

5G Networks Limited

And Its Controlled Entities

APPENDIX 4E AND PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

ABN 21 073 716 793



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APPENDIX 4E AND PRELIMINARY FINAL REPORT

1. COMPANY INFORMATION

Name of entity: 5G Networks Limited (Formerly Webcentral Limited)

ABN: 21 073 716 793

Reporting period: Year ended 30 June 2024 (Comparative period – Year ended 30 June 2023)

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30-Jun-24			30-Jun-23
	12 months \$'000	Movement \$'000	Movement %	12 months \$'000
Revenue from ordinary activities and continuing operations	49,336	3,767	8.3%	45,569
Underlying earnings before interest, tax, depreciation and amortisation from continuing operations	(2,861)	6,769	70.3%	(9,630)
Profit/(Loss) after tax from continuing operations	(22,757)	8,466	27.1%	(31,223)
Profit after tax from discontinued operations	89,380	77,176	632%	12,204
Profit after tax attributable to members of the parent	66,623	85,642	450%	(19,019)

1. The Group believes this unaudited non-IFRS information is relevant to the user's understanding of the Group's underlying performance.

COMMENTARY

The key strategic and financial growth highlights for the year ended 30 June 2024 were as follows:

- Sale of Domains Business completed in December 2023 which generated a gain on sale of \$93.3 million before income tax expense.
- Sale of the digital marketing business including the WME and Web Marketing Experts brands.
- Purchase in Jan 2024 of Security Shift, a cyber security consultancy business for \$4 million.
- Repayment of loan facilities of \$29.73 million from the proceeds of sale.
- Cash position of \$71.2 million at 30 June 2024.
- Revenue from continuing operations of \$49.3 million, representing growth of 8.3% compared to the prior comparative period (PCP).
- Existing customer re-signs of \$2.7 million in FY24.

On 22 December 2023, the Company's name was changed from Webcentral Limited to 5G Networks Limited following approval by the Company's shareholders at the Company's 2023 Annual General Meeting held on 23 November 2023

3. DIVIDENDS

On 10 January 2024, the Company declared an unfranked special dividend of \$0.02 (2 cents) per ordinary share which was paid on 22 February 2024. The record date was 25 January 2024. The special dividend was funded from the sale proceeds of the Domains Business. No final dividend was or is proposed to be declared with respect to the current period. A dividend of \$0.005 (half a cent) per ordinary share franked to 20% was paid in the prior corresponding period.

4. NET TANGIBLE ASSET BACKING

	Current Period	Previous Period
Net tangible asset backing per ordinary security	16.03 cents	(21.76) cents

Net tangible assets are calculated firstly from the Group's net assets at 30 June 2024 of \$69.8 million and adjusted for \$5.9 million of right-of-use lease assets, and \$10.2 million of intangible assets associated with the Group's previous acquisitions.

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5. EARNINGS PER SHARE

	30-Jun-24 12 months cents	30-Jun-23 12 months cents
From continuing operations		
Basic loss per share	(6.80)	(9.51)
Diluted loss per share	(6.80)	(9.51)
Attributable to members of the parent		
Basic profit/(loss) per share	19.85	(5.47)
Diluted profit/(loss) per share	19.85	(5.47)
Reconciliation of earnings used in calculating earnings per share	\$'000	\$'000
(Loss) / profit for the period from continuing operations	(22,757)	(31,223)
Profit from discontinued operation	89,380	12,204
Comprehensive income	(141)	1,066
Profit/(Loss) for the period attributable to members of the parent	66,482	(17,953)
Weighted average number of shares used in calculating earnings per share	No. of Shares	No. of Shares
Number for basic earnings per share - ordinary shares	334,895,109	328,328,188
Number for diluted earnings per share - ordinary shares	334,895,109	328,328,188

Basic EPS amounts are calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilutive potential ordinary shares in existence during the period (2023: Nil) as the share options and performance rights of the Company were antidilutive.

6. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

DOMAINS BUSINESS

On 20 December 2023, the Company completed the sale of its Webcentral and Melbourne IT domain name registry, consumer hosting (cPanel hosting) and email hosting services business (the **Domains Business**) to an investment group based in Europe. The buyer was Oakley Barcelona AUS Bidco Pty Ltd (**Bidco**). The ultimate holding company is Hosting Group TopCo S.à r.l. (**Topco**), a Luxembourg domiciled investment holding company. The companies that were sold and over which control has been lost are Netregistry Group Pty Ltd, Netregistry Pty Ltd, Domainz Ltd, Netregistry Wholesale Pty Ltd and Terrific.com.au Pty Ltd.

The Group received a portion of the sale proceeds as an equity investment via new shares issued by Topco. The total consideration received was \$127.73 million, consisting of \$107.42 million in cash and \$20.31 million in shares in Topco. On 17 June 2024, the Group completed the sale of all the shares it held in Topco for \$20.15 million.

The Group will provide managed services to the Domains Business for a period of five years from Completion under a Managed Services Agreement (**MSA**) and Transitional Services Agreement (**TSA**) for total value of \$9.1 million.

Following completion, the Group has continued to carry on its remaining businesses, primarily being the 5GN operations as a telecommunications carrier servicing enterprise and wholesale customers. The 5GN business owns and operates data centres, private cloud, fibre optic cables and provides managed IT services to 2,500 enterprise clients and 100 wholesale customers.

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SECURITY SHIFT BUSINESS

On 16 January 2024, the Company announced the acquisition of Security Shift, a cyber security consultancy and security managed services business with revenue of \$4 million and normalised EBITDA of \$1.2 million. The acquisition price was \$4.3 million with \$2.2 million paid in cash, \$1.24 million in new shares issued by the Company and two deferred acquisition payments of \$1.1 million payable 12 months and 24 months after Completion. The acquisition was funded from existing cash reserves.

