2021 ANNUAL REPORT

Webcentral Group Limited and its controlled entities

FOR THE 18 MONTHS ENDED 30 JUNE 2021 ABN: 21 073 716 793

Webcentral

Corporate Directory

Directors
Joseph Gangi (Non-Executive Chairman)
Natalie Mactier (Non-Executive Director)
Joseph Demase (Managing Director)

Company Secretaries
Glen Dymond
Michael Wilton

Registered Office and Principal Place of Business
Level 7, 505 Little Collins Street
Melbourne, VIC, 3000
Tel: 1300 638 734

Company Number
ACN 073 716 793

Country of Incorporation
Australia

ASX Code: WCG

Company Domicile and Legal Form
Webcentral Group Limited is the parent entity and an Australian Company limited by shares

Legal Advisors
Cornwalls
Level 10, 114 William Street
Melbourne, VIC, 3000

Share Register
Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne, VIC, 3000

Auditors
Grant Thornton Audit Pty Ltd
Tower 5, 727 Collins Street
Melbourne, VIC, 3000

Internet address www.webcentral.com.au

Contents

Corporate Directory 2

Chairman's Address 4

Managing Director's Operational Report 6

Our Brand & People 8

Directors' Report 21

Remuneration Report 31

Corporate Governance Statement 38

Auditors' Independence Declaration 43

Financial Statements

- Consolidated Statement of Comprehensive Income 46
- Consolidated Statement of Financial Position 48
- Consolidated Statement of Changes in Equity 50
- Consolidated Statement of Cash Flows 51
- Notes to Consolidated Financial Statements 52

Directors Declaration 93

Independent Auditors' Report 94

Shareholder Information 98

Webcentral

Chairman's Address

As Chairman of Webcentral Group (ASX:WCG), I am proud to present to you the Annual Report for Financial Year 2021. Since 5GN acquired a controlling interest in Webcentral in October 2020, the Company has experienced significant transformation of its' business, including restructuring several business units, streamlining service delivery, simplification of business processes and migration to modern technology platforms.

Critically, several operational programs have now been implemented to ensure that the ongoing business transformation could deliver a more positive experience for customers in addition to an improved financial performance to grow shareholder value. I am very pleased to highlight that the successful delivery of these programs has been instrumental in Webcentral achieving significant business improvements in the second half of FY21.

Accordingly, the Company has reported outstanding EBITDA performance with growth of 391% for the six-months ended 30 June 2021 compared to the prior comparative period and has stabilised revenue, achieving $78.3M for the group in the FY21 period. The active strategy to improve customer care has been delivered through the investment in our Australian based customer support teams, who have dramatically improved customer engagement and retention. Our customer Net Promoter Score (NPS) provides evidence of this improvement with end of year results of +12— the highest NPS in the company's history.

The significant changes and improved organisational effectiveness have been driven by a dedicated and experienced executive team, strongly led by Managing Director, Joe Demase. The organisation is now operating within a cohesive, collaborative customer driven culture, which has been nurtured and reinforced through the ongoing communication of a clear strategic vision and purpose.

Importantly, the Australian market conditions during FY21 have been severely impacted by the ongoing COVID pandemic. This has caused some purchase delays for Australian businesses as a result of fluctuating levels of confidence when considering investment in their online services.

However, despite COVID impacts, we expect organic growth to resume in FY22 as customers respond favorably to the improvements in Webcentral service and support, in addition to the simplified offers which are now well supported by modernised e-commerce and technology platforms.

Webcentral is now focused on achieving the strategic goals for the approaching financial year. Our Company will remain dedicated to improving and simplifying the service experience for our customers with sales and marketing resources continuing to target growth opportunities across the small and medium business segments.

With operational stability now achieved in FY21, combined with modernised and simplified technology platforms and improved customer care, the outlook for Webcentral is exciting and positive. The Board very much looks forward to the talented staff continuing the transformation journey and guiding this Company to a stronger performance in FY22.

On behalf of the Board, I am extremely grateful for the support of Webcentral and 5GN shareholders, customers, suppliers and business partners and would also like to thank our Managing Director, staff and executives for their commitment to achieving ongoing operational and financial improvements during a challenging FY21.

Yours sincerely,

Joe Gangi
Chairman

"As an Australian business we are continuing to invest in Australian resources and technology and to support Australian organisations."

Managing Director's Report

In the first year as Managing Director of Webcentral Limited (ASX:WCG), I am proud to present our Annual Report on the business operations for Financial Year 2021.

This has been an incredibly important year for Webcentral. A year where the business has embraced the acquisition and majority shareholding by 5G Networks (ASX:5GN) in a period heavily impacted by the effects of COVID-19. The change in ownership has reset the strategic direction of Webcentral and enabled the implementation of several business transformation programs to improve the financial and operational performance of the business.

The strategic programs are critical to our ongoing success and will underpin the sustained achievement of profitable revenue growth. They have also been instrumental in reinforcing and redefining our strategic purpose, whilst strengthening the organisational commitment to our core values. As a result, we have quickly progressed to become a very different organisation. Our business is much simpler. We have improved the support and sales experience for our customers, invested in the growth of our Australian based customer care teams and overall have become more customer focused.

Accordingly, the financial performance throughout the second half of FY21 demonstrated sustained improvement. Since December 2020, we have lifted profitability performance to achieve underlying EBITDA growth of 391% for the six-months ended 30 June 2021. The significant improvement of EBITDA was attained though diligent and tight cost management, and our refocus on more effective service delivery. Operating cash flow was strong in the six-months ended 30 June 2021, with underlying operating cash flows of $7.3M. Additionally, the organisation has worked tirelessly to arrest and stabilise the average monthly revenue decline to record $78.3M for the reporting period.

Through our operational improvement programs, I am excited to highlight that our customer satisfaction ratings have dramatically improved throughout the year. We are now achieving the highest recorded scores for the company since being established in 1996.

The customers contacting our Care team have recorded the most significant improvement. In June 2021, 93% of customers contacting our care teams were satisfied with their level of service. This improvement was enabled by the rapid growth of our onshore support teams, where Webcentral committed significant investment. Since December 2020, we have now introduced over 50 new support staff to our customer care teams across Melbourne, Sydney and Brisbane.

By simplifying and bundling our products to meet market requirements, our customers are more comfortable in selecting products through our sales channels. Importantly, 92% of customers are now satisfied after making their first purchase through our online shopping cart, and 95% report being satisfied after speaking to a member of the offline sales team.

In conclusion, I am very excited about the future for Webcentral and the future merging with 5G Networks. Our Board, executive team, and people are committed to delivering and executing our strategy to drive continued growth and deliver improvements for customers, in addition to creating improved shareholder value in the years to come.

I would like to thank our employees for all their hard work in difficult circumstances, and our shareholders who continue to back our strategy and enjoy the exciting ride we are on.

Yours sincerely,

Joe Demase
Managing Director

Webcentral

A changed brand for a changed world

While the world has battled a global pandemic Webcentral has been anything but locked down. Our organisation continues to grow and transform to ensure we sustain our leadership as an online service provider for Australian business. This customer driven focus is a key element of our culture.

As a result, our organisation will continue to work closely with Australian business, assisting them as they navigate their way through their operational and strategic challenges, including COVID-19. We remain dedicated to building online success for Australian business and believe we can have a significant impact through the development of our own Australian based service teams.

Our strategy is to actively pursue ongoing product development and operational improvement to deliver market leading sales and service experiences. Importantly, Webcentral challenges our teams to work closely with our customers to improve our understanding of their needs. By doing so, we develop more effective, innovative digital solutions – solutions uniquely designed to deliver online business success.

Our new brand identity is just the beginning

"We work with our customers to accelerate their business ideas and ensure they optimise every opportunity within the online space."

Oliver Thompson – Account Manager

Online services supported by world class customer service

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

At Webcentral, Customer Care remains our top priority. We want to partner with our customers to ensure they're successful. Whether that's setting them up for eCommerce or assisting them with a smarter, faster, more profitable digital presence; our skilled support team is always available. Our customers' success is our success.

And we've brought our customer support home. Already, the majority of our customer service is delivered by responsive, skilled and enthusiastic customer service professionals, right here in Australia. We are an Australian owned business, serving Australian businesses locally.

Measuring our customer services performance is a key metric for our business, one which will underpin our own future growth and success. Already, those measures reflect an easier to access, more responsive and efficient customer service delivery and vastly improved customer satisfaction ratings.

Delivering better service:

Over the last 12 months Webcentral has undergone a comprehensive staff training upgrade to improve service delivery across all products. These are a few highlights

1st
Highest customer satisfaction ratings reported for the company since being launched in 1996

50
new digital support staff added to our Melbourne, Sydney and Brisbane Customer Care teams

95%
of all customer service calls are handled in Australia

95%
of customers are satisfied after speaking to a member of our offline sales team*

93%
of customers contacting our Customer Care teams were satisfied with the level of service

92%
of customers are satisfied after making their first online purchase

* Melbourne IT

Enterprise-grade technology and service at small business rates

We believe that all businesses deserve access to the best digital services and technology available.

Our systems and technology have been simplified and integrated to offer Australian business, enterprise grade digital services at small business rates. Through these digital capabilities, our solutions will always be easy to use, scalable and fit for purpose.

With more than 330,000 customers and over 500,000 domains registered, Webcentral is well positioned to provide easy to use and integrated product and service offers as our customers progress their journey with the digital economy.

"It's not enough that our digital technology and service is the best. It must also meet the strictest security requirements from industry regulators and authorities such as AuDA.

Marco Mattiuzzo, Chief Technology Officer

Our customers are also increasingly aware of the significant risks associated with growing online services such as data security. Our merger with 5G Networks (5GN) will provide an important opportunity to enhance the security environment for our customers. Not only do we comply with certified policies and effective security protocols, but all critical infrastructure is owned and located here in Australia, offering enhanced data security and ongoing protection from cyber-attacks.
Webcentral will continue to focus on developing our systems to introduce new and innovative products and services. This innovation will extend to new capabilities such as automated service delivery which will be driven by digital intelligence technologies that further support every milestone along the customers' digital journey.

High Performance Digital Solutions for Australian Business

Webcentral assists Australian small to medium business get online, and once there, provides technologies and services that support their ongoing growth and success.

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.
We know the local market and we work with our customers to accelerate their business ideas and ensure they optimise every opportunity within the online space, from the purchase of a domain name and webhosting through to a full suite of digital marketing services. Our digital technology solutions are underpinned by world class customer service that is based here in Australia.

Our customers also appreciate that we have the critical infrastructure located here in Australia and that we have certified security protocols so that all data remains secure and their business protected from cyber-attacks.

"Enabling 24/7 access to world's best digital technology is our commitment to Australian business."

Michael Roberts – National Manager Data Centres

Our Products and Services

Over the past 12 months we have been simplifying and integrating our products to ensure our high performance technology platforms can deliver product bundles and packaging which enable customers to grow and adapt to rapidly changing market conditions.

We now deliver a suite of products and services that can evolve with the needs of Australian business; services which effectively support the entire digital journey as customers progress and build online success.

Whether registering a domain name with a website or the launch of their e-commerce platform, our customers can be confident in selecting Webcentral services for accelerating their online growth and claiming their share of Australia's digital economy.

Domain name registration:

As a market leader for many years, Webcentral has registered more than 500,000 domain names in Australia and New Zealand. We partner with all major domain accreditation authorities to ensure the domain name registration process is easy as possible for our customers. Once registered customers can start building and developing their online presence. Webcentral can also assist business to further manage and protect their branded assets with a range of domain extensions such as .com.au, net.au, and org.au.

Email hosting:

Email addresses that match domain names are important in establishing a professional image for any brand – a position designed to support growth and success.

Our portfolio of email products include full-featured self-service platforms so customers can efficiently and confidently self- manage emails, contacts and calendars from anywhere in the world.

Web hosting:

With more than 20 years in supporting the online success of Australian business, our organisation clearly demonstrates industry expertise and leadership with web services and hosting.

Located here in Australia, our web hosting solutions are fast, reliable, and comply with industry certified security standards. The world class website security service and SSL certificate programs are the foundations to Webcentral ensuring all customer data is protected from viruses, hackers and identity thieves.

Accordingly, Webcentral offers a range of different hosting packages uniquely designed for Australian business. We work with customers to identify the best web hosting plan for their future success and can choose from many options including cPanel or Virtual Private Server (VPS) hosting. Critically, all services are delivered with unlimited support from our Australian domiciled support teams.

Digital marketing services:

As Australia's online experts for Australian business, we assist customers to plan their digital journey and establish roadmaps for growth and business success. Our digital marketing makes it easy for customers to fully engage with all our digital services, so they can focus on what they do best – building their business.

Webcentral offers multiple solutions for website design to ensure their online presence is on-brand, engaging and built to succeed. Customers may choose to build it themselves using our convenient and effective website builders or we can offer a fully customised design service.

Webcentral offers three primary digital marketing services to build online success: Search Engine Optimisation (SEO), Pay Per Click advertising (PPC) and social media advertising. We also provide our customers with effective audit and performance monitoring services to ensure their digital programs are always delivering online growth and business success.

Our People

Making a difference everyday

A collaborative environment filled with opportunities for innovative ideas, Webcentral is a dynamic space for passionate people.

Our people love supporting the lifeblood of the Australian economy – small and medium businesses – to grow their digital presence and leverage the many benefits of online marketing.

Honesty

When we succeed, so do our customers. Whatever the challenge, we're ready to face it and deliver solutions that fit. We get to know our customers so we can ensure our work is tailored to their unique business requirement.

We take every job and every opportunity seriously and dedicate the time and effort for quality results.

Respect

Webcentral is an awesome place to do great work. We are a people business and we respect that every person delivers valuable outcomes for the business and our customers. We lend a hand, support each other, laugh and have fun. We're all playing on the same team here, and it shows.

Similarly we respect our customers and their endeavours to create successful business outcomes. That respect is best demonstrated with skilled, efficient and responsive customer service delivery, teamed with the best technology around.

Accountability

We work hard at Webcentral and we never shirk our responsibilities. Our team members always take ownership of their decisions, actions, performance and behaviour. It's all about building trust and staying committed to doing the right thing for the business, and our customers.

Resilience

Even in times of uncertainty our teams can bring the best technology and people together to deliver amazing outcomes for our customers.

The world and the workplace is subject to ongoing change and disruption. At Webcentral we value and celebrate our teams' ability to adapt, change and keep improving our offer for customers, even in times of adversity. We are resilient.

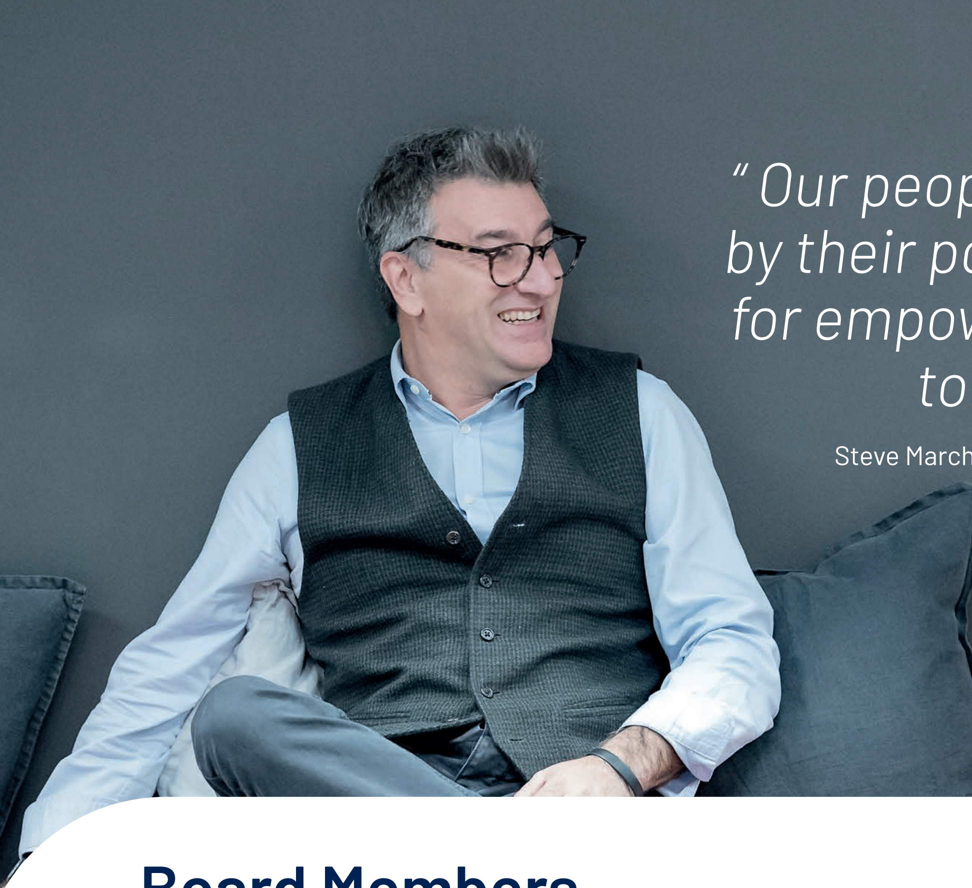
Collaboration

Individually, we create incredible solutions. But it's when we collaborate that really great ideas come to life. We are always up for open conversations and are ready to listen to new ideas. And because we trust each other, we're not afraid to share our thoughts or ask for help.

