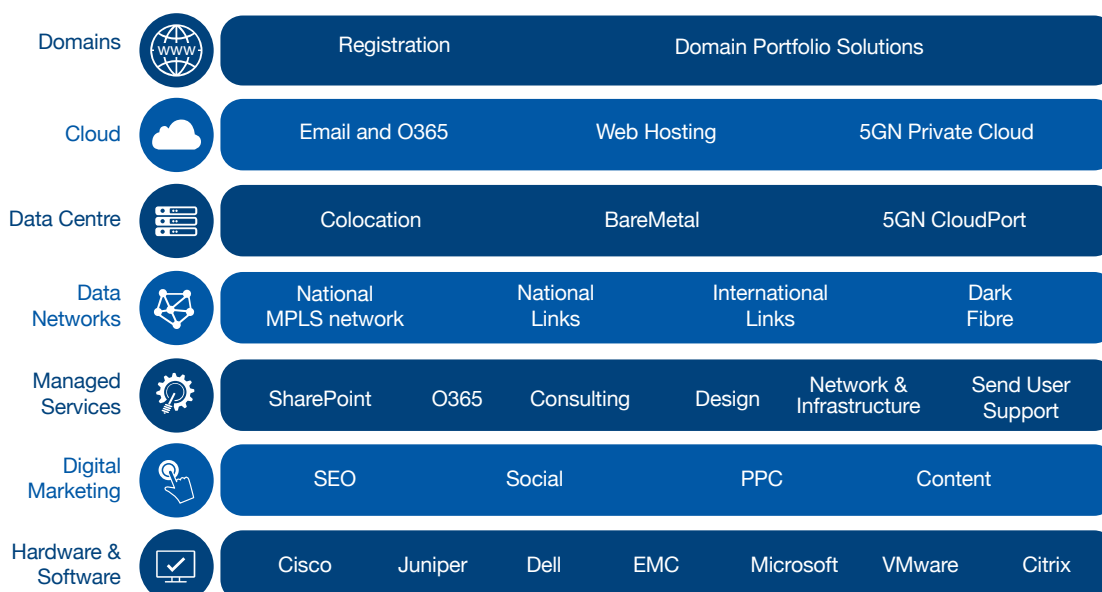
### 10.1.2 SUMMARY OF COMBINED WEBCENTRAL PRODUCTS

The Product Offerings of the Merged Group are summarised in the diagram below.

**Figure 6: Product Offering**

#### Product Offering

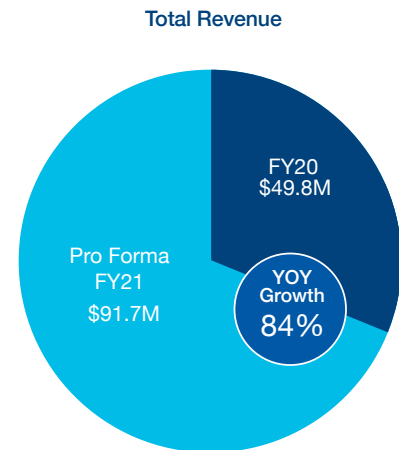
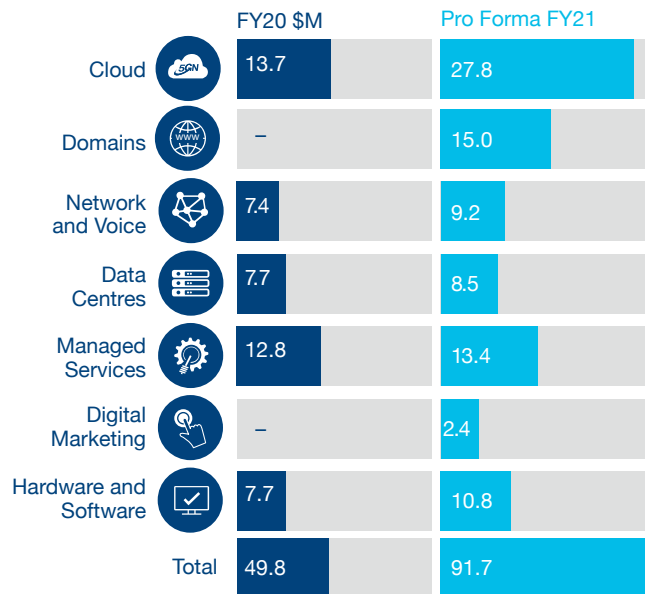
5GN services more than 330,000 Government, enterprise, wholesale, and small and medium businesses (SMB) customers across Australia and New Zealand. With 360 employees we seamlessly provide a range of cloud enabling solutions to businesses which consist of the following:



## 10. OVERVIEW OF THE MERGED GROUP

The revenue by product of the Merged Group is summarised below.

**Figure 7: Revenue by Product**



### 10.2 OVERVIEW OF POTENTIAL SYNERGIES AND EFFICIENCIES

The Merger is expected to generate revenue and cost synergies. Synergies are expected to be realised from the consolidation of operating platforms, corporate cost rationalisation from the elimination of one listed company and duplicated costs, and labour synergies from the elimination of duplicated roles and functions.

In addition, the Merged Group may benefit from potential revenue synergies through acceleration of cross sell and up sell opportunities to complementary customer bases, with the combined business having a larger addressable market than the current combined markets.

**Table 16: Key synergies to be realised from the Merger**

Infrastructure and direct cost savings	<p>The Merged Group will be able to consolidate its infrastructure and operating platforms and reduce external service providers. Examples include:</p> <ul style="list-style-type: none"> <li>Consolidation of data network, data network and third party hosting services from third party providers to 5GN's owned and operated cloud, data centre and data network infrastructure</li> <li>Rationalisation of Software As A Service (<b>SAAS</b>) applications from multiple providers to one provider respectively</li> <li>Consolidation of multiple online customer portals</li> <li>Reduction in third party licensing costs</li> <li>Utilisation of Webcentral internal resources instead of outsourced consultants for software development functions</li> </ul>
Consolidation of overlapping functions	Rationalisation of costs from duplicated or overlapping back office functions including finance, marketing and people and culture
Economies of scale	Reduction in overall corporate costs including compliance, regulatory, tax and audit costs, licencing costs from the removal of one listed entity and consolidation to one tax consolidation group
Cross-sell opportunities	Revenue synergies from the ability to cross sell to complementary customer bases, with the combined business having a larger addressable market than the current combined markets

## 10. OVERVIEW OF THE MERGED GROUP

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### 10.3 BOARD AND MANAGEMENT OF WEBCENTRAL FOLLOWING THE MERGER

#### 10.3.1 BOARD OF DIRECTORS

It is intended that if the Scheme is implemented, the Board of the Merged Group will consist of the following:

Chairman: Mr Joe Gangi
Managing Director: Mr Joe Demase
Non-Executive Director: Ms Natalie Mactier
Non-Executive Director: Mr Jason Ashton

#### 10.3.2 SENIOR MANAGEMENT

It is intended that if the Scheme is implemented, the senior management team of the Merged Group will consist of the following:

Chief Financial Officer and Joint Company Secretary: Glen Dymond
Chief Operating Officer: John Stevens (from October 2021)
General Counsel and Joint Company Secretary: Michael Wilton
Sales Director: Garry White
Chief Marketing Officer: Glenn Flower
Executive General Manager – Operations: Chris Demase
Chief Technical Officer: Marco Mattiuzzo
Executive National Field Manager: Joel Bruce
Head of People & Culture: Steve Marchese

### 10.4 MERGED GROUP INTENTIONS IF THE SCHEME IS IMPLEMENTED

This Section outlines the Merged Group's current intentions in relation to 5GN, Webcentral and the Merged Group.

The statements of intention in this Section have been formed on the basis of facts and information concerning 5GN and the general business environment which are known to both 5GN and Webcentral as at the date of this Scheme Booklet.

Final decisions on these matters will only be made by the Webcentral Board in light of all material information, facts and circumstances at the relevant time if the Scheme is Implemented. Accordingly, it is important to recognise that the statements set out in Section 10 are statements of 5GN's and Webcentral's current intentions only, which may change as new information becomes available or circumstances change, and which will be superseded by the intention, strategic focus, outlook and decisions of the Webcentral Board.

#### 10.4.1 OPERATIONS OF THE MERGED GROUP

If the Scheme is implemented, Webcentral intends to continue to operate the businesses of 5GN and Webcentral in a similar manner as they are currently operating, while focusing on the realisation of the expected Merged Group synergies.

Webcentral will also continue to undertake a review of the Merged Group's operations covering strategic, financial and commercial operating matters to determine and implement improvements to deliver the optimal outcomes for the Merged Group. It is the current intention of Webcentral that there will be no major changes to the 5GN business and there will be no redeployment of the fixed assets of 5GN.



## 10. OVERVIEW OF THE MERGED GROUP

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### 10.4.2 BOARD AND MANAGEMENT OF WEBCENTRAL

Webcentral will be led by a highly experienced Board of Directors and senior executive team that will draw on the breadth of both 5GN and Webcentral's skills and experience.

Mr Joe Demase will continue as Managing Director and CEO of the Merged Group.

Upon Implementation, the Board of Webcentral will comprise the people listed in Section 10.3. Each of Joe Gangi, Natalie Mactier and Jason Ashton will be independent non-executive directors.

The Webcentral senior management team will remain unchanged.

### 10.4.3 EMPLOYEES OF THE MERGED GROUP

The Merged Group expects that there will be some changes to the number or roles of employees as duplication of employee roles or functions are identified and labour synergies are realised. The present intention of the Merged Group, where practicable and possible to do so, is to seek to allocate alternative responsibilities to those affected employees within the Merged Group. However, it may not be possible for the Merged Group to offer suitable alternative roles in all instances. Where affected employees are unable to be allocated alternative responsibilities, those employees will receive payments and other benefits to which they are entitled on departure under their terms of employment.

### 10.4.4 FINANCING

The Merged Group will continue to have total debt funding from CBA of \$31.1 million including total Market rate Loan Facilities of \$23.1 million and bank guarantee facilities of \$5.9 million. It is expected that the 5GN debt facilities will be merged into the Webcentral debt facilities following the Scheme becoming Effective.

### 10.4.5 CORPORATE MATTERS IN RELATION TO 5GN

If the Scheme is Implemented, it is intended that current 5GN Shares will cease to be quoted on the ASX shortly after the Implementation Date. 5GN will become a wholly-owned subsidiary of Webcentral and 5GN's corporate structure is otherwise expected to remain largely intact.

### 10.4.6 DIVIDENDS AND DIVIDEND POLICY

It is currently intended that the Merged Group will retain any future earnings to fund the development and growth of its business. Webcentral does not anticipate paying any cash dividends on Webcentral Shares in the near future. Webcentral will confirm the payment of dividends in future periods at the time of the release of its interim and final results for future financial reporting periods.

### 10.4.7 CORPORATE GOVERNANCE

It is intended the Merged Group will be governed by Webcentral's current corporate governance policies and practices, as described in Section 9.10.

A copy of these policies and Webcentral's 2021 corporate governance statement can be accessed on Webcentral's website: <https://www.webcentral.com.au/investors/corporate-governance/>.

### 10.4.8 VALUES

The existing values of Webcentral and 5GN are similar, with an emphasis on cyber safety, delivering results for their customers, accountability and responsibility. Following the implementation of the Merger, the Board and the senior executive team of the Merged Group will collectively agree on the values moving forward to ensure that a high standard of corporate governance practice is followed and that an inclusive and safe workplace culture is maintained in the Merged Group.

## 10. OVERVIEW OF THE MERGED GROUP

### 10.5 SHARE CAPITAL AND OTHER SECURITIES OF WEBCENTRAL

#### 10.5.1 SHARE CAPITAL

If the Scheme is Implemented, Webcentral will issue approximately 241,322,246 Webcentral Shares to 5GN Shareholders.

Immediately following Implementation, the number of Webcentral Shares on issue will be approximately 327,288,464 (ignoring the 69,524,461 Webcentral Shares currently held by 5GN which will be cancelled following Implementation).

#### 10.5.2 SHAREHOLDER STRUCTURE

Upon Implementation of the Scheme, 5GN Shareholders will own approximately 74% of Webcentral with Webcentral Shareholders owning the remaining 26% (excluding for the purposes of this calculation the 69,524,461 Webcentral Shares held by 5G Networks that will be cancelled following Implementation).

Based on their respective shareholdings in Webcentral and 5GN as at the Last Practicable Date, it is expected that the only substantial shareholder of Webcentral (assuming cancellation of the 69,524,461 Webcentral Shares currently held by 5GN following Implementation) will be:

**Table 17: Substantial Webcentral Shareholders following Implementation of Scheme**

Shareholder	% of capital controlled
J D Management Group Pty Ltd and entities associated with Joe Demase <sup>3</sup>	14.89%

3. Webcentral Shares will be held by Joe Demase and the following entities controlled by or associated with Joe Demase: J D Management Group Pty Ltd, Demase Enterprises Pty Ltd as trustee for the JMD Superannuation Fund and Studio Incorporate Pty Ltd

### 10.6 MERGED GROUP PRO FORMA HISTORICAL FINANCIAL INFORMATION

#### 10.6.1 OVERVIEW

This Section 10.6 contains the following pro forma financial information in respect of the Merged Group:

- pro forma historical consolidated income statement of the Merged Group (**Merged Group Pro Forma Historical Income Statement**);
- pro forma historical consolidated statement of financial position of the Merged Group (**Merged Group Pro Forma Historical Statement of Financial Position**); and
- pro forma historical consolidated statement of cash flows of the Merged Group (**Merged Group Pro Forma Historical Statement of Cash Flows**),

(together, the **Merged Group Pro Forma Historical Financial Information**).

The Merged Group Pro Forma Historical Financial Information should be read together with the:

- basis of preparation as set out in Section 10.6.2;
- risk factors set out in Section 12;
- financial information of Webcentral and 5GN as set out in Sections 9.11 and 8.9 respectively; and
- other information contained in this Scheme Booklet.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

Grant Thornton Corporate Finance Pty Ltd has been appointed as the Investigating Accountant to prepare an Investigating Accountant's Report in respect of the Merged Group Pro Forma Historical Financial Information, a copy of which is included in Annexure B.

## 10. OVERVIEW OF THE MERGED GROUP

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### 10.6.2 BASIS OF PREPARATION

The Merged Group Pro Forma Historical Financial Information set out in this Section 10.6 has been prepared for illustrative purposes to provide 5GN Shareholders with an indication of the financial performance, financial position and cash flow of the Merged Group as if the Scheme has been implemented on 1 July 2020 in respect of the financial performance and cash flow, and on 30 June 2021 in respect of the financial position. The Merged Group Pro Forma Historical Financial Information does not reflect the actual financial performance, financial position and cash flow of the Merged Group at the time of Implementation. It has been prepared for illustrative purposes only for this Scheme Booklet.

The Merged Group Pro Forma Historical Financial Information presented in this Section 10.6 is based on the:

- audited 5GN Historical Financial Information as at, and for the financial year ended 30 June 2021 (presented in Section 8.9) ;
- audited Webcentral Historical Financial Information as at, and for the 18 months ended 30 June 2021 (presented in Section 9.11);
- reviewed Webcentral Historical Financial Information for the half-year ended 30 June 2020; and
- pro forma adjustments described in sections 10.6.4, 10.6.6 and 10.6.9 (**Pro Forma Adjustments**).

The 5GN Historical Financial Information presented in this Section 10.6 has been derived from the consolidated financial statements of 5GN for the financial year ended 30 June 2021. The consolidated financial statements of 5GN for the financial year ended 30 June 2021 were audited by Grant Thornton in accordance with Australian Auditing Standards, and on which Grant Thornton provided an unqualified audit opinion. The historical financial information of Webcentral has been prepared in accordance with the significant accounting policies described in the consolidated financial statements of Webcentral for the 18 months ended 30 June 2021.

The Webcentral Historical Financial Information presented as at, and for the 18 months ended 30 June 2021 in this Section 10.6 has been compiled and derived from:

- reviewed consolidated financial statements of Webcentral for the half year ended 30 June 2020; and
- audited consolidated financial statements of Webcentral for the 18 months ended 30 June 2021.

The consolidated financial statements of Webcentral for the 18 months ended 30 June 2021 were audited by Grant Thornton in accordance with Australian Auditing Standards, and on which Grant Thornton provided an unqualified audit opinion. The consolidated financial statements of Webcentral for the half year ended 30 June 2020 were reviewed by Ernst & Young in accordance with Australian Auditing Standards, and on which Ernst & Young provided an unqualified review opinion. The historical financial information of Webcentral has been prepared in accordance with the significant accounting policies described in the consolidated financial statements of Webcentral for the 18 months ended 30 June 2021.

The Merged Group Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, other than that it is presented on a pro forma basis as if Implementation of the Scheme has already occurred. The Merged Group Pro Forma Historical Financial Information is presented in abbreviated form and consequently does not contain all the presentation and disclosures that are usually provided in an annual report in accordance with the Corporations Act.

In preparing the Merged Group Pro Forma Historical Financial Information, 5GN and Webcentral have undertaken a review to identify significant accounting policy differences where the impact to the Merged Group is potentially material and could be reliably estimated. No material accounting policy differences that are able to be reliably estimated have been identified.

## 10. OVERVIEW OF THE MERGED GROUP

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### 10.6.2.1 BASIS OF PRO FORMA CONSOLIDATION

The Merger has been evaluated in accordance with the criteria in AASB 3: Business Combinations and it has been determined that the underlying substance of the existing 5GN consolidation is unchanged.

The Merger therefore has no impact on the book value of the net assets as recorded by 5GN prior to the Merger, on the basis that the Merger falls outside of the scope of AASB 3: *Business Combinations*, and the principles of acquisition accounting do not apply. This is because 5GN obtained control of Webcentral in a business combination on 28 October 2020 and continues to control Webcentral. As a result of the Merger, the existing shareholders of 5GN will hold the majority of the voting rights in Webcentral. This is not a reverse acquisition because 5GN already controlled Webcentral.

For the purposes of the Merged Group Pro-Forma Statement of Financial Position, the Merger will be accounted for using the predecessor carrying values of the net assets of the Merged Group as at 30 June 2021, as if the Merger had occurred as at that date. As such, the carrying value of the net assets will continue to be recorded as their book values as per the 5GN consolidated financial statements as at 30 June 2021, with adjustments made to equity.

### 10.6.2.2 ITEMS NOT REFLECTED IN THE MERGED GROUP PRO FORMA HISTORICAL INFORMATION

As detailed above, the Merged Group Pro Forma Historical Financial Information presented in this Section 10.6 does not purport to reflect the actual or prospective reported financial performance, financial position or cash flows of the Merged Group.

It is likely that the actual financial performance, financial position or cash flows of the Merged Group in future periods will differ from the Merged Group Pro Forma Historical Financial Information presented in this Section 10.6. The factors which may impact the actual financial performance, financial position or cash flows of the Merged Group include but are not limited to:

- trading of 5GN and Webcentral after 30 June 2021, which is not reflected in the historical financial information of 5GN and Webcentral;
- the risks set out in Section 12, including any financial impact of COVID-19;
- the ultimate timing of the Implementation Date;
- determination of acquisition accounting treatment under AASB 3 *Business Combinations*;
- finalisation of the resetting of tax cost bases of 5GN following implementation, including recognition of deferred tax assets and liabilities, in accordance with the relevant accounting standards;
- the impact of 5GN and/or Webcentral tax losses which may be available to the Merged Group;
- transaction costs incurred by 5GN and Webcentral in relation to the Scheme;
- the ultimate timing and realisation of synergies (and associated costs) arising from the combination of 5GN and Webcentral; and
- current and future changes to accounting standards.

## 10. OVERVIEW OF THE MERGED GROUP

### 10.6.3 MERGED GROUP PRO FORMA HISTORICAL INCOME STATEMENT

The Merged Group Pro Forma Historical Income Statement is presented in Table 18 below.

**Table 18: Merged Group Pro Forma Historical Income Statement**

A\$'000	FY21 pro forma P&L
<b>Revenue</b>	108,975
Cost of goods sold	(44,407)
<b>Gross Profit</b>	<b>64,568</b>
Other income	3,712
<b>Expenses</b>	
Employee benefits expenses	(37,685)
Other expenses	(13,212)
Share based payments expenses	(2,874)
Acquisition costs	(739)
Transaction and restructuring costs	(0)
Finance costs	(65)
<b>EBITDA (excl. goodwill impairments)</b>	<b>13,705</b>
Impairment of goodwill	-
Net interest income/(expense)	(3,250)
Depreciation expenses	(12,080)
Amortisation expenses	(698)
<b>Profit/(Loss) Before Tax</b>	<b>(2,323)</b>
Income tax (expense)/benefit	(3,110)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(5,433)</b>
<b>Profit/(Loss) Attributable to:</b>	
Owners of the merged group	(5,433)
Non-controlling interests	-

## 10. OVERVIEW OF THE MERGED GROUP

### 10.6.4 PRO FORMA ADJUSTMENTS - MERGED GROUP PRO FORMA HISTORICAL INCOME STATEMENT

The pro forma adjustments to the Merged Group Pro Forma Historical Income Statement is presented in Table 19 below.

**Table 19: Merged Group Pro Forma Historical Income Statement with pro forma adjustments**

	Stand-alone P&L		Consolidation Adjustments			Pro forma adjustments							
A\$'000	5GN 12 months to 30 June 2021	WCG 12 months to 30 June 2021	Elimination	Consol Adjustments	FY21 Consol P&L	Transaction Costs	Tax Impact	Synergies Implemented	Gain on FV of equity interest in WCG	Normalisation Adjustments	Write-offs	Remove NCI	FY21 pro forma P&L
Adjustment Notes			A	A		B	C	D	E	F	G	H	
Revenue	53,049	56,660	(1,265)	-	108,444	-	-	-	-	-	531	-	108,975
Cost of goods sold	(25,324)	(20,108)	7	-	(45,425)	-	-	634	-	-	384	-	(44,407)
<b>Gross Profit</b>	<b>27,725</b>	<b>36,552</b>	<b>1,258</b>	<b>-</b>	<b>63,019</b>	<b>-</b>	<b>-</b>	<b>634</b>	<b>-</b>	<b>-</b>	<b>915</b>	<b>-</b>	<b>64,568</b>
Other income	3,189	4,355	(1,424)	113	6,233	-	-	-	(1,350)	(1,171)	-	-	3,712
<b>Expenses</b>													
Employee benefits expenses	(20,286)	(21,241)	-	1,163	(40,364)	-	-	2,679	-	-	-	-	(37,685)
Other expenses	(2,927)	(15,149)	2,681	296	(15,098)	-	-	1,020	-	-	867	-	(13,212)
Share based payments expenses	(2,461)	-	-	(413)	(2,874)	-	-	-	-	-	-	-	(2,874)
Acquisition costs	(2,142)	-	-	91	(2,050)	1,311	-	-	-	-	-	-	(739)
Transaction and restructuring costs	(542)	(5,284)	-	3,526	(2,300)	2,300	-	-	-	-	-	-	(0)
Gain on disposal of assets	-	(784)	-	-	(784)	-	-	-	-	784	-	-	-
Net impairment losses on financial assets and liabilities	-	(1,014)	-	-	(1,014)	-	-	-	-	1,014	-	-	-
Finance costs	-	-	-	(65)	(65)	-	-	-	-	-	-	-	(65)
<b>EBITDA (excl. goodwill impairment)</b>	<b>2,555</b>	<b>(2,565)</b>	<b>0</b>	<b>4,712</b>	<b>4,701</b>	<b>3,611</b>	<b>-</b>	<b>4,333</b>	<b>(1,350)</b>	<b>627</b>	<b>1,782</b>	<b>-</b>	<b>13,705</b>
Impairment of goodwill	-	(33,000)	-	33,000	-	-	-	-	-	-	-	-	-
Net interest income/(expenses)	72	(3,322)	-	-	(3,250)	-	-	-	-	-	-	-	(3,250)
Depreciation expenses	(5,857)	(6,277)	-	54	(12,080)	-	-	-	-	-	-	-	(12,080)
Amortisation expenses	(185)	(606)	-	93	(698)	-	-	-	-	-	-	-	(698)
<b>Profit/(Loss) Before Tax</b>	<b>(3,416)</b>	<b>(45,770)</b>	<b>0</b>	<b>37,859</b>	<b>(11,327)</b>	<b>3,611</b>	<b>-</b>	<b>4,333</b>	<b>(1,350)</b>	<b>627</b>	<b>1,782</b>	<b>-</b>	<b>(2,323)</b>
Income tax (expense)/benefit	(784)	1,824	-	13	1,053	-	(4,163)	-	-	-	-	-	(3,110)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(4,200)</b>	<b>(43,946)</b>	<b>0</b>	<b>37,872</b>	<b>(10,274)</b>	<b>3,611</b>	<b>(4,163)</b>	<b>4,333</b>	<b>(1,350)</b>	<b>627</b>	<b>1,782</b>	<b>-</b>	<b>(5,433)</b>
<b>Profit/(Loss) Attributable to:</b>													
Owners of merged group	(4,200)	(43,968)	-	-	(10,296)	-	-	-	-	-	-	-	(5,433)
Non-controlling interests	-	22	-	-	22	-	-	-	-	-	-	(22)	-

## 10. OVERVIEW OF THE MERGED GROUP

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### 10.6.4.1 ADJUSTMENT (A) – CONSOLIDATION ADJUSTMENTS

These adjustments reflect the impact of eliminating intercompany transactions and consolidation adjustments between 5GN and Webcentral as follows:

- 5GN is contracted by Webcentral to provide management services, managed IT services and network services. The pro forma adjustment eliminates \$1.265 million of revenue to 5GN, \$1.424 million of other income to 5GN and \$2.681 million of other expenses of Webcentral;
- 5GN charges interest on loans provided to Webcentral under a secured loan agreement. The pro forma adjustment eliminates \$1.46 million of interest income and \$1.46 million of interest expense; and
- Consolidation adjustments arising from the acquisition of Webcentral by 5GN in October 2020.

### 10.6.4.2 PRO-FORMA ADJUSTMENTS:

The Merged Group Pro Forma Historical Income Statement includes the following pro forma adjustments:

- **Adjustment (B) – Transaction costs**

Acquisition costs of \$1.311 million incurred by 5GN in relation to the acquisition of Webcentral and \$2.300 million of transaction and restructuring costs incurred by Webcentral in relation to transaction and restructuring activities unrelated to the Scheme have been excluded.

- **Adjustment (C) – Tax impact**

A tax adjustment of \$4.163 million to reflect the impact of the consolidation adjustments and pro forma adjustments at an assumed effective tax rate of 30%. Due to permanent differences that exist, the actual effective tax rate of the Merged Group subsequent to the Implementation Date may be different to 30%.

- **Adjustment (D) – Synergies implemented**

The Merged Group Pro Forma Historical Income Statement has been prepared on the basis that the cost synergies implemented in Webcentral by 5GN between October 2020 and June 2021 relating to employee costs, direct cost and corporate cost reductions occurred at the commencement of the period. The adjustment made was \$4.333 million.

- **Adjustment (E) – Gain on fair value of equity interest in Webcentral**

An adjustment of \$1.35 million to remove the gain recognised by 5GN on fair value adjustment of its equity interest in Webcentral prior to gaining control in October 2020.

- **Adjustment (F) – Normalisation adjustments**

Normalisation adjustments totalling \$0.627 million to normalise items that are one-off in nature, or not part of the ordinary course of the business for the Merged Group, including Jobkeeper subsidy received, gain on disposal of assets, doubtful debt expenses and various write-offs during the period.

- **Adjustment (G) – Debtor write-offs**

Adjustments to remove abnormal debtor write-offs and credit adjustments recorded by Webcentral during the period.

- **Adjustment (H) – Remove Non-controlling interests**

The Merged Group Pro Forma Historical Income Statement has been prepared on the basis that the disposal of the Netalliance business in November 2020 occurred prior to the commencement of the period and accordingly the non-controlling interest has been removed.



## 10. OVERVIEW OF THE MERGED GROUP

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### 10.6.4.3 ITEMS NOT REFLECTED IN THE MERGED GROUP PRO FORMA HISTORICAL INCOME STATEMENT

The Merged Group Pro Forma Historical Income Statement has not been adjusted to reflect:

- trading of 5GN and Webcentral after 30 June 2021;
- the ultimate timing and realisation of synergies (and associated costs) arising from the combination of 5GN and Webcentral;
- transaction costs incurred by 5GN and Webcentral in relation to the Scheme;
- the risks set out in Section 12, including any financial impact of COVID-19;
- the ultimate timing of the Implementation Date;
- any impact from the finalisation of the resetting of tax cost bases of 5GN following implementation, including recognition of deferred tax assets and liabilities, in accordance with the relevant accounting standards;
- the impact of 5GN and/or Webcentral tax losses which may be available to the Merged Group; and
- current and future changes to accounting standards.

## 10. OVERVIEW OF THE MERGED GROUP

### 10.6.5 MERGED GROUP PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The Merged Group Pro Forma Historical Statement of Financial Position is presented in Table 20 below.

**Table 20: Merged Group Pro Forma Historical Statement of Financial Position**

A\$'000	Pro forma financial position as at 30 June 2021
<b>Current assets</b>	
Cash and cash equivalents	19,170
Trade and other receivables	5,963
Lease receivable	1,892
Contract assets	620
Other current assets	1,056
Prepayments of domain name registry charges	5,398
<b>Total Current Assets</b>	<b>34,100</b>
<b>Non-current assets</b>	
Property, plant and equipment	15,873
Right-of-use asset	15,478
Lease receivable	1,101
Deferred tax asset	9,978
Goodwill	61,706
Other intangible assets	24,228
Prepayments of domain name registry charges	2,429
Other investments	725
Other assets	1,494
<b>Total Non-Current Assets</b>	<b>133,013</b>
<b>Total Assets</b>	<b>167,112</b>
<b>Current liabilities</b>	
Trade and other payables	19,293
Borrowings	428
Lease liability	5,885
Employee benefits	4,712
Provisions for income tax	146
Contract liabilities	23,748
Other liabilities	4,866
<b>Total Current Liabilities</b>	<b>59,078</b>
<b>Non-current liabilities</b>	
Borrowings	20,579
Lease liability	16,394
Employee benefits	547
Contract liabilities	8,551
Deferred tax liability	12,106
<b>Total Non-Current Liabilities</b>	<b>58,177</b>
<b>Total Liabilities</b>	<b>117,255</b>
<b>NET ASSETS</b>	<b>49,856</b>
Contributed equity	80,061
Reserves	(17,381)
Accumulated losses	(12,824)
<b>Equity Attributable to Members of the Parent</b>	<b>49,856</b>
<b>Non-Controlling Interest</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>49,856</b>

## 10. OVERVIEW OF THE MERGED GROUP

### 10.6.6 ADJUSTMENTS TO THE MERGED GROUP PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The pro forma adjustments to the Merged Group Pro Forma Historical Statement of Financial Position are presented in Table 21 below.

**Table 21: Merged Group Pro Forma Historical Statement of Financial Position with pro forma adjustments**

A\$'000	5GN consolidated financial position as at 30 June 2021	Pro forma adjustments	Pro forma financial position as at 30 June 2021
<b>Current assets</b>			
Cash and cash equivalents	19,170	-	19,170
Trade and other receivables	5,963	-	5,963
Lease receivable	1,892	-	1,892
Contract assets	620	-	620
Other current assets	1,056	-	1,056
Prepayments of domain name registry charges	5,398	-	5,398
<b>Total Current Assets</b>	<b>34,100</b>	<b>-</b>	<b>34,100</b>
<b>Non-current assets</b>			
Property, plant and equipment	15,873	-	15,873
Right-of-use asset	15,478	-	15,478
Lease receivable	1,101	-	1,101
Deferred tax asset	9,978	-	9,978
Goodwill	61,706	-	61,706
Other intangible assets	24,228	-	24,228
Prepayments of domain name registry charges	2,429	-	2,429
Other investments	725	-	725
Other assets	1,494	-	1,494
<b>Total Non-Current Assets</b>	<b>133,013</b>	<b>-</b>	<b>133,013</b>
<b>Total Assets</b>	<b>167,112</b>	<b>-</b>	<b>167,112</b>
<b>Current liabilities</b>			
Trade and other payables	19,293	-	19,293
Borrowings	428	-	428
Lease liability	5,885	-	5,885
Employee benefits	4,712	-	4,712
Provisions for income tax	146	-	146
Contract liabilities	23,748	-	23,748
Other liabilities	4,866	-	4,866
<b>Total Current Liabilities</b>	<b>59,078</b>	<b>-</b>	<b>59,078</b>
<b>Non-current liabilities</b>			
Borrowings	20,579	-	20,579
Lease liability	16,394	-	16,394
Employee benefits	547	-	547
Contract liabilities	8,551	-	8,551
Deferred tax liability	12,106	-	12,106
<b>Total Non-Current Liabilities</b>	<b>58,177</b>	<b>-</b>	<b>58,177</b>
<b>Total Liabilities</b>	<b>117,255</b>	<b>-</b>	<b>117,255</b>
<b>NET ASSETS</b>	<b>49,856</b>	<b>-</b>	<b>49,856</b>
Contributed equity	80,061	-	80,061
Reserves	12,300	(29,681)	(17,381)
Accumulated losses	(12,824)	-	(12,824)
<b>Equity Attributable to Members of the Parent</b>	<b>79,537</b>	<b>(29,681)</b>	<b>49,856</b>
<b>Non-Controlling Interest</b>	<b>(29,681)</b>	<b>29,681</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>49,856</b>	<b>-</b>	<b>49,856</b>

## 10. OVERVIEW OF THE MERGED GROUP

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### 10.6.6.1 PROFORMA ADJUSTMENTS

A pro forma adjustment has been made to the Merged Group Pro Forma Historical Statement of Financial Position to remove the Non-Controlling Interest in Webcentral which offsets against the reserves balance in equity. At 30 June 2021, 5GN held 44.75% of the ordinary shares in Webcentral with the remaining 55.25% represented in Non-Controlling Interests.

There is likely to be an impact to equity/share capital associated with the scrip offer under the Scheme, but it has not been included on the basis that it has no impact on the pro-forma net assets of the Merged Group.

### 10.6.7 ITEMS NOT REFLECTED IN THE MERGED GROUP PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The Merged Group Pro Forma Historical Statement of Financial Position has not been adjusted to reflect:

- the specific impacts of the pro forma adjustments made to the Merged Group Pro Forma Historical Income Statement presented in Table 18 of Section 10.6.3;
- the pro forma adjustments made to the Merged Group Pro Forma Historical Statement of Cash Flows presented in Table 22 of Section 10.6.8;
- trading of 5GN and Webcentral after 30 June 2021;
- the risks set out in Section 12, including any financial impact of COVID-19;
- the ultimate timing of the Implementation Date;
- finalisation of the resetting of tax cost bases of 5GN following Implementation, including recognition of deferred tax assets and liabilities, in accordance with the relevant accounting standards;
- the impact of 5GN and/or Webcentral tax losses which may be available to the Merged Group;
- the ultimate timing and realisation of synergies (and associated costs) arising from the combination of 5GN and Webcentral; and
- current and future changes to accounting standards.

## 10. OVERVIEW OF THE MERGED GROUP

### 10.6.8 MERGED GROUP PRO FORMA HISTORICAL STATEMENT OF CASH FLOWS

The Merged Group Pro Forma Historical Statement of Cash Flows is presented in Table 22 below.

**Table 22: Merged Group Pro Forma Historical Statement of Cash Flows**

A\$'000	FY21 pro forma cash flow
<b>Cash flow from operating activities</b>	
Receipts from customers and recoveries	113,647
Payments to suppliers and employees	(96,782)
Transaction and restructuring costs	(2,338)
Interest received	363
Interest paid	(2,480)
Net income tax (paid)/refunded	333
<b>Net Cash Flow from Operating Activities</b>	<b>12,742</b>
<b>Cash flow from investing activities</b>	
Net cash on acquisitions	(4,128)
Purchase of plant and equipment	(6,691)
Return of pledged bank deposits	1,397
Proceeds from subleases	4,180
Return of capital and dividends	116
Loans to other entities	(920)
<b>Net Cash Flow from Investing Activities</b>	<b>(6,046)</b>
<b>Cash flow from financing activities</b>	
Proceeds from issue of shares	36,990
Proceeds from exercise of options	1,752
Proceeds from borrowings	19,084
Repayment of borrowings	(44,109)
Payment of capital raising costs	(1,982)
Payment of borrowing costs	(165)
Payment of lease liabilities	(9,525)
Dividends paid	(977)
<b>Net Cash Flow from Financing Activities</b>	<b>1,068</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,764</b>
Net foreign exchange differences	(159)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>22,833</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>30,438</b>

## 10. OVERVIEW OF THE MERGED GROUP

### 10.6.9 ADJUSTMENTS TO THE MERGED GROUP PRO FORMA HISTORICAL STATEMENT OF CASH FLOWS

The pro forma adjustments to the Merged Group Pro Forma Historical Statement of Cash Flows is presented in Table 23 below.