The strategic rationale for the acquisition of Security Shift is to strengthen the Group's security consulting service offerings and expand the products and services that it can sell to its customers.

The vendor of Security Shift, Chris Wright, was appointed Chief Technology and Information Officer of the Group.

DIGITAL BUSINESS

On 28 June 2024, the Group sold its digital marketing business, WME or Web Marketing Experts, which provided search engine marketing and social advertising services to businesses in Australia and New Zealand. The total consideration was \$0.58 million consisting of upfront cash consideration received of \$0.16 million and deferred consideration receivable of \$0.42 million.

7. DETAILS OF ASSOCIATES AND JOINT VENTURES

During the year, the Group held an investment in Hosting Group TopCo S.à r.l. (**Topco**) following the sale of the Domains Business in December 2023. The Group was an associate of the Topco and had 'significant influence' over the policy-making processes of Topco on the basis that the Group held between 27.2% and 33.3% of the voting power of Topco during the year, it had appointed one board representative out of a total of three, and there were material transactions between the Group and Topco under managed services and transitional services agreements. The Group sold its investment in Topco in June 2024.

8. PROPOSED SALE OF 5GN BUSINESS AND RETURN OF CAPITAL

On 27 June 2024 the Company announced that its wholly owned subsidiary 5G Networks Holdings Pty Ltd (**5GN Holdings**) had entered into sale agreements with entities associated with the Group's Managing Director 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**).

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 shareholders of the Company 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.

Following completion of the Transaction, it is expected that the Group's only material assets will consist of surplus cash which, subject to receipt of a waiver from ASX, the Group intends to distribute to the Company's 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.

Should the Transaction be approved, the Company intends to delist from ASX following the Capital Return before being formally wound up and returning any remaining capital to the Company's shareholders in 2025.

In accordance with the Company's Board policies and given the involvement in the Transaction by Mr Joe Demase, the Company formed an Independent Board Committee (**IBC**) comprising the independent directors of the Company: Joe Gangi, Natalie Mactier and Jason Ashton (**Independent Directors**). The role of the IBC has been to facilitate the evaluation of the Transaction. Mr Joe Gangi resigned from the Company on 13 August 2024 and therefore has also resigned from the IBC.

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The Independent Directors have unanimously recommend that the Company's 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 the Company.

Key terms of the Transaction

As the Purchasers are related parties of the Company, completion of the Transaction is subject to it being approved by non-associated shareholders of the Company (for the purposes of ASX Listing Rule 10.1 and section 208 of the Corporations Act 2001). Shareholders will have the opportunity to vote on the Transaction at an Extraordinary General Meeting (**EGM**) of shareholders, which is expected to occur in October 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 the Company's main undertaking, an additional approval by shareholders will be required under ASX Listing Rule 11.2. This approval has been received from ASX.

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 the Company;
- Change of name and other related matters; and
- The Company obtaining various ASX approvals and/or waivers in relation to the Transaction and the Capital Return.

Status of Transaction

At the time of this report, completion of the Transaction, the Capital Return and the subsequent delisting of the Company are uncertain as they have not been approved by non-associated shareholders of the Company at an EGM, which is expected to occur in October 2024. Accordingly, the Group has not presented the businesses operated by 5GN Operations and Security Shift as a discontinued operation or as assets available for sale for the year ended 30 June 2024. The Group has continued to present the financial statements on a going concern basis.

9. AUDIT OF ACCOUNTS

The Appendix 4E and preliminary financial report are based on accounts which are in the process of being audited.

Signed



Mr Joe Demase
Managing Director
Melbourne
30 August 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Year ended	
		30 June 2024 \$000	30 June 2023 \$000
CONTINUING OPERATIONS			
Revenue	4	49,336	45,569
Other income	5	3,536	38
Revenue and other income		52,872	45,607
Network and data centre costs		(28,230)	(26,030)
Rent and office expenses		(481)	(135)
Marketing and travel expenses		(721)	(1,859)
Employee benefits expenses		(21,433)	(24,636)
Other expenses		(4,540)	(2,577)
Loss on sale of investments		(157)	-
Impairment of assets		-	(14,077)
Share-based payment expenses		(1,885)	(1,374)
Acquisition costs		-	(184)
Non-recurring costs		(8,315)	(2,264)
Depreciation expenses		(6,849)	(8,529)
Amortisation expenses		(801)	(192)
Finance costs		(2,642)	(3,475)
Total expenses		(76,054)	(85,332)
Loss before income tax		(23,182)	(39,725)
Income tax (expense) / benefit	7	425	8,502
Loss after tax		(22,757)	(31,223)
DISCONTINUED OPERATION			
Profit from discontinued operation, net of tax	20	89,380	12,204
Profit after tax for the year		66,623	(19,019)
Other comprehensive income for the year, net of income tax			
Items that will be reclassified to profit or loss in subsequent years:			
Currency translation differences		(141)	52
Items that will not be reclassified to profit or loss in subsequent years:			
Change in fair value of equity instruments designed at fair value through other comprehensive income		-	1,014
Other comprehensive income for the year, net of income tax		(141)	1,066
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		66,482	(17,953)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Year ended	
		30 June 2024 \$000	30 June 2023 \$000
Profit/(Loss) for the year attributable to:			
Members of the parent		66,623	(19,019)
Non-controlling interests		-	-
		66,623	(19,019)
Total comprehensive income attributable to:			
Members of the parent		66,482	(17,953)
Non-controlling interests		-	-
		66,482	(17,953)
Total comprehensive income attributable to members of the parent arises from:			
Continuing operations		(22,898)	(30,157)
Discontinued operations		89,380	12,204
		66,482	(17,953)
		30-Jun-24 cents per share	30-Jun-23 cents per share
Loss per share from continuing operations			
Basic loss per share	6	(6.80)	(9.51)
Diluted loss per share	6	(6.80)	(9.51)
Profit/(Loss) per share attributable to members of the parent			
Basic loss per share	6	19.85	(5.47)
Diluted loss per share	6	19.85	(5.47)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024 \$000	30 June 2023 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	8	68,322	4,498
Restricted cash	8	2,925	-
Trade and other receivables	9	3,927	5,088
Contract assets	10	760	1,089
Other assets	15	3,336	3,998
Prepayments of domain name registry charges		-	6,279
Total Current Assets		79,270	20,952
Non-Current Assets			
Plant and equipment	11	10,497	9,805
Right-of-use assets	12	5,923	10,376
Intangible assets	14	3,297	21,067
Goodwill	13	6,911	50,280
Other financial assets		725	725
Prepayments of domain name registry charges		-	2,719
Deferred tax assets		-	890
Other assets	15	427	36
Total Non-Current Assets		27,780	95,898
TOTAL ASSETS		107,050	116,850
LIABILITIES			
Current Liabilities			
Trade and other payables	16	11,967	14,666
Borrowings		-	29,158
Lease liability	12	3,316	3,937
Employee benefits	18	2,471	3,536
Provision for income tax		4,056	124
Contract liabilities		439	25,440
Other financial liabilities		2,094	2,182
Other liabilities	17	3,367	4,123
Total Current Liabilities		27,710	83,166