When it comes to implementing new ideas, we move together to ensure our customers get value from the fruits of our labour. We support and uplift each other to deliver, without fail.

Integrity

We will always do the right thing. If someone needs a hand we will stop and help. If things look like they are getting off course, we'll help navigate, even if that is not part of our role. It's all about behaviours designed to boost everyone in the entire team. Because we're all playing on the same team here, and it shows.



“Our people are connected by their passion and energy for empowering customers to succeed.”

Steve Marchese, Head of People & Culture

Our Leadership Team

The goal at Webcentral is to make a difference every day to challenge the current and design the future. We empower customers to collaborate, optimise and connect with digital technology and services.

To do this, we also understand technology leadership can only be achieved through the talented and experienced people who work every day to support our customers and the Webcentral business. This year has proven to be challenging and unique, given the need to work from many diverse settings which are not the traditional office or meeting locations. The disruption of workplace environments across many teams, has placed a tremendous strain on delivering premium services to customers.

By embracing the core company values, the Webcentral business has continued to grow and deliver value for customers and shareholders.

The company is tremendously proud that our people have embraced this challenge, with energy, positive attitude and the dedication to ensure our customers remain a key focus. This approach has been successfully achieved through their deep understanding of their role, combined with the guidance and commitment of our leadership teams. Through this pandemic, our people, our processes and our business has become more resilient.

Board Members

Joe Demase

Managing Director

Joe 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, Joe has acquired experience in the telecommunications sector amongst both the Australian and UK divisions, along with over 25 years of business experience, allowing Joe to skilfully identify market opportunities across the board. Joe displays an abundance of experience, having succeeded in a broad range of executive positions.

Joe Gangi

Chairman

Joe has over 30 years' experience in corporate management and governance in both private and public sectors and has been an independent director of Webcentral since October 2020. His other board roles include Non-Executive Director of 5G Networks Ltd (ASX: 5GN), Chair of the Risk & Audit Committee of 5G Networks Ltd and Non-Executive Director of Assisi Aged Care Centre. Joe is also a member of the Industry Advisory Committee to the Faculty of Chemical and Environmental Engineering at RMIT University and Executive Director of a consulting firm that provides technical consulting and project governance advice to both Private and Government clients. His corporate experience is focused on risk management, an area that he is particularly passionate about, that enables him to offer advice on risk mitigation and business sustainability.

Natalie Mactier

Non-Executive Director

Natalie has over 17 years experience in the online space having held senior management and Executive roles at Australian start-up and scale-up organisations. With a background in Sales and Marketing, Natalie helped build online brands SEEK and Kidspot before being approached by Square Peg capital to create School Places, an online private school marketplace. Since 2018 Natalie has been the CEO of Vivi International, an Australian owned EdTech software organisation.

"We are acutely focussed on creating shareholder value through customer centricity combined with strategic execution."

Joe Gangi – Chairman

Company Secretaries

Glen Dymond

Chief Financial Officer and Joint Company Secretary

Glen 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. Glen'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. In addition to his role at Webcentral, Glen is Chief Financial Officer and joint Company Secretary at 5G Networks Limited.

Michael Wilton

General Counsel and Joint Company Secretary

Michael 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 Webcentral, Michael is General Counsel and joint Company Secretary at 5GN and is a partner in the Melbourne office of Cornwalls Lawyers.

Executive Team

Glenn Flower

Chief Marketing Officer

Glenn brings over 20 years of 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.

Garry White

Sales Director

Garry comes from a successful background in both the ICT and telecommunications sectors, holding over 20 years of experience. 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.

Chris Demase

Executive General Manager, Operations

Chris 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. Complimenting Chris' experience is a Masters in Business Administration (MBA) and Prince 2 Project Management.

Marco Mattiuzzo

Chief Technology Officer

Marco 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 Webcentral Group.

Steve Marchese

Head of People & Culture

Steve 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.

“We are proud to be helping our customers build and grow their business through Australian innovation, service and digital leadership”

Garry White – Sales Director

Director's Report

Your Directors submit their report for the 18 months ended 30 June 2021.

Directors were in office for the entire period unless otherwise stated.

Directors	Period in office
Mr. J. Gangi	Appointed 16 October 2020, Chair from 27 October 2020
Mr. J. Demase	Appointed 16 October 2020
Ms. N. Mactier	Appointed 22 October 2020
Mr. A. Reitzer	Chair until 27 October 2020, retired 10 November 2020
Mr. K. Siegling	Retired 10 November 2020
Mr. A. Macpherson	Retired 22 October 2020
Mr. L. Bloch	Retired 16 August 2020
Ms. N. Sparks, AM	Retired 27 February 2020
Mr. S. Martin	Retired 27 February 2020
Chief Executive Officer	**Period in office**
Mr. J. Demase	Appointed 27 October 2020
Mr. B. Fenton	Appointed 11 February 2020 until 27 October 2020
Chief Financial Officer	**Period in office**
Mr. G. Dymond	Appointed 13 November 2020
Mr. B. White	Appointed 23 March 2020 until 13 November 2020
Mr. F. Bearsley	Ceased employment 23 March 2020
Company Secretaries	**Period in office**
Mr. M. Wilton	Appointed 13 November 2020
Mr. G. Dymond	Appointed 13 November 2020
Mr. M. Licciardo	Appointed 17 July 2020 until 19 November 2020
Ms. A. Jordan	Ceased employment 17 July 2020
Mr. F. Bearsley	Ceased employment 23 March 2020

Details of Directors' experience, expertise and directorships

Details of Directors in office during the period is presented below:

Joe Gangi

Non-Executive Director and Chair
Appointed 16 October 2020, Chair from 27 October 2020
Member of the Audit & Risk Committee and Member of the Remuneration and Nomination Committee

Experience and Expertise
Joe has over 30 years' experience in corporate management and governance in both private and public sectors and has been an independent director of Webcentral since October 2020. His other board roles include Non-Executive Director of 5G Networks Ltd (ASX: 5GN), Chair of the Risk & Audit Committee of 5G Networks Ltd and Non-Executive Director of Assisi Aged Care Centre. Joe is also a member of the Industry Advisory Committee to the Faculty of Chemical and Environmental Engineering at RMIT University. In addition, Joe is the Executive Director of a consulting firm that provides technical consulting and project governance advice to both Private and Government clients with specific technical expertise in project management and delivery of complex engineering projects for the Life Sciences and Healthcare sectors.

His corporate experience is focused on risk management, an area that he is particularly passionate about, that enables him to offer advice on risk mitigation and business sustainability.

Joe holds a Bachelors' Degree in Chemical Engineering and a Master's Degree in Business Administration (MBA) with a major in International Business. He is also a Graduate of the Australian Institute of Company Directors (GAICD).

Other Current Directorships
- 5G Networks Limited
- Assisi Aged Care

Previous Directorships (last 3 years)
Nil

Natalie Mactier

Non-Executive Director
Appointed 22 October 2020
Chair of the Audit & Risk Committee and Chair of the Remuneration and Nomination Committee

Experience and Expertise
Natalie has over 17 years' experience in the online space having held senior management and Executive roles at Australian start-up and scale-up organisations. With a background in Sales and Marketing, Natalie helped build online brands SEEK and Kidspot before being approached by Square Peg capital to create School Places, an online private school marketplace. Since 2018 Natalie has been the CEO of Vivi International, an Australian owned EdTech software organisation.

Other Current Directorships
Nil

Previous Directorships (last 3 years)
Nil

Joe Demase

Managing Director & CEO
Appointed 16 October 2020
Member of the Audit & Risk Committee and Member of the Remuneration and Nomination Committee

Experience and Expertise
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.

Other Current Listed Company Directorships
5G Networks Limited

Former Listed Company Directorships In Last Three Years
Nil

Andrew Reitzer

Non-Executive Director and Chair
Retired 10 November 2020

Qualifications
Bachelor of Commerce - University of South Africa
Master of Business Leadership - University of South Africa

Experience and Expertise
Andrew Reitzer brings more than 35 years of global experience in the technology, retail and wholesaling industries. Andrew has extensive experience in M&A, post-acquisition integration and organisational change.

From 1988 to 30 June 2013, Andrew was CEO of Metcash Limited. Prior to his appointment to CEO, Andrew held various management roles at METRO Cash & Carry and led the establishment of METRO's operations in Israel and Russia and served as the Group Operations Director.

In addition to the Non-Executive Directorships listed below, Andrew is a Director of several private companies.

Other Current Listed Company Directorships
- Amaysim Limited (ASX: AYS) (Non-Executive Chair) (appointed June 2015)
- SG Fleet Limited (ASX: SGF)) (Non-Executive Chair) (Appointed February 2014)

Former Listed Company Directorships In Last Three Years
Nil

Special Responsibilities
Chair of the Board (until 27 October 2020)

Andrew Macpherson

Non-Executive Director
Retired 22 October 2020

Qualifications
Bachelor of Industrial Engineering (Hons) – University of NSW

Experience and Expertise
Andrew Macpherson is an experienced senior executive with strong interests, and specific experience, in the use of technology to transform traditional businesses.

Andrew worked with global consulting firm Accenture for 27 years, specialising in implementing complex technology-enabled change projects in large enterprises and government in Australia, Asia and Europe. He retired as APAC Regional Managing Director - Technology in 2005. Over the following 13 years he has been actively involved as an investor, director and executive in the agribusiness, retail, hospitality and services sectors.

Andrew is also the Chair of Workventures and LifeCircle, and a non-executive director of the Rozetta Institute, all of which are not-for-profit enterprises.

Other Current Listed Company Directorships
Nil

Former Listed Company Directorships In Last Three Years
- OneVue Holdings (ASX: OVH) (appointed October 2016, retired June 2019)
- Ruralco Holdings (ASX: RHL) (appointed December 2017, retired September 2019)

Special Responsibilities
Chair of the Human Resources, Remuneration and Nomination Committee (until 22 October 2020)
Member of the Audit and Risk Management Committee (until 22 October 2020)

Karl Siegling

Non-Executive Director
Retired 10 November 2020

Qualifications
Bachelor of Commerce - University of Melbourne
Bachelor of Law - University of Melbourne
Masters in Business Administration – INSEAD (France)
Post Graduate Diploma in Finance with the Securities Institute of Australia (FINSIA)

Experience and Expertise
Karl Siegling has over 25 years' investment experience in the financial sector in Australia and overseas.

Mr Siegling commenced work in the Financial Services sector in Australia with Deutsche Morgan Grenfell, trading overnight currencies, bonds and bond options on the Sydney Futures Exchange. Mr Siegling then worked within the Equities Research Division of Deutsche Morgan Grenfell before studying an MBA at INSEAD and working as a Summer Associate within the equities division of Goldman Sachs in London.

Upon returning to Australia, Mr Siegling was the Managing Director of eFinancial Capital Limited (a subsidiary of Challenger international Limited) focused on investing in early stage and expansion capital for financial services and technology companies. Mr Siegling also worked as a consultant for Wilson Asset Management, researching stocks, before setting up Cadence Asset Management Proprietary Limited.

Other Current Listed Company Directorships
- Cadence Capital Limited (Executive Chair) (appointed 9 February 2005)

Former Listed Company Directorships In Last Three Years
Nil

Special Responsibilities
Nil

Larry Bloch

Non-Executive Director
Retired 16 August 2020

Qualifications
Bachelor of Science and Post-graduate Honours degrees in Pure Mathematics and Computer Science - University of Cape Town

Experience and Expertise
Mr Bloch has been a serial entrepreneur, pioneer and leader in the online business services industry for 20 years. He was the founder and former MD of NetBenefit (UK) in 1994, which rapidly became the largest domain and hosting provider in Europe. He also founded Virtual Internet (France) in 1996. After re-locating to Australia in 1997, he co-founded Netregistry Group and was its major shareholder, CEO and Chair for 17 years, before selling it to Arq Group in 2014.

Other Current Listed Company Directorships
Nil

Former Listed Company Directorships In Last Three Years
Nil

Special Responsibilities
Member of the Human Resources, Remuneration and Nomination Committee (until 16 August 2020)

Simon Martin

Non-Executive Director
Retired 27 February 2020

Qualifications
Bachelor of Commerce - University of Melbourne
Master of Business Administration (MBA) – University of Melbourne
Member of Chartered Accountants Australia and New Zealand, Member of the Australian Institute of Company Directors

Experience and Expertise
Mr Martin has more than 25 years of financial and commercial experience, most recently as an investor and Director. The majority of his executive career was spent in leadership, strategy and finance roles in the technology sector. He was CFO and a Director of MYOB from 2004 to 2012, before joining iCareHealth as CEO until the sale of its Australian operations to Telstra Health in 2014.

Mr Martin is also an investor in, and Director of, a number of technology businesses focused on the SME and healthcare sectors in Australia and the UK.

Mr Martin is also a Non-Executive Director of Tandem Corporation Pty Ltd (appointed April 2018), BIG4 Holiday Parks of Australia Pty Ltd (appointed May 2016) and Methodist Ladies' College Ltd in Melbourne (appointed January 2016).

Other Current Listed Company Directorships
Nil

Former Listed Company Directorships In Last Three Years
Nil

Special Responsibilities
Chair of the Audit and Risk Management Committee (until 27 February 2020)
Member of the Human Resources, Remuneration and Nomination Committee (until 27 February 2020)

Naseema Sparks AM

Non-Executive Director
Retired 27 February 2020

Qualifications
Master of Business Administration - Melbourne Business School, University of Melbourne
Fellow of the Australian Institute of Company Directors

Experience and Expertise
Ms Sparks is an experienced top-line growth director with experience across a range of sectors, particularly technology. Her expertise includes corporate strategy, mobile digital, data, customer and consumer segmentation, media, branding and marketing. She was formerly Managing Director and Global Partner of M&C Saatchi Ltd.

Ms Sparks is a Non-Executive Director of Knight Frank Australia (appointed February 2017) and AIG Australia (appointed 2010).

Ms Sparks also serves on the boards of several emerging technology companies at scale-up and pre-IPO stage.

Other Current Listed Company Directorships
- Australian Vintage Ltd (McGuigan Wines) (ASX: AVG) (appointed February 2015)

Former Listed Company Directorships In Last Three Years
- IncentiaPay Ltd (ASX: INP) (Non-Executive Chair) (appointed May 2018, retired June 2019)

Special Responsibilities
Member of the Audit and Risk Management Committee (until 27 February 2020)
Member of the Human Resources, Remuneration and Nomination Committee (until 27 February 2020)

Company Secretaries

Mr Glen Dymond

Company Secretary since 2020

Glen 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. Glen'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. In addition to his role at Webcentral, Glen is Chief Financial Officer and joint Company Secretary at 5G Networks Limited.

Mr Michael Wilton

Company Secretary since 2020

Michael 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 Webcentral Group, Michael is General Counsel and joint Company Secretary at 5GN and is a partner in the Melbourne office of Cornwalls Lawyers.

Principal activities

The principal activities of the Group during the period are described as follows:

Continuing operations
Webcentral provides domain name registrations and renewals, website and email hosting, website development, search engine marketing and social advertising campaigns for businesses in Australia and New Zealand.

Discontinued operations – Enterprise
Enterprise provides services including cloud, mobile application development, data and analytics to Australian enterprise and government organisations. The Enterprise division is represented by the net assets of Arq Group Enterprise Pty Ltd, which was sold on 2 March 2020. The sale included the rights to the Arq brand.

Review and results of operations

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
CONTINUING OPERATIONS		
Revenue from contracts with customers	87,359	83,615
- Less reversal of revenue from settlement of customer dispute	(9,096)	-
Total revenue from contracts with customers	78,263	83,615
Underlying EBITDA[1] from Continuing Operations	11,928	14,795

1. The Group believes this unaudited non-IFRS information is relevant to the user's understanding of the Group's underlying performance. Refer to page 25 for a reconciliation of this information to statutory IFRS information.

The Group's improved performance reflects the significant change and transformation that occurred during the period including the strategic review and associated restructuring activities, the acquisition of a controlling interest in the Company by 5G Networks Limited in October 2020, the settlement of a customer dispute and the disposal of the Enterprise and Netalliance businesses.

The Group's underlying EBITDA of $6.3 million for the 6 months ending 30 June 2021 was 391% higher than the corresponding 6 months period ended 30 June 2020 and 47% higher than the previous 6 months period ended 31 December 2020, reflecting the significant initiatives implemented since the change of control by 5GN in October 2020.

The Group's revenue has been stable since the change of control in October 2020 and the Group is confident that revenue growth will return across all four core services of domains, hosting, email and digital marketing as these short term issues are resolved.

The non-recurring restructuring activities that led to the loss for the period are now complete and the business has recorded an operating profit and has generated positive operating cashflows each month since the change of control by 5GN in October 2020.