**Table 23: Merged Group Pro Forma Historical Statement of Cash Flows with pro forma adjustments**

	Stand-alone Cash Flow		Consolidation Adjustments		Pro forma adjustments						
A\$'000	5GN 12 months to 30 Jun 2021	WCG 12 months to 30 Jun 2021	Elimination	FY21 Consol Cash Flow	Cash acquired from WCG	Cash paid to TPP Wholesale	Jobkeeper Received	Synergies implemented	Disposal of discontinued costs	Transaction costs	FY21 Pro Forma Cash Flow
Adjustment Notes			A		B	C	D	E	F	G	
<b>Cash flow from operating activities</b>											
Receipts from customers and recoveries	60,086	57,930	(4,482)	113,534	-	113	-	-	-	-	113,647
Receipt of government grants	-	1,171	-	1,171	-	-	(1,171)	-	-	-	-
Payments to suppliers and employees	(53,889)	(51,708)	4,482	(101,115)	-	-	-	4,333	-	-	(96,782)
Transaction and restructuring costs	(1,572)	(7,994)	-	(9,566)	-	-	-	-	-	7,228	(2,338)
Interest received	1,417	132	(1,186)	363	-	-	-	-	-	-	363
Interest paid	(1,480)	(2,186)	1,186	(2,480)	-	-	-	-	-	-	(2,480)
Net income tax (paid)/refunded	-	333	-	333	-	-	-	-	-	-	333
<b>Net Cash Flow from Operating Activities</b>	<b>4,562</b>	<b>(2,324)</b>	<b>-</b>	<b>2,238</b>	<b>-</b>	<b>113</b>	<b>(1,171)</b>	<b>4,333</b>	<b>-</b>	<b>7,228</b>	<b>12,742</b>
<b>Cash flow from investing activities</b>											
Net cash on acquisitions	(6,831)	-	-	(6,831)	2,703	-	-	-	-	-	(4,128)
Purchase of plant and equipment	(7,352)	745	(84)	(6,691)	-	-	-	-	-	-	(6,691)
Return of pledged bank deposits	1,397	-	-	1,397	-	-	-	-	-	-	1,397
Proceeds from subleases	-	4,180	-	4,180	-	-	-	-	-	-	4,180
Return of capital and dividends	-	116	-	116	-	-	-	-	-	-	116
Loans to other entities	(27,463)	-	26,543	(920)	-	-	-	-	-	-	(920)
Net proceeds from disposal of discontinued operation	-	(778)	-	(778)	-	-	-	-	778	-	-
<b>Net Cash Flow from Investing Activities</b>	<b>(40,249)</b>	<b>4,263</b>	<b>26,459</b>	<b>(9,527)</b>	<b>2,703</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>778</b>	<b>-</b>	<b>(6,046)</b>
<b>Cash flow from financing activities</b>											
Proceeds from issue of shares	31,376	5,614	-	36,990	-	-	-	-	-	-	36,990
Proceeds from exercise of options	1,752	-	-	1,752	-	-	-	-	-	-	1,752
Proceeds from borrowings	7,159	60,003	(48,078)	19,084	-	-	-	-	-	-	19,084
Repayment of borrowings	(4,858)	(60,870)	21,619	(44,109)	-	-	-	-	-	-	(44,109)
Payment of capital raising costs	(1,755)	(227)	-	(1,982)	-	-	-	-	-	-	(1,982)
Payment of borrowing costs	-	(165)	-	(165)	-	-	-	-	-	-	(165)
Payment of lease liabilities	(2,384)	(7,141)	-	(9,525)	-	-	-	-	-	-	(9,525)
Dividends paid	(977)	-	-	(977)	-	-	-	-	-	-	(977)
<b>Net Cash Flow from Financing Activities</b>	<b>30,313</b>	<b>(2,786)</b>	<b>(26,459)</b>	<b>1,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,068</b>
Net increase in cash and cash equivalents	(5,374)	(847)	-	(6,221)	2,703	113	(1,171)	4,333	778	7,228	7,764
Net foreign exchange differences	-	(159)	-	(159)	-	-	-	-	-	-	(159)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>22,118</b>	<b>3,418</b>		<b>25,536</b>	<b>(2,703)</b>						<b>22,833</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>16,744</b>	<b>2,412</b>		<b>19,156</b>							<b>30,438</b>

## 10. OVERVIEW OF THE MERGED GROUP

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### 10.6.9.1 ADJUSTMENT (A) – CONSOLIDATION ADJUSTMENTS

The pro forma consolidation adjustments do not have a net cash flow impact on the Merged Group Pro Forma Historical Statement of Cash Flows, however, they reflect the impact of eliminating the offsetting operating, investing and financing cashflows recognised by 5GN and Webcentral respectively in relation to:

- the management services, managed IT services and network services provided by 5GN to Webcentral;
- the loans provided by 5GN to Webcentral and loan repayments from Webcentral to 5GN; and
- the interest paid by Webcentral to 5GN on loans provided to Webcentral under a secured loan agreement.

### 10.6.9.2 PRO-FORMA ADJUSTMENTS:

The Merged Group Pro Forma Historical Statement of Cash Flows includes the following adjustments:

- **Adjustment (B) – Cash acquired from Webcentral**

This adjustment eliminates the cash acquired by Webcentral recorded by 5GN of \$2.703 million.

- **Adjustment (C) – Cash paid to TPP Wholesale**

This adjustment eliminates the cash paid to a customer in settlement of a dispute relating to the period prior to 5GN obtaining control of Webcentral.

- **Adjustment (D) – Jobkeeper subsidy receipts**

This adjustment removes the Jobkeeper subsidy received by Webcentral during the period.

- **Adjustment (E) – Synergies implemented**

This adjustment recognises the pro forma cash impact of cost synergies implemented on the basis that the cost synergies implemented in Webcentral by 5GN between October 2020 and June 2021 relating to employee costs, direct cost and corporate cost reductions occurred at the commencement of the period.

- **Adjustment (F) – Net proceeds from discontinued operation**

The net proceeds from disposal of the Netalliance business has been removed on the basis that the disposal of the Netalliance business in November 2020 occurred prior to the commencement of the period.

- **Adjustment (G) – Transaction costs**

The transaction costs incurred of \$7.228 million have been removed on the basis that acquisition costs incurred by 5GN in relation to the acquisition of Webcentral occurred prior to the commencement of the period, and that transaction and restructuring costs incurred by Webcentral in relation to transaction and restructuring activities unrelated to the Scheme are removed.

### 10.6.10 ITEMS NOT REFLECTED IN THE MERGED GROUP PRO FORMA HISTORICAL STATEMENT OF CASH FLOWS

The Merged Group Pro Forma Historical Statement of Cash Flows has not been adjusted to reflect:

- the operating cash flows of 5GN and Webcentral after 30 June 2021;
- the risks set out in Section 12, including any financial impact of COVID-19;
- the ultimate timing of the Implementation Date;
- the impact of 5GN and/or Webcentral tax losses which may be available to the Merged Group;
- transaction costs incurred by 5GN and Webcentral in relation to the Scheme; and
- the ultimate timing and realisation of synergies (and associated costs) arising from the combination of 5GN and Webcentral.



## 11. TAX IMPLICATIONS

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### 11.1 INTRODUCTION

The following is a general description of the Australian tax consequences of the Scheme (assuming it is Implemented) for 5GN Shareholders. It does not constitute tax advice and should not be relied upon as such.

The description is based upon the Australian tax law and administrative practice in effect at the date of this Scheme Booklet. It is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a 5GN Shareholder. 5GN Shareholders are advised to seek their own independent professional tax advice in relation to their own particular circumstances.

The comments set out below are relevant only to those 5GN Shareholders who hold their 5GN Shares on capital account. The description does not address the Australian tax consequences for 5GN Shareholders who:

- are in the business of dealing in securities, or otherwise hold their 5GN Shares on revenue account or as trading stock;
- are subject to special taxation rules (e.g. banks, insurance companies, tax exempt organisations, superannuation funds, managed investment trusts or dealers in securities);
- acquired their 5GN Shares pursuant to an employee share, option or rights plan;
- are taken for capital gains tax (CGT) purposes to have acquired their 5GN Shares before 20 September 1985;
- are under a legal disability;
- are subject to the taxation of financial arrangements rules in Division 230 of ITAA 1997 in relation to gains and losses on their 5GN Shares; or
- are non-residents of Australia who currently hold, or have held at any time, their 5GN Shares through a permanent establishment in Australia.

5GN Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law. These comments relate to Australian tax law only.

This tax summary is based on Australian tax law and relevant regulations, rulings or judicial or administrative interpretations of such tax laws as at the date of this Scheme Booklet.

### 11.2 AUSTRALIAN RESIDENT SHAREHOLDERS

If the Scheme is Implemented, Webcentral will acquire all of the 5GN Shares from 5GN Shareholders. Eligible Shareholders will receive the Scheme Consideration of 2 New Webcentral Shares for each 5GN Share held on the Scheme Record Date.

As discussed in more detail below, the disposal of 5GN Shares to Webcentral under the Scheme will give rise to a CGT event for 5GN Shareholders. Subject to the comments in Section 11.2.3, an Australian tax resident 5GN Shareholder who would otherwise make a capital gain on the disposal of their 5GN Shares under the Scheme should be eligible to choose scrip for scrip roll-over relief.

#### 11.2.1 CAPITAL GAINS TAX

The disposal of 5GN Shares by 5GN Shareholders to Webcentral under the Scheme will constitute a CGT event A1 (for Australian CGT purposes).

The time of the CGT event will be when the 5GN Shareholders transfer their 5GN Shares to Webcentral under the Scheme (i.e. the Implementation Date).

#### 11.2.2 CALCULATION OF CAPITAL GAIN OR CAPITAL LOSS (APART FROM SCRIP FOR SCRIP ROLL-OVER RELIEF)

5GN Shareholders will make:

- a capital gain to the extent that their capital proceeds from the disposal of their 5GN Shares are more than the cost base of those 5GN Shares; or
- a capital loss to the extent that the capital proceeds are less than the reduced cost base of those 5GN Shares.

## 11. TAX IMPLICATIONS

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Subject to choosing scrip for scrip roll-over relief (discussed below), a 5GN Shareholder who makes a capital gain on disposal of their 5GN Shares will be required to include the net capital gain (if any) for the income year in their assessable income.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain or net capital loss. Any net capital gain is included in assessable income and is subject to income tax. A net capital loss may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains. Specific loss rules apply to 5GN Shareholders that are companies and trusts. These rules limit the ability to offset capital losses in a current or later income year.

### 11.2.2.1 COST BASE OF 5GN SHARES

The cost base of the 5GN Shares of a 5GN Shareholder will generally include the amount paid, and the market value of any property given, to acquire the 5GN Shares, plus certain incidental costs of acquisition and disposal (e.g. brokerage fees and stamp duty) that are not otherwise deductible to the 5GN Shareholder. The reduced cost base of the 5GN Shares of a 5GN Shareholder will be similarly determined.

### 11.2.2.2 CAPITAL PROCEEDS

The capital proceeds for the disposal of the 5GN Shares of a 5GN Shareholder will be the Scheme Consideration. The amount of the capital proceeds should be the market value of the New Webcentral Shares received by a 5GN Shareholder under the Scheme.

The market value of the New Webcentral Shares will be made available to 5GN Shareholders on the 5GN website following Implementation of the Scheme.

### 11.2.2.3 CGT DISCOUNT

Individuals, complying superannuation entities or trustees that have held their 5GN Shares for at least 12 months may be entitled to benefit from the CGT discount to reduce the amount of the capital gain (after application of capital losses) from the disposal of their 5GN Shares by:

- 50% in the case of individuals and trusts (for trustees, the ultimate availability of the discount for the beneficiaries of a trust will depend on the particular circumstances of the beneficiaries); or
- 33⅓% for complying superannuation entities.

The CGT discount will not be available to a 5GN Shareholder that is a company.

5GN Shareholders that are companies or corporate beneficiaries of a 5GN Shareholder who is a trustee are not entitled to a CGT discount in respect of capital gains on disposal of the 5GN Shares.

Any resulting net capital gain (including the capital gain on disposal of the 5G Shares less any available current year capital losses or prior year net capital loss) is included in an investor's assessable income.

Where the disposal results in a net capital loss and the 5GN Shareholder has no remaining capital gains to offset, the capital loss is carried forward by that 5GN Shareholder and may be available to be offset against capital gains in future years (subject to the satisfaction of any applicable loss recoupment rules including those that apply to trusts and companies). Capital losses and unused prior year net capital losses can only be applied against capital gains and cannot be deducted against ordinary or statutory (non CGT) assessable income.

### 11.2.3 CHOOSING SCRIP FOR SCRIP ROLL-OVER RELIEF

5GN Shareholders who make a capital gain on disposal of their 5GN Shares under the Scheme may choose to apply scrip for scrip roll-over relief.

If scrip for scrip roll-over relief is available and chosen by a 5GN Shareholder, then the capital gain that would otherwise arise will be disregarded and effectively deferred until the disposal of WCG Shares received under the Scheme.

## 11. TAX IMPLICATIONS

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CGT roll-over relief is only available to a 5GN Shareholder:

- who will make a capital gain on the disposal of their 5GN Shares;
- in respect of any scrip consideration received under the Scheme;
- where participation in the Scheme was available on substantially the same terms for all of the shareholders in 5GN (the fact that 5GN Shareholders with a foreign registered address cannot participate in the share for share exchange may cause the present arrangement to violate this scrip for scrip rollover requirement); and
- where Webcentral acquires at least an 80% ownership interest in 5GN.

Webcentral will not make a choice under section 124-795(4) of ITAA 1997 to deny scrip for scrip roll-over relief.

5GN Shareholders must make a choice to apply scrip for scrip roll-over relief before lodging their income tax return for the income year in which the Implementation Date occurs. A 5GN Shareholder will provide sufficient evidence of having chosen scrip for scrip roll-over relief by the way they prepare their income tax return (i.e. by excluding the disregarded capital gain from assessable income). There is no need to lodge a separate notice with the ATO.

Roll-over is not available to a 5GN Shareholder if a capital loss arises on the disposal of their 5GN Shares under the Scheme.

Where a 5GN Shareholder has chosen scrip for scrip roll-over relief, the first element of the cost base of the New Webcentral Share received as Scheme Consideration should be equal to the cost base of their original 5GN Shares.

Where scrip for scrip roll-over relief has been chosen by a 5GN Shareholder, the New Webcentral Shares will be taken to be acquired at the time their 5GN Shares were originally acquired, for the purpose of any subsequent disposal of the New Webcentral Shares and the application of the CGT discount.

The benefit of choosing scrip for scrip roll-over relief will depend upon the individual circumstances of each 5GN Shareholder.

### 11.2.4 WHERE SCRIP FOR SCRIP ROLL-OVER IS NOT CHOSEN OR AVAILABLE

Where scrip for scrip roll-over relief is not chosen or is not available in relation to a 5GN Shareholder's disposal of 5GN Shares under the Scheme:

- the capital gain or capital loss from the disposal of the 5GN Shareholder's 5GN Shares will be taken into account in calculating the 5GN Shareholder's net capital gain for the income year in which the Implementation Date occurs; and
- the first element of the cost base of each New Webcentral Share (i.e. the Scheme Consideration) received should be an amount equal to the market value of the 5GN Share given in respect of acquiring the New Webcentral Share, determined on the Implementation Date.

The acquisition date of the New Webcentral Share will be the Implementation Date. This date will be relevant for any future application of the CGT discount with respect to CGT events occurring in respect of the New Webcentral Share.

### 11.2.5 IMPLICATIONS OF HOLDING NEW WEBCENTRAL SHARES

As a consequence of participating in the Scheme, a 5GN Shareholder will cease to be a shareholder of 5GN and will become a shareholder of Webcentral.

Dividends (and any attached franking credits) received by an Australian tax resident shareholder of Webcentral would generally be required to be included in the assessable income of such a shareholder. A franking credit offset equal to any attached franking credits may also be available to the shareholder.

There are a number of rules that may impact the ability of a Webcentral Shareholder to utilise franking credits, including the holding period rule.

## 11. TAX IMPLICATIONS

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### 11.2.6 CGT ON SUBSEQUENT FUTURE DISPOSAL OF WEBCENTRAL SHARES

A subsequent future disposal of Webcentral Shares will generally result in Australian CGT implications to the Webcentral Shareholder which are similar to the tax consequences as described in section 11.2.2. These CGT outcomes will depend on each Webcentral Shareholder's tax circumstances at the time of a future sale including whether or not, and the extent to which, scrip for scrip rollover relief was claimed in relation to the disposal of 5GN Shares pursuant to the Scheme.

Where a 5GN Shareholder chooses scrip for scrip rollover, the cost base of the Webcentral Shares will be equal to the original cost base held in the 5GN Shares exchanged for the Webcentral Shares.

A 5GN Shareholder will be taken to have acquired the Webcentral shares at the time the 5GN Shares exchanged for them were originally acquired for CGT purposes.

### 11.3 NON-RESIDENT SHAREHOLDERS

#### 11.3.1 CAPITAL GAINS TAX

For 5GN Shareholders who are not Australian tax residents (including Ineligible Foreign Shareholders), the disposal of their 5GN Shares should have no CGT consequences if the 5GN Shares are not "Taxable Australian Property" (TAP) under Division 855 of the Tax Act.

Under Division 855, non-resident 5GN Shareholders may be subject to Australian CGT if the 5GN Shares constitute TAP. Broadly, the 5GN Shares should only constitute TAP if both of the following requirements are satisfied:

- the non-resident 5GN Shareholder together with its associates hold 10% or more of the 5GN Shares at the time of disposal or for any continuous 12-month period within two years preceding the disposal (referred to as a 'non-portfolio interest' in 5GN); and
- more than 50% of the market value of 5GN's total assets is attributable to direct or indirect interests in 'taxable Australian real property' (as defined in the Tax Act) ("principal asset test").

For other 5GN Shareholders who are not Australian tax residents, no component of the 5GN Shares should be taxable Australian property as their underlying value is not principally derived from Australian real property.

5GN Shareholders with a non-Australian registered shareholder's address are treated as "foreign holders" and will not be entitled to receive Webcentral Shares as consideration for their 5GN Shares pursuant to the Scheme. Accordingly, scrip for scrip rollover will not be available for those 5GN Shareholders who are foreign shareholders.

Non-residents who are beneficiaries of an Australian trustee 5GN Shareholder cannot disregard under Division 855 their present entitlement share of trust net capital gains including any net capital gains on disposal of the 5GN Shares. However, an Australian trustee 5GN Shareholder may be able to participate in the scrip for scrip exchange and therefore may be able to choose for scrip for scrip rollover to apply. Australian trustee 5GN Shareholders and non-resident beneficiaries in these circumstances must seek their own Australian tax advice on this matter including whether the Australian trustee can and/or should exercise a choice to apply scrip for scrip rollover in respect of the transaction.

#### 11.3.2 FOREIGN RESIDENT CGT WITHHOLDING TAX RULES

The foreign resident CGT withholding tax rules impose a 12.5% non-final withholding obligation on the purchasers of certain Australian assets (typically assets which are TAP) where they acquire the asset from a relevant foreign resident.

Further, there are a number of exceptions to these withholding tax rules applying. The most relevant exceptions are:

- where the market value of the CGT asset acquired is less than \$750,000; or
- where the transaction to acquire the CGT asset occurs on an approved stock exchange.

## 11. TAX IMPLICATIONS

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Where none of the above exceptions apply, Webcentral may be required to remit to the Commissioner of Taxation an amount equal to 12.5% of the capital proceeds provided for the acquisition of 5GN Shares from certain 5GN Shareholders. Webcentral may be required to make such withholdings where:

- 5GN satisfies the principal asset test, as described above;
- a 5GN Shareholder has a non-portfolio interest in 5GN as described above; and
- Webcentral knows or reasonably believes that the relevant 5GN Shareholder is a foreign resident or Webcentral does not reasonably believe that the 5GN Shareholder is an Australian resident, and either:
  - the 5GN Shareholder has an address outside of Australia; or
  - Webcentral is authorised to provide a related financial benefit to a place outside of Australia (whether to the 5GN Shareholder or anyone else).

Should Webcentral not have sufficient information to determine whether a 5GN Shareholder is a foreign resident, it may request a CGT Declaration from each 5GN Shareholder. Obtaining a signed and completed CGT Declaration from each vendor will ensure that no withholding takes place provided that the 5GN Shareholder has declared that it is either:

- an Australian resident for tax purposes; or
- a foreign resident for tax purposes that is not disposing of an 'indirect Australian real property interests'.

A 5GN Shareholder who believes the disposal of their 5GN Shares may result in a foreign resident CGT withholding tax liability should obtain independent professional tax advice on their tax obligations in respect of their disposal.

### 11.4 STAMP DUTY

No stamp duty should be payable by 5GN Shareholders in relation to the disposal of their 5GN Shares to Webcentral under the Scheme.

### 11.5 GOODS AND SERVICES TAX

5GN Shareholders should not be liable to GST in respect of a disposal of their 5GN Shares.

5GN Shareholders may be charged GST on costs (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. 5GN Shareholders may be entitled to input tax credits for such costs, but should seek independent professional tax advice in relation to their individual circumstances.

## 12. RISK FACTORS

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### 12.1 INTRODUCTION

The Scheme presents a number of potential risks that 5GN Shareholders should consider when deciding how to vote on the Scheme.

5GN Shareholders are currently exposed to various risks as a result of their investment in 5GN. If the Scheme proceeds, 5GN will seek to merge its business operations with that of Webcentral, and those 5GN Shareholders who are eligible to participate in the Scheme, being the Scheme Shareholders, will receive shares in Webcentral. As a consequence, those 5GN Shareholders who receive shares in Webcentral will be exposed to certain additional risks relating to Webcentral and the integration of 5GN, Webcentral and their respective corporate groups, many of which will be beyond the control of the Merged Group. In a number of cases, those risks are different from, additional to or greater than, those faced by 5GN Shareholders currently.

This Section 12 discusses the risk factors relating to 5GN, Webcentral and, if the Scheme proceeds, the Merged Group. These risks include risks relating to:

- 5GN and its existing business;
- Webcentral and its existing business;
- if the Scheme proceeds, the Merged Group;
- general investment risks; and
- risks if the Scheme does not proceed.

#### 12.1.1 QUALIFICATIONS AND LIMITATIONS

This Section 12 provides a summary of some of the key risks, although it does not contain a complete and exhaustive list.

This Scheme Booklet does not take into account the investment objectives, financial situation, or the particular needs or risk profiles of individual 5GN Shareholders. You should carefully consider the following risks, as well as the other information contained in this Scheme Booklet, and seek independent professional advice before deciding whether to vote on the Scheme.

### 12.2 MERGED GROUP OPERATIONAL RISKS

The following risks are relevant to each of 5GN and Webcentral as standalone entities, unless otherwise identified. Accordingly, they will also be relevant to the Merged Group after Implementation of the Scheme.

#### 12.2.1 SUSTAINABILITY AND GROWTH

The continued strong growth in sales and profitability of the Merged Group depends on a number of factors, including attracting new customers on a sufficiently profitable basis, and retaining and increasing revenue from existing customers. Customer revenue growth is particularly dependent upon the provision of consistently high quality customer service and continued satisfaction of sales objectives. If these growth factors were to be impaired, the financial performance and reputation of Merged Group would be adversely affected.

#### 12.2.2 COMPETITION

The digital services industry is rapidly evolving with a heightened environment of change characterised by disruptive technologies. The Merged Group therefore faces potential loss of its competitive or market position as a result of potential product innovation by existing competitors or new entrants to the market. The Merged Group may not anticipate or respond to any such developments with sufficient speed to maintain its market position. Other competitive risks faced by the Merged Group include price competition, competitor marketing campaigns, mergers of, or acquisitions by, competitors and possible new entrants to the market.

## 12. RISK FACTORS

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### 12.2.3 CHANGES IN TECHNOLOGY

The digital services industry is evolving rapidly with the frequent introduction of new technologies, products and innovations. Consumer behaviours, preferences and trends are also constantly changing upon the onset of new methods of communication and digital platforms. The Merged Group must likewise evolve and adapt its products and service offering to maintain pace with the industry in which it operates and to maintain its competitive position. Given the pace of change, there is no guarantee that the Merged Group will be able to continue to introduce new and superior products, or products that are perceived to be new and superior by consumers, at the rate seen by other competitors in the market generally. The Merged Group's ability to do so is constrained by factors including its available capacity, resources and capital to invest in product develop, innovation and design. This may adversely impact on the Merged Group's long and short term business performance.

### 12.2.4 INFORMATION COMMUNICATION TECHNOLOGY

Both 5GN and Webcentral's businesses are heavily dependent on information communication technology for the delivery of their various services, across large geographic distance, and they have each invested significantly in technology to maximise the efficiency of their operations. Should these systems not be adequately maintained, secured and updated, or the Merged Group's disaster recovery processes not be adequate, system failures may negatively impact the Merged Group's performance.

In particular, 5GN and Webcentral have undertaken IT transformation programs in recent years. These IT transformation programs, which are still in progress, may cause unexpected disruptions, fail to provide anticipated benefits or otherwise be unsuccessful. A significant implementation and migration failure could result in a major impact on the Merged Group's customer retention, revenues, costs and reputation.

### 12.2.5 INFRASTRUCTURE AND TECHNOLOGY FAILURE

The Merged Group will rely on its technical infrastructure and networks to provide its customers with a highly reliable service. There may be a failure to deliver this level of service as a result of numerous factors, including human error, power loss, failure of third-party equipment, services or networks, improper maintenance by landlords and security breaches. Service interruptions, regardless of their cause, may cause contractual and other losses to the Merged Group.

### 12.2.6 CYBER AND SECURITY RISKS

Protection of customer and third-party data is critical to the Merged Group's ongoing business and any breaches of this could have significant negative financial ramifications. The Merged Group retains a significant amount of sensitive customer and third-party information. Customers and third parties have high expectations regarding the protection of their information. Additionally, the legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding. Failures or breaches of data protection systems can result in reputational damage, regulatory impositions (such as for breaches of the Privacy Act 1988 (Cth)) and financial loss, including claims for compensation by customers or penalties by telecommunications regulators or other authorities.

As a technology business, the Merged Group's business may be particularly adversely affected by technological disruptions, including through impacts of malicious third party applications or other form of cyber-attack on the Merged Group that could result in failures and interfere with its systems, products and platforms. It is possible that the measures taken by the Merged Group will not prevent unauthorised access to its systems and technologies, risking third party access to confidential or otherwise sensitive data. This could lead to loss of key business or customer information, reputational damage and claims from customers or other third parties whose data may be affected.

If, as a consequence, the Merged Group is unable to provide services to its customers, it may experience loss of market share, damage to reputation and brand, customer compensation claims and regulatory action. This may result in the Merged Group incurring significantly increased expenses or suffering reduced revenue.



## 12. RISK FACTORS

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### 12.2.7 LOSS OF ACCREDITATION AND LICENCES

5GN and Webcentral each rely on certain accreditations and licences to operate their businesses.

In particular, 5GN holds a carrier licence under the Telecommunications Act 1997. This licence is essential for 5GN to operate as a carrier of telecommunications infrastructure. If this licence or other licences were to be cancelled (depending on which licences they were) it could severely restrict the ability of the Merged Group to operate and could result in the Merged Group breaching a number of its contractual obligations.

Circumstances in which a carrier licence may be cancelled include where the licence holder fails to pay the annual carrier licence fee imposed by the Telecommunications (Carrier Licence Charges) Act 1997 (if required) or the industry levy as imposed by the Telecommunications (Industry Levy) Act 2012 (if required), becomes a disqualified body corporate within the meaning of the Telecommunications Act 1997, or ceases to be a constitutional corporation.

Several of Webcentral's domain registry businesses are ICANN and .auDA accredited Registrars. Such accreditation is essential for Webcentral to operate as a domain registrar business and provide customers with domain name services. If accreditation were to be lost, it could severely restrict Webcentral's ability to operate as a domain name service provider and could result in Webcentral breaching its contractual obligations.

5GN and Webcentral's businesses are reliant on wholesale licences to provide digital services to customers. Currently, 5GN and Webcentral are reliant on licence agreements with suppliers such as Microsoft, Amazon, Salesforce, Freshworks and cPanel.

The Merged Group cannot be assured that it will continue to be provided with the abovementioned brand licences. If the Merged Group were to not have such brand licences, its ability to attract customers or provide attractive offerings could be negatively affected, which in turn could have a material adverse effect on its business, financial condition and results or operations of the Merged Group.

5GN and Webcentral review their respective accreditation and licensing compliance obligations on a regular basis.

### 12.2.8 PROFESSIONAL REPUTATION AND CUSTOMER LOYALTY

The Merged Group's success will be heavily reliant on its positive reputation, and particularly its customer satisfaction, in relation to its operating brands. The occurrence of any unforeseen issue or event which impacts the performance of the Merged Group's services may result in a diminution of customer satisfaction and loyalty, and place the reputation of the Merged Group's brands at risk. These implications bear a risk of adversely impacting the financial performance of the Merged Group's business.

### 12.2.9 REGULATORY COMPLIANCE

The Merged Group will operate in a highly regulated environment, with strong penalties for non-compliance, including undertakings or the imposition of substantial civil and criminal penalties. Possible changes to existing regulation may impose substantial risks to both 5GN and Webcentral's respective businesses and increased compliance costs. Neither 5GN nor Webcentral is able to predict the nature or impact of future policies and any such changes are beyond their control, which could impose a range of risks upon the Merged Group going forward. Both State and Commonwealth governments in Australia have been instituting broad regulatory changes in response to the COVID-19 pandemic. Depending on the nature of such changes, there could be an impact on the Merged Group's business or financial position.

The key risks to the Merged Group's business as a result of unexpected regulatory policies, outcomes or decisions, will be:

- increased regulation by regulators empowered to regulate the telecommunications sector, including the Australian Competition & Consumer Commission and the Australian Communications and Media Authority, and the possibility, in certain circumstances, of large fines being imposed for contraventions of relevant laws;

## 12. RISK FACTORS

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- an increase in compliance costs and delays in having to seek additional, or variations to, government approvals – this is particularly pertinent given the importance of the Merged Group being able to obtain, maintain, renew and obtain licences to conduct its business; and
- changes to regulations or government policies governing the telecommunications sector, such as the government's recently legislated Telecommunications Sector Security Reform (and related policy) which may adversely impact upon the Merged Group's ability to continue to acquire goods and services from existing suppliers from foreign countries.

### 12.2.10 AVAILABILITY OF EQUIPMENT

The Merged Group will be dependent upon third party suppliers for IT and network infrastructure and, in some cases, licences, services, equipment and content from parties over whom the Merged Group may have no direct operational or financial control. If any of these third party providers fail to maintain their products, solutions, services or offerings properly or fails to respond and adapt quickly to any of 5GN, Webcentral or the Merged Group's requirements, customers may experience service interruptions.

The dependence on these third party suppliers for support and delivery of certain core business functions means that things like the impact of the COVID-19 pandemic, regulatory changes or issues with the Merged Group's supply chain could have a significant adverse impact on the timeliness or cost of building or maintaining the Merged Group's network.

In particular, 5GN also relies on agreements with suppliers of networking equipment (including ADVA) and providers of IT services (including Vocus and Telstra). 5GN does not have any direct operational or financial control over its key suppliers and has limited influence with respect to the manner in which these key suppliers conduct their businesses.

There is also a risk that third party suppliers may provide services or products with defects, which may lead to network underperformance or other impacts on customers. This could, in turn, adversely affect the Merged Group's market share or revenue.

### 12.2.11 SERVICING EXISTING DEBT

The Merged Group's ability to service its existing debt depends upon its financial performance and cash flows which to some extent are subject to general economic, financial, regulatory and other factors beyond the control of the Merged Group. If the Merged Group is unable to generate sufficient cash flow to meet specific debt repayment obligations, it may face additional financial penalties, higher interest rates or difficulty obtaining further funding in the future.

### 12.2.12 ABILITY TO REFINANCE EXISTING DEBT AND ACCESS DEBT AND EQUITY CAPITAL MARKETS

Both 5GN and Webcentral obtain significant funding from banks. The Merged Group is subject to the risk that it may not be able to refinance its bank facilities when they fall due or that the terms (including in relation to pricing) on refinancing will be less favourable than the existing terms. If there is a deterioration in the level of debt market liquidity, this may prevent the Merged Group from being able to refinance some or all of its debt.

In addition, the Merged Group may in the future require additional debt or equity capital in order to fund growth strategies, in particular for acquisition opportunities that may arise from time to time. There is a risk that the Merged Group may be unable to access debt or equity funding from the capital markets on favourable terms, or at all.

### 12.2.13 INSURANCE

Both 5GN and Webcentral seek to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sector. However, some liabilities could exceed policy limits or certain risks could be excluded. The Merged Group may also decide not to insure against certain risks having regard to the likelihood of the risk eventuating and the cost of the insurance. If the Merged Group incurs loss or liability and the insurances in place are unavailable or inadequate to account for the damages, its financial position and performance may be compromised.

## 12. RISK FACTORS

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### 12.2.14 INABILITY TO PAY DIVIDENDS OR MAKE DISTRIBUTIONS

The payment of dividends (if any) by the Merged Group will be determined by the Webcentral Board from time to time at its discretion, and will be dependent upon factors including the profitability and cash flow of the Merged Group's business at the relevant time. Further information about the Merged Group's dividend policy is set out in Section 10.4.6 of this Scheme Booklet.

### 12.2.15 SHAREHOLDER DILUTION

While the Merged Group does not currently have any planned offerings of securities, and does not expect to require any equity funding in the near term, Webcentral may undertake offerings of securities in the future. The increase in the number of securities may have the effect of depressing the price of Webcentral securities already on issue. In addition, although Webcentral will be subject to the constraints of the Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply) the issue of additional securities by Webcentral may result in the dilution of existing holders of Webcentral's securities.

### 12.2.16 INTELLECTUAL PROPERTY

The Merged Group holds various intellectual property, trademarks and other rights which are inherently at risk of infringement by third parties. Failure by the Merged Group to protect these rights could impact the value of these rights, the Merged Group's ability to maintain customer recognition and the risk of confusion between Webcentral, 5GN and third parties.

## 12.3 SPECIFIC RISKS RELATING TO THE SCHEME AND THE CREATION OF THE MERGED GROUP

### 12.3.1 CONDITIONS PRECEDENT MUST BE SATISFIED OR WAIVED

The implementation of the Scheme is subject to a number of Conditions Precedent as set out in clause 3.1 of the Merger Implementation Agreement. There can be no certainty that these Conditions Precedent will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. In addition, several of the Conditions Precedent to implementation of the Scheme are beyond the control of 5GN or Webcentral, including, but not limited to, approval of the Scheme by the requisite majority of 5GN Shareholders and the Court.

If for any reason the Conditions Precedent to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of 5GN Shares and Webcentral Shares may be adversely affected.

### 12.3.2 COURT APPROVAL AND DELAYS

There is a risk that the Court may not approve the Scheme or that Court approval may be delayed. If there is a material change in circumstances between the date of this Scheme Booklet and the Second Court Date, then, depending on the nature and timing of the change in circumstances, 5GN may be required to issue a supplementary document to this Scheme Booklet resulting in delays to the indicative timetable. Further, if any such changes materially alter the Scheme, the Court may not approve the Scheme at the Second Court Hearing.

### 12.3.3 THE MERGER IMPLEMENTATION AGREEMENT MAY BE TERMINATED IN CERTAIN CIRCUMSTANCES

Each of 5GN and Webcentral has the right to terminate the Merger Implementation Agreement in certain circumstances as set out in clause 12 of the Merger Implementation Agreement. Accordingly, there is no certainty that the Merger Implementation Agreement will not be terminated by either 5GN or Webcentral before the implementation of the Scheme.

## 12. RISK FACTORS

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### 12.3.4 VALUE OF THE SCHEME CONSIDERATION IS NOT CERTAIN

The implied value of the Scheme Consideration is liable to vary over time depending on the prevailing Webcentral Share price, including between the date of this Scheme Booklet, the date of the Scheme Meeting and the date on which the Scheme Consideration is received by Scheme Shareholders.

If the Scheme is implemented, 5GN Shareholders (other than Ineligible Foreign Shareholders) will receive New Webcentral Shares. The market value of the New Webcentral Shares to be issued will depend on the price at which Webcentral Shares trade on ASX after the Implementation Date.