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024 \$000	30 June 2023 \$000
Non-Current Liabilities			
Lease liability	12	9,125	13,229
Employee benefits	18	403	487
Contract liabilities		-	9,698
Total Non-Current Liabilities		9,528	23,414
TOTAL LIABILITIES		37,238	106,580
NET ASSETS		69,812	10,270
EQUITY			
Share capital	22	198,292	200,521
Reserves	23	(130,054)	(132,049)
Accumulated losses		1,574	(58,202)
TOTAL EQUITY		69,812	10,270

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Share Capital	Reserves	Accumulated Losses	Total Equity
		\$000	\$000	\$000	\$000
BALANCE AT 1 JULY 2023		200,521	(132,049)	(58,202)	10,270
Profit for the period		-	-	66,623	66,623
Other comprehensive income		-	(141)	-	(141)
Total comprehensive income for the period		-	(141)	66,623	66,482
Transactions with owners in their capacity as owners:					
Dividend paid		-	-	(6,847)	(6,847)
Shares issued as acquisition consideration	20	1,240	-	-	1,240
Shares issued on exercise of Options	22	280	-	-	280
Cancellation of shares pursuant to on-market buy back	22	(3,145)	-	-	(3,145)
Cancellation of shares pursuant to unmarketable parcel share buy back	22	(580)	-	-	(580)
Share issue costs		(24)	-	-	(24)
Share based compensation		-	2,136	-	2,136
BALANCE AT 30 JUNE 2024		198,292	(130,054)	1,574	69,812

BALANCE AT 1 JULY 2022		201,301	(134,661)	(37,707)	28,933
Loss for the period		-	-	(19,019)	(19,019)
Other comprehensive income		-	1,066	-	1,066
Total comprehensive income for the period		-	1,066	(19,019)	(17,953)
Transactions with owners in their capacity as owners:		-	-		
Dividend paid		-	-	(1,476)	(1,476)
Shares issued on exercise of Options		137	-	-	137
Share issued - Dividend reinvestment plan		52	-	-	52
Cancellation of shares pursuant to on-market buy back		(955)	-	-	(955)
Share issue costs		(14)	-	-	(14)
Share based compensation		-	1,546	-	1,546
BALANCE AT 30 JUNE 2023		200,521	(132,049)	(58,202)	10,270

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Year ended	
		30 June 2024 \$000	30 June 2023 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		78,576	105,455
Payments to suppliers and employees		(80,674)	(94,019)
Interest received		1,330	4
Interest paid		(2,642)	(3,235)
Income tax paid		(334)	-
Payments for acquisition and restructuring costs		(10,726)	(184)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(14,470)	8,021
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash on purchase of Security Shift		(1,615)	-
Proceeds from sale of Domains business	20	107,420	-
Proceeds from sale of investments	20	20,154	-
Proceeds from sale of Digital business	21	163	-
Net cash on purchase of New Domain		(1,500)	(3,500)
Purchase of plant and equipment		(2,782)	(3,746)
Proceeds from sale of intangible assets		1,637	-
Proceeds from sale of plant and equipment		60	-
Purchase of intangible assets		-	(2,411)
Sublease payments received		-	60
Increase in pledged bank deposits		(2,925)	-
Return of capital and dividends received from investments		27	33
Proceeds from sales of CNW shares		-	5,487
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		120,639	(4,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares on exercise of options		280	-
Proceeds from borrowings		500	8,800
Payment of security deposit		(828)	(40)
Payments of share buyback		(1,013)	(1,914)
Repayment of borrowings		(29,730)	(5,539)
Payment of equity transaction costs		(24)	-
Payment of dividend on ordinary shares		(6,847)	(1,476)
Payment of lease liabilities		(4,725)	(4,696)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(42,387)	(4,865)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		63,782	(921)
Net foreign exchange differences		42	52
Cash and cash equivalents at beginning of period		4,498	5,367
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	68,322	4,498

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements cover 5G Networks Limited ('the **Company**' or '**5GN**') and its subsidiaries (collectively, 'the **Group**') for the year ended 30 June 2024.