The specific initiatives that have been implemented by the Directors to date include:

- Focus on profitable revenue and product lines;
- Customer service and support improvements including on-shoring of customer service and process improvements;
- Infrastructure and operating platform improvements including outsourcing to 5GN and improvements to system workflows and technical stability of the Console;
- Improved collection of debtors, shift from post-paid to prepaid customer billing and more frequent monitoring of operating cashflows;
- Reduction in direct costs, overhead and property costs;
- Reduction in labour headcount;
- Disposal of Netalliance business in November 2020;
- Surrender of Sydney office leases;
- Equity capital raising in November and December 2020; and
- Debt capital raising in June 2021.

Performance from discontinued operations

The following table presents a summary of the performance of the Enterprise business that has been classified as a discontinued operation for the period until the date of its disposal on 2 March 2020:

	30-Jun-2021 18 months $'000	31-Dec-19 12 months $'000
Revenue from contracts with customers	12,781	86,167
Underlying EBITDA[1]	1,400	2,555

1 The Group believes this unaudited non-IFRS information is relevant to the user's understanding of the Group's underlying performance. Refer to page 26 for a reconciliation of this information to statutory IFRS information.

Management performance measures – underlying EBITDA

The Group makes use of a management performance measure, "Underlying EBITDA" (Earnings before Interest, Tax, Depreciation and Amortisation). The Group believes that Underlying EBITDA is useful for users of financial reports when assessing the Group's underlying business performance and profit generation after adjusting for non-recurring and unusual items affecting comparability between financial periods. Underlying EBITDA is also the primary financial performance indicator used by the Group and is the basis for driving internal business decision-making as well as setting remuneration and reward outcomes.

Underlying EBITDA is a non-IFRS and unaudited performance measure and therefore may not be comparable with measures sharing similar descriptions by other entities. A reconciliation of Underlying EBITDA to statutory IFRS performance measures (profit before tax) is shown below:

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
CONTINUING OPERATIONS		
(Loss) / profit before tax	(64,412)	(45,713)
Depreciation and amortisation expense	12,468	10,537
Interest income	(254)	(202)
Finance costs (excl. bank charges and merchant fees)	4,434	4,679
Gain on reassessment of contingent consideration liability	-	(98)
Gain on sale of TPP Wholesale reseller business	-	(554)
Net TPP Wholesale reseller separation income(1)	-	(68)
Net loss from changes in the group's leasing arrangements	2,946	-
Gain on sale of Netalliance business	(384)	-
Reversal of revenue from settlement of customer dispute[1]	9,096	-
Branding costs	13	486
Integration costs	236	1,567
Transaction costs	5,930	2,259
Restructuring costs	3,134	365
Property costs	-	642
Impairment of receivables	727	-
Impairment of goodwill	33,000	41,123
Other net non-operating expenses	4,994	(228)
Underlying EBITDA	**11,928**	**14,795**

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
DISCONTINUED OPERATIONS		
Loss before tax	(934)	(85,042)
Depreciation and amortisation expense	306	4,742
Finance costs (excl. bank charges and merchant fees)	50	304
Loss on revaluation of disposal group to fair value	-	81,258
Loss on sale of the Enterprise business	1,565	-
Restructuring costs[2]	413	853
Integration costs	-	440
Underlying EBITDA	**1,400**	**2,555**

1 Refer to the discussion in the "Settlement of Customer Dispute" section of the Directors Report on page 27 for further details.

Acquisition by 5G Networks Limited

On 17 September 2020, the Company entered into a Bid Implementation Deed (**BID**) with 5G Networks Limited (**5GN**) in respect of an all scrip off-market takeover bid proposed by 5GN (**5GN Proposal**). The Company also entered a Loan Implementation Deed with 5GN (and subsequently a Debt Facility Agreement with 5GN), whereby 5GN Finance Pty Ltd (a wholly owned subsidiary of 5GN) agreed to provide a secured loan to the Company (**5GN Secured Loan**) to allow the Company to repay its existing debt providers in full. On 18 September 2020 5GN made an off-market takeover bid (**Takeover Bid**) for the Company in accordance with the BID.

On 16 October 2020, 5GN announced that it had notified the Company that the Takeover Bid had been freed of each of the defeating conditions as set out in its Bidder's Statement. On the same day, Joseph Demase and Joe Gangi were appointed as Directors of the Company.

On 22 October 2020, 5GN announced that it had a substantial holding in the Company comprising over 46.67% of the Company's shares and that 5GN and the Company entered an agreement to waive the condition that 5GN obtain 50.1% ownership of the Company's shares before the Company could draw down on the 5GN Secured Loan. On the same day, Natalie Mactier (a nominee of 5GN) was appointed as a Director of the Company and Andrew Macpherson resigned as a Director of the Company.

The loan drawdown occurred on 26 October 2020 and the existing debt facilities were fully repaid.

On 27 October 2020, Joe Gangi was appointed as Chair of the Board, replacing Andrew Reitzer, and Joe Demase replaced Brett Fenton as Chief Executive Officer.

On 28 October 2020, 5GN held ownership of 50.69% of the Company's shares and therefore at that date 5GN obtained control of the Company. The takeover offer closed on 10 November 2020, with 5GN holding ownership of 56.7% of the Company's shares. Following a capital raising completed in November and December 2020 5GN's holding was reduced to 44.6%. The current ownership by 5GN is 44.75%.

On 13 November 2020, Glen Dymond was appointed as Chief Financial Officer and Company Secretary and Michael Wilton was appointed as Company Secretary.

On 16 July 2021, the Company announced that it had entered into a Merger Implementation Agreement (**MIA**) with 5GN under which it is proposed that the two companies will merge by way of a scheme of arrangement that is subject to 5GN shareholder approval and court approval in accordance with Part 5.1 of the Corporations Act (**Scheme**).

Under the Scheme Webcentral will acquire 100% of the fully paid ordinary shares in 5GN and 5GN shareholders will receive two Webcentral ordinary shares for each 5GN share held. Pursuant to the Scheme, 5GN will become a wholly-owned subsidiary of Webcentral.

Sale of the Enterprise business

On 11 February 2020, the Company announced that it had entered into a binding agreement to sell Arq Group Enterprise Pty Limited to an entity owned by a consortium comprising Quadrant Private Equity and certain members of the Enterprise leadership team for $35,000,000 (less a final payment of $5,979,000 due to the vendors of InfoReady Pty Limited, which was acquired by the Company in 2016) on a cash free, debt free basis. The net assets of Arq Group Enterprise Pty Limited represents the Group's former Enterprise business. 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 the Group's existing debt facilities. A transitional services agreement was also entered into in connection with the Enterprise sale, and the parties continue to work together to manage the smooth transition of the Enterprise business following its divestment.

On 20 July 2020, the completion accounts for the Enterprise business sale were finalised. This finalisation resulted in an aggregate amount of $1,558,000 becoming payable by the Company to the consortium. The parties agreed that, given the Company's cash flow position, rather than the Company making an immediate payment in full, the Company would make monthly payments to the consortium of $260,000 between July 2020 and December 2020 (inclusive) in respect of that amount.

As a result of the finalisation of the completion accounts, the Group recognised a $1,565,000 net loss (inclusive of movements in working capital balances up to the date of disposal) on the disposal of the net assets of Arq Group Enterprise Pty Ltd (including the Arq brand).

Impact of the COVID-19 pandemic

On 11 March 2020, the World Health Organisation (WHO) declared the outbreak of the novel coronavirus (COVID-19) as a global pandemic.

Since the onset of the COVID-19 outbreak and resulting market conditions, the Group initially observed a reduction in small business spend away from digital marketing and online business promotion. Late in the second half of the current reporting period, the Group has seen a slow but gradual recovery in customers' digital marketing spend. The Group has launched campaigns and other customer-centric efforts to take advantage of the demand for online services as small businesses accelerate towards providing their goods and services online during the ongoing COVID-19 pandemic. The Group's trading activity has stabilised since the onset of the COVID-19 pandemic and there has not been a further decline in the Group's trading performance.

In response, the Group executed certain initiatives to maximise cash preservation, including deferrals of tax payments and negotiating with its landlords for rent deferrals. Additionally, certain subsidiaries of the Group received amounts related to the Federal Government's JobKeeper payment scheme.

It is not possible to predict the ongoing impact of COVID-19 to the Group's financial performance, particularly if another significant outbreak occurs or trading levels of our Group's customers do not return to pre-COVID-19 levels. Furthermore, the effects of ongoing measures introduced by State and Federal governments to limit transmission of COVID-19 (including the forced closures of business, overseas and domestic travel bans and quarantine requirements) will likely have a material negative impact on Australia's overall macro-economic environment to which Webcentral is exposed.

While future revenues and cash flows of Webcentral may be negatively impacted, at this time the Group is unable to estimate the exact scope and any financial impact COVID-19 may have on its operations in the future. The Group is currently monitoring the impact of COVID-19. To date, it has executed its business continuity framework and implemented crisis management tools to mitigate the impacts of COVID-19 on its business operations to a sufficiently acceptable level. The Group has identified further cost reduction and cash preservation strategies in the event that Group revenues are materially negatively impacted.

Settlement of Customer Dispute

The Group's annual report for the year ended 31 December 2019 disclosed a customer dispute pursuant to a contract for the provision of services by the Group to the customer in respect of which, as at 31 December 2019, a trade receivable balance of $10,006,000 was held ("Customer Dispute"). The Group also received notice of a cross claim from the customer.

On 20 August 2020, Webcentral Pty Ltd (a wholly owned subsidiary of the Group) entered into a release and settlement agreement ("Settlement Agreement") in relation to the Customer Dispute.

The terms of the Settlement Agreement provide for the release by both parties of any and all claims they may have in relation to the subject matter of the Customer Dispute for nil payment to the other party. Under the Settlement Agreement, the Group has agreed to provide the customer with certain services free of charge until 31 December 2020. The Group's obligations in relation to those services have ceased.

Following both parties settling their respective claim and cross-claim at nil, the trade receivable balance held in respect of the amounts claimed by Webcentral Pty Ltd under the Customer Dispute has been reversed to nil. As at 31 December 2019, this balance was $10,006,000 (inclusive of GST). The settlement results in a change in the variable consideration of revenue previously recognised for services performed that was associated with the disputed receivables, and therefore the impact of the settlement is a reversal of the GST-exclusive portion of all historical disputed services provided that has previously been recognised in revenue to date.

Since the date of settlement, no revenues were recognised relate to the provision of services by the Group to the customer that are in scope of the Settlement Agreement.

Sale of Netalliance Pty Limited

On 20 November 2020, the Group sold its 50% interest in Netalliance Pty Limited ("Netalliance") to Trellian Pty Ltd for $500,000 in cash consideration. Netalliance's principal operations relate to the purchase and resale or auction of specific domain names that have expired but not renewed (also known in the industry as the "drop catching" of domain names). The sale comprises both the Group's interest in Netalliance, as well as Netalliance's wholly owned subsidiary, Ziphosting Pty Ltd.

During the current and prior reporting periods, Netalliance contributed to less than 1% of the Group's revenues and underlying EBITDA. Therefore, the Group is not required to separately present the results of Netalliance as a discontinued operation for the current reporting period.

Capital Structure

The Group repaid $22.1 million of its debt facilities with ANZ and NAB in March 2020 using proceeds from the sale of the Enterprise business. The remaining balance was repaid in October 2020 following drawdown of loans totalling $47.6 million from 5G Networks Finance Pty Ltd, a wholly owned subsidiary of 5GN.

In addition, in September 2020, 5GN provided a $500,000 unsecured loan to the Company to fund the break fee that was paid on termination of the unsuccessful Scheme of Arrangement with Web.com. This loan was repaid in November 2020.

In December 2020, following the return of $5.3 million from ANZ, the issuer of the Group's property lease bank guarantees issued on behalf of Webcentral, $5.3 million was repaid to 5GN.

On 30 June 2021, the Group executed debt facility agreements with Commonwealth Bank of Australia in relation to a $16.6 million debt facility, comprising a $15 million Market Rate Loan Facility, a $1.5 million Bank Guarantee Facility and a $0.1 million Credit Card Facility. On 30 June 2021 the Company made a $15 million drawdown under the Market Rate Loan Facility and repaid $15 million to 5GN.

During the period the following ordinary shares were issued:

- 18,319,660 ordinary shares were issued under a placement to sophisticated and institutional investors for total consideration of $3,114,000
- 4,705,882 ordinary shares were issued following shareholder approval to entities controlled by Mr. Joe Demase and Mr. Joe Gangi for total consideration of $2,500,000
- 209,013 ordinary shares were issued under the Employee Share Plan

During the period the Company granted a total of 15,400,000 performance rights and options.

Dividends

No dividends were paid during the period and no interim or final dividend has been declared related to the current period.

Significant changes in affairs

The Company's name was changed from Arq Group Limited to Webcentral Group Limited following approval by the Company's shareholders at the annual general meeting held on 28 May 2020.

In accordance with s323D(3) of the *Corporations Act 2001*, on 14 December 2020 the Company has changed its financial year end to 30 June to be aligned with the financial year end of 5GN.

Other than as stated above, there have been no other significant changes in the state of affairs during the period ended 30 June 2021.

Significant events after reporting date

On 15 July 2021 the Company issued 4,950,000 options to Executives under the Company's Executive and Share Option Plan and 1,000,000 Options to a services provider as consideration for consulting services.

On 16 July 2021, the Group entered into a Merger Implementation Agreement with 5G Networks Limited under which it is proposed they will merge by way of a scheme of arrangement (Scheme). Under the Scheme, Webcentral will acquire 100% of the ordinary shares in 5GN and 5GN shareholders will receive 2 new Webcentral shares for each 5GN share held. The Scheme is subject to several conditions including 5GN shareholder approval, Court approval in accordance with Part 5.1 of the Corporations Act 2001, Webcentral shareholder approval of a reverse takeover resolution under ASX Listing Rule 7.1 and the acquisition of related party shares under ASX Listing Rule 10.1, and the Independent Expert concluding that the Scheme is in the best interests of 5GN shareholders. The Scheme is expected to be implemented in November 2021 if these conditions are met.

On 30 July 2021, the Group announced that it held 8.86% of the ordinary shares in Cirrus Networks Holdings Limited (ASX: CNW) and launched an on-market takeover bid ("Takeover Bid" for Cirrus Networks Holdings Limited (ASX: CNW) at an offer price of 3.2 cents per share. On the same day, the Group received credit approval for a $10.5 million debt facility with Commonwealth Bank of Australia for the purpose of funding the Takeover Bid, and a Debt Facility Amendment Deed was subsequently executed with CBA.

On 31 August 2021, 125,000 options were exercised by option holders and 125,000 ordinary shares were issued at $0.20 per share.

Other than the above, there has not been any other matter or circumstance in the interval between the end of the half-year date and the date of this report that has materially affected or may materially affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

Likely developments, business strategies and prospects

The Chairman's Report on page 4 and the Managing Director's report on page 6 contains further information on the likely developments, business strategies and prospects of the Group.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the period ended 30 June 2021, and the numbers attended by each Director were:

	Full meetings of Directors		Meetings of Committees			
			Audit and Risk		Remuneration and Nomination	
Number of meetings held	32		3		2	
Name of Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Joseph Gangi	10	10	2	2	2	2
Joe Demase	10	10	2	2	2	2
Natalie Mactier	9	9	2	2	2	2
Andrew Reitzer	24	24	0	0	0	0
Andrew Macpherson	23	22	1	1	0	0
Karl Siegling	24	24	0	0	0	0
Larry Bloch	19	18	0	0	0	0
Simon Martin	1	1	1	1	0	0
Naseema Sparks	1	1	1	1	0	0

Insurance of Officers

During the period, Webcentral Group Limited agreed to pay a premium to insure the Directors and secretaries of the Group and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Indemnity of auditors

The Group has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the period are set out below in relation to the Group's current auditor, Grant Thornton, and the previous auditor, EY.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services undermines the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	30-Jun-21 18 months $	31-Dec-19 12 months $
GRANT THORNTON		
Other assurance and agreed-upon procedure services under other legislation or contractual arrangement	39,343	-
Other Taxation and Advisory Services		
Tax Compliance Services	8,350	-
Compliance services	1,500	-
Total Remuneration for Non-Audit Services – Grant Thornton	**49,193**	**-**
EY		
Other Taxation and Advisory Services		
Tax Compliance Services	87,080	28,709
Digital Advisory and Implementation	-	129,986
Total Remuneration for Non-Audit Services – EY	**87,080**	**158,695**
Total Remuneration for Non-Audit Services	**136,273**	**158,695**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 43.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191 (Instrument 2016/191).
The Company is an entity to which the Class Order applies.

Corporate governance

On 23 December 2020, ASIC provided consent for the resignation of Ernst & Young (EY) as the outgoing auditor and the appointment of Grant Thornton as the incoming auditor of the Company, in order to align the Company's auditor with that of its controlling shareholder (5GN). The Company will seek to ratify Grant Thornton's appointment at the Company's next Annual General Meeting.