Webcentral has offered 2 New Webcentral Shares for each 5GN Share held under the terms of the Scheme. As this share ratio is fixed, the number of New Webcentral Shares to be received by 5GN Shareholders in the context of the Scheme will remain unchanged even if the market value of Webcentral Shares differs relative to the pre-implementation market values of Webcentral Shares and 5GN Shares.

No adjustment will be made to such ratio due to fluctuations in the market price of 5GN Shares or Webcentral Shares. Accordingly, any such fluctuations may adversely affect the market value of the New Webcentral Shares from time to time.

### 12.3.5 INTEGRATION RISK AND REALISATION OF SYNERGIES

There is a risk that the performance and future prospects of the Merged Group could be adversely affected if 5GN's business is not integrated effectively with Webcentral's business. The integration of the 5GN and Webcentral businesses may give rise to unexpected challenges and issues, and there is no guarantee that the integration will be successful.

There is a risk that integration could take longer or cost more than anticipated, including as a result of the COVID-19 pandemic and applicable physical separation requirements, and that the anticipated benefits and synergies of the Merged Group will be less than estimated or will be realised over a longer period of time. Any failure to achieve the anticipated synergies may impact on the financial performance and position of the Merged Group and the future price of Webcentral Shares.

### 12.3.6 EMPLOYEES

The Merged Group's success following implementation of the Scheme will depend in part upon its ability to retain people who are currently key employees of 5GN and Webcentral. If there is a departure of key employees during the implementation, or as a result of the Scheme, the Merged Group's business could be adversely affected. The Merged Group may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business.

Certain key executives and other employees of Webcentral or 5GN and their respective Subsidiaries may terminate their management positions or their employment contracts on their own initiative or that of the Merged Group as a result of the Scheme. If members of the Merged Group's senior management depart, the Merged Group may not be able to find effective replacements in a timely manner, or at all, and its business may be disrupted.

### 12.3.7 CHANGE IN RISK AND INVESTMENT PROFILE

After Implementation of the Scheme, eligible Scheme Shareholders who currently hold 5GN Shares will be exposed to additional risks relating to Webcentral and certain additional risks relating to the Merged Group and integration of the two businesses.

While the operations of 5GN and Webcentral are similar in a number of ways, there will be differences between the size, capital structure, infrastructure and clients of the Merged Group and 5GN currently.

### 12.3.8 TAX CONSEQUENCES FOR SCHEME SHAREHOLDERS

If the Scheme proceeds, there may be tax consequences for Scheme Shareholders. Scheme Shareholders should seek their own professional advice regarding the individual tax consequences of the Scheme.

Further information on the tax consequences of the Scheme is set out in Section 11 of this Scheme Booklet.

## 12. RISK FACTORS

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### 12.4 GENERAL RISKS

#### 12.4.1 SECURITIES MARKET FLUCTUATIONS

There are various risks associated with investing in any form of business and with investing in listed entities generally. As with any entity listed on the ASX, the value of 5GN Shares is influenced by a variety of factors, including macroeconomic factors or broader social occurrences which are beyond 5GN's ability to control or predict. The events relating to the COVID-19 pandemic have recently resulted in significant market falls and volatility including in the prices of securities trading on ASX. The value of New Webcentral Shares following Implementation of the Scheme will depend upon general share market and economic conditions, which are uncertain and subject to fluctuation, as well as the specific performance of the Merged Group. There is no guarantee of profitability, dividends, return of capital, or the price at which Webcentral Shares will trade on the ASX. The past performance of 5GN Shares or Webcentral Shares is not necessarily an indication as to future performance as the trading price of shares can go down or up in value.

#### 12.4.2 GENERAL ECONOMIC CONDITIONS

The financial performance of the Merged Group and the value of the New Webcentral Shares may fluctuate due to various factors, including movements in the Australian and international capital markets, recommendations by brokers and analysts, interest rates, exchange rates, inflation, Australian and international economic conditions, change in international economic conditions, change in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities, global health pandemics and acts of terrorism, investor perceptions and other factors that may affect the Merged Group's financial position and earnings. In the future, these factors may affect the Merged Group and may cause the price of New Webcentral Shares to fluctuate and trade below current prices.

In light of recent global macroeconomic events, including the impact of COVID-19, Australia may experience an economic recession or downturn of uncertain severity and duration which could impact the Merged Group's ability to attract and retain customers, to invest sufficiently to develop, adopt and integrate the latest technologies into existing infrastructure, and to secure and maintain third party suppliers for IT and network infrastructure over whom the Merged Group may have no direct operational or financial control. These economic disruptions may adversely impact the Merged Group's earnings and assets, as well as the value of the New Webcentral Shares.

#### 12.4.3 COVID-19

The escalation of the outbreak of the COVID-19 virus into a global pandemic is impacting global economic markets. The severity and duration of the COVID-19 pandemic and the effect on the performance of the Merged Group remains unknown. The Merged Group may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations.

Many of the operational and general risks relating to the Merged Group highlighted in this Section 12 are likely to be heightened due to the impacts of the COVID-19 pandemic. There is continued uncertainty as to the further impacts of COVID-19, including in relation to governmental action, lockdown, quarantines, customer behaviour, employee availability, travel restrictions and the general impact on the Australian global economy and share markets.

In addition, the COVID-19 global pandemic may specifically impact the operations of the Merged Group, including customers seeking lower cost services, increased bad debt risk and reduced revenue. If any of these risks were to materialise, this could negatively impact the operating and financial performance of the Merged Group and hinder its capacity to meet its business objectives.

## 12. RISK FACTORS

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### 12.4.4 TAX

A change to the current tax regime may affect 5GN, Webcentral or the Merged Group, and Scheme Shareholders. Any changes to the current rate of company income tax may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns. Personal tax liabilities are the responsibility of each individual Scheme Shareholder. 5GN, Webcentral and the Merged Group are not responsible for tax or penalties incurred by Scheme Shareholders.

### 12.4.5 CHANGE IN ACCOUNTING OR FINANCIAL REPORTING STANDARDS

AAS are set by the Australian Accounting Standards Board. Changes to accounting standards issued by Australian Accounting Standards Board could materially adversely affect the financial performance and position reported in the financial statements of 5GN, Webcentral or the Merged Group. Any change in AAS is beyond the control of 5GN, Webcentral or the Merged Group despite potentially having an adverse impact on the Merged Group's reported financial performance.

### 12.4.6 FORCE MAJEURE EVENTS

Events may occur within or outside Australia that could impact upon the global, Australian economy, the operations of the Merged Group and the price of Webcentral Shares. These events include but are not limited to acts of terrorism, a global health pandemic such as the current COVID-19 pandemic, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Merged Group's services and its ability to conduct business. The Merged Group has only a limited ability to insure against some of these risks.

### 12.4.7 OTHER RISKS

Additional risks and uncertainties not currently known to 5GN or Webcentral may also have a material adverse effect on 5GN, Webcentral or the Merged Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting 5GN, Webcentral or the Merged Group.

## 12.5 RISKS IF THE SCHEME DOES NOT PROCEED

If the Scheme does not proceed and no other acceptable proposal is received, 5GN will continue on as a stand-alone basis and 5GN Shareholders will retain their 5GN Shares. In these circumstances the price at which 5GN Shares may trade on the ASX is uncertain.

Given the public nature of the Scheme, and its positive reception among certain stakeholders, in the event that the Scheme does not proceed, there is a risk that Webcentral and 5GN could suffer reputational damage. Related to this, there is also a risk that Webcentral and 5GN's personnel and/or counterparties experience a decline in morale as a result of the Scheme not being implemented. The materialisation of any such risks could negatively impact Webcentral and 5GN's short-term or long-term operating and financial performance.

5GN Shareholders will also remain exposed to the normal risks inherent in the 5GN business if the Scheme and Merger do not proceed. Further, 5GN will have incurred significant transaction costs in relation to the proposed Scheme even if it does not proceed. Under the Merger Implementation Agreement, these costs may include the payment of a Reimbursement Fee to Webcentral if the Scheme does not proceed in certain circumstances.

See Section 13.1.4 of this Scheme Booklet for further information on the Reimbursement Fee payable to Webcentral in certain circumstances.

## 13. ADDITIONAL INFORMATION

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### 13.1 KEY TERMS OF THE MERGER IMPLEMENTATION AGREEMENT

#### 13.1.1 OVERVIEW

On 16 July 2021, Webcentral and 5GN entered into the Merger Implementation Agreement. The key terms of the Merger Implementation Agreement are summarised below.

A copy of the full Merger Implementation Agreement is available on the ASX website at [www2.asx.com.au](http://www2.asx.com.au), and on 5GN's website at <https://5gnetworks.com.au/>.

#### 13.1.2 CONDITIONS PRECEDENT

Implementation of the Merger Implementation Agreement is subject to the Conditions Precedent which must be satisfied or waived (as applicable).

For details of the Conditions Precedent, see Section 7.3 of this Scheme Booklet and clause 3.1 of the Merger Implementation Agreement.

#### 13.1.3 EXCLUSIVITY ARRANGEMENTS

The Merger Implementation Agreement contains certain customary exclusivity arrangements in favour of Webcentral and 5GN. These exclusivity arrangements are set out in clause 10 of the Merger Implementation Agreement.

In summary, 5GN and Webcentral have granted the following exclusivity rights in favour of each other during the Exclusivity Period:

- **No existing discussions** – it and its Subsidiaries and their respective Related Persons are not engaging in or are a party to discussions in respect of a Competing Proposal, and have ceased providing any non-public information which may facilitate a Competing Proposal.
- **No shop** – it and each of its Related Persons and Subsidiaries must not directly or indirectly solicit, invite, encourage or initiate any inquiry, offer, expressions of interest, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any person an intention to take such actions.
- **No talk** – subject to the fiduciary carve out in clause 10.4 of the Merger Implementation Agreement, it and each of its Related Persons and Subsidiaries must not directly or indirectly:
  - o facilitate, participate in or continue any negotiations or discussions with respect to any Competing Proposal or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;
  - o negotiate, accept or enter into, or offer or agree to negotiate a Competing Proposal; or
  - o disclose any non-public information about the business or affairs of the relevant party to any Third Party in connection with such Third Party formulating, developing or finalising a Competing Proposal, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal other than as required by law; or
  - o communicate to any person an intention to take any of the above actions.
- **Notification of approaches** – subject to the fiduciary carve out in clause 10.4 of the Merger Implementation Agreement, it must notify each other in writing within 48 hours if it, any of its Subsidiaries or any of their respective Related Persons, becomes aware of any approach, attempt to initiate discussions or negotiations, inquiry or proposal (or an intention to do any of those things) received by the relevant party in relation to an actual, proposed or potential Competing Proposal, whether direct or indirect, in writing or otherwise.
- **Matching right** – it will not enter into an agreement to undertake a Competing Proposal unless it has given the other party at least five business days to provide a matching or Superior Proposal to the terms of the Competing Proposal.



## 13. ADDITIONAL INFORMATION

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### 13.1.4 REIMBURSEMENT FEE AND REVERSE REIMBURSEMENT FEE

#### Reimbursement Fee

5GN has agreed to pay Webcentral a reimbursement fee of the greater of reasonable actual Third Party costs incurred by Webcentral and \$500,000 if certain specified events occur, including:

- **Change of recommendation** – a change of recommendation to vote in favour of the Scheme by a member of the Independent Board Committee other than:
  - o where the Independent Expert concludes that the Scheme is not in the best interests of 5GN Shareholders (except where the reason for that conclusion is due wholly or partly to the existence, announcement or publication of a Competing Proposal); or
  - o the withdrawal of a recommendation or voting intention statement so as to not make any recommendation or voting intention statement occurs because of a requirement or request of a court or Government Agency that one or more 5GN Directors abstain or withdraw from making a recommendation or voting intention statement in relation to the Scheme after the date of the Merger Implementation Agreement because of an interest he or she has in the Scheme.
- **Competing Proposal** – a Competing Proposal is announced prior to 8.00am on the Second Court Date and within 12 months of the announcement the Third Party or its Associates completes the Competing Proposal
- **Webcentral Termination** – Webcentral validly terminating the Merger Implementation Agreement for a material breach by 5GN.

The Reimbursement Fee is not payable if the Scheme does not proceed merely because 5GN Shareholders do not vote in favour of the Scheme by the Requisite Majority. The Reimbursement Fee arrangements are set out in clause 11 of the Merger Implementation Agreement.

#### Reverse Reimbursement Fee

Webcentral has agreed to pay 5GN a reverse reimbursement fee of the greater of reasonable actual Third Party costs incurred by 5GN and \$500,000 if certain specified events occur, including:

- **Change of recommendation** – a change of recommendation to vote in favour of the Substantial Asset Resolution and Reverse Takeover Resolution by any Webcentral Director other than:
  - o where the Independent Expert concludes that the Substantial Asset Resolution is neither fair nor reasonable to Webcentral Shareholders (except where the reason for that conclusion is due wholly or partly to the existence, announcement or publication of a Competing Proposal); or
  - o the withdrawal of a recommendation so as to not make any recommendation occurs because following receipt of written legal advice from its external legal advisers, one or more Webcentral Directors, by virtue of the directors' duties of the relevant Webcentral Directors, is required to abstain or withdraw from making a recommendation so as to not make any recommendation, because of an interest he or she has in the Substantial Asset Resolution or Reverse Takeover Resolution.
- **Competing Proposal** – a Competing Proposal in respect of Webcentral is announced prior to 8.00am on the Second Court Date and within 12 months of the announcement the Third Party or its Associates completes the Competing Proposal
- **Webcentral Shareholder Approval** – the Scheme does not proceed because Webcentral or 5GN terminates the Merger Implementation Agreement on the basis that the condition precedent in 3.1(j) of the Merger Implementation Agreement (Webcentral Shareholder approval) has not been satisfied before 10:00 am on the date of the Scheme Meeting.
- **5GN Termination** – 5GN validly terminating the Merger Implementation Agreement for a material breach by Webcentral.

## 13. ADDITIONAL INFORMATION

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### 13.1.5 REPRESENTATIONS AND WARRANTIES

Webcentral has given to 5GN a number of representations and warranties, including that:

- the Webcentral Information included in this Scheme Booklet is accurate in all material respects and will not contain any statement which is materially misleading or materially deceptive (with any statement of belief or opinion being honestly held and formed on a reasonable basis) and has been provided to 5GN in good faith and is in compliance with relevant legal and regulatory requirements;
- it has the power and authority to execute the Merger Implementation Agreement;
- it and its Subsidiaries are not insolvent;
- no litigation, prosecution, arbitration, mediation, or other proceedings relating to the Webcentral Group and which is material to the business of the Webcentral Group is current or, as far as Webcentral is aware, pending or threatened or would reasonably be expected to arise as a result of current circumstances;
- so far as Webcentral is aware, each Webcentral Group member has complied in all material respects with all enterprise bargaining agreements or similar collective agreements;
- it has complied with its continuous disclosure obligations; and
- it has complied in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Government Agencies having jurisdiction over it.

5GN has given to Webcentral a number of representations and warranties, including that:

- the 5GN Information included in this Scheme Booklet is accurate in all material respects and will not contain any statement which is materially misleading or materially deceptive (with any statement of belief or opinion being honestly held and formed on a reasonable basis) and has been provided to Webcentral in good faith and is in compliance with relevant legal and regulatory requirements;
- it has the power and authority to execute the Merger Implementation Agreement;
- it and its Subsidiaries are not insolvent;
- no litigation, prosecution, arbitration, mediation, or other proceedings relating to the 5GN Group and which is material to the business of the 5GN Group is current or, as far as 5GN is aware, pending or threatened or would reasonably be expected to arise as a result of current circumstances;
- so far as 5GN is aware, each 5GN Group member has complied in all material respects with all enterprise bargaining agreements or similar collective agreements;
- it has complied with its continuous disclosure obligations; and
- it has complied in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Government Agencies having jurisdiction over it.

### 13.1.6 TERMINATION RIGHTS

Broadly, each of 5GN and Webcentral may terminate the Merger Implementation Agreement by written notice to the other party if:

- the other party has materially breached the Merger Implementation Agreement and the party entitled to terminate has given written notice to the other party setting out the relevant circumstances and the other party has failed to remedy the breach within 5 Business Days;
- a Condition Precedent is not satisfied or waived;
- the Effective Date does not occur on or before the End Date;
- 5GN Shareholders have not agreed to the Scheme at the Scheme Meeting by the Requisite Majority; or
- at any time before 8:00am on the Second Court Date the Court or another Government Agency has taken any action permanently restraining or otherwise prohibiting or preventing the Scheme, or has refused to do anything which is necessary to permit the Scheme to be implemented by the End Date.

## 13. ADDITIONAL INFORMATION

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Broadly, Webcentral may terminate the Merger Implementation Agreement before 8.00 am on the Second Court Date if a member of the Independent Board Committee:

- fails to recommend the Scheme in the terms required under the Merger Implementation Agreement;
- withdraws or adversely changes, adversely modifies or adversely qualifies their support of the Scheme or his or her recommendation that 5GN Shareholders vote in favour of the Scheme; or
- makes a public statement indicating that he or she no longer recommends the Scheme or recommends, supports or endorses another transaction (including any Competing Proposal),

other than where any 5GN Director is required or requested by a court or Government Agency to abstain or withdraw from making a recommendation or voting intention statement in relation to the Scheme after the date of the Merger Implementation Agreement because of an interest he or she has in the Scheme.

Broadly, 5GN may terminate the Merger Implementation Agreement before 8.00 am on the Second Court Date:

- if a member of the Webcentral Board:
  - o fails to recommend the Scheme in the terms required under the Merger Implementation Agreement;
  - o withdraws or adversely changes, adversely modifies or adversely qualifies their support of the Scheme or his or her recommendation that 5GN Shareholders vote in favour of the Substantial Asset Resolution and Reverse Takeover Resolution; or
  - o makes a public statement indicating that he or she no longer recommends the Scheme or recommends, supports or endorses another transaction (including any Competing Proposal),

other than where the Webcentral Board has reasonably determined, after receiving written legal advice from its external advisers, that the Webcentral Board is required to abstain from making or withdraw its or his or her recommendation so as to not make any recommendation, because of an interest a Webcentral Board member has in the Substantial Asset Resolution or Reverse Takeover Resolution; or

- if the Independent Board Committee or a majority of it has changed, withdrawn, modified or qualified its recommendation as a result of the Independent Expert providing a report to 5GN that concludes that the Scheme is not in the best interests of 5GN Shareholders or 5GN has received a Competing Proposal and the 5GN Board determines that the Competing Proposal constitutes a Superior Proposal.

### 13.1.7 CHANGE OF CONTROL

5GN is party to a number of contracts that contain change of control clauses. Under these contracts 5GN is required to obtain consent from the counterparty to a change of control which will occur when the Scheme becomes Effective. The 5GN Directors consider that the only two such contracts that are material are the leases of properties at which 5GN operates its two largest data centres in Adelaide and Melbourne. 5GNs has notified and sought consents to the change of control from NineZero DC Sub TC II Pty Ltd and GPT Funds Management 2 Pty Ltd, the lessors for the properties at which the Adelaide and Melbourne data centres are located, respectively. In both cases the leases provide that the lessors must not unreasonably withhold their consent and 5GN expects to obtain consents from these lessors in due course.

### 13.2 SCHEME DEED POLL

Webcentral has entered into the Deed Poll pursuant to which it has undertaken in favour of each Scheme Shareholder to procure that each Scheme Shareholder is provided the Scheme Consideration to which they are entitled under the Scheme, in accordance with the terms of the Scheme and subject to the Scheme becoming effective.

The Deed Poll may be relied upon by any Scheme Shareholder despite the fact that they are not a party to it and each Scheme Shareholder appoints 5GN as its agent to enforce their rights under the Deed Poll against Webcentral.

A copy of the Deed Poll is contained in Annexure D.

## 13. ADDITIONAL INFORMATION

### 13.3 SUMMARY OF RELATED PARTY ARRANGEMENTS

5G Networks entered into a Master Services Agreement with Webcentral on 18 December 2020 to provide Webcentral, and its related bodies corporate with a range of services and hardware. 5G Networks provides Webcentral with Virtual Private Server support services, managed network services and personnel services. This agreement terminates when the last services have been provided under the agreement and is expected to continue following the Merger.

A related entity of Joe Demase, Studio Incorporate Pty Ltd, provides marketing design services to both 5GN and Webcentral. The agreement has no fixed term and is expected to continue following the Merger.

### 13.4 INTERESTS OF 5GN DIRECTORS

#### 13.4.1 SECURITIES IN 5GN HELD BY, OR ON BEHALF OF, 5GN DIRECTORS

Except as set out in this Section 13.4:

- there are no marketable securities of 5GN owned by or on behalf of 5GN Directors as at the date of this Scheme Booklet;
- no 5GN Director owns, or has any interest in, marketable securities of Webcentral or any other member of the Webcentral Group; and
- no 5GN Director has acquired or disposed of a Relevant Interest in any marketable securities of 5GN in the four month period ending on the date immediately before the date of this Scheme Booklet other than the following, which have been disclosed on ASX:
  - the issue of 400,000 5GN Shares on 14 September 2021 to entities associated with Joseph Gangi, being 200,000 5GN Shares to Giuseppe (Joseph) Gangi and Daniela Dona Gangi as trustees of the Gangi Superannuation Fund and 200,000 5GN Shares to OR Gangi Services Pty Ltd as trustee for JGangi Business Trust No.2, pursuant to the exercise of 400,000 5GN Options under the 5GN Executive and Director Share Option Plan;
  - the issue of 900,000 5GN Shares on 14 September 2021 to Albert Saychuan Cheok and Eric Victor Cheok pursuant to the exercise of 900,000 5GN Options under the 5GN Executive and Director Share Option Plan; and
  - the issue of 2,000,000 5GN Shares on 14 September 2021 to JMAS Pty Ltd as trustee for the Ashton Trust, an entity associated with Jason Ashton, pursuant to the exercise of 2,000,000 5GN Options under the 5GN Executive and Director Share Option Plan.

#### 13.4.2 INTERESTS OF 5GN DIRECTORS IN MARKETABLE SECURITIES OF 5GN

The following table shows the marketable securities of 5GN owned by, or on behalf of, each 5GN Director as at the Last Practicable Date:

**Table 24: Interests of 5GN Directors in 5GN**

5GN Director	5GN Shares	5GN Performance Rights and Options
Albert Cheok <sup>4</sup>	4,000,071	Nil
Joe Demase <sup>5</sup>	18,386,996	8,000,000
Joe Gang <sup>6</sup>	1,901,932	Nil
Jason Ashton <sup>7</sup>	2,189,456	Nil

4. 5GN shares held by Albert Saychuan Cheok and Eric Victor Cheok

5. 5GN shares held by Joe Demase and the following entities controlled by or associated with Joe Demase: J D Management Group Pty Ltd, Demase Enterprises Pty Ltd as trustee for the JMD Superannuation Fund and Studio Incorporate Pty Ltd.

6. 5GN shares held by Joe Gangi and the following entities: Giuseppe (Joseph) Gangi and Daniela Dona Gangi as trustees of the Gangi Superannuation Fund and OR Gangi Services Pty Ltd as trustee for JGangi Business Trust No.2:

7. 5GN shares held by Jason Ashton and JMAS Pty Ltd as trustee for The Ashton Trust, an entity associated with Jason Ashton

## 13. ADDITIONAL INFORMATION

### 13.4.3 INTERESTS OF 5GN DIRECTORS IN MARKETABLE SECURITIES OF WEBCENTRAL

The following table shows the marketable securities of Webcentral owned by, or on behalf of, each 5GN Director as at the Last Practicable Date:

**Table 25: Interests of 5GN Directors in Webcentral**

5GN Director	Webcentral Shares	Webcentral Options and Performance Rights
Albert Cheok	Nil	Nil
Joe Demase <sup>8</sup>	11,951,206	10,000,000
Joe Gangi <sup>9</sup>	2,941,176	1,000,000
Jason Ashton <sup>10</sup>	588,235	Nil

8. WCG shares held by J D Management Group Pty Ltd

9. WCG shares held by Joe Gangi and the following entity: OR Gangi Services Pty Ltd as trustee for JGangi Business Trust No.2

10. WCG shares held by JMAS Pty Ltd as trustee for The Ashton Trust, an entity associated with Jason Ashton

### 13.5 BENEFITS AND AGREEMENTS

#### 13.5.1 PAYMENTS IN CONNECTION WITH RETIREMENT FROM OFFICE

Other than as disclosed in this Scheme Booklet, there is no payment or other benefit that is proposed to be made or given to any 5GN Director or secretary or executive officer of 5GN (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in 5GN or any of its Related Bodies Corporate.

#### 13.5.2 AGREEMENTS OR ARRANGEMENTS CONNECTED WITH OR CONDITIONAL ON THE SCHEME

Other than as set out below or as set out elsewhere in this Scheme Booklet, there are no agreements or arrangements made between any 5GN Director and another person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as a 5GN Shareholder.

#### 13.5.3 BENEFITS UNDER THE SCHEME

Other than as set out set out in this Scheme Booklet, no 5GN Director, secretary or executive officer of 5GN (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from Webcentral which is conditional on, or is related to, the Scheme, other than in their capacity as a 5GN Shareholder.

#### 13.5.4 INTERESTS OF 5GN DIRECTORS IN WEBCENTRAL CONTRACTS

Other than as described in this Scheme Booklet, no 5GN Director has an interest in any contract entered into by Webcentral.

### 13.6 TREATMENT OF 5GN PERFORMANCE RIGHTS AND 5GN OPTIONS

It is a Condition Precedent of the Scheme that before 8.00 am on the date of the Scheme Meeting, the actions specified in Schedule 6 of the Merger Implementation Agreement are in all material respects taken in relation to the 5GN Options, 5GN Performance Rights and ESOP Shares on substantially the terms specified in that Schedule or otherwise reasonably satisfactory to 5GN and Webcentral.

As set out in Schedule 6 of the Merger Implementation Agreement, the 5GN Performance Rights and 5GN Options will be either cashed out or exercised into 5GN Shares as follows:

- **Cash out:** the 5GN Performance Rights are cancelled on the Effective Date pursuant to a cancellation deed between 5GN and the holder of 5GN Performance Rights (**Holder**). In consideration of the cancellation, on the Implementation Date, 5GN pays the Holder an amount equal to the value of the 5GN Performance Rights held by that Holder. The value of the 5GN Performance Rights at the time of cancellation will be determined by the valuer appointed by 5GN and approved by Webcentral (acting reasonably) (**Valuer**).

## 13. ADDITIONAL INFORMATION

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- **Exercise:** prior to the Effective Date the 5GN Board will resolve that the 5GN Options have vested. The Holder will exercise the 5GN Options on or before the Scheme Record Date. 5GN will lend the exercise price of the 5GN Options to the Holder on a limited recourse, interest free basis pursuant to a financing deed between 5GN, the Holder and Webcentral as contemplated by the 5GN Executive and Director Share Option Plan. Under the financing deed, the Holder will agree with 5GN and Webcentral that the Holder will not be entitled to sell the Webcentral Shares for which the 5GN Shares arising on exercise of the Options are exchanged under the Scheme until the loan is repaid and that Webcentral may apply a holding lock on the Webcentral Shares.
- **Revised financing:** prior to the Effective Date the Holder of each ESOP Share, 5GN and the Holder will enter into a financing deed under which the Holder will agree with 5GN that the Holder will not be entitled to sell the Webcentral Shares for which the ESOP Shares are exchanged under the Scheme until the loan is repaid and that Webcentral may apply a holding lock to the shares

As at the date of this Scheme Booklet:

- all of the actions specified in Schedule 6 of the Merger Implementation Agreement have in all material respects been taken in relation to the 5GN Options, 5GN Performance Rights and ESOP Shares on substantially the terms specified in that Schedule or otherwise reasonably satisfactory to 5GN and Webcentral;
- there are no 5GN Options on issue as all of the 5GN Options have either been cancelled for nil consideration or exercised into 5GN Shares in accordance with the 5GN Executive and Director Share Option Plan as described above in this Section 13.6; and
- there are no 5GN Performance Rights on issue other than 8,000,000 5GN Performance Rights held by Joe Demase or an entity Controlled by him that are to be cashed out on the day prior to the Implementation Date for a cash amount determined by the Valuer utilising the Black-Scholes methodology (with such adjustments the Valuer considers appropriate in the circumstances) and otherwise in accordance with the terms of the Security Cancellation Deed entered into between 5GN and Joe Demase or the relevant entity. The amount payable on cancellation of the 8,000,000 5GN Performance Rights is expected to be approximately \$2.98 million as at the closing price of 5GN Shares on 15 September 2021.

### 13.7 EARN OUT ARRANGEMENTS

On 8 July 2020, 5GN and 5G Network Operations Pty Ltd ACN 620 305 393 (**5G Operations**), a wholly owned subsidiary of 5GN, entered into a Sale and Purchase Agreement under which 5G Operations acquired certain assets of TH Investco Pty Ltd (formerly called Colocation Australia Pty Ltd) ACN 602 281 765 (ColoAU). Under the agreement 5G Operations is obliged to make certain earn-out payments to ColoAU upon the achievement of revenue targets. The earn out payments are to be satisfied by the issue of 5GN Shares. By an amending deed the parties agreed to vary the earn out arrangements in a number of respects, including that if the Scheme becomes Effective, instead of issuing 5GN Shares, 5GN will procure that Webcentral issues an equivalent number of Webcentral Shares to ColoAU.

### 13.8 ASIC RELIEF & ASX WAIVERS AND CONFIRMATIONS

#### 13.8.1 ASX WAIVERS

ASX has granted a waiver to 5GN in respect of Listing Rule 6.23.3 to the extent necessary to permit the treatment of the 5GN Performance Rights and 5GN Options as set out in Section 13.6.

#### 13.8.2 ASIC RELIEF

##### **Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations**

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires an explanatory statement to set out whether, within the knowledge of 5GN Directors, the financial position of 5GN has materially changed since the date of the last balance sheet laid before 5GN Shareholders in accordance with sections 314 or 317 of the Corporations Act and if so, full particulars of any change.

## 13. ADDITIONAL INFORMATION

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ASIC has allowed 5GN to depart from complying with this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the 5GN Directors, the financial position of 5GN has materially changed since 30 June 2021 (being the date of its audited financial statements for the financial year ended 30 June 2021) and the date of this Scheme Booklet and on the basis that 5GN discloses in announcements to the market operated by ASX any material changes to its financial position that occur after the date of lodgement of this Scheme Booklet for registration with ASIC but prior to the Scheme being approved by the Court.

5GN will ensure that a copy of its financial report for the financial year ended 30 June 2021 is made available, free of charge, to any 5GN Shareholder who requests a copy before the Scheme is approved by order of the Court. 5GN Shareholders can also access a copy of 5GN's financial report for the financial year ended 30 June 2021 from the ASX website at [www2.asx.com.au](http://www2.asx.com.au) and 5GN's website at <https://5gnetworks.com.au/>.

### **Section 259C(1) of the Corporations Act**

ASIC has granted relief from the self-acquisition provisions contained in section 259C(1) of the Corporations Act to permit all of the 5GN Shares to be transferred to Webcentral even though Webcentral is controlled by 5GN. The relief is effectively conditional upon the Scheme being Implemented.

The Webcentral Shares held by 5GN will be bought back and cancelled or cancelled by a reduction of capital by Webcentral within 12 months of the Implementation Date, in accordance with section 259D of the Corporations Act.

### **13.9 FEES**

5GN estimates that it will incur between \$1.0 million and \$1.15 million in external transaction costs related to the Scheme, which includes advisory fees, legal fees, valuation fees, fees of the Independent Expert and the Investigating Accountant, Court fees and registry, printing and mailing costs. Of this, approximately \$0.8 million will be incurred regardless of whether the Scheme becomes Effective or not.

### **13.10 LODGEMENT OF SCHEME BOOKLET**

The Scheme Booklet was given to ASIC on Friday, 16 September 2021 in accordance with section 411(2)(b) of the Corporations Act. ASIC takes no responsibility for the content of this Scheme Booklet.

### **13.11 CONSENTS AND DISCLAIMERS**

Webcentral has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of the information attributed to it in this Scheme Booklet in the form and context in which such information is included in this Scheme Booklet. Webcentral has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the aforementioned information, takes no responsibility for any other part of this Scheme Booklet other than the Webcentral Information.

Link Market Services Limited (**Link**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Link has not made any statement that is included in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. Link has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

PKF Melbourne Corporate Pty Ltd (**PKF**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Independent Expert's Report contained in Annexure A. PKF has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Independent Expert's Report contained in Annexure A, takes no responsibility for any other part of this Scheme Booklet.



## 13. ADDITIONAL INFORMATION

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Grant Thornton Corporate Finance Pty Ltd (**Grant Thornton**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Investigating Accountant's Report contained in Annexure B. Grant Thornton has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name and the Investigating Accountant's Report contained in Annexure B, takes no responsibility for any other part of this Scheme Booklet.

Norton Rose Fulbright Australia (**NRF**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. NRF has not made any statement that is included in the Scheme Booklet or any statement on which a statement in the Scheme Booklet is based. NRF has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

### 13.12 FOREIGN SELLING RESTRICTIONS

The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. 5GN disclaims all liabilities to such persons. 5GN Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Merger in any jurisdiction outside of Australia.

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). Webcentral is entitled to offer New Webcentral Shares to NZ 5GN shareholders pursuant to the New Zealand Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

### 13.13 NO UNACCEPTABLE CIRCUMSTANCES

The 5GN IBC believe that the Scheme does not involve any circumstances in relation to the affairs of 5GN that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

### 13.14 COPY OF 5GN REGISTER

Under sections 169 and 173 of the Corporations Act, any 5GN Shareholder has a right to inspect, and to ask for a copy of, the 5GN Register which contains details of the name and address of each 5GN Shareholder. 5GN may require a 5GN Shareholder to provide reasons for their request prior to providing a copy of the 5GN Share Register, and a 5GN Shareholder must not use any information obtained for an improper purpose. A copy of the 5GN Register will be given to any 5GN Shareholder upon request and payment of the prescribed fee under the Corporations Act where 5GN is satisfied that the details provided are not likely to be used for an improper purpose.

### 13.15 NO OTHER MATERIAL INFORMATION

Except as disclosed elsewhere in this Scheme Booklet, so far as the 5GN Directors are aware, there is no other information that is:

- material to the making of a decision by a 5GN Shareholder whether or not to vote in favour of the Scheme; and
- known to any 5GN Director at the date of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to 5GN Shareholders.

## 13. ADDITIONAL INFORMATION

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### 13.16 SUPPLEMENTARY INFORMATION

5GN will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- a material statement in this Scheme Booklet is materially false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, 5GN may circulate and publish any supplementary document by:

- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document on 5GN's website at <https://5gnetworks.com.au/>; or
- making an announcement to ASX,

as 5GN, in its absolute discretion, considers appropriate.

## 14. GLOSSARY

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### 14.1 DEFINITIONS

<b>5GN or 5G Networks</b>	5G Networks Limited ABN 30 163 312 025.
<b>5GN Board</b>	the board of directors of 5GN and includes any committee of that board.
<b>5GN Directors</b>	the directors of 5GN, being, as at the date of this Scheme Booklet, the individuals listed in Section 8.5.
<b>5GN Group</b>	5GN and each of its Subsidiaries, and a reference to a member of the 5GN Group is to 5GN or any of its Subsidiaries. For the purposes of this Scheme Booklet, Webcentral and its Subsidiaries do not form part of the 5GN Group.
<b>5GN Information</b>	the information contained in this Scheme Booklet other than the Webcentral Information, the Independent Expert's Report and the Investigating Accountant's Report.
<b>5GN Material Adverse Change</b>	has the meaning given in the Merger Implementation Agreement.
<b>5GN Options</b>	the 8,200,000 options issued by 5GN under the 5GN Executive and Director Share Option Plan which were on issue at the time of execution of the Merger Implementation Agreement but have since been exercised or cancelled. See section 13.6.
<b>5GN Performance Rights</b>	the 8,000,000 performance rights issued by 5GN. See section 13.6.
<b>5GN Prescribed Occurrence</b>	has the meaning given in the Merger Implementation Agreement.
<b>5GN Share</b>	a fully paid ordinary share in 5GN.
<b>5GN Share Registry</b>	Link Market Services Limited ACN 083 214 537.
<b>5GN Shareholders</b>	each person who is registered as the holder of a 5GN Share in the Register from time to time.
<b>AAS</b>	Australian Accounting Standards.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act includes a reference to this Scheme Booklet and 5GN was the designated body.
<b>ASX</b>	ASX Limited or the securities market which it operates, as the context requires.
<b>ATO</b>	Australian Taxation Office.
<b>Business Day</b>	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne.
<b>CGT</b>	Capital Gains Tax
<b>CHESS</b>	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited and ASX Clear Pty Limited.