5G Networks Limited is a limited company, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (**ASX**). The Company's name was changed from Webcentral Limited to 5G Networks Limited following approval by the Company's shareholders at the Company's 2023 Annual General Meeting held on 23 November 2023.

OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Group during the period are described below:

Continuing operations

5G Networks provides the following services to enterprise and wholesale customers:

- the supply of cloud-based solutions, managed services and network services
- the operation of fibre and wireless infrastructure and management of cloud computing environment
- the operation of data centre facilities
- website development, search engine marketing and social advertising campaigns for businesses in Australia and New Zealand

On 28 June 2024, the Group sold its digital marketing business, WME or Web Marketing Experts, which provided search engine marketing and social advertising services to businesses in Australia and New Zealand.

Discontinued operation – Domains Business

The Domains Business provides domain name registry, consumer hosting (cPanel hosting) and email hosting services to businesses in Australia and New Zealand under the Webcentral, Melbourne IT and Domainz brands. The Domains Business was sold on 20 December 2023.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the Company is Level 7, 505 Little Collins Street, Melbourne Victoria 3000.

2. STATEMENT OF COMPLIANCE

The Preliminary Final Report (the Report) has been prepared in accordance with ASX Listing Rule 4.3A and

has been derived from the unaudited consolidated financial statements. The consolidated financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards ('IFRS') and interpretations ('IFRICs') adopted by the International Accounting Standards Board ('IASB').

The preliminary final report has been prepared on the historical cost basis except for derivative financial assets, contingent consideration payables and share-based payment transactions which are stated at their fair value.

The consolidated financial statements are in the process of being audited. Accordingly, the Report should be read in conjunction with any public announcements made by the Company during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to rounding off. Amounts in this Report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, unless otherwise stated.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances and with the exceptions of income tax and revenue recognition, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2023. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

PROVISION FOR IMPAIRMENT OF RECEIVABLES

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

ESTIMATION OF USEFUL LIVES OF ASSETS

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the Group's accounting policy.

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

LEASES

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its premises leases to lease the assets for additional terms of five

years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group excluded the renewal period as part of the lease term for leases of rental premises as the Group is not reasonably certain to exercise the renewals.

INCOME TAX

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

LONG SERVICE LEAVE PROVISION

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present values of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

BUSINESS COMBINATIONS

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The revenue breakdown by product and service line for the year ended 30 June 2024 is shown below:

	2024 \$'000	2023 \$'000
CONTINUING OPERATIONS		
Types of goods or service		
Cloud	7,827	7,566
Network & Voice	7,624	6,849
Data Centres	9,239	8,850
Managed Services	14,808	10,953
Digital Marketing	2,570	3,201
Hardware & Software	7,268	8,150
Total revenue from contracts with customers	49,336	45,569
Timing of revenue recognition		
Goods and services transferred at a point in time	7,268	8,150
Services transferred over time	42,068	37,419
Total revenue from contracts with customers	49,336	45,569

5. OTHER INCOME

Other income includes miscellaneous items including expense recoveries. Other revenue is recognised when it is received or when the right to receive payment is established.

	Consolidated	
	2024 \$000	2023 \$000
Sale of network assets	1,637	-
Profit on sale of business	329	-
Dividend income	27	33
Interest income	1,399	5
Sundry income	144	-
TOTAL OTHER INCOME	3,536	38

6. EARNINGS PER SHARE

Basic Earnings Per Share (EPS) amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilutive potential ordinary shares in existence during the year (2023: Nil) as the share options and performance rights of the Company were antidilutive. The following represents the share data used in the EPS computations:

	Consolidated 2024 Number	Consolidated 2023 Number
Weighted average number of shares used in calculating earnings per share and diluted earnings per share	334,895,109	328,328,188

NOTES TO THE FINANCIAL STATEMENTS

7. INCOME TAX

	Consolidated	
	2024 \$000	2023 \$000
(A) INCOME TAX BENEFIT / (EXPENSE)		
Loss from continuing operations before income tax expense	(23,182)	(39,725)
Profit from discontinued operation before income tax expense	98,324	17,508
Profit/(Loss) before income tax expense	75,142	(22,217)
Tax at the Group's statutory income tax rate of 30% (2023: 30%)	(22,542)	6,665
Accounting and tax difference on sale of businesses	17,496	-
Other tax-exempt income	-	(10)
Non-deductible goodwill impairment charge	-	(1,644)
Expense on performance rights and options	(641)	(464)
Other non-deductible expenses	(11)	(10)
Net under/over	433	848
Movement in temporary differences relating to sale entities	(114)	-
Unrecognised tax loss for the year	-	(2,187)
Derecognition of Deferred tax assets	(6,386)	-
Utilisation of tax losses	3,246	-
Actual tax benefit / (expense)	(8,519)	3,198
Tax expense comprises:		
- Current tax	(4,056)	-
- Deferred tax – origination and reversal of temporary differences	(4,463)	3,198
Aggregate Income tax (expense) / benefit	(8,519)	3,198
Tax (Expense) / Benefit reported in the Statement of Comprehensive Income:		
- From continuing operations	425	8,502
- From discontinued operation	(8,944)	(5,304)
Aggregate Income tax (expense) / benefit	(8,519)	3,198
(B) DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets and liabilities are comprised of the following temporary differences:		
Allowable section 40-880 deductions	332	946
Accrued expenses and provisions	1,503	2,716
Plant & equipment and leased assets	994	609
Lease liability	4,037	4,824
Tangible and intangible assets	-	(3,028)
ACA impact on depreciating assets	(71)	(89)
Brand and Customer contract	(973)	(5,088)
Others	564	-
NET DEFERRED TAX ASSET / (DEFERRED TAX LIABILITY)	6,386	890
Derecognition of Deferred Tax Asset	(6,386)	-
DEFERRED TAX ASSET	-	890

NOTES TO THE FINANCIAL STATEMENTS

8. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(A) RECONCILIATION OF CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash includes cash at bank and in hand net of bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2024 \$000	2023 \$000
Cash at bank and in hand	68,322	4,498
Restricted cash	2,925	-
TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	71,247	4,498

Restricted cash

The restricted cash amounts of \$2.925 million (2023: nil) are held as security for property lease bank guarantees issued by Commonwealth Bank of Australia on behalf of the Group.