The Company's Corporate Governance Statement is available on the Company's website www.webcentral.com.au.

Signed in accordance with a resolution of the Directors.

Mr. Joe Gangi
Chair
Melbourne
13 September 2021

The Directors present the Webcentral Group Limited 2021 remuneration report, outlining key aspects of our remuneration policy and framework as well as remuneration awarded this year. It has also been audited as required by section 308(3C) of the *Corporations Act 2001*.

The Report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Remuneration expenses for executive KMP
(e) Non-executive Director arrangements
(f) Other statutory information

(A) Key Management Personnel (KMP) Covered in This Report

Directors:

Joseph Gangi
Non-Executive Chair from 27 October 2020, Director from 16 October 2020

Natalie Mactier
Non-Executive Director from 22 October 2020

Joseph Demase
Managing Director from 16 October 2020

Andrew Reitzer
Non-Executive Chair until 27 October 2020, retired 10 November 2020

Karl Siegling
Non-Executive Director until 10 November 2020

Andrew Macpherson
Non-Executive Director until 22 October 2020

Larry Bloch
Non-Executive Director until 16 August 2020

Naseema Sparks, AM
Non-Executive Director until 27 February 2020

Scott Martin
Non-Executive Director until 27 February 2020

Other key management personnel:

Glen Dymond
Chief Financial Officer and Company Secretary from 13 November 2020

Garry White
National Sales Director from 27 October 2020

Brendan White
Chief Financial Officer from 23 March 2020 until 13 November 2020

Brett Fenton
Chief Executive Officer from 11 February 2020 until 27 October 2020

Fraser Bearsley
Chief Financial Officer until 23 March 2020

Tristan Sternson
Chief Executive Officer until 11 February 2020

There have been no changes in KMP since the end of the reporting period.

(B) Remuneration Policy and Link to Performance

Our remuneration committee is currently made up of all directors. The Committee makes recommendations to the Board with respect to appropriate remuneration and incentive policies for executive Directors and senior executives that:

a. Motivate Executive Directors and senior executives to pursue long term growth and success of the Group within an appropriate control framework;
b. Demonstrate a clear correlation between key performance and remuneration; and
c. Align the interests of key leadership with the long-term interests of the Group's shareholders.

Executive KMP Remuneration Policy Statement
Consistent with contemporary Corporate Governance standards Webcentral remuneration policy aims to set employee and executive remuneration that is fair, competitive and appropriate for the markets in which it operates. Specific objectives of the policy include the following:

a. Ensuring executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Group's circumstances and objectives;
b. A proportion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and
c. Ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved.

(C) Elements of Remuneration

Fixed Annual Remuneration

Executives may receive their fixed remuneration as cash, superannuation and fringe benefits.

Short-term Incentives ("STI") – Operational Bonuses

In 2021, a bonus of $105,000 each was paid to Glen Dymond and Garry White linked to the achievement of the acquisition of Webcentral by 5G Networks Limited. This amount represents the allocation to Webcentral of the total bonus paid by 5G Networks Limited.

No other short-term incentives were paid to KMP during the year.

Retention bonus arrangements

During the year ended 31 December 2019, the Board approved retention bonus arrangements for Mr Tristan Sternson, Mr Brett Fenton and Mr Fraser Bearsley (as the remaining KMPs at 31 December 2019) to ensure continuity of business as a result of the Strategic Review being undertaken at that time and any other changes to the business. The retention bonuses paid in the period ended 30 June 2021 were:

- Brett Fenton: $103,333
- Brendan White: $40,680

Long-term Incentives

Up until 2018 the Group operated a Long Term Incentive Plan (LTIP) under which Performance Rights were issued each year to the Managing Director and selected employees of the Group. The LTIP Plan was discontinued in 2019 and all Performance Rights previously issued under the LTIP have since lapsed since the performance conditions were unable to be met for the relevant performance periods.

In December 2020 the Group adopted a new long-term incentive plan (LTIP) or Executive and Director Share Option Plan (ESOP) for directors, executives and senior leaders of the Group.

During the period ended 30 June 2021 the Group issued 12,000,000 performance rights and share options to directors under the ESOP as a means of rewarding and incentivising the directors.

Further details of the performance rights and share options, including details of rights issued during the financial year, are set out in section D below.

(D) Remuneration Expenses for Executive KMP

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards. Remuneration paid to Directors and executives is valued at the cost to the Group.

1. Represent STIs accrued in relation to the 2021 and 2019 financial periods. The 2021 amounts for Glen Dymond and Garry White represent the portion of STI allocated to Webcentral Group Limited from 5GN. The 2021 STI amounts for Brett Febnton and Brendan White represent retention bonuses paid to ensure continuity of business as a result of the Strategic Review being undertaken at that time and any other changes to the business.
2. This item includes the allocation of salary costs via management fees charged from 5GN to Webcentral for current KMP. For former KMP this includes the cost to the business of any non-cash business benefits provided.
3. Comprises Annual Leave and Long Service Leave accrued during the year. A credit balance in respect of leavers represents the reversal of leave accrued in prior years
4. Relates to the amortisation recorded during the period in relation to the fair value of Performance Rights and Options.
5. Calculated as STI plus Amortisation of Performance Rights and Options, as a proportion of total remuneration. These two elements represent the at-risk and discretionary amount payable which will vary depending on the financial performance of the Company. They are in addition to the fixed remuneration.
6. Mr Brett Fenton was a KMP until he ceased employment on 28 October 2020. Their information has been included up to that date.
7. Mr Tristan Sternson became a KMP on 24 September 2019 until his resignation on 11 February 2020. Their information has been included up to the date of their resignation.
8. Mr Brendan White was a KMP from 23 March 2020 to 13 November 2020. Their information has been included up to that date.
9. Mr Fraser Bearsley was a KMP until 23 March 2020. Their information has been included up to the date of their resignation.
10. Mr Martin Mercer was a KMP until 24 September 2019. Their information has been included up to the date of their resignation.
11. Mr Peter Wright and Ms Emma Hunt resigned on 5 July and 8 July 2019 respectively and are no longer a KMP from that date onwards. Their information has been included up to the date of their resignation.
12. Ms Amy Rixon resigned on 24 January 2019 and is no longer a KMP from that date onwards. Their information has been included up to the date of their resignation.

Key Management Personnel Remuneration (continued)

		Short term benefits				Post Employment benefits	Long term benefits	Share based payments	Other		
	Period	Cash salary & fees	Cash STI[1]	Annual leave[3]	Other[2]	Superannuation	Long service leave[3]	Amortisation expense[4]	Termination pay	Total	Performance related[5]
		$	$	$	$	$	$	$	$	$	%
Executives											
Mr Joe Demase	**2021**	**-**	**-**	**-**	**215,698**	**-**	**-**	**322,023**	**-**	**537,721**	**60%**
	2019	-	-	-	-	-	-	-	-	-	
Mr Glen Dymond	**2021**	**-**	**105,000**	**-**	**102,740**	**-**	**-**	**-**	**-**	**207,740**	**51%**
	2019	-	-	-	-	-	-	-	-	-	-
Mr Garry White	**2021**	**-**	**105,000**	**-**	**111,301**	**-**	**-**	**-**	**-**	**216,301**	**49%**
	2019	-	-	-	-	-	-	-	-	-	-
Former Key Management Personnel											
Mr Brett Fenton[6]	**2021**	**221,730**	**94,368**	**20,302**	**-**	**31,958**	**-**	**-**	**87,694**	**456,052**	**21%**
	2019	315,947	-	11,901	21,851	24,053	17,044	(6,801)	-	383,995	(2%)
Mr Tristan Sternson[7]	**2021**	**55,263**	**-**	**5,620**	**-**	**5,784**	**-**	**-**		**66,667**	**-**
	2019	93,349	126,667	7,877	4,558	8,868	3,754	-	-	245,073	52%
Mr Brendan White[8]	**2021**	**222,449**	**37,151**	**2,677**	**-**	**24,916**	**-**	**-**	**19,987**	**307,180**	**12%**
	2019	-	-	-	-	-	-	-	-	-	-
Mr Fraser Bearsley[9]	**2021**	**62,978**	**-**	**5,796**	**-**	**8,736**	**-**	**-**	**46,102**	**123,612**	**-**
	2019	306,304	-	15,186	9,171	23,287	4,091	11,747	-	369,786	3%
Mr Martin Mercer[10]	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	487,061	-	31,113	23,307	14,603	15,106	(378,872)	668,925	861,243	(44%)
Mr Peter Wright[11]	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	194,389	-	27,470	11,054	38,377	46,025	(42,932)	266,531	540,914	(8%)
Ms Amy Rixon[12]	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	16,376	-	6,003	886	1,565	-	(27,799)	-	(2,969)	936%
Ms Emma Hunt[11]	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	67,652	-	74,097	7,253	13,159	-	(50,284)	163,373	275,250	(18%)
Total KMP	**2021**	**562,420**	**341,519**	**34,395**	**429,739**	**71,394**	**-**	**322,023**	**153,783**	**1,915,273**	**35%**
	2019	1,481,078	126,667	173,647	78,080	123,912	86,020	(494,941)	1,098,829	2,673,292	(14%)
Total Non-Executive Directors	**2021**	**411,356**	**-**	**-**	**-**	**29,738**	**-**	**161,100**	**-**	**602,194**	**27%**
Total Non-Executive Directors	2019	571,865	-	-	-	53,542	-	-	-	625,407	-
Total - Non-Executive Directors & KMP	**2021**	**973,776**	**341,519**	**34,395**	**429,739**	**101,132**	**-**	**483,123**	**153,783**	**2,517,467**	**33%**
Total Non-Executive Directors & KMP	2019	2,052,943	126,667	173,647	78,080	177,454	86,020	(494,941)	1,098,829	3,298,699	(11%)

OPTIONS AND RIGHTS GRANTED AS REMUNERATION

Name	Balance at 1 January 2020 No.	Grant Details Grand Date	Grant Details No.	Grant Details Value $000	Exercised No.	Exercised Value $000	Lapsed No.	Balance at 30 June 2021 No.
Executives								
Joe Gangi	-	18-Dec-20	1,000,000	303	-	-	-	1,000,000
Joe Demase	-	18-Dec-20	10,000,000	3,031	-	-	-	10,000,000
Natalie Mactier	-	18-Dec-20	1,000,000	303	-	-	-	1,000,000
Glen Dymond	-	-	-	-	-	-	-	-
Garry White	-	-	-	-	-	-	-	-
Andrew Reitzer	-	-	-	-	-	-	-	-
Karl Siegling	-	-	-	-	-	-	-	-
Andrew Macpherson	-	-	-	-	-	-	-	-
Larry Bloch	-	-	-	-	-	-	-	-
Naseema Sparks	-	-	-	-	-	-	-	-
Brett Fenton[1]	86,421	-	-	-	-	-	86,421	-
Tristan Sternson	-	-	-	-	-	-	-	-
Brendan White	-	-	-	-	-	-	-	-
Fraser Bearsley[1]	31,426	-	-	-	-	-	31,426	-
Martin Mercer	-	-	-	-	-	-	-	-
Peter Wright	-	-	-	-	-	-	-	-
Amy Rixon[1]	51,309	-	-	-	-	-	51,309	-
Emma Hunt	-	-	-	-	-	-	-	-
KMP Total	**169,156**	**-**	**12,000,000**	**3,637**	**-**	**-**	**169,156**	**12,000,000**

1. All Performance Rights issued under the previous LTIP have since lapsed since the performance conditions were unable to be met for the relevant performance periods.

The key criteria for performance rights and options granted during the period are as follows:

- Performance Rights (Joe Demase) – the achievement of normalised annualised EBITDA of at least $10 million.
- Options (Joe Gangi and Natalie Mactier) – the completion of tenure periods of two years. There is no performance condition in relation to these options as the Board considers the service condition is sufficient.

The fair value per option is $0.3031 for the 12,000,000 performance rights and options granted during the period.

The following table summarises information about performance rights and options held by Directors as at 30 June 2021. None of the performance rights or options are exercisable at period end (2019: nil):

Issue Date and Type	Number	Grant Date	Vesting Date	Expiry Date	Weighted Average Exercise Price
2020 Performance Rights - Director	10,000,000	18/12/2020	-[1]	18/12/2025	$0.20
2020 Options - Director	2,000,000	18/12/2020	18/12/2022	18/12/2025	$0.20
	12,000,000				**$0.20**

1. Vesting period is dependent on the achievement of normalised annualised EBITDA of at least $10 million.

The fair values of options granted during the period were determined using a variation of the binomial option pricing model that takes into account factors specific to the ESOP, such as the vesting period. The following principal assumptions were used in the valuation.

The following table lists the inputs to the models used for the LTI Grants:

	2020 Rights	2020 Options
Share price	$0.415	$0.415
Dividend yield	0%	0%
Expected volatility	73.4%	73.4%
Risk-free interest rate	0.375%	0.375%

The dividend yield is zero as the Group has not paid a dividend for the previous two reporting periods. The expected volatility was determined using the group's average five-year share price. The risk-free rate is derived from the yield on Australian Government Bonds of an appropriate term.

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed

(E) Non-Executive Director Arrangements

Current Board fees are $90,000 per annum for Joe Gangi and $60,000 per annum for Natalie Mactier.

The table below represent the amounts paid during the periods in which their services were provided.

	Period	Short term benefits: Cash salary & fees $	Short term benefits: Cash STI[1] $	Short term benefits: Annual leave $	Post Employment benefits: Superannuation $	Long term benefits: Long service leave $	Share based payments: Amortisation expense $	Total $	Performance related[6] %
Non-Executive Directors									
Mr Joe Gangi[1]	**2021**	**58,333**	**-**	**-**	**-**	**-**	**80,550**	**138,883**	**58%**
	2019	-	-	-	-	-	-	-	
Ms Natalie Mactier[2]	**2021**	**40,000**	**-**	**-**	**-**	**-**	**80,550**	**120,550**	**67%**
	2019	-	-	-	-	-	-	-	-
Former Directors									
Mr Andrew Reitzer[3]	**2021**	**113,341**	**-**	**-**	**10,767**	**-**	**-**	**124,108**	**-**
	2019	176,813	-	-	16,797	-	-	193,610	-
Mr Karl Siegling[4]	**2021**	**76,678**	**-**	**-**	**7,284**	**-**	**-**	**83,962**	**-**
	2019	25,625	-	-	2,434	-	-	28,059	-
Mr Andrew Macpherson[5]	**2021**	**55,689**	**-**	**-**	**5,291**	**-**	**-**	**60,980**	**-**
	2019	113,882	-	-	10,819	-	-	124,701	-
Mr Larry Bloch[6]	**2021**	**48,096**	**-**	**-**	**4,569**	**-**	**-**	**52,665**	**-**
	2019	76,875	-	-	7,303	-	-	84,178	-
Ms Naseema Sparks[7]	**2021**	**19,219**	**-**	**-**	**1,826**	**-**	**-**	**21,045**	**-**
	2019	83,542	-	-	7,936	-	-	91,478	-
Mr Simon Martin[7]	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	95,128	-	-	8,253	-	-	103,381	-
Total	**2021**	**411,356**	**-**	**-**	**29,737**	**-**	**161,100**	**602,193**	**27%**
	2019	571,865	-	-	53,542	-	-	625,407	-

1. Mr Joe Gangi was appointed 16 October 2020 and has been Chair of the Board since 27 October 2020.
2. Ms Natalie Mactier was appointed on 22 October 2020
3. Mr Andrew Reitzer was Chair until 27 October 2020 and retired on 10 November 2020.
4. Mr Karl Siegling retired on 10 November 2020.
5. Mr Andrew Macpherson retired on 22 October 2020.
6. Mr Larry Bloch retired on 16 August 2020.
7. Ms Naseema Sparks and Mr Simon Martin retired on 27 February 2020.

All non-executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

(F) Other Statutory Information

Shareholdings

The numbers of shares in the Group held (directly, indirectly or beneficially) during the financial year by KMP, including their related parties, are set out below.

	Balance at 1 January 2020 or date of appointment	Net Other Changes	Balance at 30 June 2021
Directors			
Joe Gangi	-	2,941,176	2,941,176
Joe Demase	-	11,951,206	11,951,206
Natalie Mactier	-	-	-
Andrew Reitzer	122,500	(122,500)	-
Karl Siegling	22,873,712	(22,873,712)	-
Andrew Macpherson	171,340	(171,340)	-
Larry Bloch	6,708,363	(6,708,363)	-
Naseema Sparks	42,560	(42,560)	-
Simon Martin	215,353	(215,353)	-
Total Directors	**30,133,828**	**(15,241,446)**	**14,892,382**
Other Management Personnel (OMP)			
Glen Dymond	-	919,999	919,999
Garry White	-	1,411,764	1,411,764
Brett Fenton	203,743	(203,743)	-
Tristan Sternson	1,269,687	(1,269,687)	-
Brendan White	-	-	-
Fraser Bearsley	31,819	(31,819)	-
Martin Mercer	318,216	(318,216)	-
Peter Wright	159,256	(159,256)	-
Amy Rixon	64,959	(64,959)	-
Emma Hunt	3,031	(3,031)	-
Total OMP	**2,050,711**	**281,052**	**2,331,763**
Group Total	**32,184,539**	**(14,960,394)**	**17,224,145**

Remuneration Report (Audited)

Voting and comments made at the Company's Annual General Meeting

The Company received 69.9% of 'yes' votes on its Remuneration Report for the financial year ending 31 December 2019. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Service Agreements

Remuneration and other terms of employment for the Managing Director and other Key Management Personnel are formalised in an Executive Service Agreement between 5G Networks Limited and each executive. A management fee is charged from 5G Networks Limited to Webcentral Group Limited.