## 14. GLOSSARY

<b>Competing Proposal</b>	<p>in respect of a party, any offer, expression of interest, proposal, agreement, arrangement or transaction, which, if entered into or completed substantially in accordance with its terms, would mean a Third Party (either alone or together with one or more Associates) would:</p> <ul style="list-style-type: none"> <li>• directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 15% or more of that party's shares or the share capital of any material Subsidiary of that party;</li> <li>• acquire Control of, or merge with, that party or any material Subsidiary of that party;</li> <li>• directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of that party's business or assets or the business or assets of that party's group;</li> <li>• otherwise directly or indirectly acquire or merge with that party or any material Subsidiary of that party; or</li> <li>• require that party to abandon, or otherwise fail to proceed with, the Scheme, whether by way of takeover bid, reverse takeover, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.</li> </ul>
<b>Condition Precedent</b>	each of the conditions set out in clause 3.1 of the Merger Implementation Agreement.
<b>Control</b>	has the meaning given in section 50AA of the Corporations Act.
<b>Controlled</b>	when used in the context of Shares Controlled by a 5GN Director, means 5GN Shares that a 5GN Director Controls or which that 5GN Director has a Relevant Interest in.
<b>Corporations Act</b>	<i>the Corporations Act 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia.
<b>Deed Poll</b>	the deed poll executed by Webcentral under which Webcentral covenants in favour of the Scheme Shareholders to perform the obligations attributed to Webcentral under the Scheme, as set out in Annexure D.
<b>EBITDA</b>	reported earnings before interest revenue or expense, depreciation and amortisation, and income tax expense.
<b>Effective</b>	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>Eligible Shareholders</b>	a Scheme Shareholder (other than an Ineligible Foreign Shareholder).
<b>End Date</b>	<ul style="list-style-type: none"> <li>• the date which is 7 months after the date of the Merger Implementation Agreement; or</li> <li>• such other later date as agreed in writing by 5GN and Webcentral.</li> </ul>
<b>ESOP Share</b>	a 5GN Share in respect of which 5GN has loaned all or part of the exercise price to the holder in accordance with the 5GN Executive and Director Share Option Plan.

## 14. GLOSSARY

<b>Exclusivity Period</b>	the period commencing on and from the date of the Merger Implementation Agreement and expiring on the earlier of: <ul style="list-style-type: none"> <li>the date of termination of the Merger Implementation Agreement in accordance with its terms;</li> <li>the End Date; and</li> <li>the Effective Date.</li> </ul>
<b>Government Agency</b>	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
<b>Implement</b>	the issuing of the Scheme Consideration to Scheme Shareholders and the transfer of all 5GN Shares to Webcentral pursuant to the Scheme. A reference to <b>Implement</b> , <b>Implemented</b> , <b>Implementing</b> , or <b>Implementation</b> of the Scheme has a corresponding meaning.
<b>Implementation Date</b>	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as 5GN and Webcentral agree in writing.
<b>Independent Board Committee</b>	the independent committee of the 5GN Board from time to time and which, as at the date of this Scheme Booklet, consisted of the Independent Directors, Mr Albert Cheok and Mr Jason Ashton.
<b>Independent Directors</b>	the non-executive independent directors of 5GN who do not have a potential conflict of interest in the Scheme, being Mr Albert Cheok and Mr Jason Ashton.
<b>Independent Expert</b>	PKF Melbourne Corporate Pty Ltd ACN 063 564 045.
<b>Independent Expert's Report</b>	the report of the Independent Expert, as set out in Annexure A.
<b>Ineligible Foreign Shareholder</b>	a Scheme Shareholder whose address shown in the Register on the Scheme Record Date is a place outside Australia and its external territories or New Zealand, unless Webcentral and 5GN (each acting reasonably) determine that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Webcentral Shares when the Scheme becomes Effective.
<b>Investigating Accountant</b>	Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987.
<b>Investigating Accountant's Report</b>	the report of the Investigating Accountant set out in Annexure B to this Scheme Booklet in relation to the Merged Group Pro Forma Historical Financial Information, as included in Section 10.6.
<b>ITAA 1997</b>	<i>the Income Tax Assessment Act 1997</i> (Cth).
<b>Last Practicable Date</b>	24 September 2021.
<b>Listing Rules</b>	the official listing rules of ASX.
<b>Merged Group</b>	the combination of the Webcentral Group and the 5GN Group, as comprised by Webcentral and its Subsidiaries following Implementation of the Scheme.
<b>Merger</b>	the proposed acquisition combination of the Webcentral Group and the 5GN Group, as comprised by Webcentral and its Subsidiaries following Implementation of the Scheme.

## 14. GLOSSARY

<b>Merger Implementation Agreement</b>	the Merger Implementation Agreement dated 16 July 2021 between Webcentral and 5GN relating to Implementation of (among other things) the Scheme, as announced to the ASX on the same date.
<b>New Webcentral Share</b>	a fully paid ordinary share in Webcentral to be issued to Scheme Shareholders under the Scheme.
<b>Proxy Form</b>	the proxy form for the Scheme Meeting to be held virtually on Monday, 8 November 2021 at 10.00am (Melbourne time).
<b>Register</b>	the register of members of 5GN maintained by or on behalf of 5GN in accordance with section 168(1) of the Corporations Act.
<b>Registered Address</b>	in relation to a 5GN Shareholder, the address of the 5GN Shareholder as shown in the Register.
<b>Reimbursement Fee</b>	the reimbursement fee of the greater of reasonable actual Third Party costs incurred by Webcentral and \$500,000, which may be payable by 5GN to Webcentral in certain circumstances under the Merger Implementation Agreement.
<b>Related Bodies Corporate</b>	has the meaning set out in section 50 of the Corporations Act. For the purposes of this Scheme Booklet, Webcentral and its Subsidiaries are not Related Bodies Corporate of 5GN.
<b>Related Person</b>	each director, officer, employee, adviser, agent or representative of an entity.
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Requisite Majority</b>	<p>in relation to the Scheme Resolution, a resolution passed by:</p> <ul style="list-style-type: none"> <li>• a majority in number (more than 50%) of 5GN Shareholders present and voting at the Scheme meeting (either in person or by proxy, attorney or, in the case of corporate 5GN Shareholders, corporate representative); and</li> <li>• at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by 5GN Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate 5GN Shareholders, corporate representative).</li> </ul> <p>The Court has a discretion to waive the first of these 2 requirements, if it considers appropriate to do so.</p>
<b>Reverse Reimbursement Fee</b>	the reverse reimbursement fee of the greater of reasonable actual Third Party costs incurred by 5GN and \$500,000, which may be payable by Webcentral to 5GN in certain circumstances under the Merger Implementation Agreement.
<b>Reverse Takeover Resolution</b>	a resolution to be passed at the Webcentral EGM pursuant to ASX Listing Rule 7.1 permitting the issue of New Webcentral Shares under the Scheme constituting a reverse takeover of Webcentral in connection with the Scheme.
<b>Sale Agent</b>	the person appointed by Webcentral (on terms reasonably acceptable to 5GN) to sell the New Webcentral Shares that are attributable to Ineligible Foreign Shareholders under the Scheme.
<b>Sale Proceeds</b>	the proceeds of the sale of the New Webcentral Shares issued to the Sale Agent (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges).

## 14. GLOSSARY

<b>Scheme</b>	the scheme of arrangement between 5GN and the Scheme Shareholders as set out in Annexure C.
<b>Scheme Booklet</b>	this scheme booklet in relation to a proposal from Webcentral for the acquisition of 5GN Shares.
<b>Scheme Consideration</b>	the consideration payable to Scheme Shareholders under the Scheme, being 2 New Webcentral Shares for each 5GN Share owned by a Scheme Shareholder as at the Scheme Record Date for Eligible Shareholders.
<b>Scheme Meeting</b>	the virtual meeting of 5GN Shareholders to be convened by the Court under section 411(1) of the Corporations Act in respect of the Scheme.
<b>Scheme Record Date</b>	7.00pm on the second Business Day following the Effective Date, or such other time and date as 5GN and Webcentral agree in writing.
<b>Scheme Resolution</b>	the resolution to be put to the Scheme Meeting to approve the Scheme.
<b>Scheme Shareholders</b>	each person registered in the Register as the holder of a 5GN Share as at the Scheme Record Date.
<b>Second Court Date</b>	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard, as set out in the indicative timetable in Section 3.
<b>Second Court Hearing</b>	the Court hearing on the Second Court Date.
<b>Subsidiary</b>	has the same meaning as in section 46 of the Corporations Act, except that in relation to a Subsidiary of 5GN does not include Webcentral or any of its Subsidiaries.
<b>Substantial Asset Resolution</b>	a resolution to be passed at the Webcentral EGM pursuant to ASX Listing Rule 10.1 approving the acquisition by Webcentral of a substantial asset (being certain 5GN Shares) from a related party of Webcentral or an Associate in connection with the Scheme.
<b>Superior Proposal</b>	a bona fide Competing Proposal (other than the kind referred to in the fifth limb of the definition of Competing Proposal) not resulting from a breach by 5GN of any of its obligations under clause 10 of the Merger Implementation Agreement that the 5GN Board or the Independent Board Committee, acting in good faith, and after receiving written legal advice from its external legal and financial advisers, determines is reasonably capable of being valued and completed within a reasonable timeframe in accordance with its terms and would, if completed substantially in accordance with its terms, be reasonably likely to be more favourable to 5GN Shareholders (as a whole) than the Scheme, in each case taking into account all terms and conditions and other aspects of the Competing Proposal (including, but not limited to, timing considerations, any conditions precedent, the value and type of consideration, the level of certainty as to the funding required for the Competing Proposal, the identity, reputation and financial condition of the proponent and other matters affecting the probability of the Competing Proposal being completed and the outcome for 5GN Shareholders) and of the Scheme.
<b>Third Party</b>	a person other than 5GN, Webcentral and each of their Subsidiaries.
<b>Webcentral</b>	Webcentral Group Limited ACN 073 716 793
<b>Webcentral Board</b>	the board of directors of Webcentral and includes any committee of that board.



## 14. GLOSSARY

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<b>Webcentral EGM</b>	a meeting of Webcentral Shareholders to be convened to pass the Substantial Asset Resolution and the Reverse Takeover Resolution.
<b>Webcentral Group</b>	Webcentral and its Subsidiaries.
<b>Webcentral Information</b>	<p>the information regarding the Webcentral Group and the Merged Group provided by Webcentral to 5GN for inclusion in this Scheme Booklet, being:</p> <ul style="list-style-type: none"><li>• the letter from the Chairman of Webcentral;</li><li>• information contained in Section 9 of this Scheme Booklet; and</li><li>• any information regarding the Merged Group (other than any information regarding the 5GN Group contained in the information regarding the Merged Group).</li></ul>
<b>Webcentral Shareholders</b>	each person who is registered as the holder of a Webcentral Share in the Register from time to time.
<b>Webcentral Shares</b>	fully paid ordinary shares of Webcentral.

### 14.2 INTERPRETATION

In this Scheme Booklet, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act, unless inconsistent with the meaning given in Section 14.1;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a Section or annexure is a reference to a Section of and an annexure to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to time in Melbourne, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



28 September 2021

The Independent Directors  
5G Networks Limited  
Level 8, 99 William Street  
Melbourne VIC 3000

Dear Directors

**Re: Independent Expert’s Report**

## 1. Introduction

The directors of 5G Networks Limited (“5GN” or the “Company”) have requested PKF Melbourne Corporate Pty Ltd (“PKF Corporate”) to prepare an Independent Expert’s Report (“IER”) in respect of the proposed acquisition of all the fully paid ordinary shares on issue in 5GN by Webcentral Group Limited (“Webcentral”). The acquisition is to be effected pursuant to Part 5.1 of the Corporations Act 2001 (the “Act”) by a Scheme of Arrangement between 5GN and its shareholders (the “Proposed Scheme”). For the acquisition to be effected the 5GN Shareholders (by the requisite majorities) and the Federal Court of Australia (the “Court”) must approve the Scheme.

## 2. Terms of the Proposed Scheme

Approval of the Proposed Scheme by 5GN Shareholders and the Court will result in 5GN Shareholders receiving 2 Webcentral Shares for each 5GN Share currently held.

The terms and conditions of the Proposed Scheme are detailed in the accompanying Scheme Booklet. The terms, which are defined in the Glossary to the Scheme Booklet, have the same meaning when used in this report unless otherwise defined herein or the context requires otherwise.

5GN Shareholders should refer to Section 11 of the Scheme Booklet for a general description of the Australian taxation implications of the Scheme.

### Impact of the Proposed Scheme

5GN currently has 120,661,123 shares on issue and Webcentral has 155,490,679 shares on issue. The impact of the Proposed Scheme on the 5GN Shareholders is set out in the table below:

**Table 1: Impact of the Proposed Scheme**

	5GN Number of shares on Issue	Webcentral Number of shares on Issue	Percentage interest
Webcentral Shares on issue		155,490,679	
Webcentral Shares held by 5GN to be cancelled post implementation of the Proposed Scheme		(69,524,461)	
Post merger shares held by current Webcentral shareholders		85,966,218	26.27%
5GN shares on issue	120,661,123		
Webcentral shares to be issued to 5GN Shareholders as Proposed Scheme consideration		241,322,246	73.73%
<b>Webcentral Shares on issue after the Proposed Scheme</b>		<b>327,288,464</b>	<b>100.00%</b>

*Source: 5GN, Explanatory Booklet, PKF Corporate analysis*

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PKF Melbourne Corporate Pty Ltd is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member of correspondent firm or firms.

For office locations visit [www.pkf.com.au](http://www.pkf.com.au)

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



Mr Joseph Demase is the Managing Director of both 5GN and Webcentral and he holds a relevant interest in the shares of both entities. The table below sets out the impact of the Proposed Scheme on his shareholding:

**Table 2: Impact of the Proposed Scheme on Joseph Demase's shareholding**

	5GN Shares held	Webcentral Shares held
Webcentral Shares held		11,951,206
5GN Shares held	18,386,996	
Webcentral Shares to be issued to Joseph Demase as Proposed Scheme consideration		36,773,992
<b>Webcentral Shares held after the Proposed Scheme</b>		<b>48,725,198</b>

Source: 5GN, Explanatory Booklet, PKF Corporate analysis

As can be seen from the above table, Mr Demase currently holds 18,386,996 5GN Shares and these represent 15.2% of 5GN's issued shares. Following implementation of the Proposed Scheme Mr Demase will hold 48,725,198 Webcentral Shares, and these will represent 14.9% of Webcentral's Shares on issue. As such the Proposed Scheme will result in a slight reduction in Mr Demase's voting power in the merged entity.

The Independent Directors of 5GN have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of Expert Reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise the shareholders whether the Proposed Scheme is in the best interests of the non-associated shareholders (all shareholders entitled to vote on the Proposed Scheme).

### 3. Summary opinions

#### Fairness

In our opinion, **the Proposed Scheme is fair**. Our principal reason for reaching this opinion is set out below:

In Section 5 we set out our approach to the assessment of fairness of the Proposed Scheme. We stated that the Proposed Scheme will be judged to be fair if the value of a parcel of two Webcentral Shares after the implementation of the Proposed Scheme is equal to or greater than the value of one 5GN Share before the Proposed Scheme is implemented. This comparison is set out below:

**Table 3: Assessment of Fairness**

	Reference	Low	High
Value of a Webcentral Share after the Proposed Scheme	Table 36	\$ 0.51	\$ 0.56
Value of a parcel of 2 Webcentral Shares after the Proposed Scheme		\$ 1.02	\$ 1.12
Value of a 5GN Share before the Proposed Scheme	Table 34	\$ 0.87	\$ 0.96

Source: PKF Analysis

As the value of a parcel of 2 Webcentral Shares after the implementation of the Proposed Scheme (\$1.02 to \$1.12) exceeds the value of one 5GN Share before the Proposed Scheme (\$0.87 to \$0.96), **we have assessed the Proposed Scheme to be fair**.

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



## Reasonableness

The key reasons for assessing the Proposed Scheme as reasonable are:

- We assessed the Proposed Scheme as being fair.
- At present 5GN controls Webcentral, however it only holds 44.7% of the issued shares. This means that both companies are maintaining separate ASX listings and shareholder reporting functions. The merger of the two companies will eliminate a number of duplicated functions and costs and should result in significant merger synergies. The management of 5GN expects to generate cost synergies of approximately \$2 million from the consolidation of operating platforms, corporate cost rationalisation from the elimination of one listed company and duplicated costs, and labour synergies from the elimination of duplicated roles and functions. The additional value that should derive from these synergies has not been factored into our assessment of fairness.
- If the Scheme is not implemented, 5GN will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX. Further, Webcentral will remain a controlled entity of 5GN.
- In our assessment of fairness, we have utilised the Webcentral share price up to the announcement of the Proposed Scheme on 16 July 2021 and concluded that the value of a Webcentral share is in a range of \$0.45 to \$0.49. Between the date of the announcement on 16 July 2021 and 30 July 2021 (when Webcentral announced a takeover offer for Cirrus Networks Holdings Limited) the Webcentral shares have traded in a range of \$0.47 to \$0.55 per share, with a VWAP of \$0.51. The VWAP is at a premium of 4% to 13% to our assessment of the value of a Webcentral share. This suggests that the market has viewed the Proposed Scheme positively and the 5GN shareholders may benefit from this improved sentiment if the Proposed Scheme proceeds.

## Conclusion as to ‘In the Best Interests’

After considering the above matters, we have concluded that the Proposed Scheme is **in the best interests of the 5GN shareholders**.

## 4. Structure of this report

The remainder of this report is divided into the following sections:

<u>Section</u>	<u>Page</u>
5 Purpose of the report	4
6 5GN – key information	6
7 Industry analysis	13
8 Valuation of 5GN before the Proposed Scheme	14
9 Webcentral – key information	24
10 Valuation of Webcentral	30
11 Assessment of the value of a Webcentral Share after implementation of the Proposed Scheme	37
12 Assessment as to Fairness of the Proposed Scheme	38
13 Assessment as to Reasonableness of the Proposed Scheme	38
14 Conclusion as to ‘In the Best Interests’	39
15 Financial Services Guide	40
<u>Appendix</u>	
A Sources of Information	42
B Declarations, Qualifications and Consents	43
C 5GN Comparable Companies Description	44
D Webcentral Comparable International Companies Description	48

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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## 5. Purpose of the report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001 – Chapter 5**

The proposed merger is to be implemented by way of a scheme of arrangement under Section 411 of the Act.

Section 411 of the Act provides that where a scheme of arrangement is proposed between a company and its members or any class of them, the Court may order that a meeting of members or meetings of classes of members be convened. Section 412 (1) provides that where a meeting is convened under Section 411, the notice sent to members convening the meeting shall include an explanatory statement that includes prescribed information.

Regulation 8303 to the Act prescribes that if:

- a) the other party to the proposed merger (Webcentral) holds more than 30% of the voting shares in the company; or
- b) a director of any corporation that is the other party to a proposed reconstruction or amalgamation is a director of a company the subject of the scheme;

the explanatory statement must be accompanied by a copy of a report made by an expert who is not associated with the corporation that is the other party, stating whether or not, in his or her opinion, the proposed scheme is in the best interests of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

In this proposed merger Messrs Joe Demase and Joe Gangi, directors of Webcentral are also directors of 5GN and hence the explanatory statement (which is incorporated in the Scheme Booklet) to be sent to shareholders must include an IER.

- **ASIC Regulatory Guides**

Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 – Content of Expert Reports (“RG111”) details the approach that an expert should take in preparing an expert report pursuant to Chapter 5 of the Act.

RG111.4 states:

“In deciding on the appropriate form of analysis for a report, an expert should bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction. An expert should focus on the purpose and outcome of the transaction, that is, the substance of the transaction, rather than the legal mechanism used to effect the transaction.”

RG 111.15 states:

“Schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, we expect the form of analysis to be substantially the same as a takeover bid, even though the wording of the opinion will also be whether the proposed scheme is ‘in the best interests of the members of the company’. This reflects that the legislative test for schemes of arrangements differs from that applicable to a Ch 6 takeover bid.”

Regulatory Guide 111 also states that:

Fair “an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer.”

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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Reasonable “an offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.”

RG 111.23 states:

When a scheme of arrangement is used to acquire or increase a party’s control, the report should address the interests of members who are bound to give up rights under the scheme. The expert should separately consider the interests of each class of those members under the scheme.

RG 111.30 states:

If the bidder is offering non-cash consideration in a control transaction, the expert should examine the value of that consideration and compare it with the valuation of the target’s securities, whether the transaction is affected by a takeover bid, a scheme of arrangement or an issue of shares.

RG 111.31

The comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity’s securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- (a) the acquirer is obtaining or increasing control of the target; and
- (b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

However, the expert may need to assess whether a scrip takeover is in effect a merger of entities of equivalent value when control of the merged entity will be shared equally between the ‘bidder’ and the ‘target’. In this case, the expert may be justified in using an equivalent approach to valuing the securities of the ‘bidder’ and the ‘target’.

### • Our Approach

The methodology that we have used to form an opinion as to whether the Proposed Scheme is in the best interests of the 5GN Shareholders can be summarised as follows:

- i. the Proposed Scheme will be judged to be fair if the value of a parcel of two Webcentral Shares after the implementation of the Proposed Scheme is equal to or greater than the value of one 5GN Share before the Proposed Scheme is implemented;
- ii. in determining whether the Proposed Scheme is reasonable, we have analysed the advantages and disadvantages of approving the Proposed Scheme from the position of 5GN’s Shareholders; and
- iii. in determining whether the Proposed Scheme is in the best interests of 5GN’s Shareholders, we have considered and concluded upon the results of (i) and (ii) above.

As the 5GN Shareholders currently together control 5GN and as they will hold 73.73% of the merged entity, the Proposed Scheme does not result in a change of control. For this reason and in line with RG 111.31 (refer above), we regard the Proposed Scheme as a merger of equals, and we have assessed the value of both the 5GN Shares before the Proposed Scheme and the value of the Webcentral Shares after the Proposed Scheme on a minority basis. That is because in our assessment, the 5GN Shareholders will not be receiving or giving away a premium for control.

# ANNEXURE A – INDEPENDENT EXPERT'S REPORT

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## 6. 5GN – key information

### 6.1 Background

5GN is a company limited by shares, incorporated and domiciled in Australia. The Company was founded in 2013 and its shares were publicly listed on the ASX on 17 November 2017. It has over 180 staff based across 12 offices in Australia, with the head office located in Melbourne.

5GN is a licensed telecommunications carrier operating across Australia which owns and manages fibre and wireless infrastructure. The Company operates its own nationwide high-speed data network with points of presence in all major Australian capital cities and has over 2,500 customers which include other ASX-listed entities as well as government organisations. The Company's business is a mix of both recurring and non-recurring revenues, ranging from highly predictable, medium term contracts for data centre and other services through to more one-off transactions like the supply of professional services and hardware and software sales. The Company has the following revenue streams:

- a. *Cloud services* which include 5GN's private cloud-based services;
- b. *Managed services* which include maintenance, IT support and administration;
- c. *Hardware and software* which include hardware and software sales;
- d. *Data centres* which include co-location and data centre operations and networking services; and
- e. *Networks and voice* which include enterprise grade internet and voice services.

On 7 September 2020 5GN announced a non-binding indicative proposal to acquire the shares in Webcentral offering 1 5GN Share for every 12 Webcentral Shares. At this point, 5GN held approximately 10% of the shares in Webcentral. Over the following months, 5GN's stake in Webcentral increased to 56.7% in accordance with an announcement to ASX on 11 November 2020. This is further discussed in section 10.7.

On 13 November 2020, Webcentral announced a capital raising with a total value of approximately \$5.6 million. This was in two components, the first was \$3.1 million by way of a placement to institutional and sophisticated investors and the second component was \$2.5 million to Messrs Joseph Demase and Joseph Gangi (both of whom are directors of Webcentral and 5GN). As a result of this capital raising, 5GN's shareholding was diluted to 44.7%, which is consistent with the current holding.

Although 5GN's Shareholding in Webcentral was below 50% as at 31 December 2020 and 30 June 2021, the Directors of 5GN consider that the Company maintains effective control over Webcentral in accordance with the requirement of applicable accounting standards. As a result, Webcentral has been consolidated by 5GN from 28 October 2020.

In addition to the above acquisition and as part of 5GN's strategic growth plan, the Company has made a series of acquisitions in recent years which are listed below:

- *Enspire (September 2017)* – acquisition of Enspire Australia Pty Ltd, a provider of networks, cloud solutions, private hosted applications and support, for a total purchase price of \$1.8 million;
- *APTel (March 2018)* – acquisition of Asia Pacific Telecommunications Group Pty Ltd (APTel), a provider of network solutions and telecommunications services, from the Deague Group for a total purchase price of \$6 million;
- *Hostworks and Annitel (August 2018)* – acquisition of Inabox Group Limited's subsidiaries, Hostworks and Annitel, which provide cloud and managed services, for a combined purchase price of \$5.7 million;
- *Melbourne Data Centre (April 2019)* – acquisition of Melbourne Data Centre Pty Ltd (MDC), located in Melbourne CBD, for a total purchase price of \$5.7 million;
- *Australian Pacific Data Centres (September 2019)* – acquisition of Australian Pacific Data Centres Pty Ltd (APDC), owner of the Pyrmont Data Centre located in Sydney CBD, for a total purchase price of \$3.5 million;



# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



- *North Sydney Data Centre (February 2020)* – acquisition of North Sydney Data Centre (NSDC) located in St. Leonards, from Servers Australia Pty Ltd, for a total purchase price of \$2.0 million;
- *ColoAU (July 2020)* – acquisition of the business and assets of Colocation Australia Pty Ltd (ColoAU), a wholesale provider of data centre services and hyper-speed global networks, for a total purchase price of \$2.9 million;
- *Brisbane CBD Data Centre (November 2020)* – acquisition of Brisbane CBD Data Centre (BDC) located in Fortitude Valley, from a private investor, for a total purchase price of \$1.1 million; and
- *Intergrid (March 2021)* – acquisition of Intergrid Group Pty Ltd, a dedicated cloud hosting services provider, for a total purchase price of \$3.0 million.

## 6.2 Directors and key executives

5GN's board of Directors and other key executives at the date of this report are presented in the table below.

**Table 4: Directors and key executives of 5GN**

Name	Position
<b>Board of Directors</b>	
Mr Albert Cheok	Non-Executive Chairman
Mr Joseph Demase	Managing Director
Mr Joseph Gangi	Non-Executive Director
Mr Jason Ashton	Non-Executive Director
<b>Other key executives</b>	
Mr Glen Dymond	Chief Financial Officer and Joint Company Secretary
Mr Michael Wilton	General Counsel and Joint Company Secretary
Mr Glenn Flower	Chief Marketing Officer
Mr Marco Mattiuzzo	Chief Technology Officer
Mr Garry White	Sales Director
Mr Chris Demase	Executive General Manager, Operations
Mr Steve Marchese	Head of People and Culture
Mr Joel Bruce	Executive National Manager, Field Operations

Source: 5GN

## 6.3 Share capital

As at the date of this report, 5GN had on issue 120,661,123 fully paid ordinary shares. The top 10 shareholders are presented in the table below and they held approximately 25.4% of the issued ordinary share capital of 5GN, indicating a diversified shareholder base.

**Table 5: Major shareholders of 5GN**

5G Networks Limited	Number of shares held	Percentage interest
Mr Joseph Demase and associated parties	18,386,996	15.2%
Mr Albert Cheok and associated parties	4,000,071	3.3%
SG Hiscock & Co	1,992,317	1.7%
Mr Joseph Gangi and associated parties	1,901,932	1.6%
TD Ameritrade	1,273,354	1.1%
Mr Garry E White	1,000,000	0.8%
E Trade	929,931	0.8%
National Financial Services LLC	911,685	0.8%
Mr & Mrs Geoffrey D Nash	829,165	0.7%
Mr Paul A Comito	730,102	0.6%
<b>Sub-total - top 10 shareholders</b>	<b>31,955,553</b>	<b>26.5%</b>
Other shareholders	88,705,570	73.5%
<b>Total</b>	<b>120,661,123</b>	<b>100.0%</b>

Source: 5GN

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



As of 15 September 2021, shares held by J D Management Group Pty Ltd (an entity controlled by Mr Joseph Demase) and associated parties totalled 18,386,996 shares or 15.2% of the issued capital as at the date of this report.

As at the date of this report 5GN had 8,000,000 performance rights outstanding, with all options previously on issue having been cancelled or exercised. Details of the performance rights are set out below.

**Table 6: Outstanding performance rights**

5G Networks Limited	Notes	Number on issue	Exercise price	Expiry date
Performance rights	1	3,000,000	\$ 0.60	22-Nov-23
Performance rights	2	5,000,000	\$ 1.70	11-Dec-25
<b>Total</b>		<b>8,000,000</b>		

*Source: 5GN ASX Announcements*

Note 1: the performance rights were issued to the Managing Director, Mr Joseph Demase. The performance rights include a vesting condition of 5GN achieving:

- annual revenue equal to or greater than \$80 million in the next 3 years from 22 October 2018; and
- an annual EBITDA of \$10 million in the next 3 years from 22 October 2018;

Note 2: the performance rights were issued to the Managing Director, Mr Joseph Demase. The performance rights include a vesting condition of 5GN achieving:

- annualised normalised EBITDA of \$14 million (5GN standalone); or
- annualised normalised EBITDA of \$25 million (if 5GN acquires 100% of the shares in Webcentral);

We have been advised that the performance rights are to be cashed out and cancelled, subject to the Proposed Scheme coming into effect.

### 6.4 Statements of financial position

5GN's consolidated statements of financial position as of 30 June 2019, 30 June 2020 and 30 June 2021 are presented in the table below (Webcentral was consolidated as part of 5GN as of 30 June 2021).

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



**Table 7: Consolidated statements of financial position of 5GN**

<b>5G Networks Limited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Consolidated Statement of Financial position</b>	<b>30-Jun-19</b>	<b>30-Jun-20</b>	<b>30-Jun-21</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents	5,660	22,118	19,170
Restricted cash	1,000	1,397	-
Trade and other receivables	3,981	2,808	5,963
Lease receivable	-	-	1,892
Contract assets	629	700	620
Prepayments	-	-	5,398
Other current assets	1,205	727	1,056
	<b>12,475</b>	<b>27,750</b>	<b>34,099</b>
<b>Non-current assets</b>			
Property, plant and equipment	5,112	8,417	15,873
Right to use asset	14,142	13,014	15,478
Lease receivable	-	-	1,101
Goodwill	13,370	16,567	61,706
Intangible assets	-	294	24,228
Trade and other receivables	70	-	-
Prepayments	-	-	2,429
Deferred tax asset	610	1,725	9,978
Other non-current assets	-	-	1,494
Investments and other assets	-	-	725
	<b>33,304</b>	<b>40,017</b>	<b>133,012</b>
<b>Total assets</b>	<b>45,779</b>	<b>67,767</b>	<b>167,111</b>
<b>Current liabilities</b>			
Trade and other payables	5,101	6,709	19,293
Borrowings	382	983	428
Lease liability	1,818	2,370	5,885
Employee benefits	2,179	2,292	4,712
Provision for income tax	172	41	146
Contract liabilities	1,241	1,313	23,748
Other financial liabilities	-	-	1,100
Other liabilities	278	2,951	3,766
	<b>11,171</b>	<b>16,659</b>	<b>59,078</b>
<b>Non-current liabilities</b>			
Trade and other payables	1,349	1,274	-
Borrowings	3,700	1,982	20,579
Lease liability	12,853	11,898	16,394
Employee benefits	318	299	547
Contract liabilities	-	-	8,551
Deferred tax liability	-	-	12,106
	<b>18,220</b>	<b>15,453</b>	<b>58,177</b>
<b>Total liabilities</b>	<b>29,391</b>	<b>32,112</b>	<b>117,255</b>
<b>Net assets</b>	<b>16,388</b>	<b>35,655</b>	<b>49,856</b>
<b>Equity</b>			
Contributed equity	18,606	38,644	80,061
Reserves	2,351	3,125	12,300
Accumulated losses	(4,569)	(6,114)	(12,824)
Non-controlling interests	-	-	(29,681)
<b>Total equity</b>	<b>16,388</b>	<b>35,655</b>	<b>49,856</b>

Source: 5GN's 2020 and 2021 annual reports

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



### 6.5 Operating performance

5GN's consolidated statements of profit and loss for the financial years ended 30 June 2019 ("FY19"), 30 June 2020 ("FY20") and 30 June 2021 ("FY21") are presented in the table below.

**Table 8: Consolidated statements of profit and loss of 5GN**

5G Networks Limited	Audited	Audited	Audited
Consolidated Statement of Profit or Loss	FY19	FY20	FY21
and other Comprehensive Income	\$'000	\$'000	\$'000
<b>Revenue</b>			
Revenue	51,155	49,325	87,089
Other income	17	439	4,603
	<b>51,172</b>	<b>49,764</b>	<b>91,692</b>
<b>Expenses</b>			
Network and data centre costs	(24,656)	(20,098)	(25,317)
Domain registration costs	-	-	(5,432)
Cloud and hosting costs	-	-	(1,456)
Software and licencing costs	-	-	(3,030)
Direct labour costs	-	-	(515)
External labour costs	-	-	(1,715)
Rent and office expenses	(383)	(313)	(989)
Marketing and travel expenses	(552)	(322)	(1,122)
Employee benefits expenses	(20,945)	(19,997)	(32,203)
Other expenses	(1,384)	(2,455)	(3,597)
Impairment losses of financial assets	(38)	(275)	(850)
Share based expenses	(2,217)	(1,424)	(2,874)
Acquisition costs	(678)	(441)	(2,207)
Restructuring costs	n/a	(197)	(1,715)
Depreciation expenses	(3,313)	(4,890)	(9,769)
Amortisation expenses	-	(78)	(2,419)
Finance costs	(1,147)	(1,425)	(2,027)
	<b>(55,313)</b>	<b>(51,915)</b>	<b>(97,237)</b>
<b>Loss before income tax</b>	<b>(4,141)</b>	<b>(2,151)</b>	<b>(5,545)</b>
Income tax (expense) / benefit	-	606	(319)
<b>Loss after income tax</b>	<b>(4,141)</b>	<b>(1,545)</b>	<b>(5,864)</b>
Other comprehensive loss for the year, net of incor	-	-	272
<b>Total comprehensive loss for the year</b>	<b>(4,141)</b>	<b>(1,545)</b>	<b>(5,592)</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Members of the Parent	(4,141)	(1,545)	(4,438)
Non-controlling interests	-	-	(1,154)
<b>Total comprehensive loss for the year</b>	<b>(4,141)</b>	<b>(1,545)</b>	<b>(5,592)</b>

Source: 5GN's 2020 and 2021 annual reports

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT



A breakup of 5GN's revenue by service offering is set out below:

**Table 9: Revenue streams**

5G Networks Limited	FY19	FY20	FY21
Consolidated revenue	\$'000	\$'000	\$'000
Cloud services			
5G Networks	12,001	13,702	9,908
Webcentral (Email & Hosting)	-	-	17,855
Domains	-	-	15,012
Managed services	13,306	12,834	13,378
Hardware and software	14,997	7,710	10,825
Digital marketing	-	-	2,405
Data centres	4,073	7,666	8,489
Network and voice	6,778	7,413	9,217
<b>Total revenue</b>	<b>51,155</b>	<b>49,325</b>	<b>87,089</b>

*Source: 5GN's management reporting*

The digital marketing, domain name and email and hosting revenue was contributed by Webcentral. Excluding the contribution from Webcentral, the revenue from the wholly owned businesses was approximately \$52 million, with the growth being generated predominantly by network and voice services.

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



### 6.6 Cash flow statements

5GN's consolidated statements of cash flows for FY19, FY20 and FY21 are presented in the table below.