9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2024 \$000	2023 \$000
Trade receivables	3,554	4,747
Allowance for impairment of receivables	(149)	(238)
	3,405	4,509
Unsecured loans – at call ¹	378	424
Other receivables	144	155
TOTAL TRADE AND OTHER RECEIVABLES	3,927	5,088

¹ Unsecured loans represent loans granted to key management personnel and employees to allow them to take up shares in a capital raising undertaken by 5G Networks Limited in FY21.

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 36 months before 30 June 2024 and 1 July 2023 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 120 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

10. CONTRACT ASSETS AND LIABILITIES

	Consolidated	
	2024 \$000	2023 \$000
Contract assets¹		
Work in progress	760	1,089
	760	1,089

Movement of contract assets during the period:

	Consolidated	
	2024 \$000	2023 \$000
As at 1 July 2023	1,089	669
Additions	1,946	1,967
Cash received	(2,275)	(1,547)
As at 30 June 2024	760	1,089

¹The Group makes use of a simplified approach in accounting for contract assets and records the loss allowance as lifetime expected credit losses. After the assessment of contract asset on a collective basis, the Group determined to apply zero as the loss rate.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements \$000	Plant and Equipment \$000	Total \$000
Gross carrying amount			
At 1 July 2023	4,410	30,994	35,404
Additions	-	4,381	4,381
Disposals	(46)	(123)	(169)
CLOSING VALUE AT 30 JUNE 2024	4,364	35,252	39,616
Depreciation and impairment			
At 1 July 2023	(3,864)	(21,735)	(25,599)
Depreciation	(291)	(3,337)	(3,628)
Disposals	46	62	108
Closing value at 30 June 2024	(4,109)	(25,010)	(29,119)
CARRYING AMOUNT AT 30 JUNE 2024	255	10,242	10,497
Gross carrying amount			
At 1 July 2022	4,427	27,103	31,530
Assets acquired in the business acquisition	-	8	8
Additions	2	3,893	3,895
Disposals	(19)	(10)	(29)
Closing value at 30 June 2023	4,410	30,994	35,404
Depreciation and impairment			
Balance at 1 July 2022	(3,430)	(12,430)	(15,860)
Depreciation	(434)	(3,970)	(4,404)
Impairment	-	(5,344)	(5,344)
Disposals	-	9	9
Closing value at 30 June 2023	(3,864)	(21,735)	(25,599)
CARRYING AMOUNT AT 30 JUNE 2023	546	9,259	9,805

NOTES TO THE FINANCIAL STATEMENTS

12. LEASES

The Group has leases for data centres and related facilities, and offices premises. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset.

Set out below are the amounts recognised in profit and loss during the period:

	2024 \$000	2023 \$000
Depreciation expense of right-of-use assets	2,622	3,879
Interest expense on lease liabilities	1,062	1,166
Rent expense - short-term leases	119	167

Right-of-use asset

	Building \$000	IT Equipment \$000	Total \$000
As at 1 July 2023	9,954	422	10,376
Additions during the year	250	-	250
Disposals during the year	(2,080)	-	(2,080)
Depreciation expense	(2,494)	(129)	(2,623)
As at 30 June 2024	5,630	293	5,923
As at 1 July 2022	14,626	551	15,177
Additions during the year	2,277	-	2,277
Disposals during the year	(89)	-	(89)
Depreciation expense	(3,751)	(129)	(3,880)
Impairment	(3,109)	-	(3,109)
As at 30 June 2023	9,954	422	10,376

Lease liabilities

	Consolidated 2024 \$000	Consolidated 2023 \$000
Current		
Obligations under property leases	3,316	3,903
Obligations under equipment leases	-	34
	3,316	3,937
Non Current		
Obligations under property leases	9,125	13,191
Obligations under equipment leases	-	38
	9,125	13,229

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over data centres and office premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS

13. GOODWILL

The following table shows the movements in goodwill:

	Consolidated	
	2024 \$000	2023 \$000
Gross carrying amount		
Balance at beginning of period	67,253	61,706
Acquired through business combination (refer note 19)	1,375	5,547
Disposed through sale of business	(44,744)	-
Balance at end of the period	23,884	67,253
Accumulated impairment		
Balance at beginning of period	(16,973)	(11,494)
Impairment loss recognised	-	(5,479)
Balance at end of the period	(16,973)	(16,973)
Carrying amount at end of the period	6,911	50,280

Goodwill is assessed annually for impairment where the carrying value is compared to the highest of fair value less disposal costs and value-in-use for each cash generating unit.

