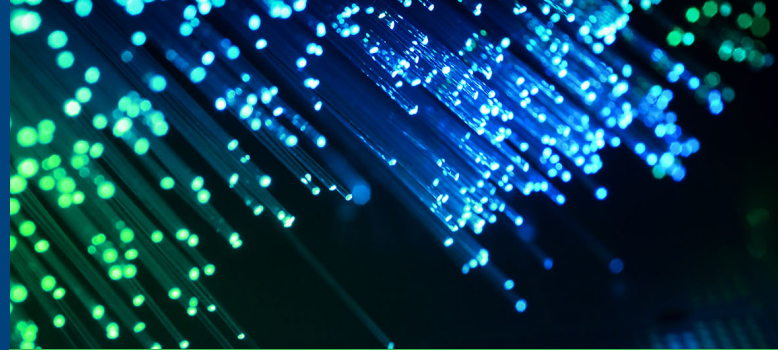


ASX Announcement:

Sale of 5GN Business and Proposed Capital Return to Shareholders



27th June 2024

Key Highlights:

- **Sale of 5GN's main undertaking and operating businesses to entities associated with 5GN's Managing Director, Joe Demase**
- **Proposed distribution of surplus cash reserves to 5GN shareholders of approximately \$0.15 per share by way of a capital return**
- **5GN's Independent Directors unanimously recommend that 5GN shareholders vote in favour of the Transaction, in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Transaction is fair and reasonable (or not fair but reasonable) in the interests of non-associated shareholders of 5GN**
- **Transaction and Capital Return expected to occur by September 2024**
- **5GN to be subsequently delisted from ASX and wound-up in 2025**
- **5GN has submitted an application for in-principle advice to ASX in relation to the various waivers required in relation to the Transaction, Capital Return and subsequent delisting of 5GN**

5G Networks Limited (**5GN**) announces that its wholly owned subsidiary 5G Networks Holdings Pty Ltd (**5GN Holdings**), has today entered into sale agreements with entities associated with Mr Joe Demase (**Purchasers**) in relation to the sale of 100% of the shares in its primary operating subsidiary, 5G Network Operations Pty Ltd (**5GN Operations**) and its cyber security consultancy business operated by Security Shift Pty Ltd (**Security Shift**). Mr Joe Demase is currently the Managing Director of 5GN and through entities he controls is the largest shareholder of 5GN.

5GN Chairman Joe Gangi said today:

"In light of the current challenging market conditions, the Board believes that returning capital to shareholders is the most prudent course of action. In addition, after thorough analysis and careful consideration, the Board has determined that the sale of our remaining operations will unlock further value for our shareholders and reduce the risk to shareholders. I would like to thank our shareholders, employees and fellow board members for their unwavering support, which has been instrumental in our journey"

The sales of 5GN Operations and Security Shift to the Purchasers (the **Transaction**) are interdependent and must be completed simultaneously if they are approved by non-associated 5GN

shareholders and certain other conditions are met. The total sale consideration implied by the Transaction is \$3.2 million, comprising of a cash price of \$500,000 plus the assumption of certain liabilities, including ongoing litigation, and a normalised level of working capital.

5GN expects the Transaction to complete by September 2024. Importantly, the Transaction will enable 5GN to exit what is currently a loss-making business. The Board and management of 5GN believe that continuing to invest in an unpredictable market carries significant risks. Following the successful Webcentral asset sale, the balance sheet has been strengthened in a time of market uncertainty, providing an opportunity to return capital to shareholders. By returning capital to our shareholders, we intend to mitigate these risks and protect shareholder value.

Following completion of the Transaction, it is expected that 5GN's only material assets will consist of surplus cash which, subject to receipt of a waiver from ASX, 5GN intends to distribute to 5GN Shareholders by way of a capital return (**Capital Return**) shortly after completion of the Transaction. The Capital Return will only occur if the Transaction is completed.

The estimated Capital Return is approximately \$0.15 per share after retaining adequate funds for all remaining liabilities of the Group and transaction costs in relation to the sale.

5GN expects to delist from ASX following the Capital Return before being formally wound up and returning any remaining capital to 5GN shareholders in 2025. It is expected that there may be a small additional distribution to shareholders at the time of the winding up.