**Table 10: Consolidated statements of cash flows of 5GN**

5G Networks Limited Consolidated Statement of Cash Flows	Audited FY19 \$'000	Audited FY20 \$'000	Audited FY21 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers	53,564	53,591	95,247
Receipts from government grant	-	-	432
Payments to suppliers and employees	(52,122)	(44,791)	(83,513)
Interest received	17	38	231
Interest paid	(1,019)	(1,326)	(2,027)
R&D tax concession received	501	-	-
Income tax payments made	-	-	(305)
Acquisition costs	-	-	(1,572)
<b>Net cash flows from operating activities</b>	<b>941</b>	<b>7,512</b>	<b>8,493</b>
<b>Cash flows from investing activities</b>			
Net cash on purchase of Australian Pacific Data Centres	-	(3,547)	-
Net cash on purchase of North Sydney Data Centre	-	(533)	-
Net cash on purchase of Anittel / Hostworks Group	(1,700)	-	-
Net cash on purchase of Melbourne Data Centre	(869)	-	-
Consideration paid in relation to deferred capital payments for North Sydney Data Centre	-	-	(1,083)
Net cash on purchase of ColoAU	-	-	(2,400)
Net cash on purchase of Intergrid	-	-	(1,748)
Net cash on purchase of Webcetral Group Limited	-	-	1,102
Purchase of property, plant and equipment	(1,201)	(3,308)	(7,619)
Increase in pledged bank deposits	(1,000)	(397)	-
Return of pledged bank deposits	-	-	1,397
Proceeds from subleases	-	-	1,136
Return of capital and dividends received from Tiger Pistol	-	-	115
Loans to employees	-	-	(920)
<b>Net cash flows used in investing activities</b>	<b>(4,770)</b>	<b>(7,785)</b>	<b>(10,020)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares	8,500	18,386	36,819
Proceeds from exercise of options	24	2,264	1,752
Proceeds from applications for share purchase plan	-	763	-
Proceeds from issue of loan agreements	500	-	-
Proceeds from borrowings	3,825	3,263	22,159
Repayment of loan agreements / convertible notes	(500)	-	-
Repayment of borrowings	(4,448)	(4,690)	(52,487)
Payment of capital raising costs	(442)	(974)	(1,811)
Payment of financing costs	(180)	-	-
Capital lease payments	(1,147)	(1,701)	(6,854)
Dividends paid	-	(580)	(977)
<b>Net cash flows from / (used in) financing activities</b>	<b>6,132</b>	<b>16,731</b>	<b>(1,399)</b>
Net increase / (decrease) in cash and cash equivalents	2,303	16,458	(2,926)
Net foreign exchange differences	-	-	(22)
Cash and cash equivalents at beginning of period	3,357	5,660	22,118
<b>Cash and cash equivalents at end of period</b>	<b>5,660</b>	<b>22,118</b>	<b>19,170</b>

Source: 5GN's 2020 and 2021 annual reports

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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## 7. Industry analysis

5GN primarily operates in the broader telecommunications and information technology industry. The industry is generally considered to be capital intensive, heavily regulated and highly susceptible to technological change. 5GN's revenue streams are discussed in section 6. Of these, we consider they fall into the following specialised industries or sectors based on research sourced from IBISWorld<sup>1</sup>:

- *Cloud Hosting and Data Processing Services* which include hosting services, application services, business process management services and data processing services.
- *Cloud Storage Services* which include cloud storage services, managed storage services and colocation storage services; and
- *Internet Hosting Services* which include colocation hosting services, cloud hosting services, and managed and dedicated hosting services.

In addition to the 5GN wholly owned businesses, we consider, based on IBISWorld research, that Webcentral's business can be classified under the *cloud hosting and data processing services* as well as the *internet hosting services* sectors listed above.

The three sectors listed above have performed strongly over the past five years due to enhanced web accessibility, growing internet traffic, increasing prominence of cloud computing, the rising number of businesses outsourcing cloud storage and advancements in internet hosting.

Wages represent the largest expense for the industries due to demand for highly skilled technical personnel to facilitate growing client bases. Rent is also a significant industry expense as operators typically need to house the required infrastructure closer to clients to provide faster access speeds and improved service. Finally, due to the energy-intensive nature of activities, utilities, and in particular electricity, also make up a significant proportion of expenses.

In addition to the above, capital expenditure is also a significant cash outflow for the industry, with the acquired equipment often being depreciated over a shorter period of time compared to other industries due to the greater propensity for required upgrades as a result of technological advancements and that industry players need to invest in up-to-date equipment and technology to retain a competitive edge.

Offshoring of jobs to low-wage countries and development of in-house hosting systems and data processing systems by large corporations and public sector organisations poses a significant threat to industry players.

Below is the outlook and forecast for each industry sector, based on IBISWorld research:

- the *Cloud Hosting and Data Processing Services* industry in Australia is forecast to grow at an annualised rate of 7.7% from 2022 to 2027 due to significant growth in demand from corporate and government entities for web hosting and data processing, along with improved internet accessibility to support that demand.
- the *Cloud Storage Services* industry in Australia is forecast to grow at an annualised rate of 11.4% from 2021 to 2026 due to increased use of cloud computing, improved web accessibility and increased business outsourcing.
- the *Internet Hosting Services* industry in Australia is forecast to grow at an annualised rate of 4.9% from 2021 to 2026 due to enhanced web accessibility, increased business outsourcing and higher demand from government entities. This segment is expected to continue to benefit from the Australian Government Data Centre Strategy 2010-2025 (a strategy by the Australian government to reduce its data centre costs), as more government departments seek long-term contracts with internet hosting service providers to reduce their IT costs.

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<sup>1</sup> <https://www.ibisworld.com>



## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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One of the fundamental shifts in technology companies over the past decade has been the shift from large, upfront, perpetual software licence sales to more modest upfront sales with the primary revenue model being subscription based. Large, global incumbents have overhauled their existing business models to begin offering subscription-based software sales, with some successfully migrating almost their entire customer base while many remain in transition. Meanwhile, newer, more recently founded companies have started operations on pure-play subscription models.

Since telecommunications networks are an essential service and rely more on technology than labour, the telecommunications industry has largely been shielded from negative effects of COVID-19 restrictions like social distancing requirements. However, there is a potential risk of a shortage of labour for repairs due to COVID-19 restrictions, which could render elements of a network inoperable.

The COVID-19 pandemic has affected different segments of the broader telecommunications industry relevant to 5GN and Webcentral to varying degrees, as discussed below:

- The *Cloud Hosting and Data Processing services* industry has been moderately affected by the COVID-19 pandemic. While some product segments, such as web hosting, have seen additional demand, others such as data processing have fallen as larger clients have suspended contracts.
- The *Cloud Storage Services* industry does not require significant human contact for operation, as such it has not been impacted negatively, and has continued to operate during COVID-19 outbreaks. Revenue for this sector has increased as businesses have shifted operations online.
- Similarly, the *Internet Hosting Services* industry has not been impacted negatively and has seen revenue growth due to a surge in demand as businesses have shifted operations onto cloud storage during COVID-19.

### 8. Valuation of 5GN before the Proposed Scheme

#### 8.1 Value definition

PKF Corporate’s valuation of 5GN is on the basis of ‘fair market value’, defined as:

*‘the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm’s length’.*

#### 8.2 Valuation methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



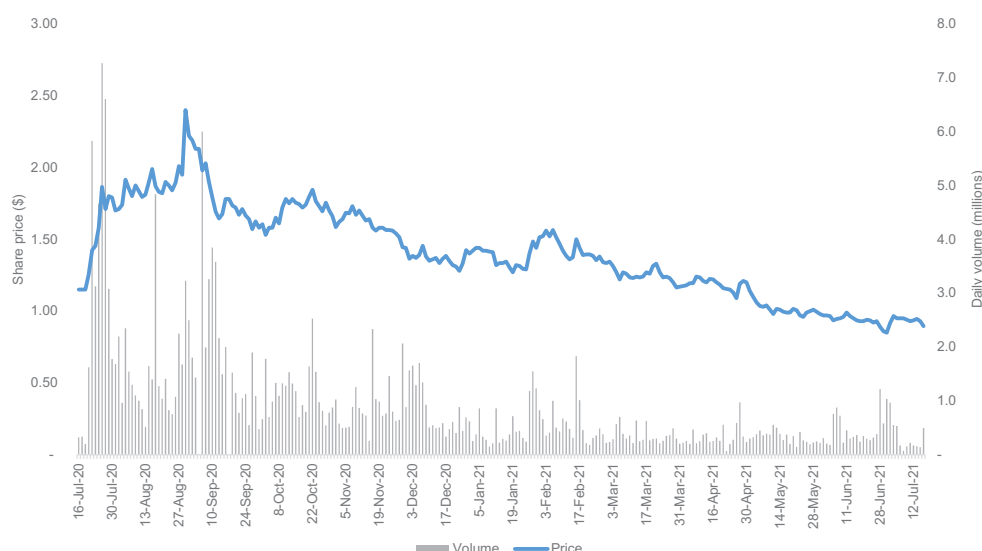
## 8.3 Share price history

The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction.

As the share price history of 5GN will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to consider in assessing the value of a share in 5GN.

We have set out in the graph below the trading in 5GN Shares over the 12-month period prior to the announcement of the Proposed Scheme, being from 16 July 2020 to 15 July 2021.

**Graph 1: 5GN share price and volume traded**



As can be seen from the above graph, the 5GN Share price increased significantly from mid-July 2020. On 21 July 2020 it was announced that share purchase plan applications of approximately \$3.9 million had successfully completed, a series of additional announcements were made over the following weeks including the release of the FY20 financial results on 18 August 2020. The share price peaked on 31 August 2020 and has been trending downwards since then.

During September 2020 5GN made a significant placement and announced a takeover offer for Webcentral. The offer period ultimately closed on 10 November 2020 at which point 5GN held 56.68% of Webcentral's Shares on issue. 5GN's bid was referred to the Takeovers Panel in October 2020 and the challenge to the offer was not finalised until 26 February 2021 when the Takeovers Panel announced that it declined to conduct proceedings in relation to the takeover. As we believe that the takeover offer and the consequent Takeover Panel application may have impacted on the 5GN share price, we have limited our analysis of the trading in 5GN Shares to the period commencing 1 February 2021 and ending on 15 July 2021, being the last trading day before 5GN announced the Proposed Scheme.

In the table below we have listed the ASX announcements for the period referred to above that have been classified as price sensitive.

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



**Table 11: 5GN's price sensitive announcements**

Date	5GN Headline Announcements
5-Feb-21	TOV: WCG Panel Declines to Extend Time to Make Declaration
5-Feb-21	Record EBITDA Result
16-Feb-21	5GN Selected in SA Government Panel
26-Feb-21	T/overs P: WCG Review Panel Declines to Conduct Proceedings
26-Feb-21	5GN Half Year FY21 Results Presentation, Half Yearly Report and Accounts
17-Mar-21	5GN Expands Cloud Offering and Acquires Intergrid Group
28-Apr-21	5G Networks Q3 FY21 Financial and Operational Update
13-May-21	5G Networks Launches Wholesale Offering
21-Jun-21	Webcentral Group Limited - Partial Loan Repayment to 5GN
21-Jun-21	Approval of \$16.6M Debt Facility and 5GN Loan Repayment
1-Jul-21	\$15M Loan Repayment from Webcentral Group
16-Jul-21	Presentation - Webcentral and 5G Networks Agree to Merge

Source: [www.ASX.com.au](http://www.ASX.com.au)

We have also examined the share price of 5GN leading up to the announcement of the Proposed Scheme and calculated the volume weighted average share price ("VWAP"), based on closing daily prices on the ASX for business trading days. We have set out our calculations in the table below.

**Table 12: 5GN volume weighted average share price**

Period	Shares Traded		VWAP (\$)	Share Price	
	Number	Value (\$)		Low (\$)	High (\$)
1 week	1,184,021	1,087,005	0.92	0.90	0.95
2 weeks	2,670,214	2,505,629	0.94	0.90	0.97
3 weeks	6,862,524	6,217,433	0.91	0.85	0.97
1 month	9,038,318	8,250,535	0.91	0.85	0.97
2 months	16,228,891	15,231,197	0.94	0.85	1.02
3 months	24,328,739	24,164,003	0.99	0.85	1.22
6 months	53,072,134	63,291,814	1.19	0.85	1.57

Source: Capital IQ and PKF Corporate analysis

As can be seen from the above table, the VWAP calculated tends to be higher for the periods of greater duration, and lower for the more recent shorter-term periods; this is consistent with the trend of decreasing prices over the last ten or so months as shown in the previous share price graph.

The volume of shares traded in the 1 and 2 week period prior to the announcement represented 1.0% and 2.3% respectively of the shares on issue, which we consider to not be a sufficient volume of shares traded in order to base a valuation on. However, for the 3 week and 1 month periods prior to the announcement 6.0% and 7.9% were traded. The VWAP for these periods was unchanged at \$0.91 per share.

In addition to assessing the recent VWAP at which 5GN Shares have been trading on the ASX, we have also examined the prices at which 5GN has been able to raise new capital over the 12 months prior to the announcement of the Proposed Scheme on 16 July 2021; we note the following:

- A share purchase plan was announced in June 2020 and closed on 17 July 2020. It gave eligible shareholders the ability to acquire up to \$30,000 of shares, resulting in approximately 3.4 million shares being issued and raising approximately \$3.9 million. The shares were priced at the lower of a 2% discount to the five-day VWAP on the date the plan closed, and \$1.23 (being the price at which institutional investors invested). It resulted in a price of approximately \$1.14 per share being paid.
- The most significant issue was pursuant to a placement. On 4 September 2020 5GN announced that a placement of approximately \$30.0 million would be conducted. The share price was based on a 15% discount to the five-day volume weighted average share price ("VWAP"). It resulted in \$27.5 million being raised at \$1.80 per share.

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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- In September 2020 5GN made a non-binding indicative proposal to acquire Webcentral by issuing one 5GN Share for every twelve Webcentral Shares. Over the following months, ending in November 2020, 5GN acquired a majority stake in Webcentral resulting in approximately 4.7 million 5GN Shares being issued. As the transaction was based on a swap of 5GN Shares for Webcentral Shares, a price was not specified.
- Shares have been issued in relation to exercising employee share options, exercising performance rights, as well as under the dividend reinvestment plan, however we do not consider these relevant in determining the value of a 5GN Share.

Of the share issues noted above, a number of them are significant in quantum and total value, however they occurred multiple months ago. As shown on the share price graph, there has been a level of volatility in the price of a 5GN Share, and it also shows the price per share has been trending downwards since late August 2020. As a result, we consider the more recent VWAP approach to be more appropriate in assessing value.

Having regard to the above, we have concluded that the value of one 5GN Share as assessed under the share price valuation methodology is approximately **\$0.91 per share**.

In our opinion, the provision of a single value does not appropriately reflect the uncertainty inherent in any valuation. We have therefore adopted a value range of \$0.87 per share to \$0.96 per share, representing +5% and -5% of the VWAP of \$0.91 per share.

### 8.4 Capitalisation of future maintainable earnings

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest, Tax, Depreciation and Amortisation, or EBITDA. One advantage of using EBITDA is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

A valuation based on capitalised maintainable earnings requires the following key assessments to be made:

- an arm's length assessment of the level of maintainable earnings;
- the selection of an appropriate capitalisation rate (or multiple), which reflects the risks faced in the achievement of the selected level of maintainable earnings;
- identification of any non-operating assets/liabilities that did not contribute to maintainable earnings; and
- determination of the net debt position.

#### Assessment of maintainable earnings

5GN has made a number of acquisitions over recent years as identified in section 6.1. The most significant acquisition related to Webcentral, which resulted in control being gained in November 2020. In addition to the Webcentral acquisition, the other acquisitions made since September 2017 have also represented significant contributions to the 5GN business as a whole, with a collective purchase price of in excess of \$30 million.

Set out below is a reconciliation of the reported profit before income tax with EBITDA for the past three financial years:

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



**Table 13: 5GN reported EBITDA**

	FY19 \$'000	FY20 \$'000	FY21 \$'000
<b>Profit / (loss) before tax</b>	<b>(4,141)</b>	<b>(2,151)</b>	<b>(5,545)</b>
Interest income	(17)	(38)	(99)
Depreciation expenses	3,313	4,890	9,769
Amortisation expenses	-	78	2,419
Finance costs	1,147	1,425	2,027
<b>EBITDA</b>	<b>302</b>	<b>4,204</b>	<b>8,571</b>

*Source: 5GN's 2020 and 2021 annual reports*

The reported EBITDA for FY21 includes a contribution from Webcentral since November 2020 when 5GN gained control. It also includes various acquisition costs and restructuring costs and hence it is not a useful measure against which the value of 5GN can be measured.

Due to the significance of the acquisitions made by 5GN, we consider the financial performance of 5GN may be materially impacted by them in earlier years. The only significant acquisition in FY21 was that of Webcentral, however 5GN acquired less than 100% of the issued capital of Webcentral. For this reason, we have elected to assess the maintainable earnings solely on the basis of FY21 results of 5GN and its wholly owned subsidiaries only (the value of the investment in Webcentral will be considered separately and reflected in the equity value of 5GN).

We have reviewed the management results for 5GN and its wholly owned subsidiaries for FY21 and note that 5GN generated an EBITDA of \$2.7 million, however this includes acquisition costs (approximately \$2.1 million) and one-off restructuring costs (approximately \$0.5 million). We have reviewed these costs and discussed these with management. We also note that the stand-alone results of 5GN include approximately \$1.4 million in management charges passed on to Webcentral. After adjusting for the acquisition costs and the one-off restructuring costs, we have assessed the underlying EBITDA at approximately \$5.3 million. We have adopted the EBITDA of \$5.3 million as representative of the current earnings being generated by 5GN excluding any contribution from Webcentral.

### **Assessment of capitalisation multiple**

In estimating an appropriate capitalisation rate, we have focused our multiples research and analysis on ASX-listed comparable Australian companies with similar operations to that of 5GN. Further details of the comparable companies are set out in Appendix C.

The results of our research are set out below:

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



**Table 14: Comparable ASX listed companies**

	Stock Code ASX	Market <sup>1</sup> Cap \$ m	Enterprise <sup>2</sup> Value \$ m	LTM EBITDA \$ m	Implied LTM EBITDA multiple
Telstra Corporation Limited	ASX:TLS	45,475.1	62,793.1	5,078.0	12.4
TPG Telecom Limited	ASX:TPG	11,397.8	17,160.8	1,270.2	13.5
NEXTDC Limited	ASX:NXT	5,829.7	6,038.2	124.3	48.6
Uniti Group Limited	ASX:UWL	2,884.8	3,095.3	85.7	36.1
Macquarie Telecom Group Limited	ASX:MAQ	1,719.8	1,908.4	52.4	36.4
Data#3 Limited	ASX:DTL	829.9	652.5	38.8	16.8
MNF Group Limited	ASX:MNF	539.4	534.6	26.8	19.9
Superloop Limited	ASX:SLC	466.4	443.7	4.8	91.6
rhipe Limited	ASX:RHP	402.7	351.3	12.7	27.6
Swoop Holdings Limited	ASX:SWP	273.4	276.1	(1.2)	n/a
Over the Wire Holdings Limited	ASX:OTW	251.4	287.9	19.1	15.1
Empired Limited	ASX:EPD	211.6	220.8	13.1	16.8
Spirit Technology Solutions Ltd.	ASX:ST1	163.1	168.6	7.5	22.6
Field Solutions Holdings Limited	ASX:FSG	100.2	102.1	1.7	60.8
Sovereign Cloud Holdings Limited	ASX:SOV	62.7	56.3	(8.2)	n/a
Firstwave Cloud Technology Limited	ASX:FCT	54.5	45.1	(13.1)	n/a
Comms Group Limited	ASX:CCG	28.9	25.0	1.4	17.3
DC Two Limited	ASX:DC2	11.4	12.4	(3.1)	n/a
DXN Limited	ASX:DXN	11.1	19.5	(2.7)	n/a
Tomizone Limited	ASX:TOM	0.8	9.8	(0.5)	n/a
<b>Average<sup>3</sup></b>					<b>16.8</b>
<b>Median<sup>3</sup></b>					<b>16.8</b>

Source: Capital IQ, PKF Corporate analysis

Note 1 - Share prices used to determine the market capitalisation of each of the comparable companies were closing share prices as at 30 Aug 2021

Note 2 - Enterprise value = Market Capitalisation – Cash + Debt – Preferred Equity + Minority Interest

Note 3 - Grey highlighted multiples are excluded from our calculations of average and median as they are considered to be outliers

Note 4 - LTM = Last Twelve Months, n/a = not applicable

As can be seen from the above table, the comparable companies trade at an average and median EBITDA multiple of 16.8, however the data warrants further commentary. The two largest companies by market capitalisation are considered to be mature businesses and trade at similar multiples. There are a number of other large listed companies that trade at very high multiples, which we treated as outliers as these are valued by the market based on future prospects rather than their current performance or, as in the case of rhipe Limited, are under a current takeover offer. We also note that many of the smaller companies are not generating a positive EBITDA.

We have also conducted a search for transactions involving companies that operate in the same broader sector to that serviced by 5GN. The recent Australian transactions identified for which EBITDA multiples are available are set out below:

**Table 15: Comparable transaction multiples**

Target	Acquirer	Percentage acquired (%)	EV	EBITDA multiple
rhipe Limited (ASX:RHP)	Crayon Group Holding ASA (OB:CRAYN)	100.0	347.1	26.7
Empired Limited (ASX:EPD)	Capgemini Australia Pty Limited	100.0	242.6	13.3
Telstra FTTP assets	Uniti Group Limited	100.0	140.0	6.7
Digital Sense Hosting Pty Ltd	Over the Wire Holdings Limited	100.0	39.0	7.2
Intalock Technologies Pty Ltd	Spirit Technology Solutions Limited	100.0	22.5	9.8
VPN Solutions Pty Ltd	Over the Wire Holdings Limited	100.0	17.5	5.6
<b>Average</b>				<b>11.6</b>
<b>Median</b>				<b>8.5</b>

Source: Capital IQ, PKF Corporate analysis

As can be seen from table 15, the average transaction multiple is 11.6 and the median multiple is 8.5. Again, the larger businesses have attracted higher multiples.

In considering the above information, it must be borne in mind that the comparable listed company multiples are based on market capitalisations that reflect minority trades on the ASX, whereas the transaction multiples reflect multiples at which control over the businesses is changing.

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



We have also considered the multiples that 5GN has paid to acquire the various businesses that are now part of the 5GN business. This historical information is summarised below:

**Table 16: 5GN past acquisitions**

Acquisition date	Company / asset	Services	Purchase price (\$ million)	Implied EBITDA multiple
Sep-17	Enspire Australia Pty Ltd	Cloud & hosting, voice & data network and managed services	0.8	n/a
Mar-18	Asia Pacific Telecommunications Group Pty Ltd	Voice & data network services	6.0	4.0
Aug-18	Hostworks and Annitel	Cloud & hosting, voice & data network and managed services	5.7	2.0
Apr-19	Melbourne Data Centre Pty Ltd	Data centre services	5.7	7.0
Sep-19	Australian Pacific Data Centres Pty Ltd	Data centre services	3.5	7.0
Feb-20	North Sydney Data Centre	Data centre services	2.0	3.0
Jul-20	Business and assets of Colocation Australia Pty Ltd	Data centre and data network services	2.9	4.0
Nov-20	Brisbane CBD Data Centre	Data centre services	1.1	n/a
Mar-21	Intergrid Group Pty Ltd	Cloud & hosting services	3.0	4.0

Source: 5GN management

Table 16 shows that 5GN was able to acquire businesses at multiples not exceeding 7.0.

All of the above data indicates that scale attracts a significant premium.

After considering the results of our research and the relative size of the companies (the approximate market capitalisation of 5GN is \$100 million), we have selected a multiple in a range of 11.0 to 12.0 times maintainable EBITDA.

### Assessment of enterprise value

Based on the level of assessed maintainable earnings and the multiple selected above, the enterprise value of 5GN can be estimated as follows:

**Table 17: Estimate of 5GN enterprise value**

Enterprise Value	Low	High
Maintainable EBITDA - \$'000	5,300	5,300
Capitalisation multiple	11.0	12.0
<b>Enterprise value - \$'000</b>	<b>58,300</b>	<b>63,600</b>

Source: PKF Corporate analysis

### Assessment of equity value

The enterprise value must be adjusted for surplus assets and interest-bearing debt in order to assess the equity value.

Our review of the financial records of 5GN identified that at 30 June 2021 5GN and its wholly owned subsidiaries had net debt of approximately \$3.0 million.

5GN also holds 69,524,461 Webcentral Shares. As the enterprise value assessed above does not include any contribution from Webcentral, the value of these shares has to be assessed separately and added to the enterprise value. In section 10 we concluded that the value of each Webcentral Share is in a range of \$0.45 to \$0.49 per share. Based on this per share value the investment in Webcentral has a value in a range of \$31.0 million to \$34.0 million.

In addition to the investment in Webcentral Shares, 5GN also provided loan funds of \$26.627 million to Webcentral at 30 June 2021. We have treated this loan as a surplus asset.



# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



It should be noted that subsequent to 30 June 2021 5GN issued a further 6.4 million shares upon the exercise of options. The exercise price of the options was \$4.725 million, however pursuant to the Company's employee incentive scheme, the exercise price was loaned by the Company to the option holders and hence no proceeds were received by 5GN. Whilst the loan is repayable, the loan is only secured by the underlying shares and any repayment is deferred until the earlier of five years from grant of the loan, three months after cessation of office or employment and sale of the shares. As we are unable to predict when the funds will be received, we have not been able to estimate the current value of this receivable and we have not included this contingent asset in our assessment of the value of 5GN.

After adjusting for net debt, the value of the investment in Webcentral and the loan to Webcentral, the equity value of 5GN can be estimated as follows:

**Table 18: Estimate of 5GN equity value**

Equity Value	Low \$'000	High \$'000
Enterprise value	58,300	63,600
Value of investment in Webcentral	31,000	34,000
Loan to Webcentral	26,600	26,600
Net debt	(3,000)	(3,000)
<b>Equity value</b>	<b>112,900</b>	<b>121,200</b>

Source: PKF Corporate analysis

As 5GN has 120,661,123 shares on issue, the value per share can be estimated as follows:

**Table 19: Value per share**

Value per Share	Low	High
Equity value - \$'000	112,900	121,200
Number of shares on issue	120,661,123	120,661,123
<b>Value per share</b>	<b>\$ 0.94</b>	<b>\$ 1.00</b>

Source: PKF Corporate analysis

As can be seen from the above table, using the capitalisation of maintainable earnings methodology we have assessed the value of each 5GN Share to be in a range of \$0.94 to \$1.00.

## 8.5 Net present value of future cash flows

An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.

5GN generated positive cash flows from operations during FY19, FY20 and FY21 (refer to section 6.6 above) and is expected to generate positive cash flows going forward, however we have not been provided with forecasts for 5GN.

In light of the above comments and in the absence of a detailed longer term forecast model, we have not been able to satisfy ourselves that the net present value of future cash flows methodology to value 5GN is an appropriate methodology.

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT

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### 8.6 Asset based methods

This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

#### (a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market value. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

#### (b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

#### (c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

### Application of Assets based methods

Given that 5GN is trading as a going concern, we consider option (a) Net assets, to be the most appropriate of the asset based methods to apply.

As at 30 June 2021, 5GN reported net assets of \$50.7 million and total assets of \$166.6 million (refer to section 6.4 above). Assets comprised cash of \$19.2 million, property plant and equipment of \$15.9 million and right to use assets of \$15.5 million. But the largest asset classes were intangible assets which accounted for 51.3% of total assets as at 30 June 2021 and included the following balances:

- goodwill of \$61.3 million; and
- other intangible assets of \$24.2 million.

The book value of goodwill reflects the amount, in excess of the value of the identifiable assets, which 5GN has paid for businesses acquired and have not been subsequently impaired. 5GN has made a number of acquisitions, of which those made in recent years have been summarised in section 6.1.

The other intangible assets relate to customer contracts, brand names and capitalised software.

The premise of the net asset approach is that 5GN is worth the book value of its net assets at a point in time and, as such, does not attribute any value to any unrecorded intangible assets. The accounting standards require goodwill to be assessed for impairment. This involves assessing business units to which the goodwill relates and ensuring that any goodwill is not carried at an amount in excess of its recoverable amount, therefore if a business unit has grown and/or become more profitable since being acquired, this is not reflected in the value of goodwill, however if the contrary has occurred, then goodwill is adjusted down to reflect this. Therefore, although the level of goodwill is significant for 5GN, it does not reflect any increased value of the businesses since they were acquired or any organic growth of 5GN in general.

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT



In our opinion, information and technology service-based companies are often valued at a premium to their respective net asset backing and, as such, this suggests that a potential acquirer may place a value on the intangible assets of technology companies such as 5GN which have not been reflected on the balance sheet. In light of this comment, we have concluded that the net asset approach does not reflect the market value of 5GN's intangible assets and, as such, we do not consider this approach to be an appropriate valuation methodology to use in assessing the value of 5GN.

### 8.7 Comparable market transactions

Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

We are not aware of any specific rules of thumb to be applied to valuing 5GN and, as such, we are unable to apply this valuation methodology.

### 8.8 Alternate acquirer

The value that an alternative offeror may be prepared to pay to acquire 5GN is a relevant valuation methodology to be considered.

We have reviewed recent market announcements and are not aware of any offers for the 5GN Shares and as a result we are unable to apply this valuation methodology

### 8.9 Conclusion

The applicable valuation methodologies that we have considered in valuing 5GN are summarised in the table below.

**Table 20: 5GN Valuation Conclusion**

5GN Valuation methodology	section	Low \$	High \$
Share price history	8.3	0.87	0.96
Capitalisation of maintainable earnings	8.4	0.94	1.00

Source: PKF Analysis

As can be seen from the table above, the valuation of a 5GN Share derived from the share price history valuation methodology and the capitalisation of maintainable earnings approach are in a range of \$0.87 per share to \$1.00 per share.

After considering the veracity of the evidence on which both methodologies were based, we have elected to rely on the share price history methodology. The key reason for this decision is the inclusion of management charges between 5GN and Webcentral on account of senior 5GN staff performing management functions at Webcentral and our inability to independently assess the commercial basis of these management charges.

We have therefore concluded that the fair market value of a 5GN Share lies in a range of **\$0.87 to \$0.96 cents per Share, with a mid-point of \$0.92 per Share**, as determined under the share price history methodology.

# ANNEXURE A – INDEPENDENT EXPERT'S REPORT

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## 9. Webcentral – key information

### 9.1 Background

Webcentral is a company limited by shares, incorporated and domiciled in Australia. The company was founded in 1996 as the Melbourne IT Group. It was subsequently known as Arq Group Limited from May 2018 to June 2020 when it changed its name to Webcentral Group Limited.

Webcentral's shares were publicly listed on the ASX on 14 December 1999 (when it was known as Melbourne IT Group). Webcentral's head office is located in Melbourne, with other offices located in Sydney and Brisbane.

Webcentral is a full-service digital services partner for small and medium businesses in Australia and New Zealand, providing a suite of products and services which individuals and businesses can utilise to build and grow their online presence. These include supply of domain name registrations and renewals, website and email hosting, website development, search engine marketing and social advertising campaigns for businesses.

Webcentral's business comprises of the following brands:

- *Melbourne IT* was established in 1996 and helps clients build their social and digital profile online. It also provides services that include domain names, website hosting, website design, online marketing and website security;
- *Netregistry* was established in 1997 and provides various digital solutions to Australian clients including domain names, web hosting, website design, online marketing and other applications;
- *Domainz* was established in 1997 and provides similar services as Melbourne IT and Netregistry to clients based in New Zealand; and
- *WME* was established in 2008 and is a digital marketing agency, which specialises in search engine optimisation, search marketing, social marketing, pay-per-click advertising and digital reputation management.

On 2 March 2020, Webcentral sold its Enterprise division, Arq Group Enterprise Pty Ltd, to a consortium comprising Quadrant Private Equity and certain members of the management team working with the divested entity / business unit for \$35.0 million (before taking into account adjustments). Prior to the sale, this division provided enterprise services including cloud, mobile application development, data and analytics to Australian businesses and government organisations.

On 20 November 2020, Webcentral sold its 50% interest in Netalliance Pty Ltd whose principal operations relate to the purchase and resale / auction of specific domain names that have expired but not renewed. The sale comprised Webcentral's interest in Netalliance Pty Ltd as well as its wholly owned subsidiary, Ziphosting Pty Ltd, to Trellian Pty Ltd for \$0.5 million in cash consideration.

On 30 July 2021, Webcentral announced an on-market takeover bid to acquire all of the fully paid ordinary shares of Cirrus Networks Holdings Limited ("Cirrus") (ASX: CNW) which were not already owned by Webcentral. The offer price was cash of \$0.032 (3.2 cents) per share.

### 9.2 Directors and key executives

Webcentral's board of Directors and other key executives at the date of this report are presented in the table below.

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



**Table 21: Directors and key executives of Webcentral**

Name	Position
<b>Board of Directors</b>	
Mr Joseph Gangi	Non-Executive Chairman
Mr Joseph Demase	Managing Director
Ms Natalie Mactier	Non-Executive Director
<b>Other key executives</b>	
Mr John Stevens	Chief Operating Officer
Mr Glen Dymond	Chief Financial Officer and Joint Company Secretary
Mr Michael Wilton	General Counsel and Joint Company Secretary
Mr Glenn Flower	Chief Marketing Officer
Mr Marco Mattiuzzo	Chief Technology Officer
Mr Garry White	Sales Director
Mr Chris Demase	Executive General Manager, Operations
Mr Steve Marchese	Head of People and Culture

Source: Webcentral

## 9.3 Share capital

As of 31 August 2021, Webcentral had on issue 155,490,679 fully paid ordinary shares. The largest shareholder is 5GN holding approximately 44.7% of the issued ordinary share capital of Webcentral. 5GN's holding in Webcentral is the result of a takeover proposal which was announced on 7 September 2020. This takeover proposal resulted in shares in Webcentral being acquired by 5GN in which shares in 5GN were given as consideration. This is further discussed in sections 6.1 and 10.7.

The top 10 shareholders are presented in the table below and they held approximately 69.6% of the issued ordinary share capital of Webcentral.

**Table 22: Major shareholders of Webcentral**

	Number of shares held	Percentage interest
5G Networks Limited and associated entities	69,524,461	44.7%
J D Management Group Pty Ltd	11,951,206	7.7%
J P Morgan Nominees Australia Pty Limited	12,228,472	7.9%
Ms Daniela Dona Gangi & Mr Giuseppe Gangi and associated entities	2,941,176	1.9%
Arktree Nominees Pty Ltd	2,512,438	1.6%
Capital H Management Pty Ltd	2,800,000	1.8%
Mr Bernard William Livy & Mrs Desma Lea Livy	1,930,000	1.2%
The Trust Company (Australia) Limited	1,675,051	1.1%
Bucwit Pty Ltd	1,411,764	0.9%
HSBC Custody Nominees (Australia) Limited	1,177,535	0.8%
<b>Sub-total - top 10 shareholders</b>	<b>108,152,103</b>	<b>69.6%</b>
Other shareholders	47,463,576	30.5%
<b>Total</b>	<b>155,490,679</b>	<b>100.0%</b>

Source: Webcentral

As of 31 August 2021, shares held by 5GN totalled 69,524,461 shares or 44.7% of the issued capital, and shares held by J D Management Group Pty Ltd (an entity controlled by Joseph Demase) totalled 11,951,206 shares or 7.7% of the issued capital.

In addition to ordinary shares, Webcentral has the following options and performance rights outstanding:

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



**Table 23: Options and performance rights on issue**

Webcentral Group Limited	Number on issue	Exercise price	Vesting date	Expiry date
Options	1,125,000	\$ 0.200	6-Jul-22	06-Jan-24
Options	750,000	\$ 0.450	30-Mar-22	30-Mar-24
Options	2,000,000	\$ 0.200	18-Dec-22	18-Dec-25
Options	1,300,000	\$ 0.485	1-Feb-23	01-Feb-26
Options	100,000	\$ 0.450	30-Mar-23	30-Mar-26
Options	1,000,000	\$ 0.450	Note 1	15-Jul-26
Options	4,950,000	\$ 0.450	15-Jul-23	15-Jul-26
Performance rights	10,000,000	\$ 0.200	Note 2	18-Dec-25
<b>Total</b>	<b>21,225,000</b>			

Source: Webcentral ASX Announcements

Note 1 Vested as to 50% on 15 July 2021, with the remaining 50% vesting on 15 July 2023.

Note 2 The performance rights vest when Webcentral achieves a normalised annualised EBITDA of \$10,000,000, to be based on audited or unaudited annual or half year financial results. We have been advised that Webcentral's results for the six-month period to 30 June 2021 triggered the vesting of these performance rights.

### 9.4 Operating performance

Historically, Webcentral's financial year was a calendar year, however on 14 December 2020, it was changed to 30 June year end to align with the financial year of 5GN. As a result, Webcentral has prepared the following financial statements:

- financial year ended 31 December 2019 ("CY19");
- a six-month interim period ended 30 June 2020;
- a 12-month interim period ended 31 December 2020; and
- an 18-month financial period ended 30 June 2021.