NOTES TO THE FINANCIAL STATEMENTS

14. OTHER INTANGIBLE ASSETS

The following table shows the movements in other intangible assets:

	Customer contract \$'000	Brand name \$'000	Capitalised software \$'000	Marketing Related Intangibles \$'000	Total \$'000
Gross carrying amount					
At 1 July 2023	20,486	4,017	5,432	231	30,166
Additions	-	3,553	-	-	3,553
Disposal	(20,158)	(3,501)	(5,432)	(231)	(29,322)
Closing Value at 30 June 2024	328	4,069	-	-	4,397
Amortisation and impairment					
At 1 July 2023	(5,314)	(2,044)	(1,704)	(37)	(9,099)
Amortisation	(947)	(732)	(529)	(17)	(2,225)
Disposal	5,960	1,977	2,233	54	10,224
Closing value at 30 June 2024	(301)	(799)	-	-	(1,100)
Carrying Amount at 30 June 2024	27	3,270	-	-	3,297
Gross carrying amount					
At 1 July 2022	18,932	4,017	4,856	180	27,985
Additions	1,554	-	806	51	2,411
Disposals	-	-	(230)	-	(230)
Closing Value at 30 June 2023	20,486	4,017	5,432	231	30,166
Amortisation and impairment					
Balance at 1 July 2022	(3,295)	(1,380)	(1,214)	(37)	(5,926)
Amortisation	(1,918)	(620)	(490)	-	(3,028)
Impairment loss recognised	(101)	(44)	-	-	(145)
Closing value at 30 June 2023	(5,314)	(2,044)	-	(37)	(9,099)
Carrying Amount at 30 June 2023	15,172	1,973	3,728	194	21,067

(a) Brand Name and Customer Contracts

Brand names and customer contracts acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

Brand names and customer contracts are amortised on a straight-line basis over their estimated useful lives of five to ten years.

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER ASSETS

Other assets consist of the following:

	Consolidated	
	2024 \$000	2023 \$000
Other prepayments	1,720	3,057
Inventory	574	201
Security deposits	871	-
Bond payments	36	123
Other	135	617
Other assets - current	3,336	3,998
Other and receivables	427	36
Other assets - non-current	427	36

16. TRADE AND OTHER PAYABLES

	Consolidated	
	2024 \$000	2023 \$000
Trade payables	9,847	11,737
Accrued liabilities	1,106	1,442
Deposits received in advance	-	289
Other Creditors	1,014	1,198
Total trade and other payables	11,967	14,666

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

17. OTHER LIABILITIES

	Consolidated	
	2024 \$000	2023 \$000
GST and PAYG due to ATO	2,957	3,904
Payroll tax provision	76	111
Other	334	108
Other liabilities - current	3,367	4,123

18. EMPLOYEE BENEFITS PROVISIONS

	Consolidated	
	2024 \$000	2023 \$000
Current		
Annual leave	1,333	1,796
Long Service Leave	447	935
Wages Payable	-	13
Superannuation payable	341	682
Accrued bonuses and sales commission	350	110
Employee benefits provisions - current	2,471	3,536
Non-current		
Long service leave	403	487
Employee benefits provisions - non-current	403	487

NOTES TO THE FINANCIAL STATEMENTS

19. BUSINESS ACQUISITIONS

Security Shift

On 16 January 2024, the Company announced the acquisition of Security Shift, a cyber security consultancy business for \$4 million. The acquisition was funded from existing cash reserves and from the issue of 7,294,118 ordinary shares in 5GN for value of \$1.24 million. The total cash payments consist of upfront payments of \$2.116 million and two deferred payments of \$0.55 million payable over the two years following completion. The net assets acquired include cash of \$0.55 million, trade receivables of \$0.9 million and liabilities of \$0.5 million with the balance of the purchase price represented by goodwill and intangible assets. The Company acquired all of the shares in Security Shift Pty Ltd, Security Shift Group Pty Ltd Security Shift Holdings Pty Ltd.

The goodwill value of \$1.375 million identified in relation to the acquisition is provisional as the Company continues to obtain information in relation to the acquisition and determine the fair value of assets and liabilities.

The acquisition of Security Shift has been assessed under the requirements of AASB3: *Business Combinations* and has been assessed to meet the requirements of a business combination.

The strategic rationale for the acquisition of Security Shift is to strengthen the Group's security consulting service offerings and expand the products and services that it can sell to its customers. The vendor of Security Shift, Chris Wright, was appointed Chief Technology and Information Officer of the Group.

Details of the net assets acquired and goodwill are as follows.

	Number	\$'000
Cash consideration paid		2,166
Amount settled in shares	7,294,118	1,240
Deferred payments		910
Total consideration		4,316

The provisional fair value of the net assets acquired were:

	\$'000
Cash and cash equivalents	550
Trade debtors	91
Accrued income	105
Income tax instalments paid	162
Intangible assets	3,553
Deferred tax liability	(1,066)
Trade creditors and accruals	(140)
Other payables	(140)
Provisions	(174)
Fair value of the net assets of Security Shift	2,941
Goodwill	1,375

(a) Identifiable intangible asset – brand name

An intangible asset has been recognised in relation to the brand name of Security Shift at the time it was acquired by the Company. The asset has been valued under a Royalty Relief Model (RRM) whereby an estimate of royalty savings has been calculated and discounted to present-value. The key assumption used in the valuation is forecast revenue growth of 2.5% p.a.

The goodwill that arose on the combination can be attributed to the revenue synergies and growth in the security services business expected to be derived from the combination and the value of the workforce of Security Shift which cannot be recognised as an intangible asset. Goodwill has been allocated to the cash-generating unit of Managed Services as at 30 June 2024. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

From the date of the acquisition to 30 June 2024, Security Shift contributed \$2.07 million revenue and \$0.85 million to the Group's EBITDA.