Executive	Base Salary	Term of agreement	Notice period
Joe Demase	$300,000	Unspecified	6 months
Glen Dymond	$250,000	Unspecified	3 months
Garry White	$250,000	Unspecified	3 months

Other Transactions with Key Management Personnel

During the period, the Group has conducted the following related party transactions:

- Mr Tristan Sternson, the Group's Interim CEO (until 11 February 2020), was one of the previous owners of Infoready Pty Ltd (Infoready) before its acquisition by the Group. As part of the Share Purchase Agreement (SPA) with the previous owners of Infoready, three earn-out payments have been agreed. For further details, please refer to section 3(d) in the Remuneration Report and note C5 in the financial statements. The Enterprise business was sold on 2 March 2020 to a consortium of buyers, of which Mr Tristan Sternson has a direct interest in.
- A total of $1,686,745 (2019: nil) was paid to 5G Networks Limited for management fees, managed IT services and network services during the period. All transactions are carried at commercial third-party rates.
- A total of $51,351 (2019: nil) was paid to Studio Inc., an entity related to Joe Demase, for the design of marketing materials for the Group. All transactions are carried at commercial third-party rates.

During the period, 5GN granted loans of $0.28 million to key management personnel to allow them to take up shares in a capital raising being undertaken by the Group. The loans are repayable within two years and are interest-free. The loans are expected to be repaid at the time the FY2021 bonus is approved by the Board following the release of 5GN's FY21 Annual Report in September 2021.

There were no other transactions with KMP during the periods ended 30 June 2021 or 31 December 2019.

End of Remuneration Report

This report, incorporating the Remuneration Report is signed in accordance with a resolution of Directors.

Joe Gangi
Chairman
13 September 2021

The Board of Webcentral Group Limited (the Company) recognises the need for the highest standards of corporate behaviour and accountability. The Board is committed to optimising security holder returns within a framework of ethical business practices.

Webcentral Group's corporate governance practices and policies comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the Governance Principles and Recommendations), the ASX Listing Rules and the *Corporations Act 2001* (Cth). This Statement reflects a summary of Webcentral Group's corporate governance framework, policies and procedures that are in place and operating as at the date of this report.

Further information on Webcentral Group's corporate governance policies, including Board and Committee charters, are available from the Corporate Governance page of the Company's website.

Principles and Recommendations	Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight		
1.1 Establish the functions expressly reserved to the Board and those delegated to management, and disclose those functions.	The Board is responsible for the overall corporate governance of the Company. It has adopted various charters and key corporate governance documents which set out the policies and procedures followed by the Company.	Compliant
1.2 Undertake appropriate checks before appointing a person as a director, and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company has and will continue to conduct appropriate searches in relation to all appointed and future nominated directors. It will carry out necessary background checks, including ASIC Banned & Disqualified Persons Register and bankruptcy searches. The Company has published Director profiles on the Company's website outlining biographical details, other directorships held, commencement date of office and level of independence.	Compliant
1.3 Have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company has written agreements with each director and senior executive. On appointment of directors and senior executives the Company will issue necessary written agreements outlining the terms of their appointment.	Compliant
1.4 The company secretary should be accountable directly to the Board on all matters to do with the proper functioning of the Board.	The Company Secretary reports directly to the Board, through the Chairman, on matter relating to the proper functioning of the Board. All Directors have access to the Company Secretary.	Compliant
1.5 Establish a diversity policy and disclose the policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them, for reporting against in each reporting period.	The Company is committed to promoting a diverse workplace where everyone is treated with respect regardless of gender, age, race, disability, language, cultural background or sexual preference. The Company has a Diversity & Inclusion Policy that outlines how it meets the highest standard of inclusion and respect. The Diversity & Inclusion Policy is available from the Corporate Governance page of the Company's website.	Compliant
1.6 Have a process for periodically evaluating the performance of the Board, its committees and individual directors, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	The Nomination and Remuneration Committee ('NRC') is responsible for, among other things, reviewing the Board's performance, policies and practices and review the performance of its Committees and the Board and Committee Chairs. The NRC meets at least twice a year and operates in accordance with its charter which is available on the Corporate Governance page of the Company's website.	Compliant
1.7 The Company should have a process evaluating the performance of the Company's senior executives, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	The Managing Director (MD) reviews the performance of the senior executives on a regular basis throughout the reporting period. Additionally, the Board reviews the Managing Director's performance throughout the reporting period. These reviews were conducted in the current reporting period.	Compliant

Principles and Recommendations	Compliance	Comply
Principle 2 – Structure the Board to be effective and add value		
2.1 The Company should have a nomination committee, which has at least three members, a majority of independent directors and is chaired by an independent director. The functions and operations of the nomination committee should be disclosed.	A Nomination and Remuneration Committee ('NRC') has been established with its own charter and currently comprises the following Directors: • Natalie Mactier (Committee Chair, Non-Executive Director); • Joe Gangi (Non-Executive Director); and • Joe Demase (Managing Director and CEO). The primary objective of the NRC is to assist the Board with the discharge of its responsibilities with respect to constitution of the members of the Board of Directors and the remuneration of directors and senior management as set out in its charter which is available on the Corporate Governance page of the Company's website.	Compliant
2.2 Have and disclose a board skills matrix, setting out what the board is looking to achieve in its membership	The NRC undertakes its deliberations in accordance with the rules set out in its charter. The NRC seeks to ensure that the Directors have a broad range of experience, expertise, skills, qualifications and contacts and that they are relevant to the Company and its business.	Compliant
2.3 Disclose the names of the directors that the Board considers to be independent directors, and an explanation of why the Board is of that opinion if a factor that impacts on independence applies to a director, and disclose the length of service of each director	The Board considers Natalie Mactier (Non-Executive Director appointed 22 October 2020) to be an independent director. The Board notes that neither Joseph Demase nor Joe Gangi are independent directors for the purposes of the Governance Principles and Recommendations. Mr Demase is Managing Director and Chief Executive Officer of the Company and Mr Gangi is a director of 5G Networks Limited which is a major shareholder in the Company.	Compliant
2.4 A majority of the Board should be independent directors.	The Board is presently comprised of three directors, of which one is an independent non-executive director. The size of the Company does not currently justify the retention of additional independent non-executive directors.	Partially Compliant
2.5 The Chair of the Board should be an independent director and should not be the CEO.	The Chair of the Board, Joe Gangi, is a non-executive director but not an independent director.	Partially Compliant
2.6 The Company should have a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	The Board Charter provides a program for inducting new directors and requires that Directors have access to opportunities for professional development so as to ensure the continual development of their skills and knowledge. The Board Charter is available on the Corporate Governance page of the Company's website.	Compliant
Principle 3 – Act lawfully, ethically and responsibly		
3.1 The Company should articulate and disclose its values	The Company articulates and discloses its guiding principles and values in its Code of Conduct. The Code of Conduct is available on the Corporate Governance page of the Company's website.	Compliant
3.2 The Company should have a Code of Conduct and ensure that any material breaches of that Code are reported.	The Company has a Code of Conduct that articulates the standards of behaviour it expects of its directors, senior executives and employees. The Code also sets out the process for identifying and reporting material breaches of the Code. The Code of Conduct is available on the Corporate Governance page of the Company's website.	Compliant

Principles and Recommendations	Compliance	Comply
3.3 The Company should have a whistleblower policy and ensure that the Board is informed of any material breaches reported under that policy	The Company encourages directors, senior executives and employees to speak up about any unlawful, unethical or irresponsible behaviour within the organisation. The Company has a Whistleblower Policy to guide the directors, senior executives and employees as to the practices necessary to report unlawful, unethical or irresponsible behaviour. The Policy is available on the Corporate Governance page of the Company's website.	Compliant
3.4 The Company should have an anti-bribery and corruption policy and ensure that the Board is informed of any material breaches reported under that policy	As at the date of this Statement, the Board is in the process of reviewing its policies concerning anti-bribery and corruption. An updated Anti-Bribery and Corruption Policy will be made available on the Corporate Governance page of the Company's website.	Partially Compliant
Principle 4 – Safeguard the integrity of corporate reports		
4.1 The Company should have an audit committee, which consists of only non- executive directors, a majority of independent directors, is chaired by an independent chairman who is not chairman of the Board, and has at least three members. The functions and operations of the audit committee should be disclosed.	The Board has established an Audit and Risk Committee ('ARC') which operates under an audit and risk committee charter. The Audit and Risk Committee members are: • Natalie Mactier (Committee Chair, Independent Non-Executive Director); • Joe Gangi (Non-Executive Director); and • Joseph Demase (Managing Director and CEO). The ARC oversees the Company's corporate reporting process pursuant to the rules of its Charter which is available on the Corporate Governance page of the Company's website	Partially Compliant
4.2 The Board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, formed on the basis of a sound system of risk management and internal controls, operating effectively.	In accordance with section 295A of the *Corporations Act 2001* (Cth), each year the CEO and CFO state in writing to the Board that, for the relevant financial year, the financial records of the Company have been properly maintained, the financial statements and the notes comply with the accounting standards and give a true and fair view of the financial position and performance of the Company, and that their statement has been provided on the basis of a sound system of risk management and internal control which is operating effectively.	Compliant
4.3 The Company's auditor should attend the AGM and be available to answer questions from security holders relevant to the audit.	External auditors attend the Company's Annual General Meeting and are available to answer reasonable questions from security holders in relation to the conduct of the audit, the preparation and content of the independent audit report and the accounting policies adopted by the Company.	Compliant
Principle 5 – Make timely and balanced disclosure		
5.1 The Company should have a written policy for complying with its continuous disclosure obligations under ASX Listing Rule 3.1.	The Company has a Disclosure Policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules. The Policy is available on the Corporate Governance page of the Company's website.	Compliant

Principles and Recommendations	Compliance	Comply
5.2 The Company should ensure that its Board receives copies of all material market announcements promptly after they have been made.	The Company's Disclosure Policy provides that the Board receives market announcements promptly after they have been made. The Policy is available on the Corporate Governance page of the Company's website.	Compliant
5.3 The Company should release copies of presentation materials on the ASX Market Announcements Platform ahead of the presentation.	The Company diligently releases copies of all of its presentation materials on the ASX Market Announcements Platform ahead of presentations.	Compliant
Principle 6 – Respect the rights of security holders		
6.1 The Company should provide information about itself and its governance to investors via its website	The Corporate Governance landing page on the Company's website contains a range of documents concerning information about the entity and its governance that security holders can download. Further information about the Company's Corporate Governance regime can be found on the Corporate Governance page of the Company's website.	Compliant
6.2 The Company should have an investor relations program that facilitates effective two-way communication with investors.	The Company will use its website, half year and annual reports, market announcements and media disclosures to communicate with its security holders, as well as encourage participation at general meetings.	Compliant
6.3 The Company should disclose how it facilitates and encourages participation at meetings of security holders.	The Company's security holders have the opportunity to ask questions of the Company's external auditors who attend the Company's annual general meeting. Further, the Company has adopted a range of appropriate technologies to facilitate two-way engagement at its annual general meetings,	Compliant
6.4 The Company should ensure that all substantive resolutions at a meeting of security holders are decided by a poll.	All resolutions at meetings of security holders are decided on a poll.	Compliant
6.5 The Company should give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.	The Company's security holders have the option to electronically receive communications from, and send communications to, the Company and its security registry.	Compliant
Principle 7 – Recognise and manage risk		
7.1 The Board should have a committee to oversee risk with at least three members, a majority of whom are independent directors; and is chaired by an independent director.	The Board has established an Audit and Risk Committee ('ARC') which operates under an audit and risk committee charter. The Audit and Risk Committee members are: • Natalie Mactier (Committee Chair, Independent Non-Executive Director); • Joe Gangi (Non-Executive Director); and • Joseph Demase (Managing Director and CEO). The ARC oversees the Company's corporate reporting process pursuant to the rules of its Charter which is available on the Corporate Governance page of the Company's website.	Partially Compliant

Principles and Recommendations	Compliance	Comply
7.2 The Board should review the Company's risk management framework at least annually; and disclose, in relation to each reporting period, whether such a review has taken place.	The ARC meets at least four times each year and a risk review is conducted in relation to each reporting period.	Compliant
7.3 The Company should disclose if it has an internal audit function, how the function is structured and what role it performs, or if it does not have an internal audit function, that fact and the processes the Company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The ARC oversees the Company's internal audit program. It reviews and approves the Company's internal audit plan and monitors the progress of the Company's internal audit.	Compliant
7.4 The Company should disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.	The Board does not believe that the Company has any such material risks. While the Company is not exposed to such risks, the Board has adopted an Environment & Sustainability Policy to deal with such risks if they are ever to eventuate. The Environment & Sustainability Policy is available on the Corporate Governance page of the Company's website.	Compliant
Principle 8 – Remunerate fairly and responsibly		
8.1 The Board should have a remuneration committee which is structured so that it consists of a majority of independent directors, is chaired by an independent director, and has at least three members. The functions and operations of the remuneration committee should be disclosed.	A Nominations and Remuneration Committee ('NRC') has been established with its own charter and consists of the following Directors: • Natalie Mactier (Committee Chair, Independent Non-Executive Director); • Joe Gangi (Non-Executive Director); and • Joe Demase (Managing Director and CEO). The primary objective of the NRC is to assist the Board with the discharge of its responsibilities as set out in its charter which is available on the Corporate Governance page of the Company's website.	Partially Compliant
8.2 The Company should disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The NRC oversees the policies and practices regarding the remuneration of non-executive directors, and the remuneration of executive directors and other senior executives.	Compliant
8.3 The Company should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.	The Company operates an ESOP in which directors and senior management participate. In accordance with the Company's Share Trading Policy, participants are not permitted to enter into transactions which limit economic risk without written clearance.	Compliant

GrantThornton

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Webcentral Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Webcentral Group Limited for the period ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 13 September 2021

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

www.grantthornton.com.au

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

Webcentral Group Limited and its controlled entities
ABN: 21 073 716 793

FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 30 JUNE 2021

Consolidated Statement of Comprehensive Income

For the 18 months ended 30 June 2021

	Notes	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
CONTINUING OPERATIONS			
Domains	3	35,052	30,289
Email	3	16,737	16,495
Hosting	3	23,707	23,104
Digital	3	11,863	13,727
Reversal of revenue from settlement of customer dispute	3	(9,096)	-
Net revenue from contracts with customers		**78,263**	**83,615**
Direct costs			
Domain registration costs		(13,236)	(12,863)
Cloud and hosting costs		(4,779)	(8,235)
Software and licencing costs		(8,167)	(914)
Direct labour costs		(2,311)	(2,948)
External labour costs		(2,033)	(2,314)
Other direct costs		(1,190)	(398)
Gross profit		**46,547**	**55,943**
Other income	9	7,291	1,315
Gain/(loss) on reassessment of contingent consideration liability		-	98
Salaries and employee benefits expenses	5	(35,098)	(30,576)
Depreciation expense	5	(9,870)	(7,026)
Amortisation Expenses	5	(2,598)	(3,511)
Other expenses	5	(21,723)	(11,450)
Finance costs	5	(5,799)	(5,810)
Transaction costs		(5,930)	(2,259)
Restructuring costs		(2,721)	(365)
Impairment of goodwill	14	(33,000)	(41,123)
Net impairment losses on financial assets	10	(727)	(1,503)
Gain/(loss) on disposal of assets		(784)	554
Loss before tax		**(64,412)**	**(45,713)**
Income tax (expense) / benefit	6	2,490	(238)
Loss after tax from continuing operations		**(61,922)**	**(45,951)**
DISCONTINUED OPERATION			
Loss from discontinued operation, net of tax	26	(1,127)	(85,272)
Loss after tax for the period		**(63,049)**	**(131,223)**

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

Consolidated Statement of Comprehensive Income

For the 18 months ended 30 June 2021 (Continued)

	Notes	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to the profit or loss in subsequent periods (net of tax):			
Currency translation differences		197	19
Changes in fair value of cash flow hedges, net of tax		392	(297)
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income	15	(650)	10
Other comprehensive income / (loss) for the period, net of tax		**(61)**	**(268)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(63,110)**	**(131,491)**
Profit / (loss) for the period attributable to:			
Members of the parent		(63,080)	(131,303)
Non-controlling interests		31	80
		(63,049)	**(131,223)**
Total comprehensive loss attributable to:			
Members of the parent		(63,141)	(131,571)
Non-controlling interests		31	80
		(63,110)	**(131,491)**