From 1 July 2021 onwards, Webcentral will prepare financial statements for a standard 12-month financial period ending on 30 June.

For the purposes of our analysis, we have presented below the consolidated statements of profit and loss for Webcentral for the year ended 31 December 2019, but we have also calculated the 12-month periods ended 30 June 2020 and 30 June 2021 in order to provide greater comparability with 5GN.

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



**Table 24: Consolidated statements of profit and loss of Webcentral**

	Audited Dec-19 12 mth \$'000	Computation Jun-20 12 mth \$'000	Computation Jun-21 12 mth \$'000
Net revenue from customer contracts	83,615	58,553	56,660
Cost of sales	(27,672)	(23,140)	(20,108)
<b>Gross profit</b>	<b>55,943</b>	<b>35,413</b>	<b>36,552</b>
Other income	1,315	3,864	4,487
Gain/(Loss) on reassessment of contingent consideration liability	98	-	-
Salaries and employee benefits expenses	(30,576)	(28,597)	(21,243)
Depreciation expenses	(7,026)	(7,072)	(6,277)
Amortisation expenses	(3,511)	(3,733)	(606)
Other expenses	(12,953)	(12,826)	(15,434)
Finance costs	(5,810)	(5,813)	(3,454)
Transaction costs	(2,259)	(3,092)	(4,670)
Restructuring costs	(365)	(2,107)	(614)
Impairment of goodwill	(41,123)	(41,123)	(33,000)
Net impairment losses on financial assets	-	-	(727)
Gain/(loss) on disposal of businesses	554	554	(784)
<b>Loss before income tax</b>	<b>(45,713)</b>	<b>(64,532)</b>	<b>(45,770)</b>
Income tax (expense) / benefit	(238)	(1,002)	1,824
<b>Loss after tax on continuing operations</b>	<b>(45,951)</b>	<b>(65,534)</b>	<b>(43,946)</b>
Loss after tax on discontinued operations	(85,272)	(84,227)	2
<b>Loss after tax for the period</b>	<b>(131,223)</b>	<b>(149,761)</b>	<b>(43,944)</b>
Other comprehensive loss for the year, net of income tax	(268)	(79)	36
<b>Total comprehensive loss for the year</b>	<b>(131,491)</b>	<b>(149,840)</b>	<b>(43,908)</b>

Source: Webcentral's June 2020 and December 2020 interim reports, the June 2021 preliminary final report and PKF Corporate analysis



## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



### 9.5 Statements of financial position

Webcentral's consolidated statements of financial position as of 31 December 2019, 30 June 2020 and 30 June 2021 are presented in the table below.

**Table 25: Consolidated statements of financial position of Webcentral**

	Audited 31-Dec-19 \$'000	Reviewed 30-Jun-20 \$'000	Audited 30-Jun-21 \$'000
<b>Current assets</b>			
Cash and cash equivalents	8,949	3,418	2,412
Trade and other receivables	13,910	5,373	1,718
Prepayments	7,810	8,198	5,398
Lease receivables	2,064	3,115	1,965
Current tax refund	375	1,260	-
Contract assets	75	-	476
Other assets	2,853	3,273	680
Assets held for sale	38,674	-	87
	74,710	24,637	12,736
<b>Non-current assets</b>			
Plant and equipment	8,198	6,403	2,191
Right to use asset	16,554	10,025	3,513
Intangible assets	77,804	76,557	41,596
Prepayments	678	688	2,428
Lease receivables	1,830	3,587	1,076
Deferred tax asset	7,323	16	3,794
Financial assets	1,375	1,409	725
Other assets	560	483	1,493
	114,322	99,168	56,816
<b>Total assets</b>	<b>189,032</b>	<b>123,805</b>	<b>69,552</b>
<b>Current liabilities</b>			
Trade and other payables	8,692	13,750	11,419
Contract liabilities	22,792	22,725	22,437
Provisions	1,585	1,706	1,270
Derivative financial instruments	510	554	-
Interest bearing loans and borrowings	61,929	42,234	26,627
Other financial liabilities	5,549	-	-
Current tax payable	-	-	511
Current lease liabilities	6,160	6,548	3,423
Liabilities associated with assets held for sale	15,931	-	-
	123,148	87,517	65,687
<b>Non-current liabilities</b>			
Contract liabilities	11,297	11,465	8,551
Provisions	3,187	2,943	2,535
Interest bearing loans and borrowings	-	-	15,000
Deferred tax liabilities	7,549	-	1,323
Lease liabilities	12,970	10,214	3,051
	35,003	24,622	30,460
<b>Total liabilities</b>	<b>158,151</b>	<b>112,139</b>	<b>96,147</b>
<b>Net assets / (liabilities)</b>	<b>30,881</b>	<b>11,666</b>	<b>(26,595)</b>
<b>Equity</b>			
Contributed equity	91,179	91,179	96,566
Foreign currency translation reserve	(533)	(634)	(336)
Share based payments reserve	193	180	597
Other reserves	(278)	(274)	(536)
Retained earnings	(59,806)	(78,920)	(122,886)
Non-controlling interests	126	135	-
<b>Total equity</b>	<b>30,881</b>	<b>11,666</b>	<b>(26,595)</b>

Source: Webcentral's June 2020 interim report and the June 2021 annual report

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



## 9.6 Cash flow statements

Webcentral's consolidated statements of cash flows have been presented below for the year ended 31 December 2019, and we have also calculated the figures for the 12-month periods ended 30 June 2020 and 30 June 2021 in order to provide greater comparability with 5GN.

**Table 26: Consolidated statements of cash flows of Webcentral**

	Audited Dec-19 12 mth \$'000	Computation Jun-20 12 mth \$'000	Computation Jun-21 12 mth \$'000
<b>Cash flows from operating activities</b>			
Receipt of service revenue and recoveries	187,353	126,369	57,732
Receipt of government grants	-	222	1,171
Payments to suppliers and employees	(168,489)	(125,168)	(50,271)
Interest received	202	305	131
Interest paid	(3,390)	(3,317)	(2,186)
Bank charges and credit card merchant fees paid	(1,135)	(973)	(845)
Income tax (paid)/refunded	(3,269)	(631)	333
Transaction costs	(2,394)	(2,394)	(13,396)
<b>Net cash cash flows from / (used in) operating activities</b>	<b>8,878</b>	<b>(5,587)</b>	<b>(7,331)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment and intangible assets	(3,423)	(2,324)	745
Lease payments received	1,869	1,999	4,180
Payment of InfoReady earn out	(4,110)	(8,088)	-
Return of capital and dividends from Tiger Pistol	505	(1)	116
Proceeds from disposal of the Enterprise business	-	(3,950)	39,456
Payments for transaction costs	-	(816)	1,057
Proceeds from disposal of the TPPW business	21,268	57,552	(36,284)
<b>Net cash flows from investing activities</b>	<b>16,109</b>	<b>44,372</b>	<b>9,270</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	7,375	5,000	60,003
Proceeds from capital raise	-	-	5,614
Repayment of borrowings	(21,292)	(39,022)	(60,870)
Payment of dividend on ordinary shares	(4,378)	(4,269)	-
Payment of borrowing costs	-	-	(165)
Payment of dividend to non-controlling interests	(80)	-	-
Payment of lease liabilities	(5,961)	(4,714)	(7,141)
Payment of capital raising costs	-	-	(227)
<b>Net cash flows used in financing activities</b>	<b>(24,336)</b>	<b>(43,005)</b>	<b>(2,786)</b>
Net increase / (decrease) in cash and cash equivalents	651	(4,220)	(847)
Net foreign exchange differences	19	(19)	(159)
Cash and cash equivalents at beginning of period	8,279	7,657	3,418
<b>Cash and cash equivalents at end of period</b>	<b>8,949</b>	<b>3,418</b>	<b>2,412</b>

Source: Webcentral's June 2020 and December 2020 interim reports, the June 2021 annual report and PKF Corporate analysis

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



### 10. Valuation of Webcentral

#### 10.1 Value definition

The definition of value and the valuation methodologies considered in this section are the same as stated in sections 8.1 and 8.2.

#### 10.2 Share price history

We have set out in the graph below the trading in Webcentral Shares over the 12-month period prior to the announcement of the Proposed Scheme, being from 16 July 2020 to 15 July 2021. We have also reviewed the market announcements issued by Webcentral during this period and have disclosed a select number of market announcements in table 27 below.

**Graph 2: Webcentral share price and volume traded**



The graph above shows that the Webcentral Shares traded in a relatively tight price range prior to early September 2020; after which an increase occurred corresponding with the proposed acquisition by 5GN of Webcentral. The shares continued to trade in a relatively small price range from this point up until mid-November 2020 when on 13 November 2020 Webcentral announced a capital raising of \$5.6 million at \$0.17 per share. The raising consisted of a \$3.1 million placement to institutional and sophisticated investors and a \$2.5 million share issue to Joseph Demase (Director) and Joseph Gangi (Director). Since then, there has been greater volatility in the share price, with the shares trading as high as \$0.73 per share in April 2021. Subsequent to this peak, the price has trended down to a range between \$0.39 per share and \$0.51 per share over the last few months.

In the table below, we have listed the announcements classified as price sensitive. We consider the more recent announcements to be more relevant to the value of Webcentral, therefore we have only disclosed announcements released over the six-month period prior to the announcement of the Proposed Scheme.

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



**Table 27: Webcentral’s price sensitive announcements**

Date	Webcentral Headline Announcements
29-Jan-21	Webcentral Business Transformation Update
5-Feb-21	TOV: WCG Panel Declines to Extend Time to Make Declaration
5-Feb-21	Webcentral Interim Results
24-Feb-21	Appendix 4F and Interim Accounts
1-Mar-21	T/overs P: WCG Review Panel Declines to Conduct Proceedings
28-Apr-21	Webcentral Q3 FY21 Financial and Operational Update
24-May-21	Sydney office lease surrender delivers \$2.2M annual saving
21-Jun-21	Approval of \$16.6M Debt Facility and 5GN Loan Repayment
1-Jul-21	CBA Debt Facility and \$15M Loan Repayment to 5GN
16-Jul-21	Presentation - Webcentral and 5G Networks Agree to Merge

Source: [www.ASX.com.au](http://www.ASX.com.au)

We have also examined the price of Webcentral Shares for a period leading up to the announcement of the Proposed Scheme and calculated the VWAP, based on closing daily prices on the ASX for business trading days. We have set out our calculations in the table below.

**Table 28: Webcentral’s VWAP**

Period	Shares Traded		VWAP (\$)	Share Price	
	Number	Value (\$)		Low (\$)	High (\$)
1 week	425,082	199,660	0.47	0.46	0.48
2 weeks	766,804	358,223	0.47	0.46	0.48
3 weeks	967,539	456,409	0.47	0.46	0.51
1 month	1,495,155	711,723	0.48	0.45	0.51
2 months	4,711,977	2,096,629	0.44	0.39	0.51
3 months	8,084,602	4,078,048	0.50	0.39	0.73
6 months	19,677,865	10,394,813	0.53	0.39	0.73

Source: Capital IQ and PKF Corporate analysis

The table above shows that the Webcentral Shares traded at a VWAP of \$0.47 over weeks 1, 2 and 3 however we also note that the volume traded is relatively low, with the last 3 weeks representing 1.7% of the share free float as reported by CapitalIQ. (Please note that we have assessed the liquidity of the market in Webcentral Shares as a portion of free float shares given that a significant portion of Webcentral’s Shares is owned by 5GN and Webcentral’s Directors.) The trading for the last month represented approximately 2.7% and the last 2 months approximately 8.5% of the free float. We also note from reviewing the share price graph, that although there have been some fluctuations in the last few months, since mid-May 2021, Webcentral Shares have been trading in the \$0.39 to \$0.51 range. After examining the available evidence, we consider the VWAP of \$0.47 to be an appropriate representation of the current value of the Webcentral Shares.

In our opinion, the provision of a single value does not appropriately reflect the uncertainty inherent in any valuation. We have therefore adopted a value range of \$0.45 per share to \$0.49 per share, representing +5% and -5% of the VWAP of \$0.47 per share.

In addition to assessing the volume weighted prices at which Webcentral Shares have been trading at recently, we have also considered share issues over the 12 months prior to the announcement of the Proposed Scheme on 16 July 2021. As previously noted, on 13 November 2020 Webcentral announced a capital raising of \$5.6 million at \$0.17 per share. The raising consisted of a \$3.1 million placement to institutional and sophisticated investors and \$2.5 million share issue to Joseph Demase (Director) and Joseph Gangi (Director).

We have included the above share issue as part of our assessment, however we consider that as these took place approximately eight months prior to the Proposed Scheme and the share price has moved materially during this period, these share issues do not provide useful evidence of the current value of a Webcentral Share.

Having regard to the above, we have concluded that the value of one Webcentral Share is in a range of **\$0.45 to \$0.49 per share** as assessed under the share price valuation methodology.

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



### 10.3 Capitalisation of future maintainable earnings

As noted in section 8.4, capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest, Tax, Depreciation and Amortisation, or EBITDA. One advantage of using EBITDA is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

A valuation based on capitalised maintainable earnings requires the following key assessments to be made:

- an arm's length assessment of the level of maintainable earnings;
- the selection of an appropriate capitalisation rate (or multiple), which reflects the risks faced in the achievement of the selected level of maintainable earnings;
- identification of any non-operating assets/liabilities that did not contribute to maintainable earnings; and
- determination of the net debt position.

#### Assessment of future maintainable earnings

Webcentral has recently made two divestments. In March 2020 the Enterprise division, Arq Group Enterprise Pty Ltd was sold, and in November 2020 the 50% holding in Netalliance Pty Ltd was also sold. The sale of Arq Group Enterprise Pty Ltd had a significant impact on Webcentral and thus the historical financial results of Webcentral should be assessed excluding the divested business. Further details of these sales are included in section 9.1.

The financial statements of Webcentral include high level details of the impact to the financial performance which Arq Group Enterprise Pty Ltd had on Webcentral. In the table below, we have calculated the normalised EBITDA excluding Arq Group Enterprise Pty Ltd.

**Table 29: Financial performance excluding Arq Group Enterprise Pty Ltd**

Webcentral Group Limited	Dec-20 6 months \$'000	Jun-21 6 months \$'000	Jun-21 12 months \$'000
<b>EBITDA analysis</b>			
<b>Profit/(Loss) before tax</b>	(43,381)	(2,389)	(45,770)
Depreciation expenses	3,446	2,831	6,277
Amortisation expenses	145	461	606
Interest income	(117)	(15)	(132)
Interest expense	1,193	1,416	2,609
<b>EBITDA</b>	<b>(38,714)</b>	<b>2,304</b>	<b>(36,410)</b>
Normalisation adjustments	-	-	-
Transaction costs	4,580	90	4,670
Restructuring costs	128	486	614
Impairment of goodwill	33,000	-	33,000
Net gain from changes in lease arrangements	1,504	1,183	2,687
Gain on sale of Netalliance business	(384)	-	(384)
Branding costs	-	13	13
Integration costs	71	95	166
Impairment of receivables	1,237	(510)	727
Other net non-operating income / expense	2,655	2,052	4,707
<b>Normalised EBITDA</b>	<b>4,077</b>	<b>5,713</b>	<b>9,790</b>

Source: Webcentral's June 2020 and December 2020 interim reports, the June 2021 annual report and PKF Corporate analysis

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT



We have discussed the operating performance of Webcentral with management and reviewed the normalisation adjustments. Webcentral reported an underlying EBITDA of \$9.8 million for the 12 months to 30 June 2021. This result comprised of an underlying EBITDA of \$4.1 million for the 6 months to 31 December 2020 and \$5.7 million for the 6 months to 30 June 2021.

The business of Webcentral is not seasonal and the impact of Covid-19 has not been significant. Webcentral came under the control of 5GN in October 2020 and management represents that the improvement in the underlying EBITDA in the 6 months to June 2021 reflects a number of specific initiatives implemented by the new management. The specific factors given include:

- Focus on profitable revenue and product lines;
- Customer service and support improvements;
- Infrastructure and operating platform improvements, including outsourcing to 5GN;
- Reduction in direct costs, overhead and property costs;
- Reduction in labour headcount; and
- Surrender of Sydney office lease.

After considering the financial performance of Webcentral and management representations as to the reason behind the improved performance, we have adopted maintainable EBITDA in a range of \$9.8 million to \$11.4 million, with the lower number reflecting the EBITDA for the 12 months to 30 June 2021 and the higher number adopting the underlying level of EBITDA for the 6 months to 30 June 2021.

### Assessment of capitalisation multiple

We have focused our multiples research and analysis on ASX-listed comparable Australian companies as well as selected international companies with similar operations to those of Webcentral. All of the ASX-listed companies were also considered in our assessment of the capitalisation multiple of 5GN and their details are set out in Appendix C. Further details of the comparable overseas companies are set out in Appendix D.

The results of our research are set out below:

**Table 30: Comparable listed companies**

	Stock Code ASX	Market <sup>1</sup> Cap \$ m	Enterprise <sup>2</sup> Value \$ m	LTM EBITDA \$ m	Implied LTM EBITDA multiple
Macquarie Telecom Group Limited	ASX:MAQ	1,719.8	1,908.4	52.4	36.4
Data#3 Limited	ASX:DTL	829.9	652.5	38.8	16.8
iomart Group plc	AIM:IOM	490.7	589.5	60.7	9.7
CentralNic Group Plc	AIM:CNIC	443.1	563.7	22.1	25.5
Swoop Holdings Limited	ASX:SWP	273.4	276.1	(1.2)	n/a
Over the Wire Holdings Limited	ASX:OTW	251.4	287.9	19.1	15.1
GMO Pepabo, Inc.	TSE:3633	242.8	203.3	12.5	16.2
GABIA, Inc.	KOSDAQ: A079940	213.7	255.1	57.3	4.5
Empired Limited	ASX:EPD	211.6	220.8	13.1	16.8
Liberated Syndication Inc.	OTCPK:LSYN	171.1	160.2	10.4	15.4
Field Solutions Holdings Limited	ASX:FSG	100.2	102.1	1.7	60.8
SysGroup plc	AIM:SYS	33.6	30.2	3.5	8.7
DC Two Limited	ASX:DC2	11.4	12.4	(2.8)	n/a
<b>Average<sup>3</sup></b>					<b>14.3</b>
<b>Median<sup>3</sup></b>					<b>15.4</b>

Source: Capital IQ, PKF Corporate analysis

Note 1 - Share prices used to determine the market capitalisation of each of the comparable companies were closing share prices as at 30 Aug 2021

Note 2 - Enterprise value = Market Capitalisation – Cash + Debt – Preferred Equity + Minority Interest

Note 3 - Grey highlighted multiples are excluded from our calculations of average and median as they are considered to be outliers

Note 4 - LTM = Last Twelve Months, n/a = not applicable

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



We have also conducted a search for transactions involving companies that operate in the same broader sector to that serviced by Webcentral. The only relevant recent transaction that we have identified was the acquisition of RXP Services Limited in March 2021 at an EBITDA multiple of 16.3.

As can be seen from table 30 above, the average and median multiples at which ASX listed companies are trading are similar to the multiple at which RXP Services Limited changed hands, this is despite that transaction reflecting control value, whereas the listed company multiples are based on the market capitalisation of the companies and these reflect minority trades. We believe that this reflects the fact that RXP Services Limited was relatively small when compared to the listed companies.

After considering the recent poor financial performance of Webcentral and the fact that it has substantial negative net assets (\$26.1 million), we have selected a multiple in a range of 10.0 to 11.0 times maintainable EBITDA.

### Assessment of enterprise value

Based on the level of assessed maintainable earnings and the multiple selected above, the enterprise value of Webcentral can be estimated as follows:

**Table 31: Estimate of enterprise value**

Enterprise Value	Low	High
Maintainable EBITDA - \$'000	9,800	11,400
Capitalisation multiple	10.0	11.0
<b>Enterprise value - \$'000</b>	<b>98,000</b>	<b>125,400</b>

Source: PKF Corporate analysis

### Assessment of equity value

The enterprise value must be adjusted for surplus assets and interest-bearing debt in order to assess the equity value.

Our review of the statement of financial position set out in section 9.5 identified one surplus asset. Webcentral has a minority interest in Tiger Pistol Pty Ltd, a digital marketing company. The investment is valued in the books of Webcentral at \$725,000. We have adopted this value in our assessment of surplus assets.

Webcentral had net debt of \$39.215 million at 30 June 2021 (including the loan from 5GN). After adjusting for the surplus asset and net debt, the equity value of Webcentral and the value of each Webcentral Share can be estimated as follows:

**Table 32: Estimate of enterprise value**

Equity Value	Low	High
Enterprise value - \$'000	98,000	125,400
Surplus asset - \$'000	725	725
Net debt - \$'000	(39,215)	(39,215)
<b>Equity value - \$'000</b>	<b>59,510</b>	<b>86,910</b>
No of Webcentral Shares on issue	155,490,679	155,490,679
<b>Equity value per share - \$</b>	<b>0.38</b>	<b>0.56</b>

Source: PKF Corporate analysis



# ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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## 10.4 Net present value of future cash flows

Webcentral expects to generate profits and positive operating cash flows in the future, however longer-term forecasts have not been prepared. Accordingly, Webcentral cannot be valued using the net present value of the future cash flows methodology given there is insufficient detail to assess the expected level of future cash flows.

## 10.5 Asset based methods

As previously noted in section 8.6, this methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

### (a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market value. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

### (b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

### (c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

### Application of Assets based methods

Given that Webcentral has a positive market value however reported negative net assets at 30 June 2021 and has the support of its major shareholder, we consider that the asset based methods cannot be applied.

## 10.6 Comparable market transactions

Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

We are not aware of any specific rules of thumb to be applied to valuing Webcentral and, as such, we are unable to apply this valuation methodology.

## 10.7 Alternate acquirer

The value that an alternative offeror may be prepared to pay to acquire Webcentral is a relevant valuation methodology to be considered. Therefore, we have reviewed recent market announcements regarding potential acquisitions of Webcentral.

On 13 July 2020, Webcentral announced that it had entered into a Scheme Implementation Deed with Web.com Group Inc. ("Web.com") under which the entire issued capital in Webcentral would be acquired by Web.com. Webcentral Shareholders would receive \$0.10 for every Webcentral Share.

The board of Webcentral engaged an independent expert to prepare an assessment and opine on the offer by Web.com. The independent expert concluded that in the absence of a superior offer, that the scheme was fair and reasonable.

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT



On 7 September 2020 it was announced that 5GN had made a non-binding indicative proposal to acquire all of the shares in Webcentral. Consideration was in the form of 1 5GN Share for every 12 Webcentral Shares. The board of Webcentral assessed the 5GN proposal and determined that it was superior to the proposal by Web.com.

On 15 September 2020, Webcentral announced that Web.com had considered 5GN's proposal and raised the consideration they were offering to \$0.155 for each Webcentral Share. The Webcentral board stated that they would assess which offer they considered to be superior.

On 17 September 2020 an announcement was made by Webcentral stating that Web.com had increased their proposal to \$0.18 for each Webcentral Share. In addition, the Webcentral board had assessed the two proposals and recommended to shareholders that the 5GN offer was superior to the revised proposal by Web.com of \$0.18 per share. As a result, Webcentral had entered into a bid implementation deed with 5GN dated 17 September 2020. Following this, the scheme implementation deed with Web.com was terminated by Webcentral and a \$500,000 reimbursement fee was paid to Web.com.

On 10 November 2020, the takeover bid of Webcentral by 5GN closed, giving 5GN 56.7% of the shares in Webcentral.

We have considered these market transactions, but in light of the increase in share price of Webcentral since the above offers were made, we do not consider these offers to be appropriate methodologies to value Webcentral.

### 10.8 Conclusion

The applicable valuation methodologies that we have considered in valuing Webcentral are summarised in the table below.

**Table 33: Webcentral Valuation Conclusion**

Webcentral Valuation methodology	section	Low \$	High \$
Share price history	10.2	0.45	0.49
Capitalisation of maintainable earnings	10.3	0.38	0.56

*Source: PKF Analysis*

As can be seen from the table above, the valuation of a Webcentral Share derived from the share price history valuation methodology and the capitalisation of maintainable earnings approach are in a range of \$0.38 per share to \$0.56 per share.

After considering the veracity of the evidence on which both methodologies were based, we have elected to rely on the share price history methodology. The key reason for this decision is our inability to independently assess the commercial basis for management charges levied by 5GN on Webcentral subsequent to 5GN gaining control of Webcentral.

We have therefore concluded that the fair market value of a Webcentral Share lies in a range of **\$0.45 to \$0.49 cents per share, with a mid-point of \$0.47 per share**, as determined under the share price history methodology.

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT



## 11. Assessment of the value of a Webcentral Share after implementation of the Proposed Scheme

As the Scheme consideration being offered to the 5GN Shareholders are Webcentral Shares, we need to assess the value of the Webcentral Shares after implementation of the Proposed Scheme.

Whilst the management of 5GN is forecasting the achievement of cost synergies of approximately \$2.0 million per annum and additional but unquantified revenue synergies, due to their uncertainty we have not taken these into account, and we have proceeded on the basis that the value of the Webcentral Shares will reflect the combined values of 5GN and Webcentral as assessed in sections 8 and 10 of this report. This is further set out below.

**Table 34: 5GN Value Contribution**

Value of 5GN	Reference	Low	High
Value per share	8.9	\$ 0.87	\$ 0.96
No of shares on issue	Note 1	114,261,123	114,261,123
Value of 5GN		\$99,407,177	\$109,690,678

Source: PKF Analysis

Note 1 In section 6.3 we disclosed that 5GN has 120,661,123 shares on issue, however this includes 2,600,000 shares issued as a result of exercise of options on 17 August 2021 and a further 3,800,000 shares as a result of exercise of options on 10 September 2021. As we have valued 5GN based on the share price history methodology and that only took into account the share prices up to the date of the announcement of the Proposed Scheme on 16 July 2021, the number of shares shown in the above table corresponds to the number of shares on issue at that time (the issue of additional shares due to the exercise of options did not increase the overall value of 5GN as the exercise price payable on exercise of the options was funded by loans pursuant to the Company's employee incentive scheme).

**Table 35: Webcentral Value Contribution**

Value of Webcentral	Reference	Low	High
Value per share	10.8	\$ 0.45	\$ 0.49
No of shares on issue	9.3	155,490,679	155,490,679
Value of Webcentral		\$ 69,970,806	\$ 76,190,433

Source: PKF Analysis

As explained in section 6.3, 5GN has 8,000,000 performance rights on issue and the value of these rights is to be paid out if the Proposed Scheme is approved. As the value is to be determined on the Scheme becoming effective, the final amount is yet to be ascertained, however we have estimated the payment at \$3.8 million. As the pay-out will reduce the value of Webcentral after implementation of the Proposed Scheme, it has been deducted in our assessment of the value of the Webcentral Shares.

Our assessment of the value of the Webcentral Shares after the Proposed Scheme is set out in the table below:

# ANNEXURE A – INDEPENDENT EXPERT'S REPORT



**Table 36: Value of a Webcentral Share**

Valuation of a Webcentral Share after the Proposed Scheme	Reference	Low	High
Value of 5GN before the Proposed Scheme	Table 34	\$ 99,407,177	\$ 109,690,678
Value of Webcentral before the Proposed Transaction	Table 35	\$ 69,970,806	\$ 76,190,433
Pay-out of 5GN performance rights		\$ (3,800,000)	\$ (3,800,000)
Value of Webcentral after the implementation of the Proposed Scheme		\$ 165,577,983	\$ 182,081,111
Total ordinary shares on issue in Webcentral after the Proposed Scheme held by existing shareholders	Table 1	327,288,464	327,288,464
Value of a Webcentral Share after the Proposed Scheme		0.51	0.56

Source: PKF Analysis

As can be seen from table 36, we have assessed the value of a Webcentral Share after implementation of the Proposed Scheme to be in a range of \$0.51 to \$0.56 per share.

## 12. Assessment as to Fairness of the Proposed Scheme

In section 5 we set out our approach to the assessment of fairness of the Proposed Scheme. We stated that the Proposed Scheme will be judged to be fair if the value of a parcel of two Webcentral Shares after the implementation of the Proposed Scheme is equal to or greater than the value of one 5GN Share before the Proposed Scheme is implemented. This comparison is set out below:

**Table 37: Assessment of Fairness**

	Reference	Low	High
Value of a Webcentral Share after the Proposed Scheme	Table 36	\$ 0.51	\$ 0.56
Value of a parcel of 2 Webcentral Shares after the Proposed Scheme		\$ 1.02	\$ 1.12
Value of a 5GN Share before the Proposed Scheme	Table 34	\$ 0.87	\$ 0.96

Source: PKF Analysis

As the value of a parcel of 2 Webcentral Shares after the implementation of the Proposed Scheme (\$1.02 to \$1.12) exceeds the value of one 5GN Share before the Proposed Scheme (\$0.87 to \$0.96), **we have assessed the Proposed Scheme to be fair.**

## 13. Assessment as to Reasonableness of the Proposed Scheme

13.1 Prior to deciding whether to approve or reject the Proposed Scheme, the shareholders of 5GN should also consider the following significant factors:

- In section 12 above, we assessed the Proposed Scheme as being fair.
- At present 5GN controls Webcentral, however only holds 44.7% of the issued shares. This means that both companies are maintaining separate ASX listings and shareholder reporting functions. The merger of the two companies will eliminate a number of duplicated functions and costs and should result in significant merger synergies. The management of 5GN expects to generate cost synergies of approximately \$2 million from the consolidation of operating platforms, corporate cost rationalisation from the elimination of one listed company and duplicated costs, and labour synergies from the elimination of duplicated roles and functions. The additional value that should derive from these synergies has not been factored into our assessment of fairness.

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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- If the Scheme is implemented, Webcentral will have increased financial scale and equity market relevance, with potentially higher liquidity in the market for its shares.
  - 5GN management believes that the merger will simplify sales delivery to 330,000 plus customers across Government, enterprise, wholesale and small/medium businesses through a combined online portal.
  - The merger may generate financial benefits from potential revenue synergies through acceleration of cross selling opportunities to complementary customer bases, with the combined business having a larger addressable market than the current combined markets.
  - If the Scheme is not implemented, 5GN will continue to operate in the ordinary course of business and will continue as a standalone entity listed on the ASX. Further, Webcentral will remain a controlled entity of 5GN.
  - As explained in section 11, the approval of the Proposed Scheme will result in 5GN paying out approximately \$3.8 million on account of 8,000,000 performance rights on issue. Whilst 3,000,000 of the performance rights have vested, the remaining rights are yet to vest. If shareholders do not approve the Proposed Scheme, these rights will only vest if and when the performance conditions are satisfied.
  - In our assessment of fairness, we have utilised the Webcentral share price up to the announcement of the Proposed Scheme on 16 July 2021 and concluded that the value of a Webcentral Share is in a range of \$0.45 to \$0.49. Between the date of the announcement on 16 July 2021 and 30 July 2021 (when Webcentral announced a takeover offer for Cirrus) the Webcentral Shares have traded in a range of \$0.47 to \$0.55 per share, with a VWAP of \$0.51. The VWAP is at a premium of 4% to 13% to our assessment of the value of a Webcentral Share. This suggests that the market has viewed the Proposed Scheme positively and the 5GN Shareholders may benefit from this improved sentiment if the Proposed Scheme proceeds.
  - As explained in section 9.3, Webcentral has 10 million performance rights on issue and management have advised that the performance hurdle has now been met. This means that Webcentral will potentially have an additional 10 million shares on issue. An exercise price of \$0.20 is payable on exercise of each performance right, however pursuant to Webcentral's employee incentive scheme the exercise price can be funded by a loan that is only secured by the underlying shares and any repayment is deferred until the earlier of five years from grant of the loan, three months after cessation of office or employment and sale of the shares. In our assessment of the value of a Webcentral Share after the implementation of the Proposed Scheme we have not factored in the additional potential shares on exercise of the performance rights. If the additional shares were factored in (but no value ascribed to the proceeds from the eventual repayment of any loan to fund the exercise of the performance rights), the value of a Webcentral share after the Proposed Scheme would reduce to a range of \$0.49 to \$0.54 per share. This would not alter our conclusion as to fairness.
- 13.2 Based on the above, we consider that the advantages of the Proposed Scheme outweigh the disadvantages of the Proposed Scheme, and for this reason, we consider that the Proposed Scheme is **reasonable** for the shareholders of 5GN.

#### 14. Conclusion as to 'In the Best Interests'

After considering the above matters, we have concluded that the Proposed Scheme is **in the best interests of the 5GN shareholders**.

# ANNEXURE A – INDEPENDENT EXPERT'S REPORT

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## **15. Financial Services Guide**

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

### **15.1 PKF Corporate**

PKF Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

### **15.2 Financial Services Offered by PKF Corporate**

PKF Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

### **15.3 General Financial Product Advice**

In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

### **15.4 Independence**

At the date of this report, none of PKF Corporate, Mr Steven Perri, Mr Paul Lom and Mr Alastair Richards have any interest in the outcome of the Proposed Scheme, nor any relationship with 5GN, Webcentral and associated entities or any of their directors.

Drafts of this report were provided to and discussed with the management of 5GN and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with 5GN that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Scheme.

PKF Corporate had no part in the formulation of the Proposed Scheme. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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### 15.5 Remuneration

PKF Corporate is entitled to receive a fee of approximately \$85,000, plus GST for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

### 15.6 Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints should be in writing and sent to the Complaints Officer, PKF Corporate at level 12, 440 Collins Street, Melbourne Vic 3000.

PKF Corporate will make every effort to resolve a complaint within 45 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

**PKF Melbourne Corporate Pty Ltd**

A handwritten signature in black ink, appearing to read 'Paul Lom'.

**Paul Lom**  
Director

A handwritten signature in black ink, appearing to read 'SP'.

**Steven Perri**  
Director

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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## Appendix A

### Sources of Information – 5GN

The key documents we have relied upon in preparing this report are:

- 5GN's Annual financial reports – 30 June 2019 and 2020;
- 5GN's Half year financial report – 31 December 2020;
- 5GN's shareholder register and option register;
- 5GN's internal consolidation workings;
- ASX announcements issued by 5GN;
- 5GN's draft Scheme Booklet;
- Research data from publicly accessible web sites; and
- Discussions with the management of 5GN.

### Sources of Information – Webcentral

The key documents we have relied upon in preparing this report are:

- Webcentral's Annual financial reports – 31 December 2019 and 2020;
- Webcentral's Half year financial report – 30 June 2020;
- Webcentral's financial statements for the 18-months period ended 30 June 2021;
- Webcentral's shareholder register;
- ASX announcements issued by Webcentral;
- Research data from publicly accessible web sites; and
- Discussions with the management of 5GN.



# ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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## Appendix B

### 5GN Limited

#### Declarations, Qualifications and Consents

##### 1. Declarations

This report has been prepared at the request of the Independent Directors of 5GN pursuant to Section 411 of the Corporations Act 2001 for inclusion in the Scheme Booklet to be provided to 5GN Shareholders in connection with the Proposed Scheme. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Scheme is in the best interests of 5GN Shareholders.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

##### 2. Qualifications

Mr Paul Lom, director of PKF Corporate, and Mr Alastair Richards, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Lom, a director of PKF Corporate reviewed this report. Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist) with more than 35 years' experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

Mr Richards is a Member of Chartered Accountants Australia and New Zealand (CAANZ). He has been responsible for the preparation of valuation reports relating to shares and businesses for the purpose of acquisitions, divestments, litigation and taxation.

Mr Steven Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

##### 3. Consent

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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### Appendix C

#### 5GN Comparable Companies Description

##### **Telstra Corporation Limited**

Telstra Corporation Limited provides telecommunications and information services to businesses, governments, and individuals in Australia and internationally. It operates in four segments: Telstra Consumer and Small Business, Telstra Enterprise, Networks and IT, and Telstra InfraCo. The company offers telecommunication products, services, and solutions across mobiles, fixed and mobile broadband, telephony and Pay TV/IPTV, and digital content; and online self-service capabilities, as well as operates inbound and outbound call centers, owned and licensed Telstra shops, and the Telstra dealership network. It also provides sales and contract management; and product management services for data and Internet protocol networks, mobility services, and network applications and services products, such as managed network, unified communications, cloud, industry solutions, and integrated services and monitoring. In addition, the company engages in the development of industry vertical solutions; planning, design, engineering architecture, and construction of Telstra networks, technology, and information technology solutions; and delivering network technologies. Further, it provides telecommunication products and services through its networks and related support systems to other carriers, carriage service providers, and Internet service providers; access to fixed network infrastructure assets; disconnection services; and network services under the Infrastructure Services Agreement and commercial contracts, as well as holds fixed network infrastructure, including data centers, non-mobiles related domestic fiber, copper, HFC cable, international subsea cables, exchanges, poles, ducts, and pipes. Telstra Corporation Limited was founded in 1901 and is based in Melbourne, Australia.