NOTES TO THE FINANCIAL STATEMENTS

20. DISCONTINUED OPERATION – DOMAINS BUSINESS

a) Webcentral and Melbourne IT Domain, Hosting and Email business

On 20 December 2023 the Group sold its Webcentral and Melbourne IT domain name registry, consumer hosting (cPanel hosting) and email hosting services businesses (**Domains Business**) to an investment group based in Europe. The buyer was Oakley Barcelona AUS Bidco Pty Ltd (**Bidco**). The ultimate holding company is a Luxembourg domiciled investment holding company, Hosting Group TopCo S.à r.l. (**Topco**). The total consideration received was \$127.73 million consisting of \$107.42 million in cash and \$20.31 million in equity in Topco. At the time of sale, the equity in Topco was held by eight separate shareholders who each held between 0.1% and 33.3%, represented by three Board representatives, being Oakley Capital (33.3%), 5GN (33.3%) and Equivia (33.3%).

In April 2024, the Group's investment in Topco reduced from 33.3% to 27.2% following a capital raising by Topco in which the Company did not participate.

On 29 May 2024, the Company entered into a Share Transfer Agreement (**STA**) to sell its shares in Topco for EUR12,500,000. The key terms of the SSA were:

- A reduction in the take or pay obligations in the Master Services Agreement (**MSA**) between 5G Network Operations Pty Ltd (**5GNO**) and Netregistry Pty Ltd (**Netregistry**) (a company owned by TopCo, which is the direct owner of the Webcentral business) from \$12m to \$9.1m over the 5-year period of the MSA from December 2023;
- Warranty insurance was obtained to allow the Company's warranty obligations and liabilities under the Webcentral SPA to be fully released; and
- The Company's share of profits for the period from 21 December 2023 to completion of the share sale, estimated at \$646,000, were offset with other completion adjustment amounts owing to BidCo.

The Domains Business is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to 20 December 2023 is set out below.

b) Financial performance and cash flow information

The financial performance and cash flow information presented is for the period 1 July 2023 to 20 December 2023 (2024 column) and for the year ended 30 June 2023 (2023 column).

	Note	Consolidated	
		2024 \$000	2023 \$000
Revenue		24,519	50,569
Expenses		(19,380)	(33,061)
Profit before income tax		5,139	17,508
Income tax expense		(5,007)	(5,304)
Profit after income tax of discontinued operations		132	12,204
Gain on sale of the subsidiary after income tax (see (c) below)		89,248	-
Profit from discontinued operations		89,380	12,204
Other comprehensive income from discontinued operations		89,380	12,204
Net cash inflow from operating activities		13,389	20,147
Net cash inflow/(outflow) from investing activities		(561)	(1,473)
Net cash inflow/(outflow) from financing activities		-	-
Net increase in cash generated by the discontinued operation		12,828	18,674

NOTES TO THE FINANCIAL STATEMENTS

c) Details of the sale of the business

	Note	Consolidated	
		2024 \$000	2023 \$000
Consideration received or receivable:			
Cash		107,420	-
Fair value of investment	(i)	20,310	-
Total disposal consideration		127,730	-
Carrying amount of net assets sold		(34,426)	-
Gain on sale before income tax and reclassification of foreign currency translation reserve		93,304	-
Income tax expense on gain		(4,056)	-
Gain on sale after income tax		89,248	-

(i) The fair value of the Company's investment in Topco of \$20.31 million was calculated as follows:

	Amount
EUR Value of equity in Topco	€12,500
AUD/EUR exchange rate on 20 December 2023	0.61546
AUD Value of equity in Topco	\$20,310

(ii) The carrying amounts of assets and liabilities as at the date of sale (20 December 2023) were:

	20 December 2023 \$000
Cash and cash equivalents	3,288
Trade and other receivables	545
Prepayments of domain name registry charges	10,068
Property, plant and equipment	106
Intangible assets	62,539
Other assets	873
Total assets	77,419
Trade and other payables	(1,725)
Provisions	(627)
Contract liabilities	(36,095)
Deferred tax liabilities	(4,546)
Total liabilities	(42,993)
Net assets	34,426

NOTES TO THE FINANCIAL STATEMENTS

d) Sale of investment in Topco

The fair value of 5GN's equity investment in Topco at Sale Date was \$20.15m, calculated as follows:

	Amount
EUR Value of equity in Topco	€12,500
AUD/EUR exchange rate on 17 June 2024	0.6202
AUD Value of equity in Topco	\$20,154

21. SALE OF DIGITAL BUSINESS

On 28 June 2024, the Group sold its digital marketing business, WME or Web Marketing Experts, (**Digital business**), which provided search engine marketing and social advertising services to businesses in Australia and New Zealand. The total consideration was \$0.58 million consisting of upfront cash consideration received of \$0.16 million and deferred consideration receivable of \$0.42 million. The companies sold were Web Marketing Experts Pty Ltd, Nothing But Web Pty Ltd and Names by Request Pty Ltd. The Digital business was sold as it was considered a non-core operation of Group following the sale of the Domains Business in December 2023.

The Digital business was not report as a discontinued operation in the current period as its revenue and profit contribution to the Group's financial performance was not considered material.

22. ISSUED CAPITAL

During the period, 7,294,118 ordinary shares were issued to the vendor of the Security Shift business as part-consideration for the acquisition and, 1,625,000 ordinary shares were issued pursuant to the exercise of options. In addition, the Company acquired 20,943,639 shares on-market pursuant to an on-market share buyback and the Company cancelled 4,144,387 shares pursuant to an unmarketable parcel buyback.