		30-Jun-21 cents per share	31-Dec-19 cents per share
Loss per share from continuing operations			
Basic loss per share	8	(45.95)	(38.01)
Diluted loss per share	8	(45.95)	(38.01)
Loss per share attributable to members of the parent			
Basic loss per share	8	(46.81)	(108.62)
Diluted loss per share	8	(46.81)	(108.62)

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

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	30-Jun-21 $'000	31-Dec-19 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	27	2,412	8,949
Trade and other receivables	10	1,718	13,910
Prepayments of domain name registry charges		5,398	7,810
Lease receivables	13	1,965	2,064
Current tax refund		-	375
Contract assets		476	75
Other assets	11	680	2,953
		12,649	**36,036**
Assets held for sale	12	87	38,674
Total Current Assets		**12,736**	**74,710**
Non-Current Assets			
Plant and equipment	12	2,191	8,198
Right-of-use assets	13	3,513	16,554
Intangible assets	14	41,596	77,804
Prepayments of domain name registry charges		2,428	678
Lease receivables	13	1,076	1,830
Deferred tax assets	6	3,794	7,323
Other financial assets	15	725	1,375
Other assets		1,493	560
Total Non-Current Assets		**56,816**	**114,322**
TOTAL ASSETS		**69,552**	**189,032**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	11,419	8,692
Income received in advance		22,437	22,792
Provisions	17	1,270	1,585
Derivative financial instruments	23	-	510
Current tax payable		511	-
Interest bearing loans and borrowings	21	26,627	61,929
Other financial liabilities	22	-	5,549
Current lease liabilities	13	3,423	6,160
		65,687	**107,217**
Liabilities directly associated with assets held for sale	26	-	15,931
Total Current Liabilities		**65,687**	**123,148**

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

Consolidated Statement of Financial Position

As at 30 June 2021 (Continued)

	Notes	30-Jun-21 $'000	31-Dec-19 $'000
Non-Current Liabilities			
Income received in advance		8,551	11,297
Provisions	17	2,535	3,187
Interest bearing loans and borrowings	21	15,000	-
Deferred tax liabilities	6	1,323	7,549
Lease liabilities	13	3,051	12,970
Total Non-Current Liabilities		**30,460**	**35,003**
TOTAL LIABILITIES		**96,147**	**158,151**
NET (LIABILITIES)/ASSETS		**(26,595)**	**30,881**
EQUITY			
Contributed equity	19	96,566	91,179
Foreign currency translation reserve	20	(336)	(533)
Share based payments reserve	20	597	193
Other reserves	20	(536)	(278)
Retained earnings		(122,886)	(59,806)
Equity attributable to members of the parent		**(26,595)**	**30,755**
Non-controlling interests		-	126
TOTAL EQUITY		**(26,595)**	**30,881**

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

Consolidated Statement of Changes in Equity

For the 18 months ended 30 June 2021

	Note	FOREIGN CURRENCY RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	OTHER RESERVES $'000	CONTRIBUTED EQUITY $'000	RETAINED EARNINGS $'000	TOTAL $'000	NON-CONTROLLING INTERESTS $'000	TOTAL $'000
AS AT 1 JANUARY 2020		**(533)**	**193**	**(278)**	**91,179**	**(59,806)**	**30,755**	**126**	**30,881**
(Loss) / profit for the period		-	-	-	-	(63,080)	(63,080)	31	(63,049)
Other comprehensive income		197	-	(258)	-	-	(61)	-	(61)
Total comprehensive income for the period		**197**	**-**	**(258)**	**-**	**(63,080)**	**(63,141)**	**31**	**(63,110)**
Transactions with owners in their capacity as owners:									
Share based compensation		-	404	-	-	-	404	-	404
Issue of shares – Capital Raising	19	-	-	-	5,614	-	5,614	-	5,614
Share issue costs		-	-	-	(227)	-	(227)	-	(227)
Disposal of subsidiary	26	-	-	-	-	-	-	(157)	(157)
As at 30 June 2021		**(336)**	**597**	**(536)**	**96,566**	**(122,886)**	**(26,595)**	**-**	**(26,595)**
AS AT 1 JANUARY 2019		**(552)**	**1,136**	**9**	**85,724**	**76,964**	**163,821**	**126**	**163,407**
(Loss) / profit for the period		-	-	-	-	(131,303)	(131,303)	80	(131,223)
Other comprehensive income		19	-	(287)	-	-	(268)	-	(268)
Total comprehensive income for the period		**19**	**-**	**(287)**	**-**	**(131,303)**	**(131,571)**	**80**	**(131,491)**
Transactions with owners in their capacity as owners:									
Share based payment/(writeback)		-	(471)	-	-	-	(471)	-	(471)
Issue of shares for long term incentive plan		-	(472)	-	472	-	-	-	-
Issue of shares for Infoready earn out liability settlement		-	-	-	4,000	-	4,000	-	4,000
Dividend reinvestment plan		-	-	-	983	-	983	-	983
Dividend associated with InfoReady earn out		-	-	-	-	(110)	(110)	-	(110)
Equity dividends		-	-	-	-	(5,357)	(5,357)	(80)	(5,431)
As at 31 December 2019		**(533)**	**193**	**(278)**	**91,179**	**(59,806)**	**30,755**	**126**	**30,881**

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

Consolidated Statement of Cash Flows

For the 18 months ended 30 June 2021

	Notes	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of service revenue and recoveries		93,428	187,353
Receipt of government grants	9	1,393	-
Payments to suppliers and employees		(93,045)	(168,489)
Interest received		253	202
Interest paid		(3,841)	(3,390)
Bank charges and credit card merchant fees		(1,365)	(1,135)
Income tax paid		(297)	(3,269)
Payments for transaction costs – Enterprise sale		(3,621)	-
Payments for transaction costs – restructuring activities		(9,775)	-
Payments for transaction costs – TPP Wholesale sale		-	(2,394)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	**27**	**(16,870)**	**8,877**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment and intangible assets		(31)	(3,423)
Sublease payments received		5,290	1,869
Payment of financial liability for InfoReady earn out	22	(5,979)	(4,110)
Return of capital from Tiger Pistol		116	505
Proceeds from disposal of the Enterprise business	26	35,506	-
Proceeds from sale of the TPP Wholesale business		-	21,268
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		**34,902**	**16,110**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	21	62,628	7,375
Proceeds from capital raise		5,614	-
Payment of capital raising costs		(227)	-
Repayment of borrowings	21	(82,978)	(21,292)
Payment of borrowing costs		(165)	-
Payment of dividend on ordinary shares		-	(4,378)
Payment of dividend to non-controlling interests		-	(80)
Payment of lease liabilities		(9,244)	(5,961)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**(24,372)**	**(24,336)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(6,340)**	**651**
Net foreign exchange differences		(197)	19
Cash and cash equivalents at beginning of period		8,949	8,279
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**27**	**2,412**	**8,949**

The above statement of cash flows includes cash flows from both continuing and discontinued operations. Refer to note 26 for the cash flows relating to discontinued operations.

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

1. Corporate Information

The consolidated financial statements of Webcentral Group Limited ('the Company' or 'Webcentral') and its subsidiaries (collectively, 'the Group') for the 18 month period ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 13 September 2021.

Webcentral Group Limited is a limited company, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX). The Company is a for-profit entity.

Operations and Principal Activities

The principal activities of the Group during the period are described as follows:

Continuing operations
Webcentral provides domain name registrations and renewals, website and email hosting, website development, search engine marketing and social advertising campaigns for businesses in Australia and New Zealand.

Discontinued operations – Enterprise
Enterprise provides services including cloud, mobile application development, data and analytics to Australian enterprise and government organisations. The Enterprise division is represented by the net assets of Arq Group Enterprise Pty Ltd, which was sold on 2 March 2020. The sale included the rights to the Arq brand.

Registered Office and Principal Place of Business

Level 7, 505 Little Collins Street, Melbourne VIC 3000

Acquisition by 5G Networks Limited

On 28 October 2020, 5G Networks Limited ("5GN") obtained control over the Company and Group. As at 30 June 2021, 5GN owns 44.75% of the Company's shares. Despite the reduction in 5GN's share ownership to below 50% since 28 October 2020, the Directors consider that 5GN maintains effective control over the Company in accordance with the requirements of Australian Accounting Standards.

2. Statement of Significant Accounting Policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ('IASB').

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

The Financial Statements were authorised for issue, in accordance with a resolution of the Directors on 10 September 2021.

New Accounting Standards adopted in the current financial period

The Group applied for the first time in 2021, amendments to AASB 16 Leases, which provides entities a practical expedient to not account for rent concessions occurring as a direct consequence of the COVID-19 pandemic as lease modifications, provided certain conditions are met. Although the amendments are effective for annual reporting periods beginning on or after 1 June 2020, earlier application is permitted. Therefore, the Group has elected to early apply the amendments as it has received some rental concessions during the period in the form of changes in lease payments as a direct consequence of the COVID-19 pandemic. Refer to note 13 for further information.

Several other amendments and interpretations also applied to the Group for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group.

Accounting Standards not yet adopted in the period

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB.

Notes to the Financial Statements

None of these Standards or amendments to existing Standards have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

International Financial Reporting Standards Interpretations Committee final agenda decisions not yet adopted

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, *Configuration or customisation costs in a cloud computing arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed. The Group's accounting policy has historically been to capitalise labour and other directly attributable costs related to cloud computing arrangements as intangible assets in the Statement of Financial Position.

The adoption of this agenda decision could result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

As at 30 June 2021, the Group has not adopted this IFRIC agenda decision. The impact of the change is not reasonably estimable as the Group has yet to complete its assessment of the impact of the IFRIC agenda decision. The Group expects to adopt this IFRIC agenda decision in its half year financial statements ending on 31 December 2021. Intangible assets relating to cloud computing arrangements of $1.7 million have been capitalised on the Statement of Financial Position and are subject to this detailed assessment. The Group's preliminary analysis indicates that the impact is not material.

Change of financial year end

In accordance with s323D(3) of the *Corporations Act 2001*, on 14 December 2020 the Company has changed its financial year end to 30 June to be aligned with the financial year end of 5GN.

For the 18 months ended 30 June 2021, the Group presents an 18 month financial period covering the period beginning 1 January 2020 to 30 June 2021, with a comparative 12 month period of 1 January 2019 to 31 December 2019. Thereafter from 1 July 2021 the Group will report on a standard 12 month financial year-end period.

Going concern

The financial report for the 18 month period to 30 June 2021 has been prepared on a going concern basis that assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss after tax of $63,049,000 from continuing operations during the financial year and had net operating cash outflows of $16,870,000. Cash balances decreased from $8,949,000 to $2,412,000 as at 30 June 2021. The loss from continuing operations was primarily due to the significant non-recurring transaction, restructuring and integration costs incurred from the strategic review activities undertaken, the transaction and integration costs associated with the divestment of the TPP Wholesale and Enterprise Services businesses and the impairment of intangible assets.

The Group's net current liability position at 30 June 2021 was $52,951,000, primarily due to the classification of the Group's loan from 5GN of $26,627,000 as a current liability and the treatment of contract liabilities of $22,437,000. The classification of contract liabilities is as a result of the application of the revenue accounting standard (AASB 15) to domain, hosting and email services which requires the recognition of revenue evenly across the contracted period.

The Directors regularly monitor the Group's cash position and cash forecast and on an ongoing basis consider a number of strategic and operational plans and initiatives to ensure that adequate funding continues to be available for the Group to meet its business objectives.

The non-recurring restructuring activities that led to the loss for the period are now complete and the business has recorded an operating profit and has generated positive operating cashflows each month since the change of control by 5GN in October 2020. The specific initiatives that have been implemented by the Directors to date include:

- Focus on profitable revenue and product lines;
- Reduction in direct costs, overhead and property costs;
- Reduction in labour headcount;
- Improved collection of debtors and more frequent monitoring of operating cashflows;
- Disposal of Netalliance business;
- Equity capital raising in November and December 2020; and
- Debt capital raising in June 2021.

The Group's cash forecast for the period to August 2022 (i.e. 12 months after the issue of the Group's accounts) indicates that is generating a positive operating cashflow and that it does not require additional funding from its controlling shareholder 5GN or from external debt or equity providers.

The Group is reliant on the ongoing financial support from 5GN and has received a letter of financial support from 5GN.

The Directors have taken the factors above into consideration and determined that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and the Directors consider the going concern basis of preparation to be appropriate for this financial report.

Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concept of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The below describes significant accounting policies applicable to the Group's financial statements. Other specific significant accounting policies are described in respective notes to the financial statements.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Webcentral Group Limited and its subsidiaries (the Group) as at 30 June 2021 and 31 December 2019. During the period, the balance date of the Group was changed to 30 June, prior to this date the balance date was 31 December.

The Group controls a subsidiary if and only if the Group has:

- power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary);
- exposure or rights to variable returns from its involvement with the subsidiary; and
- the ability to use its power over the subsidiary to affect its returns.

The financial statements of subsidiaries are prepared for the same reporting period as for the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by the Group are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

(b) Business Combinations

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. The identifiable assets acquired, and the liabilities assumed, are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units. Where goodwill forms part of a CGU, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of, and the portion of the cash-generating unit retained.

Acquisitions of subsidiaries that include put options to acquire non-controlling interests in the future are accounted for in accordance with AASB 10: Consolidated Financial Statements (AASB 10).

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Webcentral Group Limited has control. A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

On the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

(c) Foreign currency transactions

Both the functional and presentation currency of the Group and its Australian subsidiaries is Australian dollars (AUD).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The functional currency of the Group's New Zealand subsidiaries is New Zealand dollars (NZD).

The assets and liabilities of overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date, and the statement of comprehensive income is translated at the weighted average exchange rates for the period.

The exchange differences arising on retranslation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the determination of profit and loss for the period.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to the foreign currency translation reserve in equity. When a foreign operation is sold, or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is recognised in the statement of comprehensive income, as part of the gain on sale or loss on sale where applicable.

(d) Financial assets

(i) Recognition and measurement

Financial assets are classified at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding on specified dates. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method, and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables (note 10).

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132: Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments (note 15) under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recognised in the statement of profit or loss.

The Group has not designated any financial asset as at fair value through profit or loss.

(ii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

(iii) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Financial liabilities

(i) Recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, derivative financial instruments and contingent consideration.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings (note 21).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

(ii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts, and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(f) Prepayment of domain name registry charges

Domain name registry charges are deferred in the statement of financial position and are recognised in the statement of comprehensive income using the same principles as revenue from the sale of domain names, as explained in accounting policy in note 3.

(g) Leases

(i) Right-of-use assets

The Group recognises right-of-use ('ROU') assets at the commencement of a lease. Subsequently, ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of ROU assets includes:

- the amount of lease liabilities recognised;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the date of initial application if the interest rate implicit in the lease is not readily determinable. After the date of initial application, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, which is not accounted for as a separate lease, a change in the lease term, a change in the in-substance fixed lease payments, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment to purchase the underlying asset.

(iii) Lease receivable

The Group is an intermediate lessor of some subleases. The Group accounts for a head lease and sublease as two separate contracts, applying both lessee and lessor accounting requirements respectively.

The Group recognises the net investment in the sublease equal to the present value of lease receivables. Where the interest rate implicit in the sublease cannot be readily determined, the Group utilises the incremental borrowing rate from the head lease (adjusted for any initial direct costs associated with the sublease) to discount the lease receivable to its present value.

(iv) Short-term leases and leases of low-value assets exemptions

The Group applies the short-term lease recognition exemption made by class of underlying assets to the right-of-use asset related to its short-term leases (i.e. those leases that have a lease term at the commencement date of 12 months or less from the date of initial application and do not contain a purchase option).

The Group applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Information on significant estimates and judgements considered when applying the accounting policies can be found in the following notes:

Accounting estimates and judgments	Notes
Revenue	3
Taxation	6
Trade and other receivables	10
Leases	13
Intangibles and useful lives	14
Impairment of goodwill	14
Other financial liabilities	15
Share-based payment transactions	29

Notes to the Financial Statements

3. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Notes	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
CONTINUING OPERATIONS			
Types of goods of service			
Domains		35,052	30,289
Email		16,737	16,495
Hosting		23,707	23,104
Digital		11,863	13,727
Reversal of revenue from settlement of customer dispute	10	(9,096)	-
Total revenue from contracts with customers		**78,263**	**83,615**
Timing of revenue recognition			
Goods and services transferred at a point in time		-	291
Services transferred over time		78,263	83,324
Total revenue from contracts with customers		**78,263**	**83,615**

The Group's revenues are primarily generated from its Australian customers, with less than 5% of the Group's revenues generated from its customers in New Zealand.

