

ASX Announcement: New Director Appointment and Company Update



27th November 2024

Appointment of Director - Hugh Robertson

5G Networks Limited (**5GN** or **Company**) is pleased to announce that Mr Hugh Robertson has agreed to become an independent non-executive director of the Company with effect from the conclusion of the Company's Annual General Meeting on Thursday 27 November 2024.

Mr Robertson is a Director of Corporate Advisory at Morgans Financial Limited, where he works with clients across various industries including financial services, technology, and agriculture. With expertise in business development, strategic planning, and corporate finance, he has a robust track record in capital raisings and advising on financial management. Hugh has also served in leadership roles at Bell Potter Securities, Health and Plant Protein Group Limited, and other companies, contributing significantly to equity capital markets and corporate finance across Australia. Mr Robertson has extensive experience working with public companies, particularly in the areas of equity capital markets, corporate finance, and strategic advisory roles. As a Director at Bell Potter Securities, he was involved in initial public offerings (IPOs), capital raisings, mergers, acquisitions, and divestments for public entities. His leadership in high-profile capital raises for companies such as AMA Group Ltd and Rubicon Water Ltd at Morgans Financial further highlights his proficiency in managing complex financial transactions for publicly listed organizations.

Mr Robertson holds a degree from La Trobe University, adding a strong educational foundation to his diverse and extensive career. His academic background complements his practical experience, allowing him to bring strategic insights into corporate advisory, business development, and financial management.

Managing Director Joe Demase said:

"I have known Hugh for a number of years and he has assisted 5G Networks over this period with numerous acquisitions providing advisory advice. His in-depth knowledge of the financial markets and corporate experience will provide invaluable strategic guidance as we take advantage of the ever changing technology markets."

I would like to thank Natalie Mactier for assuming the role of interim Chair with the retirement early this year of former Chairman Joe Gangi and helping to navigate the company through some challenging transactions."

Natalie Mactier will step down from her role as Chair following the Annual General Meeting and Mr Robertson will assume that role.

Sale of 5GN business and capital return

On 27 June 2024, 5GN announced that it had entered into sale agreements with entities associated with the Managing Director Mr Joe Demase for the sale of its primary operating subsidiaries (**Sale Agreements**). In conjunction with the sale, 5GN proposed a 15 cents per share return of capital to shareholders. 5GN has provided several updates to shareholders and the market since the initial announcement of the proposed sale and capital return.

5GN advises that the proposed sale and capital return will now not proceed.

The Sale Agreements were terminated by an agreement entered into between the Company and its subsidiaries and the entities associated with Mr Demase earlier today.

The independent directors of 5GN carefully considered the termination of the Sale Agreements. The reasons for terminating the Sale Agreements were:

- Conditions precedent in the Sale Agreements cannot now be satisfied by end date of 31 December 2024 at which time either party would be entitled to terminate them
- Major 5GN shareholders have indicated they would not vote in favour of the proposed sale
- The market is improving and the Board considers 5GN's prospects are also improving
- 5GN's available cash will permit further strategic acquisitions
- The Company has received advice that its tax liability provided for in its FY 2024 financial statements may be reduced (see below). This should free up additional funds for both internal growth initiatives and strategic acquisitions

The 2024 AGM is scheduled to be held tomorrow, Thursday 28 October. One of the resolutions to be put to shareholders at the AGM is to approve on market buy backs of up to 100m shares. If the resolution is passed, 5GN intends to proceed with the buy backs which should provide an alternative means for shareholders wishing to exit their holdings. Such buy backs will only be undertaken at prices and at times which the Company considers to be in the best interests of shareholders as a whole.



2024 Income Tax Provision

5GN is able to provide the following update on its tax position as disclosed in its FY 2024 financial statements.

The financial statements for 5GN for the year ended 30 June 2024 (**FY24**) included a provision for income tax of \$14.4m. This was primarily because 5GN derived a capital gain from the sale of the Webcentral business. While 5GN potentially had losses available to offset a substantial part of that gain, there was, at the time of finalising the FY24 financial statements, some uncertainty as to the amount of losses available to 5GN to offset against the gain and thereby reduce the income tax provision of \$14.4m.

Since the FY24 financial statements were released to the market, 5GN and its advisers have undertaken additional research regarding the availability of 5GN's tax losses. As a result of that work, 5GN has been advised that an additional \$10.2m losses are likely to be available to offset against the Webcentral capital gain, with the result that the provision can be reduced from \$14.4m to \$4.2m. 5GN is aware that some additional support work is still required to finalise this outcome and it is possible that work may result in an alteration to the advice received by 5GN to date. Subject to that possibility and to any tax implications that may arise from trading and transactions in the first half of the year ending 30 June 2025 (H1FY25), this reduced provision for income tax is expected to be reflected in the H1FY25 financial statements that will be released in February 2025.

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.