In accordance with 5GN's Board policies and given the involvement in the Transaction by Mr Joe Demase, 5GN has formed an Independent Board Committee (**IBC**) comprising the independent directors of 5GN: Joe Gangi, Natalie Mactier and Jason Ashton (**Independent Directors**). The role of the IBC has been to facilitate the evaluation of the Transaction. The Independent Directors unanimously recommend that 5GN Shareholders vote in favour of the Transaction in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Transaction is fair and reasonable (or not fair but reasonable) in the interests of non-associated shareholders of 5GN.

The IBC engaged Auburn Capital to advise it on the Transaction, assist in negotiating transaction documents, and to conduct a market sounding with a number of strategic players in the sector. Despite initial interest in the business from a number of parties, the process of seeking alternative offers ended on 6 June 2024 with no alternative purchaser providing a non-binding indicative offer or expressing an intention to continue with discussions to acquire 5GN Operations and Security Shift.



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Key terms of the Transaction

As the Purchasers are related parties of 5GN, completion of the Transaction is subject to it being approved by non-associated shareholders of 5GN (for the purposes of ASX Listing Rule 10.1 and section 208 of the Corporations Act). 5GN shareholders will have the opportunity to vote on the Transaction at an Extraordinary General Meeting (**EGM**) of 5GN shareholders, which is expected to occur in September 2024. Joe Demase and his respective associates are not eligible to vote on the resolutions to approve the Transaction.

Further, as the Transaction involves the sale of 5GN's main undertaking, an additional approval by 5GN shareholders will be required under ASX Listing Rule 11.2.

5GN has submitted an application for in-principle advice to ASX in relation to the various waivers required in relation to the Transaction, Capital Return and subsequent delisting of 5GN. 5GN expects a response by July 2024.

Completion of the Transaction is also subject to customary closing conditions for a transaction of this nature including:

- The Foreign Investment Review Board (**FIRB**) advising that it has no objection to the sale of 5GN Operations to the 5GN Operations purchaser (being a foreign person for the purposes of Australia's foreign investment laws);
- An Independent Expert concluding that the Transaction is fair and reasonable (or not fair but reasonable) in the interests of non-associated shareholders of 5GN;
- Change of name and other related matters; and
- 5GN obtaining various ASX approvals and/or waivers in relation to the Transaction and the Capital Return.

Indicative Timetable and Next Steps

5GN shareholders do not need to take any action at the present time.

A Notice of Meeting (**NOM**) and Explanatory Booklet is expected to be sent to 5GN shareholders in August 2024 which will provide additional information relating to the Transaction, the reasons for the Independent Directors' recommendation, information relating to the Capital Return and an Independent Expert's Report (**IER**) opining on whether the Transaction is fair and reasonable to non-associated 5GN shareholders. 5GN has appointed ShineWing Australia Securities Pty Ltd (**SAS**) as the Independent Expert.

The EGM to approve the Transaction is anticipated to be held in September 2024 and completion of the Transaction and the Capital Return is expected to occur by September 2024. The delisting of 5GN is expected to occur following these transactions, subject to complying with any requirements of ASX and 5GN is expected to be wound up in 2025.

5GN will advise the market as to material developments as they occur on each of the matters set out in this announcement.

Advisers

5GN is being advised by Norton Rose Fulbright and Auburn Capital.

The release of this announcement has been authorised by the Board of Directors of 5GN.

Forward-Looking Statements

This announcement contains forward-looking statements, including references to expected outcomes. Forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond 5GN's control and speak only as of the date of this announcement. Readers are cautioned not to place undue reliance on forward-looking statements.

Investor Enquiries

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About 5GN

5GN is an Australian owned digital services company who empower more than 2,500 corporate clients to grow and thrive online. Our portfolio of digital services is extensive, with market leading offers across Cloud, Data networks, Data centre, managed IT services and digital marketing.

5GN currently owns and operates its own Nationwide and Internationally highspeed Data Network with points of presence in all major Australian capital cities, Singapore, USA, Hong Kong and New Zealand. 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 1,200 racks through its owned and operated Data Centres across Melbourne, Sydney, Brisbane and Adelaide.

Our customer focussed heritage has been built on expertise, innovation and personalised service; critical attributes delivered through our culture and embraced by our people.

The 5GN 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.