As described in note 10 to the financial statements, the Group has reversed the entire balance of trade receivables that was subject to a customer dispute that has now been settled. The gross amount of the receivables reversed was $10,006,000, inclusive of GST. The changes in circumstances leading to the settlement, as described in note 10, results in a reassessment of the consideration for those disputed services, from fixed to variable consideration. As a result of the reassessment, the variable consideration becomes highly constrained to the point that no consideration would be receivable from the performance of those disputed services. Therefore, the impact of the settlement is a reversal of revenue of the GST-exclusive portion, being $9,096,000. No revenue was recognised in relation to those disputed services provided during the period. In accordance with Australian Accounting Standards, the reversal of revenue is required to be recognised entirely during the current reporting period as the change in circumstance (i.e. the settlement of the Customer Dispute) only occurred during the current reporting period.

(b) Contract balances

Set out below is the amount of revenue from contracts with customers recognised from:

Continuing operations	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Amounts included in contract liabilities at the beginning of the year	24,749	32,853

Set out below is the amount of cost of sales recognised from:

Continuing operations	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Amounts included in prepaid costs to fulfil contract at the beginning of the year	7,206	7,925

Prepayments of domain name registry charges are considered costs to fulfil a contract and is deferred as an asset, and income received in advance is considered a contract liability. The amounts included in contract liabilities reflect a significant portion of the aggregate amount of performance obligations not yet satisfied at the end of the reporting period. For any remaining contracts, the Group has applied the practical expedient available under AASB 15.121 whereby the performance obligations are not disclosed as they have an original expected duration of one year or less.

(c) Accounting policy

(i) Rendering of services – domain name registration

Domains revenue 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.

Consideration is recorded as income received in advance when it is received, which is typically at the time of sale and revenue, with the exception of aftermarket sales, is recognised evenly over the contract period as performance obligation is satisfied. As the customer simultaneously receives and consumes the benefits of the domain services provided, this revenue is recognised evenly over the contract period.

Aftermarket sales are recognised as revenue when ownership of the domain has been transferred.

Prepayments of domain name registry charges are direct costs to fulfil a contract. See Key judgement and estimates section for further information.

(ii) Rendering of services – hosting (email and web)

Hosting revenue primarily derives from website and email hosting services provided over a contracted period of time. Where consideration is received in advance of performance, it is initially recorded as income received in advance. Revenue is recognised as the performance obligations are satisfied, which is considered to be evenly over the contracted term that the hosting services are provided.

(iii) Rendering of services – online marketing

Online marketing revenue consists of search engine optimisation (SEO), pay-per-click (PPC) advertising, and social media advertising. Where consideration is received in advance of performance, it is initially recorded as income received in advance. Revenue is recognised as the performance obligations are satisfied, which is considered to be evenly over time in line with the contracted term as the customer simultaneously receives and consumes the benefits of online marketing services.

(iv) Rendering of services – website build

Website build revenues consist of fees charged for the creation of websites for customers. Where the Group has an enforceable right to payment for performance completed to date, and no alternative use for the asset, it recognises revenue over the period of the build based on time incurred, because there is a direct relationship between the Group's effort and the transfer of service to the customer. In the absence of such a right, the Group recognises revenue at a point in time being transfer of the website to the customer.

Revenue from the build of websites are recognised over an average build period of three months.

Contract fulfilment costs incurred in advance of revenue recognition are capitalised when they are directly attributable to the contract, generate the resources to satisfy the performance obligations, and will be recovered. These costs are expensed over the period when revenue is recognised.

(v) Transaction prices

The Group's customer contracts may include multiple performance obligations. In these cases, the Group allocates the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct service. Stand-alone selling prices are determined based on prices charged to customers for individual products and services, taking into consideration the size and length of contracts, service rate cards, and the Group's overall go-to-market strategy.

(vi) Principal versus agent considerations

The Group sells products and services both directly to customers, and in some instances, through resellers. The Group assesses each arrangement to determine whether the Group acts as principal or agent, based on whether the Group controls the product or service before transferring it to the end customer. Where the Group acts as principal, revenue is recorded on a gross basis versus on a net basis where the Group acts as agent.

Key judgement and estimates

Prepayments of domain name registry charges are direct costs to fulfil a contract. The Group defers these costs as an asset and amortises the asset over the contract period, consistent with the satisfaction of performance obligations and the recognition of revenue. The Group re-assesses costs to fulfil contracts on a periodic basis to reflect significant changes in the expected timing of satisfying performance obligations to which the asset relates, and when there is a significant change in the carrying amount of the asset.

4. Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments have been identified based on the information provided to the chief operating decision maker, being the CEO.

Following the sale and disposal of the Enterprise business on 2 March 2020 and its presentation as a discontinued operation during the 18 months ended 30 June 2021, the Group's continuing operations as presented in the Statement of Comprehensive Income represent only one operating segment, being the Webcentral business.

5. Expenses

(a) Salaries and employee benefits

Continuing operations	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Included in cost of sales:		
Salaries and employee benefits expenses	2,128	2,133
Superannuation expense	183	181
Included in Salaries and employee benefits expenses:		
Salaries and employee benefits expenses	33,078	24,325
Superannuation expense	2,030	2,096
Share-based payments[1]	(10)	(438)

1. Included in this amount for the 18 months ended 30 June 2021 and the prior comparative period are writebacks associated with LTIs and short-term deferred share rewards for both key management personnel (KMP), as well as non-KMP eligible to receive short-term deferred share rewards.

(b) Depreciation of non-current assets

Continuing operations	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Right-of-use assets	5,283	2,996
Plant and equipment	1,230	1,756
Leasehold improvements	2,581	1,748
Furniture	776	526
Total depreciation of non-current assets	**9,870**	**7,026**

(c) Amortisation of identifiable intangible assets

Continuing operations	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Capitalised software	2,076	2,117
Customer contracts	522	1,394
Total amortisation of identifiable intangible assets	**2,598**	**3,511**

(d) Other Expenses

Continuing operations	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Included in other expenses:		
Marketing	202	3,357
Software licences	5,476	2,275
Consulting fees	2,769	2,569
Foreign exchange gains	(168)	(298)
Foreign exchange losses	124	212

(e) Finance costs

Continuing operations	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Interest expense on debt and borrowings	3,967	2,488
Interest expense on lease liabilities	426	492
Interest expense on Infoready financial liability	-	676
Loss on modification of debt facility	-	968
Bank charges and credit card merchant fees	1,365	1,131
Unwinding of discount on other financial liabilities	41	55
Total finance costs	**5,799**	**5,810**

6. Income tax

The major components of income tax expense are:

(a) Statement of comprehensive income

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Current income tax		
Current income tax charge	400	638
Adjustments in respect of current income tax of previous periods	-	(486)
Deferred income tax		
Relating to origination and reversal of temporary differences	(2,697)	(2,350)
Derecognition of deferred tax asset	-	2,666
Income tax expense reported in the statement of comprehensive income	**(2,297)**	**468**

(b) Statement of changes in equity

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of cash flow hedges	-	(129)
Deferred tax asset recognised on equity raise costs	-	145
Income tax expense reported in equity	**-**	**16**

(c) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Loss before income tax from continuing operations	(64,412)	(45,713)
(Loss) / profit before income tax from discontinued operations	(935)	(85,042)
(Loss) / profit before income tax	**(65,347)**	**(130,755)**
At the Group's statutory income tax rate of 30% (2019: 30%)	(19,604)	(39,227)
Adjustments in respect of current income tax of previous years	(3,626)	(486)
Non-assessable income	(5)	(107)
Non-deductible loss on revaluation of disposal group held for sale	-	24,375
Non-deductible goodwill impairment charge	9,900	12,337
Other non-deductible expenses	2,573	372
Reassessment of contingent consideration	-	(30)
Adjustment for sale of TPPW Reseller business	-	(166)
Unwinding of discount on other financial liabilities	12	16
Adjustments in deferred tax balances	9	(77)

(c) (Continued)

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Derecognition of deferred tax asset	-	2,666
Unrecognised tax loss for the year	8,635	868
Other	(191)	(73)
Income tax expense at the effective income tax rate	**(2,297)**	**468**
Income tax expense / (credit) reported in the statement of comprehensive income:		
From continuing operations	(2,490)	238
From discontinued operations	193	230
Income tax expense at the effective income tax rate	**(2,297)**	**468**

As at 30 June 2021, the Group has unrecognised income tax losses of $9,856,208 tax-effected at 30% (2019: $868,000), and capital losses of $88,228,395 arising from the sale of the TPP Wholesale Reseller business, and the sale of the Enterprise business (2019: $499,000).

(d) Deferred tax assets and liabilities

	30-Jun-21 $'000	31-Dec-19 $'000
Deferred tax assets relate to the following:		
Unrealised foreign exchange gains	(35)	134
Employee benefits	700	845
Lease liabilities	1,942	5,740
Blackhole expenditure	304	-
Accruals	478	-
Intangible assets	33	604
Other	372	-
	3,794	**7,323**

(d) (continued)

	30-Jun-21 $'000	31-Dec-19 $'000
Deferred tax liabilities relate to the following:		
Intangible assets	29	1,285
Lease assets (incl. make-good)	1,276	6,134
Unrealised foreign exchange losses	-	65
Other	18	65
	1,323	**7,549**

Current taxes

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Tax consolidation

The Group and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2006. Members of the tax consolidated group have entered into a tax-funding agreement. Each entity is responsible for remitting its share of the current tax payable (receivable) assumed by the head entity.

In accordance with UIG 1052 and Group accounting policy, the Group has applied the 'separate taxpayer within group approach', in which the head entity, Webcentral Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax credits assumed from controlled entities in the tax consolidated group. The allocation of taxes to the head entity is recognised as an increase/decrease in the controlled entity's inter-company accounts with the tax consolidated Group head entity.

Members of the Group have entered into a tax-sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, on the grounds that the possibility is remote.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Key judgement and estimates

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

7. Dividends

Equity dividends on ordinary shares

(a) Dividends declared and paid during the period on ordinary shares

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
(i) Nil paid during the 18 months ended 30 June 2021 (2019: Final franked dividend paid for the financial year ended 31 December 2018 - 4.5 cents per share)	-	5,357
(ii) Dividend paid for the Infoready earn out year ended 31 December 2019:	-	109
Total dividends paid during the period	**-**	**5,466**

(b) Dividends proposed and not recognised as a liability

No dividends were declared and not paid, nor any dividends proposed and not paid during the period ended 30 June 2021 (2019: None).

(c) Franking credit balance

The amount of franking credits available for the subsequent financial period are:		
Franking account balance at the end of the period at 30% (2019: 30%)	18	3,134

8. Earnings/(loss) per share

	30-Jun-21 18 months Cents	31-Dec-19 12 months Cents
From continuing operations		
Basic loss per share	(45.95)	(38.01)
Diluted loss per share	(45.95)	(38.01)
Attributable to members of the parent		
Basic loss per share	(46.81)	(108.62)
Diluted loss per share	(46.81)	(108.62)

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Loss for the period from continuing operations	(61,922)	(45,951)
(Loss) / profit for the period from discontinued operations	(1,127)	(85,272)
Less profit attributed to non-controlling interests	(31)	(80)
Loss for the period attributable to members of the parent	**(63,080)**	**(131,303)**

	Number of shares	
	30-Jun-21 Number	31-Dec-19 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	134,746,724	120,887,297
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	134,746,724	120,887,297

Basic earnings/(loss) per share is calculated as profit/(loss) for the year attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings/(loss) per share is calculated as profit/(loss) for the year attributable to members of the parent, divided by the weighted average number of ordinary shares and the dilutive potential ordinary shares.

Performance rights and options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are dilutive. Where an operating loss is incurred, performance rights are not dilutive. These performance rights have not been included in the determination of basic earnings per share.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

9. Other income

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Dividend income	115	125
Interest income	254	202
Management fees - TPPW Reseller	3,119	587
Management fees - Enterprise	2,121	-
Government grants	1,393	-
Sundry income	289	401
Total other income	**7,291**	**1,315**

Under the terms of the Transitional Services Agreement for the sale of the TPP Wholesale Reseller business, the Group is entitled to receive ongoing management fees associated with the separation of the business until the Agreement ceases.

Under the terms of the Transitional Services Agreements for the sale of the Enterprise business, the Group is entitled to receive ongoing management fees associated with the separation of the business until the Agreement ceases.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

10. Trade and other receivables

(a) Disaggregation of trade and other receivables

	30-Jun-21 $'000	31-Dec-19 $'000
Trade receivables	1,788	4,834
Allowance for expected credit losses (ECLs)	(1,113)	(1,840)
Trade receivables subject to customer dispute	-	10,006
Other receivables	1,043	910
Total other receivables	**1,718**	**13,910**

Other receivables principally relate to the Group's subleasing activities, as well as activities related to transitional services agreements for certain of the Group's former businesses (refer to note 9).

Set out below is the movement in the allowance for ECLs of trade receivables:

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Opening balance	1,840	1,370
Net additional provision for ECLs taken to the P&L	(727)	470
Closing balance	**1,113**	**1,840**

At period end, the ageing analysis of trade receivables is as follows:

	ECL Rate	30-Jun-21 Gross $'000	ECL $'000	ECL Rate	31-Dec-19 Gross $'000	ECL $'000
Continuing Operations						
Current	65.3%	200	(131)	13.3%	1,025	(136)
0-30 days past due	13.5%	193	(26)	5.4%	958	(52)
31-60 days past due	15.0%	107	(16)	5.5%	704	(39)
61-90 days past due	30.0%	34	(10)	5.6%	356	(20)
91 days + past due	74.2%	1,254	(930)	13.5%	11,797	(1,593)
Closing balance		**1,788**	**(1,113)**		**14,840**	**(1,840)**

The ECL rate is higher than the prior period because the overdue receivables balances at 30 June 2021 reflects receivables that are considered unlikely to be collected as they are legacy amounts receivable following the sale of businesses and due to the shift from post-paid to prepaid billing for most customers. Information about credit exposures are disclosed in note 18.

Customer Dispute

The Group's annual report for the year ended 31 December 2019 disclosed a customer dispute pursuant to a contract for the provision of services by the Group to the customer in respect of which, as at 31 December 2019, a trade receivable balance of $10,006,000 was held ("Customer Dispute"). The Group also received notice of a cross claim from the customer.

On 20 August 2020, Webcentral Pty Ltd (a wholly owned subsidiary of the Group) entered into a release and settlement agreement ("Settlement Agreement") in relation to the Customer Dispute.

The terms of the Settlement Agreement provide for the release by both parties of any and all claims they may have in relation to the Customer Dispute for nil payment to the other party. Accordingly, the trade receivable balance held in respect of the amounts claimed by Webcentral Pty Ltd under the Customer Dispute has been reversed to nil.

11. Other current assets

	30-Jun-21 $'000	31-Dec-19 $'000
Accrued revenue	680	2,853
Total other assets (current)	**680**	**2,853**

Accrued revenue is defined as a contract asset under AASB 15.

12. Plant and equipment

	Leasehold improvements $'000	Plant and equipment $'000	Furniture and fittings $'000	Capital work in progress $'000	Total $'000
At cost					
At 1 January 2019	8,072	21,137	2,370	160	31,739
Additions	194	697	24	-	915
Transfers	151	9	-	(160)	-
Disposals	(34)	(123)	-	-	(157)
Transfers to disposal group held for sale	-	(1,180)	-	-	(1,180)
At 31 December 2019	**8,383**	**20,540**	**2,394**	**-**	**31,317**
Additions	50	135	-	-	185
Transfers	4	(21)		90	73
Disposals	(2,314)	(1,652)	(675)	-	(4,641)
Transfer from held for sale	-	1,180	-	-	1,180
Transfers to disposal group held for sale	-	(314)	(1)	-	(315)
At 30 June 2021	**6,123**	**19,868**	**1,718**	**90**	**27,799**
Accumulated depreciation and impairment					
At 1 January 2019	2,202	16,721	564	-	19,487
Depreciation charge for the year	1,752	1,752	526	-	4,030
Transfers	(7)	(10)	17	-	-
Disposals	(34)	(123)	-	-	(157)
Transfers to disposal group held for sale	3	(244)	-	-	(241)
At 31 December 2019	**3,916**	**18,096**	**1,107**	**-**	**23,119**
Depreciation charge for the year	2,581	1,230	776	-	4,587
Transfers and other adjustments	-	409	-	-	409
Disposals	(1,514)	(370)	(482)	-	(2,366)
Transfer from held for sale	-	-	-	-	-
Transfers to disposal group held for sale	-	(228)	-	-	(228)
At 30 June 2021	**4,983**	**19,137**	**1,401**	**-**	**25,521**
Net book value					
At 31 December 2019	**4,467**	**2,444**	**1,287**	**-**	**8,198**
At 30 June 2021	**1,140**	**731**	**317**	**90**	**2,278**

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is provided on a straight-line basis on all plant and equipment. Major depreciation periods are:

	2021
Leasehold improvements	The lease term
Plant and equipment	2 to 4 years
Furniture and fittings	2 to 5 years

An item of plant and equipment is derecognised upon disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income upon derecognition. The residual values, useful lives, and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

13. Leases

	Right-of-use assets			Lease liabilities
	Premises $'000	Other equipment $'000	Total $'000	$'000
As at 1 January 2020	**16,490**	**64**	**16,554**	**19,130**
Adjustments during the year	(821)	-	(821)	(109)
Disposals during the year	(6,937)	-	(6,937)	(4,142)
Depreciation expense	(5,219)	(64)	(5,283)	-
Interest expense	-	-	-	840
Payments	-	-	-	(9,245)
As at 30 June 2021	**3,513**	**-**	**3,513**	**6,474**

	Right-of-use assets			Lease liabilities
	Premises $'000	Other equipment $'000	Total $'000	$'000
As at 1 January 2019	**16,058**	**283**	**16,341**	**19,564**
Disposals during the year	5,500	-	5,500	5,527
Depreciation expense	(5,068)	(219)	(5,287)	-
Interest expense	-	-	-	796
Payments	-	-	-	(6,757)
As at 31 December 2019	**16,490**	**64**	**16,554**	**19,130**

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

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Depreciation expense of right-of-use assets	5,283	5,287
Interest expense on lease liabilities	840	796
Rent expense - short-term leases	-	48
Rent expense - leases of low-value assets[1]	-	32
Rent expense - variable lease payments	1,382	1,958
Total amount recognised in profit or loss	**7,505**	**8,121**

1. Included in this amount is depreciation of right-of-use assets associated with discontinued operations of $2,302,000 for the 18 months ended 30 June 2021.
2. Leases of low-value assets excludes short-term leases of low value.
3. Included in this amount is rent expense related to variable lease payments associated with discontinued operations of $956,000 for the 18 months ended 30 June 2021, which has already been included in the discontinued operations result.