##### **TPG Telecom Limited**

TPG Telecom Limited provides telecommunications services. It owns and operates fixed and mobile network infrastructure, including fixed voice and data network with approximately 27,000 kilometers of metropolitan and inter-capital fiber networks; international subsea cable systems connecting Australia to principal hubs in North America and Asia; and mobile network. The company provides its fixed and mobile products under the Vodafone, TPG, iiNet, Internode, Lebara, and AAPT brands. The company, formerly known as Vodafone Hutchison Australia Limited, is based in North Sydney, Australia.

##### **NEXTDC Limited**

NEXTDC Limited provides data center outsourcing solutions, connectivity services, and infrastructure management software in Australia. The company offers cloud connectivity for organizations; data center-as-a-service solutions; universal connectivity solutions; cloud center ecosystems; data-center infrastructure management; and intelligent service management services. It also provides technical assistance on-the-ground; and data center professional services for the infrastructure life cycle, including technical advisory, planning, project management, managing deliveries, and operational infrastructure support. In addition, the company provides data center colocation solutions comprising rack packages for individual or multiple racks; Rack Blocks to share the total power allocation across various racks; and Quarter Racks for smaller footprints. Further, it offers security systems and protocols that include multi-layered access systems with biometric fingerprint technology and ID access cards. Additionally, the company provides ONEDC, a data-center infrastructure management tool, which delivers real-time intelligence across entire NEXTDC data center footprint to manage infrastructure; and AXON virtual interconnectivity platform. NEXTDC Limited was founded in 2010 and is headquartered in Brisbane, Australia.

##### **Uniti Group Limited**

Uniti Group Limited provides Internet, and associated telecommunications products and services in Australia. It operates through three segments: Consumer & Business Enablement, Wholesale & Infrastructure, and Specialty Services. The Consumer & Business Enablement segment retails telecommunications products and services, including broadband and voice services across fibre access networks. The Wholesale & Infrastructure segment designs, installs, operates, and maintenance fibre-to-the-premises open access wholesale telecommunication 'last mile' network infrastructure. The Specialty Services segment offers premium voice services to approximately 13, 1300, 1800 calling services. This segment also offers value-added software as a service data analytics and call tracking application, as well as the leasing of phonewords on the numbers. Uniti Group Limited was incorporated in 2012 and is based in Adelaide, Australia.

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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### **Macquarie Telecom Group Limited**

Macquarie Telecom Group Limited provides telecommunication and hosting services to corporate and government customers in Australia. It offers voice services, such as teams calling, unified communications, and video and Web conferencing services, as well as Hello, a cloud-based hosted voice system; managed mobility services and mobile management tools; and cloud services, including hybrid, VMWare, and private cloud services, as well as dedicated servers, colocation, managed hosting, management tools, SD-WAN, and data center extension services. The company also provides data services, including Internet, fixed wireline Ethernet, private IP-VPN, Cisco Meraki, business NBN, international data links, SIP trunking, SaaS enabled WAN, secure remote access, and business Ethernet access. Macquarie Telecom Group Limited was founded in 1992 and is headquartered in Sydney, Australia.

### **Data#3 Limited**

Data#3 Limited, together with its subsidiaries, provides information technology (IT) solutions primarily in Australia. It offers cloud solutions, such as public cloud services and modern data centers; modern workplace solutions, including digital workspace, collaboration, enterprise networks, systems management, and printing; security solutions comprising cloud and network security, identity and access management, data security and privacy, and security monitoring and analytics; data and analytics solutions, including business intelligence and customer management; and connectivity solutions comprising IT-OT networking, and software-defined and wireless networks. The company also provides consulting, procurement, project, support, and recruitment and contract resourcing services. Data#3 Limited was founded in 1977 and is headquartered in Brisbane, Australia.

### **MNF Group Limited**

MNF Group Limited, together with subsidiaries, provides voice, data, and cloud-based communication and communication enablement services to residential, business, government, and wholesale customers in Australia and internationally. It operates through Domestic Wholesale, Direct, and Global Wholesale segments. The company's products include MyNetFone that provides voice and Internet services; Symbio Networks, which offers IP voice carriage services and software through in-country voice infrastructure and platforms; Connexus; and CallStream that provides inbound business phone numbers. It also offers Pennytel that provides SIM-only mobile services; theBuzz; iBoss, a software-as-a-service platform, which enables users to start and scale their own telecommunications business; and TNZI, a global voice business servicing international carriage service providers, regional telecommunications networks, and multi-national enterprises. In addition, the company provides TollShield, a real-time toll fraud mitigation software for networks and carriers; Telcoinabox, a wholesale telecommunications aggregator; OCA Softswitch that delivers converged voice, data, and multi-media services for carriers and enterprises; Supernet, a licensed independent facilities-based operator; MNF Enterprise, an enterprise and government telecommunications solution; and audio conferencing and collaboration services. Further, it provides hardware, equipment, and consulting services to support its products. MNF Group Limited was founded in 2004 and is headquartered in Sydney, Australia.

### **Superloop Limited**

Superloop Limited engages in the design, development, construction, and operation of independent telecommunications infrastructure in the Asia Pacific region. It offers network solutions for wholesale, enterprise, and channel customers. The company is also involved in the operation of a fixed wireless network; and provision of outsourced cloud and managed services, and cyber security and cyber safety services. In addition, it manages and delivers broadband solutions for campus environments, including student accommodations, hotels, and schools; and offers residential and small business broadband services through fixed wireless or fixed line NBN services. The company was founded in 2014 and is headquartered in Brisbane, Australia.

### **rhipe Limited**

rhipe Limited, a cloud channel company, provides cloud-based licensing programs and services to software vendors in the Asia Pacific region. The company offers licensing, business development, and knowledge services to services providers, system integrators, and software vendors to accelerate the adoption of the cloud by end customers. Its services include private, public, and hybrid cloud IT environment services; cloud consulting and support services; and cloud operations, including subscription billing, provisioning, support, and marketing services. The company was founded in 2003 and is headquartered in North Sydney, Australia.

### **Swoop Holdings Limited**

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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Swoop Holdings Limited operates as a fixed wireless and wholesale network infrastructure carrier with national and international network for delivering services in Australia. The company's Internet is built to support businesses looking to access the cloud, run VoIP, video conference, security and surveillance applications, VPNs, and data hosting services. It also provides fixed broadband and licensed telecommunications carrier services for residential and business customers. The company was founded in 2004 and is based in Sydney, Australia.

### **Over the Wire Holdings Limited**

Over the Wire Holdings Limited provides data network and Internet, voice, cloud and managed, and data center co-location services in Australia and New Zealand. The company offers Internet connectivity services to enable Internet services, video conferencing, Software as a Service applications, and online collaboration for various businesses. It also provides Session Initiation Protocol based Internet voice solutions; and operates a platform that supports various client usage scenarios, from Private Branch exchanges (PBX) to call center dialers, for inbound and outbound calling. In addition, the company offers a range of private cloud-based services consisting of Infrastructure as a Service, hosted PBX, and managed services. Further, it allows customers to house their equipment, such as servers and network equipment. The company was founded in 2005 and is headquartered in Brisbane, Australia.

### **Empired Limited**

Empired Limited provides information technology solutions in Australia, New Zealand, and the United States. The company offers integrated solutions, such as cloud, enterprise content management, customer relationship management, data insight and business intelligence, digital and experience design, enterprise resource planning, expert guidance, identity and access management, infrastructure transformation, change management, Internet of Things, managed infrastructure, mobile solution, application, project management office, office accelerator, spatial, system integration, and unified communication services, as well as Azure managed services. It serves clients in various industries, such as automotive, education, financial services and insurance, health, mining, oil and gas, and retail and manufacturing, as well as serves public sector and utilities. Empired Limited was founded in 1999 and is headquartered in Perth, Australia.

### **Spirit Technology Solutions Ltd**

Spirit Technology Solutions Ltd. provides information technology (IT) and telecommunications services to small and medium size businesses in Australia. It offers managed IT services, including enterprise grade managed Wi-Fi, cyber security, networking, disaster recovery, online backup, and desktop/laptop maintenance services, as well as infrastructure as a service; and Internet services for apartments, green fields, students, and connected communities, as well as for business. The company also provides unified communications; Smart ISDN solution for cloud transition; and phone name solutions. Spirit Technology Solutions Ltd. is based in South Melbourne, Australia.

### **Field Solutions Holdings Limited**

Field Solutions Holdings Limited, a telecommunications carrier and technology company, provides connectivity and business solutions for rural, regional, and remote areas in Australia. The company offers cloud computing, cloud application development, and cloud software development services; designs and builds custom software systems; establishes private and public cloud hosting services; designs and deploys private networks; migrates existing products and software to the cloud; manages, monitors, and optimizes cloud and network infrastructure; and builds disaster recovery scenarios. It also provides end-to-end solutions ranging from concept and strategy, to design, implementation, and support; and cloud access solutions using dark fiber, wireless, microwave, Ethernet, NBN, and satellite. The company is based in Belrose, Australia.

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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### **Sovereign Cloud Holdings Limited**

Sovereign Cloud Holdings Limited, an Infrastructure as a Service company, provides cloud-based computing services in Australia. The company's services include partner supported services, including Virtual Desktop as a Service; and service lines cover processing power, storage, backup, disaster recovery, and cyber threat monitoring. It provides services to Australian Government; Australian Defense Force; and Critical National Industries, such as financial services, telecommunications, utilities, healthcare, and education. The company provides solutions to customers directly, as well as through various channel partners. Sovereign Cloud Holdings Limited was founded in 2016 and is headquartered in Canberra, Australia.

### **Firstwave Cloud Technology Limited**

Firstwave Cloud Technology Limited engages in the development and sale of Internet security software in Australia and internationally. It offers remote worker cyber security, a suite of enterprise grade cyber security protection; FirstCloud email security for email security for businesses; FirstCloud web security for eliminating online threats on websites; FirstCloud firewall security, an enterprise-grade next-generation firewall solution; and FirstCloud endpoint security, a cloud-delivered enterprise-grade endpoint security service. The company was founded in 2001 and is headquartered in North Sydney, Australia.

### **Comms Group Limited**

Comms Group Limited engages in the information and communication technology (ICT) business. The company provides hosted voice, data, enterprise networks, and cloud-based communication and communication enablement services to business customers. It offers SD-WAN technology that allows replacing expensive carrier-controlled MPLS networks with a public Internet-based solution; managed mobility services; cloud connect for any business that requires network access to connect to public cloud platforms; and enterprise-grade wireless LAN (WiFi) services. The company also provides global PBX, SIP trunking, wholesale voice, and voice and web conferencing services; and managed, cloud firewall, architect, and delivering services, as well as Microsoft Teams calling services. It serves corporate customers in Australia, New Zealand, Singapore, and internationally. Comms Group Limited was incorporated in 2017 and is headquartered in Sydney, Australia.

### **DC Two Limited**

DC Two Limited owns, builds, and manages cloud computing, hosting and data center services in Australia. It offers data center and cloud hosted services, data center hosting and colocation, data center and cloud automation software, and modular data center and hosting solutions. The company serves mining, exploration, energy, resources, telecommunications, and financial services companies; local governments; schools and law firms; and health organizations. DC Two Limited was founded in 2012 and is based in Osborne Park, Australia.

### **DXN Limited**

DXN Limited engages in the designing, engineering, manufacturing, maintenance, and operation of data centers and related infrastructure in Australia. The company's data centers provide colocation services that offer space, power, cooling, and physical security for clients to house their computer servers, and related storage and networking equipment. It also engineers, constructs, and commissions data center solutions for edge data centers and telecommunications applications. The company was incorporated in 2017 and is based in Welshpool, Australia.

### **Tomizone Limited**

Tomizone Limited, together with its subsidiaries, provides managed services and other technology related management services primarily in Australia and New Zealand. It offers WiFi and analytics, business cloud applications, voice over internet protocol, data redundancy, business security and point of sale services. The company provides WiFi solutions for venues and enterprises; Moving WiFi, a WiFi solution for passengers on moving transport; and Tomizone Lightswitch, a dashboard that provides insights of consumer behavior, as well as delivers central control of an enterprise network at various scales. It also provides ICT solutions, such as telephony, email, hosted desktop and applications, data backup and security, infrastructure, WAN, and Office 365 solutions. In addition, the company offers security solutions, including alarm and CCTV systems, access control, remote monitoring, and security guard and patrol management services; and point of sale (POS) solutions, such as dynamic signage, retail and hospitality POS systems, EFTPOS terminals, and peripherals and industry accessories. Tomizone Limited offers its solutions for the accommodation, healthcare, hospitality, professional services, retail, and stadium and venue markets. The company was founded in 2006 and is headquartered in North Sydney, Australia.

# ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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## Appendix D

### Webcentral Comparable International Companies Description

#### **iomart Group plc**

iomart Group plc provides managed cloud services in the United Kingdom and internationally. It operates through two segments, Cloud Services and Easyspace. The company offers a range of products to the micro and SME markets, including domain names, shared, dedicated and virtual servers, and email services. It also provides infrastructure solutions, such as private cloud, virtual desktop, storage, colocation, managed azure, Microsoft 365, infrastructure as a service, virtual machines, and ecommerce; data protection services, including backup as a service, disaster recovery as a service, and business continuity; and various security services, including DDoS protection, application defense, intrusion detection and prevention, abnormal access protection, malware and ransomware protection, vulnerability management, multi factor authentication, data loss prevention, and AI security. In addition, the company offers connectivity solutions, such as managed SD-WAN, cloudlink, last mile, managed WAN, data centre connectivity, and radio and satellite; and consultancy services. iomart Group Plc was founded in 1998 and is headquartered in Glasgow, the United Kingdom.

#### **CentralNic Group Plc**

CentralNic Group Plc provides domain name services worldwide. It operates through Indirect, Direct, and Monetisation segments. The company's Indirect segment distributes domain names to retailers and resellers through a network of channel partners. Its Direct segment provides ancillary services; monitoring services to protect brands online; and technical and consultancy services to corporate clients, as well as licenses its registry management platform and sells domain names to large corporations. The company's Monetisation segment offers advertising placement and data traffic management services, as well as sells domain names. It also provides social marketing, search engine marketing advertising, and display advertising services. The company was founded in 1996 and is based in London, the United Kingdom.

#### **GMO Pepabo, Inc.**

GMO Pepabo, Inc. provides consumer-targeted Internet services in Japan. It operates through four segments: Hosting, Ecommerce Support, Customer to Customer (C2C), and Community. The Hosting segment offers consumer domain registration and web hosting services. The Ecommerce Support segment provides ecommerce platform solutions. The C2C segment offers marketplace for handmade products. The Community segment facilitates communication among Internet users through blogging. The company was formerly known as Paperboy&Co., Inc. and changed its name to GMO Pepabo, Inc. in March 2014. The company was founded in 2003 and is headquartered in Tokyo, Japan. GMO Pepabo, Inc operates as a subsidiary of GMO Internet, Inc

#### **Gabia Inc**

Gabia Inc. provides infrastructure and solutions for businesses that operate internet businesses or need an Internet environment in South Korea. It offers domain registration, hosting, cloud, security, and groupware services. The company was founded in 1999 and is headquartered in Seongnam-si, South Korea.

#### **Liberated Syndication Inc.**

Liberated Syndication Inc. provides podcast and web hosting services in the United States and internationally. It offers hosting and distribution tools, including storage, bandwidth, really simple syndication creation, distribution, and statistics tracking for podcast producers; LibsynPRO, an enterprise solution for professional media producers and corporate customers; podcast apps; and MyLibsyn that provides podcast producers gets a custom App and a podcast website where listeners can access their show, login to purchase a subscription, and get access to premium content. The company also provides ad insertion services on producers' content. In addition, it offers shared web hosting, e-commerce, fully managed virtual private and dedicated server, customer self-managed dedicated server, domain-name registration, co-location, and content-delivery network services to businesses, bloggers, artists, musicians, educational institutions, and non-profit organizations. The company was formerly known as Webmayhem, Inc. and changed its name to Liberated Syndication Inc. in August 2016. Liberated Syndication Inc. was founded in 2015 and is headquartered in Pittsburgh, Pennsylvania.

## ANNEXURE A – INDEPENDENT EXPERT’S REPORT

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### **SysGroup plc**

SysGroup plc, together with its subsidiaries, provides managed IT and cloud hosting services in the United Kingdom and internationally. The company operates through two segments, Managed IT Services and Value Added Resale. It offers cloud-based public, private, and hybrid hosting services, as well as virtual private cloud, PCI-DSS hosting, cloud desktop, and SysCloud services; managed IT services comprising managed cloud, managed infrastructure, managed IT support, managed IT security, managed office 365, managed AWS, and managed azure; disaster recovery and back up services; and IT security services, such as penetration testing, endpoint security, DDOS, email security, security awareness training, firewalls, multi factor authentication, and GDPR automation services. The company also provides connectivity solutions, and IT consultancy services; and sells IT hardware, licenses, and warranties from supplier partners. It serves charity, education, financial, government, healthcare, legal, leisure, manufacturing, retail, and tech industries. The company was formerly known as Daily Internet PLC and changed its name to SysGroup plc in July 2016. SysGroup plc was incorporated in 2007 and is based in Liverpool, the United Kingdom.



# ANNEXURE B – INVESTIGATING ACCOUNTANT'S REPORT



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Dear Independent Directors,

## *INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE*

### **Introduction**

Grant Thornton Corporate Finance Pty Limited ("Grant Thornton Corporate Finance") has been engaged by the independent directors of 5G Networks Ltd ("5G Networks") and Webcentral Group Limited ("Webcentral") (the "Directors") to prepare this report for inclusion in the scheme booklet to be issued by 5G Networks on or about 1 October 2021 (the "Scheme Booklet"), in respect of the merger of Webcentral with 5G Networks via the acquisition of 100% of the fully paid ordinary shares in 5G Networks by Webcentral (the "Scheme").

Grant Thornton Corporate Finance holds an appropriate Australian Financial Services Licence (AFS Licence Number 247140) under the Corporations Act 2001 for the issue of this report. This report (the "Investigating Accountant's Report") is both an independent limited assurance report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Scheme Booklet.

### **Scope**

Grant Thornton Corporate Finance has been engaged by the Directors to perform a limited assurance engagement in relation to the following financial information of 5G Networks and Webcentral:

### **Pro Forma Historical Financial Information**

- Pro-forma statement of profit or loss and other comprehensive income of the Merged Group for the year ended 30 June 2021;
- Pro-forma statement of financial position of the Merged Group as at 30 June 2021;
- Pro-forma statement of cash flows of the Merger Group for the year ended 30 June 2021;
- Audited historical statement of profit or loss and other comprehensive income of 5G Networks for the years ended 30 June 2020 and 30 June 2021;
- Audited historical statement of financial position of 5G Networks as at 30 June 2020 and 30 June 2021;
- Audited historical statement of cash flows of 5G Networks for the years ended 30 June 2020 and 30 June 2021;
- Audited historical statement of profit or loss and other comprehensive income of Arq Group Ltd for the year ended 31 December 2019;



## ANNEXURE B – INVESTIGATING ACCOUNTANT’S REPORT

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- Audited historical statement of profit or loss and other comprehensive income of Webcentral for the 18 months ended 30 June 2021;
- Reviewed historical statement of profit or loss and other comprehensive income for Webcentral for the half-year ended 30 June 2020;
- Audited historical statement of financial position of Arq Group Ltd as at 31 December 2019;
- Audited historical statement of financial position of Webcentral as at 30 June 2021;
- Reviewed historical statement of financial position for Webcentral as at 30 June 2021;
- Audited historical statement of cash flows for Arq Group Ltd for the year ended 31 December 2019;
- Audited historical statement of cash flows for Webcentral for the 18 months ended 30 June 2021; and
- Reviewed historical statement of cash flows for Webcentral for the half-year ended 30 June 2020.

(collectively referred to as the “Pro Forma Historical Financial Information”).

The Pro forma Historical Financial Information has been prepared for inclusion in the Scheme Booklet and has been derived from the audited financial statements of 5G Networks for the years ended 30 June 2020 and 30 June 2021, the audited financial statements of Arq Group Ltd for the year ended 31 December 2019, the audited financial statements of Webcentral for the 18 months ended 30 June 2020, and the reviewed financial statements for Webcentral for the half-year ended 30 June 2020. The financial statements of 5G Networks were audited / reviewed by Grant Thornton Audit Pty Ltd. The financial statements of Arq Group Ltd audited by Ernst & Young. The financial statements of Webcentral for the half year ended 30 June 2020 were reviewed by Ernst & Young, while the financial statements of Webcentral for the 18 months ended 30 June 2021 were audited by Grant Thornton Audit Pty Ltd. The audit / review opinions issued to the Directors of the respective entities in respect of all periods were unmodified.

As described in Section 10.6 of the Scheme Booklet the stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company’s adopted accounting policies applied to the Pro forma Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 10.6 of the Scheme Booklet, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro forma Historical Financial Information does not represent the Merged Group’s actual or prospective financial position, financial performance, or cash flows.

The Pro Forma Historical Financial Information is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to the general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

### **Directors’ Responsibility**

The Directors are responsible for:

- the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of the pro forma adjustments made to the historical financial information and included in the Pro Forma Historical Financial Information; and
- the information contained within the Scheme Booklet.

# ANNEXURE B – INVESTIGATING ACCOUNTANT’S REPORT

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This responsibility includes establishing and maintaining such internal controls as the Directors determine are necessary to enable the preparation of the historical financial information that are free from material misstatement, whether due to fraud or error.

## **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Pro Forma Historical Financial Information, based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450: *“Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information”*.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Pro Forma Historical Financial Information from audited financial statements of 5G Networks covering the years ended 30 June 2020 and 30 June 2021, audited financial statements of Arq Group Ltd covering the year ended 31 December 2019, audited financial statements of Webcentral for the 18 months ended 30 June 2021 and reviewed financial statements for Webcentral for the half-year ended 30 June 2020.;
- consideration of the appropriateness of the pro forma adjustments described in Section 10.6 of the Scheme Booklet;
- enquiry of the due diligence committee members, management and others in relation to the Pro Forma Historical Financial Information;
- analytical procedures applied to the Pro Forma Historical Financial Information;
- a review of work papers, accounting records and other documents of 5G Networks;
- a review of work papers, accounting records and other documents of Webcentral in relation to the financial results for the 18 months ended 30 June 2020; and
- a review of the consistency of the application of the stated basis of preparation and adopted accounting policies as described in the Scheme Booklet used in the preparation of the Pro Forma Historical Financial Information.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

We have assumed, and relied on representations from certain members of management of 5G Networks and Webcentral], that all material information concerning the prospects and proposed operations of the Merged Group have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

# ANNEXURE B – INVESTIGATING ACCOUNTANT’S REPORT

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## **Conclusions**

### **Pro forma Historical Financial Information**

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information included in section 10.6 of the Scheme Booklet is not presented fairly, in all material respects, in accordance with the stated basis of preparation and the pro forma adjustments as described in Section 10.6 of the Scheme Booklet.

### **Restrictions on Use**

Without modifying our conclusion, we draw attention to Section 10.6 of the Scheme Booklet, which describes the purpose of the Pro-Forma Historical Financial Information, being for inclusion in the Scheme Booklet. As a result, this Investigating Accountant’s Report may not be suitable for use for another purpose.

### **Consent**

Grant Thornton Corporate Finance consents to the inclusion of this Investigating Accountant’s Report in the Scheme Booklet in the form and context in which it is included.

### **Liability**

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Scheme Booklet. Grant Thornton Corporate Finance makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Scheme Booklet.

### **Independence or Disclosure of Interest**

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Investigating Accountant’s Report. Grant Thornton Audit Pty Ltd is the auditor of 5G Networks and Webcentral.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

Peter Thornely  
Partner

# ANNEXURE B – INVESTIGATING ACCOUNTANT’S REPORT



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## Appendix A (Financial Services Guide)

This Financial Services Guide is dated 28 September 2021.

### 1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) (Grant Thornton Corporate Finance) has been engaged by 5G Networks Ltd (“5G Networks”) to provide a report in the form of an independent limited assurance report for inclusion in a Scheme Booklet dated on or about 1 October 2021 (the “Scheme Booklet”) relating to the merger of Webcentral Group Limited (“Webcentral”) with 5G Networks via the acquisition of 100% of the fully paid ordinary shares in 5G Networks by Webcentral (the “Scheme”). You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

### 2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

### 3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

### 4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

### 5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity which engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant

# ANNEXURE B – INVESTIGATING ACCOUNTANT’S REPORT

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Thornton Corporate Finance will receive from 5G Networks a fee in the range of \$55,000 to \$65,000 plus GST, which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, or its related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to, the provision of the services described in this FSG.

## 6 Referrals

Grant Thornton Corporate Finance - including its Partners, Directors, employees, associates and related bodies corporate - does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

## 7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

## 8 Independence

Grant Thornton Corporate Finance is required to be independent of 5G Networks in order to provide this report. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*“Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with 5G Networks (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Thornton Corporate Finance’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

## 9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the

## ANNEXURE B – INVESTIGATING ACCOUNTANT’S REPORT

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**Grant Thornton**

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complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to AFCA who can be contacted at:

**Australian Financial Complaints Authority**

GPO Box 3

Melbourne, VIC 3001

Telephone: 1800 931 678 (free call)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

**10 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

**11 Contact Details**

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

**Head of Corporate Finance**

Grant Thornton Corporate Finance Pty Ltd

Level 17, 383 Kent Street

Sydney, NSW, 2000



### **Scheme of Arrangement**

**5G Networks Limited**  
ACN 163 312 025

#### **Scheme Shareholders**

Robert Sultan  
Norton Rose Fulbright Australia  
Level 38, Olderfleet, 477 Collins Street  
Melbourne VIC 3000  
Tel: +61 8686 6000  
[nortonrosefulbright.com](http://nortonrosefulbright.com)  
Our ref: 4042243

## ANNEXURE C – SCHEME

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### Contents

1	Definitions and interpretation.....	2
2	Background to Scheme .....	6
3	Conditions .....	7
4	Implementation of Scheme.....	8
5	Scheme Consideration .....	8
6	Dealings in 5GN Shares.....	12
7	Suspension of 5GN Shares and removal of 5GN from official list.....	13
8	General Scheme Provisions .....	13
9	Notices .....	16
10	General.....	16



# ANNEXURE C – SCHEME

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## Scheme of Arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

**Between**                      **5G Networks Limited** ACN 163 312 025  
of Level 8, 99 William Street, Melbourne VIC 3000  
(**5GN**)

**and**                              each person registered as a holder of 5GN Shares recorded in the 5GN  
Share Register as at the Scheme Record Date  
(**Scheme Shareholders**)

## 1 Definitions and interpretation

### 1.1 Definitions

In this Scheme (unless the context requires otherwise):

- (1)     **5GN Option** means an option or performance right under any 5GN executive or director equity incentive plan or scheme, or otherwise issued by 5GN;
- (2)     **5GN Registry** means Link Market Services Limited (ABN 54 083 214 537) or such other share registry nominated by 5GN;
- (3)     **5GN Share** means a fully paid ordinary share in the capital of 5GN;
- (4)     **5GN Share Register** means the register of members of 5GN maintained in accordance with the Corporations Act;
- (5)     **5GN Shareholder** means each person who is registered as the holder of a 5GN Share in the 5GN Share Register;
- (6)     **ASIC** means the Australian Securities and Investments Commission;
- (7)     **ASX** means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates;
- (8)     **Business Day** means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne, Australia;
- (9)     **CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited and ASX Clear Pty Limited;
- (10)    **CHESS Holding** has the meaning given in the Settlement Rules;
- (11)    **Corporations Act** means the Corporations Act 2001 (Cth), as modified or varied by ASIC;
- (12)    **Court** means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Webcentral and 5GN;

## ANNEXURE C – SCHEME

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- (13) **Deed Poll** means the deed poll under which Webcentral covenants in favour of the Scheme Shareholders to perform the obligations attributed to Webcentral under the Scheme;
- (14) **Effective** when used in relation to the Scheme, means the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme;
- (15) **Effective Date** means the date on which the Scheme becomes Effective;
- (16) **End Date** means:
  - (a) the date which is 7 months after the date of the Merger Implementation Agreement; or
  - (b) such other later date as agreed in writing by Webcentral and 5GN;
- (17) **Government Agency** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian;
- (18) **Implementation Date** means the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as Webcentral and 5GN agree in writing;
- (19) **Ineligible Foreign Shareholder** means a Scheme Shareholder whose address shown in the 5GN Share Register on the Scheme Record Date is a place outside Australia and its external territories or New Zealand, unless Webcentral and 5GN (each acting reasonably) determine, following consultation under the terms of the Merger Implementation Agreement, that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Webcentral Shares when the Scheme becomes Effective;
- (20) **Issuer Sponsored Holding** has the meaning given in the Settlement Rules;
- (21) **Listing Rules** means the ASX Listing Rules, being the official listing rules of ASX as from time to time amended or waived;
- (22) **Merger Implementation Agreement** means the merger implementation agreement entered into between Webcentral and 5GN as a deed dated 16 July 2021 relating to the implementation of this Scheme;
- (23) **New Webcentral Shares** means a Webcentral Share to be issued to Scheme Shareholders as Scheme Consideration under this Scheme;
- (24) **Operating Rules** means the ASX Operating Rules, being the official operating rules of ASX;
- (25) **Registered Address** means, in relation to a 5GN Shareholder, the address shown in the 5GN Share Register as at the Scheme Record Date;
- (26) **Sale Agent** means a nominee to be appointed by Webcentral (on terms reasonably acceptable to 5GN and otherwise in accordance with the Merger Implementation Agreement) to sell the New Webcentral Shares that are to be issued under clause 5.3(1)(a);

## ANNEXURE C – SCHEME

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- (27) **Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between 5GN and the Scheme Shareholders, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Webcentral and 5GN;
- (28) **Scheme Consideration** means the consideration to be provided by Webcentral to each Scheme Shareholder for the transfer to Webcentral of each Scheme Share, being 2 New Webcentral Shares for each 5GN Share held by a Scheme Shareholder as at the Scheme Record Date;
- (29) **Scheme Meeting** means the meeting of 5GN Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting;
- (30) **Scheme Record Date** means 7.00pm on the second Business Day after the Effective Date or such other time and date agreed to in writing between Webcentral and 5GN;
- (31) **Scheme Shares** means all 5GN Shares held by the Scheme Shareholders as at the Scheme Record Date;
- (32) **Scheme Transfer** means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Webcentral as transferee, which may be a master transfer of all or part of the Scheme Shares;
- (33) **Second Court Date** means the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard;
- (34) **Settlement Rules** means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Limited;
- (35) **Webcentral** means Webcentral Group Limited (ACN 073 716 793) of Level 7, 505 Little Collins Street, Melbourne VIC 3000;
- (36) **Webcentral Registry** means Link Market Services Limited (ABN 54 083 214 537) or such other share registry nominated by Webcentral; and
- (37) **Webcentral Share Register** means the register of members of Webcentral maintained in accordance with the Corporations Act.

### 1.2 Interpretation

In this Scheme, unless the context otherwise requires:

- (1) headings to clauses are for convenience only and do not affect interpretation;
- (2) any reference to a clause, background recital, schedule or annexure is a reference to a clause of, recital in, schedule to or annexure to, this Scheme;
- (3) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (4) a reference to dollars and “\$” is to Australian currency;

## ANNEXURE C – SCHEME

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- (5) a reference to a document (including this Scheme) includes any variation or replacement of it;
- (6) a reference to a statute, ordinance, code or other law includes a regulation, rule or other statutory instrument issued under it and consolidations, amendments, re-enactments or replacements of any of them;
- (7) an agreement, representation or warranty by two or more persons, binds them jointly and each of them individually;
- (8) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (9) any reference to a breach of any of the warranties includes any of the warranties not being complete, true or correct;
- (10) where any time period is required to be calculated from a specified date, that date will not be included in the calculation;
- (11) the singular includes the plural and vice versa;
- (12) a reference to a gender includes all genders;
- (13) the words “include”, “including”, “for example”, “such as” or cognate expressions are to be construed without limitation;
- (14) party means any party to this Scheme;
- (15) the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association or any Government Agency;
- (16) a party enters into this document in its own right and as trustee of any trust of which it is trustee;
- (17) a reference to a person includes a reference to the person’s executors, administrators, substitutes (including, but not limited to, persons taking by novation), successors and permitted assigns;
- (18) a reference to a matter being “to the knowledge” of a person means that the matter is to the best of the knowledge and belief of that person after making reasonable enquiries in the circumstance;
- (19) a reference to time is to Melbourne, Australia time;
- (20) where any obligation of this document is to be performed on a day other than a Business Day, that obligation is to be performed on the next Business Day;
- (21) if an act under this document to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (22) a reference to a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (23) no provision of this document is to be construed adversely to a party solely on the ground that the party was responsible for the preparation of this document or that provision;

## ANNEXURE C – SCHEME

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- (24) an expression defined or given a particular meaning in the Corporations Act, and which is not otherwise defined in this document, has the same meaning when used in this document; and
- (25) a reference to an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia.

## **2 Background to Scheme**

### **2.1 5GN**

- (1) 5GN is a public company limited by shares incorporated in Australia and registered in Victoria.
- (2) 5GN is admitted to the official list of ASX and bound by the Listing Rules. 5GN Shares are officially quoted on ASX. 5GN Options are not officially quoted on ASX.
- (3) As at 1 October 2021, 120,661,123 5GN Shares and 8,000,000 5GN Options were on issue.

### **2.2 Webcentral**

- (1) Webcentral is a public company limited by shares incorporated in Australia and registered in Victoria.
- (2) Webcentral is admitted to the official list of ASX and bound by the Listing Rules. Webcentral Shares are officially quoted on ASX. No other issued securities of Webcentral are officially quoted on ASX.

### **2.3 Merger Implementation Agreement**

Webcentral and 5GN have agreed, by executing the Merger Implementation Agreement, to implement the terms of this Scheme.

### **2.4 Deed Poll**

This Scheme attributes actions to Webcentral but does not itself impose an obligation on it to perform those actions. Webcentral has agreed, by executing the Deed Poll, to perform the actions attributed to it under the Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

### **2.5 What happens if Scheme becomes Effective**

If the Scheme becomes Effective:

- (1) in consideration of the transfer of each Scheme Share to Webcentral, Webcentral will provide, or procure the provision of, the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
- (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Webcentral and 5GN will enter the name of Webcentral into the 5GN Share Register in respect of the Scheme Shares.

## ANNEXURE C – SCHEME

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### 3 Conditions

#### 3.1 Conditions precedent to Scheme

The Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (1) all the conditions in clause 3.1 of the Merger Implementation Agreement (other than the condition in the Merger Implementation Agreement relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Merger Implementation Agreement by 8:00am on the Second Court Date (or, in respect of any condition, such earlier time and date specified in the Merger Implementation Agreement for the satisfaction of that condition);
- (2) neither the Merger Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms before 8:00am on the Second Court Date;
- (3) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Webcentral and 5GN;
- (4) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Webcentral and 5GN having been satisfied or waived; and
- (5) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date Webcentral and 5GN agree in writing).

#### 3.2 Satisfaction of conditions

The satisfaction or waiver of each condition in clause 3.1 is a condition precedent to the operation of clause 4.

#### 3.3 Parties to provide certificate to Court

- (1) On the Second Court Date, Webcentral and 5GN will provide to the Court a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(1) and 3.1(2) have been satisfied or waived.
- (2) The certificate referred to in clause 3.3(1) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

#### 3.4 Effective Date and End Date

- (1) Subject to clause 3.1, the Scheme takes effect for all purposes on and from the Effective Date.
- (2) This Scheme will lapse and be of no further force or effect if:
  - (a) the Effective Date does not occur on or before the End Date; or
  - (b) the Merger Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

## ANNEXURE C – SCHEME

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unless Webcentral and 5GN otherwise agree in writing.

### **4 Implementation of Scheme**

#### **4.1 Lodgement of Court orders with ASIC**

If the conditions precedent in clauses 3.1(1) to 3.1(4) (inclusive) are satisfied or waived, 5GN must lodge with ASIC an office copy of the Court orders approving this Scheme under section 411(4)(b) of the Corporations Act (the **Court Orders**) as soon as possible after the Court approves this Scheme and in any event, by the later of 5:00pm on the first Business Day after the day on which the Court approves this Scheme or 5:00pm on the Business Day on which the Court Orders are entered, whichever is the later.