	Consolidated	
	2024 \$'000	2023 \$'000
Issued and paid-up capital		
Ordinary shares each fully paid	198,292	200,521

Movement in ordinary shares on issue	30 June 2024		30 June 2023	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial period	329,126,229	200,521	331,092,792	201,301
- Issue of shares to vendor	7,294,118	1,240	1,000,000	137
- Acquisition of shares through on-market share buyback	(20,943,629)	(3,145)	(5,401,820)	(955)
- Cancellation of shares – unmarketable parcel facility	(4,144,387)	(580)	-	-
- Shares issued following exercise of options	1,625,000	280	-	-
- Issues of shares under Dividend Reinvestment Plan	-	-	346,611	52
- Transaction costs for share issue	-	(24)	-	(14)
Shares issued and fully paid	312,957,331	198,292	327,037,583	200,521
- Issue of shares to employees under Employee Share Plan	-	-	2,088,646	-
- Issue of shares under ESOP	4,800,000	-	-	-
End of the financial period	317,757,331	198,292	329,126,229	200,521

NOTES TO THE FINANCIAL STATEMENTS

23. RESERVES

	Consolidated	
	2024 \$'000	2023 \$'000
Share-based payments reserve	15,153	13,017
Other reserve	5,450	5,450
Foreign currency reserve	147	288
Reorganisation reserve	(150,804)	(150,804)
Total	(130,054)	(132,049)

Share-based payment reserve	Consolidated	
	2024 \$'000	2023 \$'000
Balance at the beginning of the period	13,017	11,471
Arising on share-based payments	2,136	1,546
Balance at the end of the year	15,153	13,017

The share-based payments reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including KMP, as part of their remuneration. Refer to note 23 for further details of these plans.

Other reserves	2024 \$'000	2023 \$'000
Balance at the beginning of the period	5,450	4,436
Change in fair value of equity instruments	-	1,014
Balance at the end of the year	5,450	5,450

Other reserves represent the fair value reserve (for equity investments at fair value through equity). The fair value reserve of financial assets at FVOCI is used to record changes to the fair value of non-current financial asset as disclosed in note 27 to the financial statements.

Foreign currency reserve	2024 \$'000	2023 \$'000
Balance at the beginning of the period	288	236
Currency translation differences	(141)	52
Balance at the end of the year	147	288

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Reorganisation reserve	2024 \$'000	2023 \$'000
Balance at the beginning of the period	(150,804)	(150,804)
Balance at the end of the year	(150,804)	(150,804)

Reorganisation reserve is used to record any difference arising when applying a book-value method to business combinations under common control.

NOTES TO THE FINANCIAL STATEMENTS

24. DIVIDENDS

On 10 January 2024, the Company declared an unfranked special dividend of \$0.02 (2 cents) per ordinary share which was paid on 22 February 2024. The record date was 25 January 2024. The special dividend was funded from the sale proceeds of the Domains Business. No final dividend was or is proposed to be declared with respect to the current period. A dividend of \$0.005 (half a cent) per ordinary share franked to 20% was paid in the prior corresponding period.

NOTES TO THE FINANCIAL STATEMENTS

25. CONTROLLED ENTITIES

Investments in controlled entities are initially recognised at cost, being the fair value of the consideration given. Following initial recognition, investments are measured at cost less any accumulated impairment losses.

The consolidated financial statements include the financial statements of 5G Networks Limited and the subsidiaries in the following table:

ENTITY	Country of incorporation	Equity holding as at 30 June	
		2024	2023
5G Networks Limited	Australia	100%	100%
5G Networks Holdings Pty Ltd	Australia	100%	100%
5G Network Operations Pty Ltd	Australia	100%	100%
Intergrid Group Pty Ltd	Australia	100%	100%
Annitel Pty Ltd	Australia	100%	100%
Hostworks Group Pty Ltd	Australia	100%	100%
Hostworks Pty Ltd	Australia	100%	100%
Enspire Pty Ltd	Australia	100%	100%
Australian Pacific Data Centres Pty Ltd	Australia	100%	100%
Asian Pacific Telecommunications Pty Ltd	Australia	100%	100%
Modular I.T. Pty Ltd	Australia	100%	100%
Security Shift Pty Ltd	Australia	100%	N/A
Security Shift Holdings Pty Ltd	Australia	100%	N/A
Security Shift Group Pty Ltd	Australia	100%	N/A
5G Networks Finance Pty Ltd	Australia	100%	100%
Uber Global Pty Ltd	Australia	100%	100%
Uber Business Pty Ltd	Australia	100%	100%
5G Networks Lanka (PVT) Ltd	Sri Lanka	100%	N/A
Logic Communications Pty Ltd	Australia	N/A	100%
Web Marketing Experts Pty Ltd	Australia	N/A	100%
Nothing But Web Pty Ltd	Australia	N/A	100%
Names By Request Pty Ltd	Australia	N/A	100%
Domainz Limited	New Zealand	N/A	100%
Netregistry Group Pty Ltd	Australia	N/A	100%
Netregistry Pty Ltd	Australia	N/A	100%
Netregistry Wholesale Pty Ltd	Australia	N/A	100%
Netregistry Services Pty Ltd	Australia	N/A	100%
Netregistry Operations Pty Ltd	Australia	N/A	100%
Netregistry Domains Pty Ltd	Australia	N/A	100%
Webcentral Services Pty Ltd	Australia	N/A	100%
ACN 132 400 787 Pty Ltd	Australia	N/A	100%
Planetdomain Pty Ltd	Australia	N/A	100%
ACN 063 963 039 Pty Ltd	Australia	N/A	100%
ACN 139 714 686 Pty Ltd	Australia	N/A	100%
Bachco Pty Ltd	Australia	N/A	100%
Terrific.com.au Pty Ltd	Australia	N/A	100%