#### **4.2 Transfer and registration of Scheme Shares**

Subject to this Scheme becoming Effective, on the Implementation Date:

- (1) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5.1(1), all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Webcentral, without the need for any further act by any Scheme Shareholder (other than acts performed by 5GN or its officers as attorney and agent for Scheme Shareholders under clause 8.5), by:
  - (a) 5GN delivering to Webcentral a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by 5GN, for registration; and
  - (b) Webcentral duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to 5GN for registration; and
- (2) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(1)(b), but subject to the stamping of the Scheme Transfer (if required), 5GN must enter, or procure the entry of, the name of Webcentral in the 5GN Share Register in respect of all the Scheme Shares transferred to Webcentral in accordance with this Scheme.

### **5 Scheme Consideration**

#### **5.1 Provision of Scheme Consideration**

Webcentral must, subject to clauses 5.2, 5.3, 5.4 and 5.6:

- (1) on or before the Implementation Date, issue the Scheme Consideration to the Scheme Shareholders and procure that the name and address of each Scheme Shareholder is entered in the Webcentral Share Register in respect of the New Webcentral Shares issued to Scheme Shareholders under this Scheme; and
- (2) procure that on or before the date that is 2 Business Days after the Implementation Date (or such other date after the Implementation Date as Webcentral and 5GN agree to in writing), a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each Scheme Shareholder representing the number of New Webcentral Shares issued to the Scheme Shareholder pursuant to this Scheme.

#### **5.2 Joint holders**

## ANNEXURE C – SCHEME

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In the case of Scheme Shares held in joint names:

- (1) the New Webcentral Shares to be issued under this Scheme must be issued to and registered in the names of the joint holders;
- (2) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of 5GN, the holder whose name appears first in the 5GN Share Register as at the Scheme Record Date or to the joint holders; and
- (3) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of 5GN, the holder whose name appears first in the 5GN Share Register as at the Scheme Record Date or to the joint holders.

### 5.3 Ineligible Foreign Shareholders

- (1) Webcentral will be under no obligation to issue any New Webcentral Shares under this Scheme to any Ineligible Foreign Shareholder and instead:
  - (a) subject to clauses 5.4 and 5.6, Webcentral must, on or before the Implementation Date, issue the New Webcentral Shares which would otherwise be required to be issued to the Ineligible Foreign Shareholders under this Scheme to the Sale Agent;
  - (b) Webcentral must procure that as soon as reasonably practicable on or after the Implementation Date, the Sale Agent, sells or procures the sale of all the New Webcentral Shares issued to the Sale Agent pursuant to clause 5.3(1)(a) in such manner, at such price and on such other terms as the Sale Agent reasonably determines, and remits to 5GN the proceeds of the sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (**Proceeds**); and
  - (c) promptly after receiving the Proceeds in respect of the sale of all of the New Webcentral Shares referred to in clause 5.3(1)(a), 5GN must pay, or procure the payment, to each Ineligible Foreign Shareholder, of the amount 'A' calculated in accordance with the following formula and rounded down to the nearest cent:

$$A = (B \div C) \times D$$

where,

**B** = the number of New Webcentral Shares that would otherwise have been issued to that Ineligible Foreign Shareholder had it not been an Ineligible Foreign Shareholder and which were issued to the Sale Agent;

**C** = the total number of New Webcentral Shares which would otherwise have been issued to all Ineligible Foreign Shareholders and which were issued to the Sale Agent; and

**D** = the Proceeds (as defined in clause 5.3(1)(b)).

- (2) The Ineligible Foreign Shareholders acknowledge that none of Webcentral, 5GN or the Sale Agent gives any assurance as to the price that will be achieved for the sale of New Webcentral Shares described in clause 5.3(1) and that Webcentral, 5GN and the Sale Agent expressly disclaim any fiduciary duty to the Ineligible Foreign Shareholders which may arise in connection with this clause 5.3.



## ANNEXURE C – SCHEME

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- (3) 5GN must make, or procure the making of, payments to Ineligible Foreign Shareholders under clause 5.3(1) by either (in the absolute discretion of 5GN):
  - (a) where an Ineligible Foreign Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the 5GN Registry to receive dividend payments from 5GN by electronic funds transfer to a bank account nominated by the Ineligible Foreign Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
  - (b) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Ineligible Foreign Shareholder by an appropriate authority from the Ineligible Foreign Shareholder to 5GN; or
  - (c) despatching, or procuring the despatch of, a cheque for the relevant amount in Australian currency to the Ineligible Foreign Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Ineligible Foreign Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (4) If 5GN receives professional advice that any withholding or other tax is required by law or by a Government Agency to be withheld from a payment to an Ineligible Foreign Shareholder, 5GN is entitled to withhold the relevant amount before making the payment to the Ineligible Foreign Shareholder (and payment of the reduced amount shall be taken to be full payment of the relevant amount for the purposes of this Scheme, including clause 5.3(1)(c)). 5GN must pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Ineligible Foreign Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Ineligible Foreign Shareholder.
- (5) Each Ineligible Foreign Shareholder appoints 5GN as its agent to receive on its behalf any financial services guide (or similar or equivalent document) or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Shareholders under the Corporations Act or any other applicable law.
- (6) Payment of the amount calculated in accordance with clause 5.3(1) to an Ineligible Foreign Shareholder in accordance with this clause 5.3 satisfies in full the Ineligible Foreign Shareholder's right to Scheme Consideration.
- (7) Where the issue of New Webcentral Shares to which a Scheme Shareholder would otherwise be entitled under this Scheme would result in a breach of law:
  - (a) Webcentral will issue the maximum possible number of New Webcentral Shares to the Scheme Shareholder without giving rise to such a breach; and
  - (b) any further New Webcentral Shares to which that Scheme Shareholder is entitled, but the issue of which to the Scheme Shareholder would give rise to such a breach, will instead be issued to the Sale Agent and dealt with under the preceding provisions in this clause 5.3, as if a reference to Ineligible Foreign Shareholders also included that Scheme Shareholder and references to that person's New Webcentral Shares in that clause were limited to the New Webcentral Shares issued to the Sale Agent under this clause.

## ANNEXURE C – SCHEME

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### 5.4 Fractional entitlements and splitting

- (1) Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent or of a New Webcentral Share, the fractional entitlement will be rounded down to the nearest whole cent or number of New Webcentral Shares, as applicable.
- (2) If Webcentral is of the opinion, formed reasonably, that several Scheme Shareholders, each of which holds a holding of 5GN Shares which results in a fractional entitlement to New Webcentral Shares have, before the Scheme Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Shareholder's entitlement to the Scheme Consideration, Webcentral may direct that 5GN give notice to those Scheme Shareholders:
  - (a) setting out the names and Registered Addresses of all of them;
  - (b) stating that opinion; and
  - (c) attributing to one of them specifically identified in the notice the 5GN Shares held by all of them,

and, after the notice has been so given, the Scheme Shareholder specifically identified in the notice shall, for the purposes of this Scheme, be taken to hold all those 5GN Shares and each of the other Scheme Shareholders whose names are set out in the notice shall, for the purposes of this Scheme, be taken to hold no 5GN Shares.

### 5.5 Unclaimed monies

- (1) 5GN may cancel a cheque issued under this clause 5 if the cheque:
  - (a) is returned to 5GN; or
  - (b) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (2) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to 5GN (or the 5GN Registry) (which request may not be made until the date which is 10 Business Days after the Implementation Date), 5GN must reissue a cheque that was previously cancelled under this clause 5.5.
- (3) The *Unclaimed Money Act 2008* (VIC) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' for the purposes of that Act.

### 5.6 Orders of a court or Government Agency

If written notice is given to 5GN (or the 5GN Registry) or Webcentral (or the Webcentral Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (1) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by 5GN or Webcentral in accordance with this clause 5, then 5GN or Webcentral (as applicable) shall be entitled to procure that

## ANNEXURE C – SCHEME

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provision of that consideration is made in accordance with that order or direction;  
or

- (2) prevents 5GN or Webcentral from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, 5GN or Webcentral shall be entitled (as applicable):
  - (a) retain an amount, in Australian dollars, calculated pursuant to clause 5.3(1) in respect of that Scheme Shareholder; or
  - (b) not to issue (or direct Webcentral not to issue), or to issue to a trustee or nominee, such number of New Webcentral Shares as that Scheme Shareholder would otherwise be entitled to under clause 5.1,

until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

### 5.7 Status of New Webcentral Shares

Subject to this Scheme becoming Effective, Webcentral must:

- (1) issue the New Webcentral Shares required to be issued by it under this Scheme on terms such that each such New Webcentral Share will rank equally in all respects with each existing Webcentral Share;
- (2) ensure that each such New Webcentral Share is duly and validly issued in accordance with all applicable laws, the Listing Rules and Webcentral's constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest; and
- (3) use all reasonable endeavours to ensure that such New Webcentral Shares are, from the Business Day following the date this Scheme becomes Effective (or such later date as ASX requires), quoted for trading on the ASX initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on a normal (T+2) trading basis.

## 6 Dealings in 5GN Shares

### 6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in 5GN Shares or other alterations to the 5GN Share Register will only be recognised if:

- (1) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the 5GN Share Register as the holder of the relevant 5GN Shares before the Scheme Record Date; and
- (2) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the 5GN Share Register is kept,

and 5GN must not accept for registration, nor recognise for any purpose (except a transfer to Webcentral pursuant to this Scheme and any subsequent transfer by Webcentral or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

## ANNEXURE C – SCHEME

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### 6.2 5GN Share Register

- (1) 5GN must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(2) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(1) requires 5GN to register a transfer that would result in a 5GN Shareholder holding a parcel of 5GN Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(1) 'marketable parcel' has the meaning given in the Operating Rules).
- (2) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and 5GN shall be entitled to disregard any such disposal.
- (3) For the purpose of determining entitlements to the Scheme Consideration, 5GN must maintain the 5GN Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The 5GN Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (4) All certificates or holding statements for 5GN Shares (other than certificates or holding statements in favour of Webcentral) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the 5GN Share Register (other than entries (if any) on the 5GN Share Register in respect of Webcentral) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the 5GN Shares relating to that entry.
- (5) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, 5GN will ensure that details of the names, Registered Addresses and holdings of 5GN Shares for each Scheme Shareholder as shown in the 5GN Share Register are available to Webcentral in the form Webcentral reasonably requires.

### 7 Suspension of 5GN Shares and removal of 5GN from official list

- 7.1 5GN must apply to ASX to suspend trading on the ASX in 5GN Shares with effect from the close of trading on the Effective Date.
- 7.2 On a date after the Implementation Date to be determined by Webcentral, 5GN must apply:
  - (1) for termination of the official quotation of 5GN Shares on the ASX; and
  - (2) to have itself removed from the official list of the ASX.

### 8 General Scheme Provisions

#### 8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (1) 5GN may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Webcentral has consented; and
- (2) each Scheme Shareholder agrees to any such alterations or conditions which 5GN has consented to.

## ANNEXURE C – SCHEME

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### 8.2 Scheme Shareholders' agreements and warranties

- (1) Each Scheme Shareholder:
  - (a) agrees to the transfer of their 5GN Shares together with all rights and entitlements attaching to those 5GN Shares in accordance with this Scheme;
  - (b) agrees to the variation, cancellation or modification of the rights attached to their 5GN Shares constituted by or resulting from this Scheme;
  - (c) agrees to, on the direction of Webcentral, destroy any holding statements or share certificates relating to their 5GN Shares;
  - (d) agrees to become a member of Webcentral and to be bound by the terms of the constitution of Webcentral;
  - (e) who holds their 5GN Shares in a CHESS Holding agrees to the conversion of those 5GN Shares to an Issuer Sponsored Holding and irrevocably authorises 5GN to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and
  - (f) acknowledges and agrees that this Scheme binds 5GN and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (2) Each Scheme Shareholder is taken to have warranted to 5GN and Webcentral on the Implementation Date, and appointed and authorised 5GN as its attorney and agent to warrant to Webcentral on the Implementation Date, that:
  - (a) all their 5GN Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their 5GN Shares to Webcentral together with any rights and entitlements attaching to those shares. 5GN undertakes that it will provide such warranty to Webcentral as agent and attorney of each Scheme Shareholder; and
  - (b) it has no existing right to be issued any other 5GN Shares, 5GN Options or any other form of 5GN securities. 5GN undertakes that it will provide such warranty to Webcentral as agent and attorney of each Scheme Shareholder.

### 8.3 Title to and rights in Scheme Shares

- (1) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Webcentral will, at the time of transfer of them to Webcentral, vest in Webcentral free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

## ANNEXURE C – SCHEME

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- (2) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, Webcentral will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by 5GN of Webcentral in the 5GN Share Register as the holder of the Scheme Shares.

### 8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until 5GN registers Webcentral as the holder of all Scheme Shares in the 5GN Share Register, each Scheme Shareholder:

- (1) is deemed to have appointed Webcentral as attorney and agent (and directed Webcentral in each such capacity) to appoint any director, officer, secretary or agent nominated by Webcentral as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (2) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(1));
- (3) must take all other actions in the capacity of a registered holder of Scheme Shares as Webcentral reasonably directs; and
- (4) acknowledges and agrees that in exercising the powers referred to in clause 8.4(1), Webcentral and any director, officer, secretary or agent nominated by Webcentral under clause 8.4(1) may act in the best interests of Webcentral as the intended registered holder of the Scheme Shares.

### 8.5 Authority given to 5GN

Each Scheme Shareholder, without the need for any further act:

- (1) on the Effective Date, irrevocably appoints 5GN and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Webcentral, and 5GN undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Webcentral on behalf of and as agent and attorney for each Scheme Shareholder; and
- (2) on the Implementation Date, irrevocably appoints 5GN and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and 5GN on behalf of itself and each of its directors, officers and secretaries accepts each such appointment. 5GN as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

### 8.6 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Shareholder

## ANNEXURE C – SCHEME

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to 5GN that are binding or deemed binding between the Scheme Shareholder and 5GN relating to 5GN or 5GN Shares, including instructions, notifications or elections relating to:

- (1) whether dividends are to be paid by cheque or into a specific bank account;
- (2) payments of dividends on 5GN Shares; and
- (3) notices or other communications from 5GN (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by Webcentral in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Webcentral and to be a binding instruction, notification or election to, and accepted by, Webcentral in respect of the New Webcentral Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to Webcentral at its registry.

### 8.7 Binding effect of Scheme

This Scheme binds 5GN and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of 5GN.

## 9 Notices

- 9.1 If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to 5GN, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at 5GN's registered office or at the office of the 5GN Registry.
- 9.2 The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a 5GN Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

## 10 General

### 10.1 Consent

Each of the Scheme Shareholders consents to 5GN doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, 5GN or otherwise.

### 10.2 Further acts and documents

5GN must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

### 10.3 Stamp Duty

Webcentral:

- (1) will pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and this Scheme and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and

## ANNEXURE C – SCHEME

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- (2) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 10.3(1).

### 10.4 **Governing law and jurisdiction**

- (1) This Scheme is governed by the law in force in Victoria.
- (2) Each of the Scheme Shareholders and 5GN irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. Each of the Scheme Shareholders and 5GN irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

### 10.5 **No liability when acting in good faith**

Each Scheme Shareholder agrees that neither 5GN nor Webcentral nor any director, officer, secretary or employee of 5GN or Webcentral shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.





### Share Scheme Deed Poll

**Webcentral Group Limited**  
ACN 073 716 793

Robert Sultan  
Norton Rose Fulbright Australia  
Level 38, Olderfleet, 477 Collins Street  
Melbourne VIC 3000  
Tel: +61 8686 6000  
[nortonrosefulbright.com](http://nortonrosefulbright.com)  
Our ref: 4042243

# ANNEXURE D – DEED POLL

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## Contents

1	Definitions and interpretation .....	2
2	Conditions Precedent and Termination .....	3
3	Performance of obligations generally .....	4
4	Scheme Consideration .....	4
5	Warranties.....	4
6	Continuing obligations .....	5
7	Notices .....	5
8	General .....	6

# ANNEXURE D – DEED POLL

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**Deed Poll** dated 22 September 2021

**Made by** **Webcentral Group Limited** ACN 073 716 793  
of Level 7, 505 Little Collins Street, Melbourne VIC 3000  
(**Webcentral**)

**in favour of** each person registered as a holder of 5GN Shares recorded in the 5GN  
Share Register as at the Scheme Record Date  
(**Scheme Shareholders**)

## Introduction

- A** Webcentral and 5GN have entered into the Merger Implementation Agreement.
- B** In the Merger Implementation Agreement, Webcentral agreed to make this Deed Poll.
- C** Webcentral is making this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Merger Implementation Agreement and the Scheme.

## Webcentral declares

### 1 Definitions and interpretation

#### 1.1 Definitions

In this Deed Poll (unless the context requires otherwise):

- (1) **5GN** means 5G Networks Limited ACN 163 312 025 of Level 8, 99 William Street, Melbourne VIC 3000;
- (2) **Deed Poll** means this document, including any schedule or annexure to it;
- (3) **First Court Date** has the same meaning given to it in the Merger Implementation Agreement;
- (4) **Insolvency Event** has the same meaning given to it in the Merger Implementation Agreement;
- (5) **Merger Implementation Agreement** means the merger implementation agreement entered into between Webcentral and 5GN as a deed dated 16 July 2021 relating to the implementation of the Scheme; and
- (6) **Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between 5GN and the Scheme Shareholders, substantially in the form of Annexure B to the Merger Implementation Agreement (or as otherwise agreed between 5GN and Webcentral in writing), subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Webcentral and 5GN.

## ANNEXURE D – DEED POLL

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### 1.2 Terms defined in the Scheme

Terms that are not defined in this Deed Poll but which are defined in the Scheme have the same meaning in this Deed Poll as given to them in the Scheme, unless the context makes it clear that a definition is not intended to apply.

### 1.3 Interpretation

Clause 1.2 of the Scheme applies in interpreting this Deed Poll except that references to “this Scheme” in that clause are to be read as references to “this Deed Poll”.

### 1.4 Nature of Deed Poll

Webcentral acknowledges that:

- (1) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (2) under the Scheme, each Scheme Shareholder irrevocably appoints 5GN and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this Deed Poll against Webcentral on behalf of that Scheme Shareholder.

## 2 Conditions Precedent and Termination

### 2.1 Conditions

This Deed Poll and the obligations of Webcentral under this Deed Poll are subject to and conditional upon the Scheme becoming Effective.

### 2.2 Termination

The obligations of Webcentral under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no force or effect if:

- (1) the Merger Implementation Agreement is terminated in accordance with its terms; or
- (2) the Scheme does not become Effective on or before the End Date,

unless Webcentral and 5GN otherwise agree in writing.

### 2.3 Consequences of termination

If this Deed Poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to any person including Webcentral or a Scheme Shareholder (as applicable):

- (1) Webcentral is released from its obligations to further perform this Deed Poll except those obligations contained in clause 8.7 and any other obligations which, by their nature, survive termination; and
- (2) each Scheme Shareholder retains the rights they have against Webcentral in respect of any breach of this Deed Poll which occurred before it was terminated.



## ANNEXURE D – DEED POLL

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### 3 Performance of obligations generally

Webcentral must comply with its obligations under the Merger Implementation Agreement and do all things necessary or desirable on its part to give full effect to the Merger Implementation Agreement and the Scheme.

### 4 Scheme Consideration

#### 4.1 Scheme Consideration

Subject to clause 2, Webcentral undertakes in favour of each Scheme Shareholder to:

- (1) provide, or procure the provision of, the Scheme Consideration to each Scheme Shareholder in accordance with the Scheme; and
- (2) undertake all other actions, and give each acknowledgment, representation and warranty (if any), attributed to it under the Scheme,

subject to and in accordance with the terms and conditions of the Scheme.

#### 4.2 New Webcentral Shares to rank equally

Webcentral covenants in favour of each Scheme Shareholder that the New Webcentral Shares which are issued to each Scheme Shareholder as Scheme Consideration in accordance with the Scheme will:

- (1) rank equally with all existing Webcentral Shares; and
- (2) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

### 5 Warranties

Webcentral represents and warrants in favour of each Scheme Shareholder that:

- (1) it is a corporation validly existing under the laws of its place of registration;
- (2) it has full legal capacity and power to enter into and perform its obligations under this Deed Poll and to carry out the transactions that this Deed Poll contemplates;
- (3) it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed Poll and its carrying out the transactions that this Deed Poll contemplates;
- (4) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms, subject to laws generally affecting creditors' rights and the principles of equity;
- (5) this Deed Poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound; and
- (6) no Insolvency Event has been declared, commenced or threatened with respect to Webcentral.

## ANNEXURE D – DEED POLL

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### 6 Continuing obligations

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (1) Webcentral has fully performed its obligations under this Deed Poll; or
- (2) the earlier termination of this Deed Poll under clause 2.2.

### 7 Notices

#### 7.1 How to give a notice

A notice, demand, consent or other communication given or made under this Deed Poll is only effective if it is:

- (1) in writing, in English and signed by or on behalf of the person giving it;
- (2) addressed to the person to whom it is to be given; and
- (3) either:
  - (a) delivered by hand to that person's address;
  - (b) sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address;
  - (c) sent by email to that person's email address; or
  - (d) given in any other way permitted by law.

#### 7.2 When effective

A notice, demand, consent or other communication that complies with this clause 7 takes effect from the time it is received or taken to be received under clause 7.3 (whichever happens first) unless a later time is specified.

#### 7.3 When a notice is taken to be received

- (1) A notice, demand, consent or other communication that complies with this clause 7 is taken to be received:
  - (a) if delivered by hand, when delivered to the person's address;
  - (b) if sent by post, 3 days after posting (or 7 days after posting if sent from one country to another); or
  - (c) if sent by email, on the date and at the time it is sent.
- (2) Despite clause 7.3(1)(c) an email is not treated as given or received if within 2 hours after the time it was sent the sender receives an automated message that the email has not been delivered.

#### 7.4 Receipt outside business hours

Despite clauses 7.2 and 7.3, if a notice, demand, consent or other communication that complies with this clause 7 is received or taken to be received under clause 7.3 after 5:00pm in the place of receipt or on a non-Business Day, it is taken to be received at

## ANNEXURE D – DEED POLL

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9:00am on the next Business Day and take effect from that time unless a later time is specified.

### 7.5 Address for notices

The Webcentral's address and email address for notices under this Deed Poll are set out below:

**Attention:** Company Secretary and General Counsel

**Address:** Level 7, 505 Little Collins Street, Melbourne VIC 3000

**Email:** [michael.wilton@webcentralgroup.com](mailto:michael.wilton@webcentralgroup.com)

with a copy (for information purposes only) to:

**Attention:** Jake Erman-Keogh and Michael Wilton

**Address:** Cornwalls, Level 10, 114 William Street, Melbourne VIC 3000

**Email:** [j.erman-keogh@cornwalls.com.au](mailto:j.erman-keogh@cornwalls.com.au); [m.wilton@cornwalls.com.au](mailto:m.wilton@cornwalls.com.au)

## 8 General

### 8.1 Variation

A provision of this Deed Poll may not be varied unless:

- (1) if before the First Court Date, the variation is agreed to in writing by 5GN; or
- (2) if on or after the First Court Date, the variation is agreed to in writing by 5GN and the Court indicates the variation would not, of itself, preclude approval of the Scheme,

in which case Webcentral will enter into a further deed poll in favour of Scheme Shareholders giving effect to the variation.

### 8.2 Assignment

The rights and obligations of a person under this Deed Poll are personal. They cannot be assigned, encumbered, mortgaged, charged or otherwise dealt with, and no person may attempt or purport to do so.

### 8.3 Waiver of rights

A right may only be waived in writing, signed by the person giving the waiver, and:

- (1) no other conduct of a person (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (2) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (3) the exercise of a right does not prevent any further exercise of that right or of any other right.



## ANNEXURE D – DEED POLL

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### 8.4 Operation of this Deed Poll

- (1) Any right or remedy that a person may have under this Deed Poll is in addition to, and does not replace or limit, any other right or remedy that the person may have.
- (2) Any provision of this Deed Poll which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this Deed Poll enforceable, unless this would materially change the intended effect of this Deed Poll.
- (3) Without limiting clause 8.4(1), this Deed Poll operates in addition to, and does not supersede, the Merger Implementation Agreement, which remains in full force and effect according to its terms.

### 8.5 Consent

Webcentral consents to 5GN producing this Deed Poll to the Court.

### 8.6 Further acts and documents

Webcentral must, at its own expense, promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to 5GN) required by law or reasonably requested by 5GN to give effect to this Deed Poll.

### 8.7 Stamp Duty

Webcentral:

- (1) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this Deed Poll, the performance of this Deed Poll and each transaction effected by or made under or in connection with the Scheme and this Deed Poll; and
- (2) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 8.7(1).

### 8.8 Governing law and jurisdiction

- (1) This Deed Poll is governed by the law in force in Victoria.
- (2) Webcentral irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this Deed Poll. Webcentral irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



## ANNEXURE D – DEED POLL

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**Executed** as a deed poll and delivered on the date shown on the first page.

Executed by **Webcentral Group Limited**  
ACN 073 716 793 in accordance with  
section 127 of the *Corporations Act 2001*:

  
\_\_\_\_\_  
Company secretary

Michael Wilton

\_\_\_\_\_  
Name of Company secretary

  
\_\_\_\_\_  
Director

Joe Demase

\_\_\_\_\_  
Name of director

## ANNEXURE E – NOTICE OF SCHEME MEETING

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**5G Networks Limited** (ABN 30 163 312 025) (**5GN** or **Company**) hereby gives notice that by order of the Federal Court of Australia (**Court**) made on 1 October 2021 pursuant to section 411(1) of the Corporations Act 2001 (Cth) (**Corporations Act**), a meeting of the holders of fully paid ordinary shares in 5GN (**Scheme Meeting**) will be held at 10.00am (Melbourne time) on Monday, 8 November 2021.

**To join the Scheme Meeting, visit <https://agmlive.link/5gnsm21>**

In the interests of the health and safety of shareholders, employees and other stakeholders in the context of the coronavirus (COVID-19) pandemic, including the restrictions on physical gatherings, the Scheme Meeting will be held virtually. Scheme Shareholders and their authorised proxies, attorneys and corporate representatives may attend and participate in the Scheme Meeting through an online platform that can be accessed at <https://agmlive.link/5gnsm21>. There will be no physical meeting where 5GN Shareholders or proxy holders can attend in person.

Scheme Shareholders who participate in the Scheme Meeting via the online platform will be able to watch the Scheme Meeting, cast an online vote and ask questions online in real time. Further details on how to participate in the Scheme Meeting via the online platform are set out in the explanatory notes that accompany and form part of this Notice of Scheme Meeting and in the Virtual Meeting Online Guide which can be downloaded at 5GN's website at <https://5gnetworks.com.au>.

Scheme Shareholders who are unable to, or do not wish to, attend the Scheme Meeting, or will not have access to a device or the internet, are encouraged to submit a directed proxy vote as early as possible and in any event by 10.00 am (Melbourne time) on Saturday, 6 November 2021 by completing and submitting the proxy form in accordance with the instructions on that form.

### INFORMATION ABOUT THE SCHEME

Information about the Scheme is set out in the Scheme Booklet, of which this Notice of Scheme Meeting forms part. Terms used in this Notice of Scheme Meeting have the same meaning as set out in the Glossary to the Scheme Booklet, unless indicated otherwise.

### PURPOSE OF THE SCHEME MEETING

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a scheme of arrangement proposed to be made between 5GN and the holders of its fully paid ordinary shares.

### CHAIRMAN OF THE MEETING

The Court has directed that Albert Cheok, or failing him Jason Ashton, be Chairman of the meeting and has directed the Chairman to report the result of the Scheme Meeting to the Court.

### AGENDA

#### Scheme Resolution

To consider and, if thought fit, to pass (with or without amendment) the following resolution:

'That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between 5G Networks Limited and the holders of its fully paid ordinary shares as contained in and more precisely described in the Scheme Booklet of which the notice convening this meeting forms part, is approved (with or without modification or conditions as approved by the Court to which 5G Networks Limited and Webcentral Group Limited agree).'

# ANNEXURE E – NOTICE OF SCHEME MEETING

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## SCHEME BOOKLET

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this Notice of Scheme Meeting forms part.

## COURT APPROVAL

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification or conditions approved by the Court to which 5GN and Webcentral agree) must be approved by an order of the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC. If the Scheme Resolution put to the Scheme Meeting is passed by the required majorities and the other conditions to the Scheme are satisfied or (where applicable) waived in accordance with the Merger Implementation Agreement, 5GN intends to apply to the Court on Thursday, 11 November 2021 for the necessary orders to give effect to the Scheme.

## ADVERTISEMENT

Where this Notice of Scheme Meeting is advertised unaccompanied by the remainder of the Scheme Booklet, a copy of the full Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from the ASX website at [www2.asx.com.au](http://www2.asx.com.au) and on 5GN's website at <https://5gnetworks.com.au/> or by calling the Shareholder Information Line on 1300 657 159 (callers within Australia) or +61 1300 657 159 (callers outside Australia), Monday to Friday between 8.30am to 5.30pm (Melbourne time).

## VOTING AND PROXY INSTRUCTIONS

### YOUR VOTE IS IMPORTANT

You are entitled to vote at the Scheme Meeting only if you are registered as a shareholder of the Company at 7.00pm, Saturday, 6 November 2021

### Voting procedure

The Chairman of the meeting intends to put the Scheme Resolution to a poll at the Scheme Meeting. Voting results will be announced to the ASX as soon as practicable after the Scheme Meeting.

The Chairman of the meeting intends to vote any undirected proxies in favour of the Scheme Resolution.

### Passing the Resolution

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be passed by:

- a majority in number (more than 50%) of 5GN Shareholders present and voting at the Scheme Meeting (in person or by representative or proxy); and
- 5GN Shareholders holding at least 75% of the total number of votes cast by 5GN Shareholders present and voting at the Scheme Meeting (in person or by proxy, attorney or, in the case of corporate 5GN Shareholders, corporate representative).

### Appointing a proxy

If you are unable to attend the Scheme Meeting, you may appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder of the Company and may be an individual or a body corporate.

## ANNEXURE E – NOTICE OF SCHEME MEETING

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A shareholder entitled to attend and cast at least two votes at the meeting is entitled to appoint up to two proxies. If a shareholder appoints two proxies, the shareholder may specify the proportion or number of votes each proxy may exercise. If a shareholder appoints two proxies but does not specify on the Proxy Form the proportion or number of votes each proxy may exercise, each proxy may exercise half the votes regardless of any proportion stated on any other form. If a member appoints two proxies, neither may vote on a show of hands if they both attend the meeting; however, they will be entitled to vote on a poll.

The appointment of one or more duly appointed proxies will not preclude a member from attending the meeting and voting personally. The appointment of a proxy is not revoked by the member attending and taking part in the meeting; however, if the member votes on the Scheme Resolution, the proxy/proxies will not be entitled to vote, and must not vote, as the member's proxy on the Scheme Resolution.

For your vote to count, your Proxy Form must be received by the 5GN Share Registry, Link Market Services Limited, no later than 48 hours prior to the commencement of the Scheme Meeting i.e. by 10.00am (Melbourne time) on Saturday, 6 November 2021.

If you have received a hard copy Proxy Form, you may lodge a proxy vote:

- online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and following the instructions on the website. You will need to enter the secure access information set out on the Proxy Form; or
- by completing and signing the Proxy Form and returning to the 5GN Share Registry by:
  - o mail to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia;
  - o hand at Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000 Australia; or
  - o fax on (02) 9287 0309 (within Australia) or +61 2 9287 0309 (outside Australia).

If you have not received a hard copy Proxy Form, you may submit a proxy online by clicking on the personalised link that you have received by email and following the instructions set out in the email. Alternatively you may obtain a hard copy Proxy Form by calling the Shareholder Information Line on 1300 657 159 (callers within Australia) or +61 1300 657 159 (callers outside Australia), Monday to Friday between 8.30am to 5.30pm (Melbourne time) and following the lodgement instructions on the Proxy Form.

Additional or replacement Proxy Forms can be obtained from the 5GN Share Registry.

Further instructions for appointing a proxy are included in the Proxy Form.

### **Default of proxy votes to Chairman in certain circumstances**

If:

- a poll is duly demanded at the Scheme Meeting in relation to the Scheme Resolution; and
- a member has appointed a proxy (other than the Chairman) and the appointment of the proxy specifies the way the proxy is to vote on the Scheme Resolution; and
- that member's proxy is either not recorded as attending the Scheme Meeting or does not vote on the Scheme Resolution,

the Chairman of the Scheme Meeting will, before voting on the Scheme Resolution closes, be taken to have been appointed as the proxy for the member for the purpose of voting on the Scheme Resolution and must vote in accordance with the written direction of that member.

### **Corporate representatives**

A corporate shareholder, or body corporate appointed as a proxy, may appoint an individual as its representative to attend the Scheme Meeting and vote on its behalf. If a representative of the corporation is to attend the Scheme Meeting virtually the "Certificate of Appointment of Corporate Representative" must be received at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au) prior to the Scheme Meeting in accordance with the Notice of Scheme Meeting. A form of the certificate may be obtained from the 5GN Share Registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## ANNEXURE E – NOTICE OF SCHEME MEETING

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### **Power of attorney**

If the Proxy Form is signed by an attorney, the original power of attorney under which the Proxy Form was signed, or a certified copy, must be received by the 5GN Share Registry or the Company at least 48 hours before the Scheme Meeting i.e. by 10.00am (Melbourne time) on Saturday, 6 November 2021 (unless it has been previously provided).

### **Shareholder questions**

If you have any additional questions in relation to this Notice of Scheme Meeting or the Scheme or if you would like a hard copy of the Scheme Booklet free of charge, call the Shareholder Information Line on 1300 657 159 (callers within Australia) or +61 1300 657 159 (callers outside Australia), Monday to Friday between 8.30am to 5.30pm (Melbourne time).

Shareholders may also submit written questions to the Company relevant to the business of the Scheme Meeting. The Chairman will seek to address as many of the more frequently raised topics as possible during the Meeting. Please note that individual responses will not be sent to shareholders.

Written questions for the Company should be submitted to [gd@5gn.com.au](mailto:gd@5gn.com.au) by 10:00am (Melbourne time) Monday, 3 November 2021. Questions may also be asked online via the online platform.

### **By order of the Court and of the 5GN Board**

Glen Dymond  
Company Secretary  
1 October 2021

**Registered Office**  
**5G Networks Limited**  
Level 8, 99 William Street  
Melbourne VIC 3000

## CORPORATE DIRECTORY

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### **Registered Office**

Level 8  
99 William Street  
Melbourne VIC 3000

### **Directors**

Albert Cheok (Non-Executive Chairman)  
Joseph Gangi (Non-Executive Director)  
Jason Ashton (Non-Executive Director)  
Joseph Demase (Managing Director)

### **Company Secretaries**

Glen Dymond  
Michael Wilton

### **Legal Adviser for the Scheme**

Norton Rose Fulbright Australia  
Level 38, Olderfleet  
477 Collins Street  
Melbourne VIC 3000

### **Share Registry**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000







5G Networks  
Level 8, 99 William Street  
Melbourne Vic 3000  
[www.5gnetworks.com.au](http://www.5gnetworks.com.au)  
+61 1300 10 11 12

**LODGE YOUR VOTE**

**ONLINE**
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**BY MAIL**

5G Networks Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia


**BY FAX**

+61 2 9287 0309


**BY HAND**

Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000


**ALL ENQUIRIES TO**

Telephone: +61 1300 657 159


**X99999999999**
**PROXY FORM**

I/We being a member(s) of 5G Networks Limited and entitled to attend and vote hereby appoint:

**APPOINT A PROXY**
☐ **the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of the Company to be held at **10:00am (Melbourne time) on Monday, 8 November 2021 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/5gns21> (refer to details in the Virtual Meeting Online Guide).

**The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business.**

**VOTING DIRECTIONS**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒
**Resolution**

**1** To consider and, if thought fit, to pass (with or without amendment) the following resolution:

'That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between 5G Networks Limited and the holders of its fully paid ordinary shares as contained in and more precisely described in the Scheme Booklet of which the notice convening this meeting forms part, is approved (with or without modification or conditions as approved by the Court to which 5G Networks Limited and Webcentral Group Limited agree).'

**For Against Abstain\***

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)




Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders must sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au) prior to admission in accordance with the Notice of Scheme Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Melbourne time) on Saturday, 6 November 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope if you have received one or one of the methods below:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MAIL

5G Networks Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
Level 12  
680 George Street  
Sydney NSW 2000

\*during business hours Monday to Friday (9:00am - 5:00pm) and subject to public health orders and restrictions