Set out below is a maturity analysis of lease liabilities:

Maturity analysis - contractual undiscounted cash flows	Leases committed to but not yet commenced	31-Dec-19 $'000 Leases in effect during year ended	Total
Less than one year	-	6,782	6,782
One to five years	-	13,611	13,611
More than five years	-	91	91
Total undiscounted lease liabilities at 31 Dec 2019	**-**	**20,484**	**20,484**
Total Interest expense	-	-	(1,354)
Lease liabilities included in the Statement of Financial Position at 31 Dec 2019			**19,130**
Current			6,160
Non-current			12,970

Maturity analysis - contractual undiscounted cash flows	Leases committed to but not yet commenced	30-Jun-21 $'000 Leases in effect during year ended	Total
Less than one year	-	3,593	3,593
One to five years	-	3,191	3,191
More than five years	-	91	91
Total undiscounted lease liabilities at 30 June 2021	**-**	**6,875**	**6,875**
Total Interest expense			(401)
Lease liabilities included in the Statement of Financial Position at 30 June 2021			**6,474**
Current			3,423
Non-current			3,051

Set out below are amounts related to finance leases where the Group is a lessor:

	2021 18 months $'000
Finance income on the net investment in the lease	236
Total amount recognised in profit or loss	**236**

Set out below is a maturity analysis of lease receivables for finance leases where the Group is a lessor:

	2021 $'000	2019 $'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,041	2,170
One to two years	378	1,298
Two to three years	391	580
More than three years	437	-
Total undiscounted lease receivable at the end of the period	**3,247**	**4,048**
Unearned finance income	(206)	(154)
Net investment in lease	**3,041**	**3,894**

Set out below is a reconciliation of lease receivables for finance leases where the Group is a lessor:

Reconciliation of lease receivables	2019 $'000
At 31 December 2019	**5,343**
Additions on entering into sublease during the year	421
Interest income	174
Receipts from lessees	(2,044)
Lease receivables as at 30 June 2021	**3,894**

Reconciliation of lease receivables	2021 $'000
At 31 December 2019	**3,894**
Additions on entering into sublease during the year	4,579
Termination of sublease during the year	(1,123)
Interest income	236
Receipts from lessees	(4,545)
Lease receivables as at 30 June 2021	**3,041**

(a) Sydney office leases

In January 2021 the Group signed a Heads of Agreement in relation to the surrender of the property lease with the landlord of Levels 22 & 23, 680 George Street, Sydney. The surrender was completed on 17 June 2021. The property leases were due to expire in November 2022.

The net annualised saving to WCG is $2 million following the surrender of the property lease (net of the current sublease rental income). In addition, bank guarantees issued to the landlord in relation to the property leases totalling $1.74 million were returned to the Group in June 2021.

The net Surrender Fee payable by the Group was $123,564 (including a contribution from the sub-lessor of the property to WCG of $142,028). The surrender of the lease also resulted in the ceasing of the sub-lease arrangement the Group held with Arq Group Enterprise Pty Ltd.

The Group has recorded a net loss on disposal of the leasehold improvements in relation to the property lease and the costs payable in relation to the surrender of the property lease totalling $1.7 million included within Transaction and restructuring costs.

(b) Sub-leases with Arq Group Enterprise Pty Ltd

Following the sale of the Enterprise business on 2 March 2020, the Group entered in sub-leasing arrangements with Arq Group Enterprise Pty Ltd (being the former Group subsidiary disposed of in the Enterprise sale) for part of the Group's office premise space. The term of the sub-leasing arrangements varies with each arrangement, with expiration dates ranging from 2022 to 2026. The sub-lease in relation to Level 22 George Street, Sydney was terminated in June 2021 following the surrender of the George St leases in June 2021.

As a result of the sub-leasing arrangements, the Group concurrently de-recognised $4,438,000 of right-of-use (ROU) lease assets and recognised $4,579,000 of lease receivables, resulting in a net gain of $141,000 recognised in profit and loss.

(c) COVID-19 lease payment concessions

During the period, the Group negotiated an acceleration of lease incentives with its landlords associated with the Group's office premises due to the ongoing COVID-19 pandemic, resulting in no base rents payable for the impacted months and have the character of deferring the Group's lease payments to future periods. The balance of lease payment deferrals obtained at 30 June 2021 is nil.

(d) Reassessment of lease liability

During the period, the Group received notice of a market rent review from one of its landlords in relation to office premise space in Sydney, in accordance with the terms and conditions of the Group's lease agreements. The result of the market rent review changed future lease payments arising from a change in the market rental rate. In accordance with AASB 16, the Group remeasured the lease liability associated with these premises based on the revised lease payments over the remainder of the lease term and recognised a net $15,000 gain in profit and loss.

(e) Lease modifications

During the period, certain tenants of the Group formally notified the Group of their intention to exit part of the Group's office premise spaces in Melbourne. For one of the tenants, the Group received up to the amount of the bank guarantee provided to the landlord to cover any remaining debts outstanding from the tenant. For the other tenant, the Group receive the balance of issued invoices outstanding from the tenant (up to the date of lease termination). As a result, the Group has written off the present value of its lease receivables related to these premises not covered by the bank guarantee or owed invoices. The net loss recognised in profit and loss was $409,000 included within Transaction and restructuring costs.

Key judgement and estimates

Significant judgement in determining the lease term of contracts with renewal options
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.

Significant judgement in determining the incremental borrowing rate
The Group has applied judgement to determine the incremental borrowing rate, which significantly affects the amount of lease liabilities or ROU assets recognised. The Group applies the incremental borrowing rate on a lease by lease basis based on the remaining lease term from the initial date of application. The Group reassesses the incremental borrowing rate for any leases with commencement dates after the initial date of application.

14. Intangible assets

	30-Jun-21 $'000	31-Dec-19 $'000
Goodwill	37,924	70,923
Market-related intangibles	22	1,494
Accumulated amortisation	-	-
	22	1,494
Customer contracts	6,536	9,224
Accumulated amortisation	(6,535)	(8,702)
	1	522
Capitalised software	17,435	16,632
Accumulated amortisation	(13,786)	(11,767)
	3,649	4,865
Total intangible assets	**41,596**	**77,804**

Reconciliation of carrying amounts at the beginning and end of the period

	Capitalised Software $'000	Customer Contracts $'000	Market-related Intangibles $'000	Goodwill $'000	Total $'000
Net balance at 1 Jan 2019	**8,468**	**3,211**	**1,889**	**211,671**	**225,239**
Transfer to assets held for sale	(3,588)	(1,296)	-	(101,727)	**(106,611)**
Adjustments to assets previously classified as held for sale	-	-	(395)	2,103	**1,708**
Additions	2,102	-	-	-	**2,102**
Amortisation (continuing operations)	(2,117)	(1,394)	-	-	**(3,511)**
Impairment of goodwill	-	-	-	(41,123)	**(41,123)**
Net balance at 31 December 2019	**4,865**	**521**	**1,494**	**70,924**	**77,804**
Additions	861	-	22	-	883
Amortisation (continuing operations)	(2,077)	(520)	-	-	(2,597)
Impairment loss	-	-	(1,494)	(33,000)	(34,494)
Net balance at 30 June 2021	**3,649**	**1**	**22**	**37,924**	**41,596**

(a) Goodwill

The Group performed an impairment test as at 31 December 2020 over the carrying value of goodwill because there were indicators of impairment, being the impact of COVID-19 on the business and historical declining revenues. Under the impairment testing, the carrying amount of the SMB cash generating unit (CGU) was compared to its recoverable amount. The recoverable amount of the SMB CGU was determined based on a value in use model. The key assumptions used to determine the recoverable amount were the revenue and profit forecast of the group, the discount rate used and forecast capital expenditure.

As a result of the Group's impairment test, the Group recognised an impairment charge of $33,000,000 for the period ended 31 December 2020 against the carrying value of goodwill in profit and loss for the interim 12 month period ended 31 December 2020.

Following the disposal of the Arq Enterprise business in March 2020, the Group has one operating segment, Webcentral. In future reporting periods this segment will be referred to as Webcentral or the Group.

The goodwill allocated to each operating segment, the recoverable amount of each operating segment and the growth rate and discount rate assumptions are set out below. In 2019 goodwill was valued in accordance with the fair value less costs of disposal method and accordingly there are no growth rate and discount rate assumptions applicable.

	30-Jun-21 $'000	31-Dec-20 $000	31-Dec-19 $'000
Goodwill allocated to operating segments			
Webcentral / SMB	37,924	70,923	112,047
Enterprise	-	-	101,727
Recoverable amount of each operating segment			
Webcentral / SMB	108,550	37,924	70,923
Enterprise	n/a	-	20,469
Long-term growth rates			
Webcentral / SMB	2.5%	(5.0%)	n/a
Enterprise	n/a	n/a	n/a
Discount rates			
Webcentral / SMB	10%	9.5%	n/a
Enterprise	n/a	n/a	n/a

The recoverable amount of the cash-generating units is determined based on value-in-use calculations. These calculations use the present value of cash flow projections over a 6 year period, based on a one-year budget approved by the Board followed by an extrapolation of expected cash flows for the units' remaining useful lives using growth rates of 2.5% per annum for years to 2 onward. The present value of the expected cash flows of each cash-generating unit is determined by applying a suitable discount rate.

The discount rate has been based upon an estimate of the entity's weighted average cost of capital, being 10%.

Impairment Charge for Goodwill
As a result of the impairment testing and evaluation, the Group has determined that the carrying value of Goodwill does not exceed their value-in-use, and no impairment charge is required at 30 June 2021 other than the $33,000,000 impairment charge recognised for the interim 12-month period to 31 December 2020.

Impact of possible changes in key assumptions
If the discount rate, based on an estimate of the entity's weighted average cost of capital was increased by 50% (from 10% to 15)%, there would still be no impairment charge required at 30 June 2021.

(b) Marketing-related intangibles

Marketing-related intangibles represent brand names of past acquisitions. They have been assessed as having indefinite useful lives as they are expected to contribute to future economic benefits indefinitely as Webcentral Group Limited continues to sell its products under these brand names indefinitely, and therefore invests in these brands through its marketing activities. An annual impairment assessment is required for intangible assets with an indefinite useful life.

On 5 July 2021, Webcentral Group, Netregistry and Web Marketing Experts transitioned into a single brand as the company moves to a more simplified model of service delivery. As a result, the useful life of the NetRegistry brand has been revised to zero as at 30 June 2021. As a result $1.4 million of accelerated amortisation expense has been recognised in the statement of comprehensive income for the 18 months ended 30 June 2021.

(c) Customer contracts

Customer contracts are amortised over the period of 3-5 years based on the historical attrition rate.

(d) Capitalised software

Included in capitalised software is $893,270 of capitalised labour and other directly attributable costs. The capitalised labour in progress which has not started amortisation relates to product and service customer platform enhancements. The remaining balance of capitalised software relates to legacy software and cloud platforms from acquired entities, as well as newly developed software platforms eligible to begin amortisation during the year.

Intangible assets acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost, and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. Where amortisation is charged on assets with finite lives, this expense is taken to profit and loss through the 'amortisation of identifiable intangible assets' line item.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss when the asset is derecognised.

Internally generated intangible assets

Costs relating to the research phase of the project are expensed while costs relating to the development phase are capitalised as Capitalised Software when the project meets the definition of an asset; and is identifiable. The costs capitalised are being amortised over a useful life of four to six years.

A summary of the policies applied to the Group's intangible assets is as follows:

Customer contracts	
Useful lives	Finite
Amortisation	Amortised over the estimated churn of the customer base
Impairment testing	When indicators exist

Market-related Intangibles	
Useful lives	Indefinite
Amortisation	No amortisation
Impairment testing	Annually and more frequently when indicators exist

Capitalised software projects	
Useful lives	4-6 years
Impairment testing	Amortisation method reviewed annually and when indicators exist

The carrying value of any intangible assets denominated in foreign currencies is revalued at the year-end spot rate of each reporting period, leading to changes in the carrying value of the intangible assets in reporting currency. Any revaluation amounts are recognised directly in the foreign currency translation reserve.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell, and it does not generate cash inflows that are largely independent of those from other assets, or groups of assets; in which case, the recoverable amount is determined for the CGU to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

15. Non-current financial assets

	30-Jun-21 $'000	31-Dec-19 $'000
Investment in Tiger Pistol - ordinary shares	725	1,375
	725	**1,375**

The Group holds 603,205 shares in Tiger Pistol. These shares have been accounted for as a financial asset at fair value through other comprehensive income and valued by reference to the most recent arm's length transaction of Tiger Pistol shares. A loss of $650,000 has been recorded during the period.

Reconciliation of fair value measurement of non-current financial assets

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Opening balance	**1,375**	**1,870**
Foreign exchange gain on revaluation of the Investment in Tiger Pistol	-	10
Loss on Revaluation	(650)	-
Return of capital	-	(505)
Closing balance	**725**	**1,375**

16. Trade and other payables

	30-Jun-21 $'000	31-Dec-19 $'000
Trade creditors	3,864	1,574
Sundry creditors	5,225	4,325
Deposits received in advance	304	477
Accrued expenses	2,026	2,316
Total trade and other payables	**11,419**	**8,692**

Terms and conditions relating to trade and sundry creditors:

- Trade creditors are non-interest bearing and are normally settled within agreed trading terms.
- Sundry creditors are non-interest bearing and are normally settled within agreed trading terms.

The carrying amount of trade and other payables is a reasonable approximation of fair value.

17. Provisions

	30-Jun-21 $'000	31-Dec-19 $'000
Current		
Employee benefits	1,270	1,585
	1,270	1,585
Non-current		
Employee benefits	234	528
Other	2,301	2,659
	2,535	3,187
Total provisions	**3,805**	**4,772**

	30-Jun-21 $'000	31-Dec-19 $'000
The aggregate employee benefit liability comprises:		
Provisions (current)	1,270	1,585
Provisions (non-current)	234	528
	1,504	2,113

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date, are measured at their nominal amounts based on remuneration rates, which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on corporate bonds is used, which has terms to maturity approximating the terms of the related liability.

Employee benefit expenses arise in respect of the following categories:

- Wages and salaries, non-monetary benefits, annual leave, long service leave and other entitlements;
- Other types of employee entitlements are recognised against profits on a net basis in their respective categories.

Leasehold make good provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Other non-current provisions include leasehold make-good provisions. Properties occupied by the Group are subject to make-good costs when vacated at the termination of the lease. A make-good provision is recognised at the present value of the provision as at 30 June 2021, with the asset capitalised as part of the right-of-use lease asset. Movements in the liability, as the time to make-good payment advances one period, are recognised as a finance expense. Any difference between the provision and the amount paid in the final settlement is recognised as a make-good expense or gain in the statement of comprehensive income.

A reconciliation of other provisions is shown below:

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Opening balance at 1 January	**2,659**	**2,323**
Reversal of surplus lease provision on adoption of AASB 16	-	(124)
Additions to make-good provision	37	407
Additions to surplus lease provision	(395)	-
Unwinding of the discount	-	53
Closing balance at 30 June	**2,301**	**2,659**

18. Financial risk management objectives and policies

The Group's principal financial instruments comprise of receivables, payables, interest-bearing loans, cash, short-term deposits, derivatives, non-current financial assets and other financial liabilities. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets, whilst protecting financial security.

The purpose is to manage the financial risks arising from the Group's operations. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to foreign exchange risk and interest rate risk, assessments of market forecasts for foreign exchange and interest rates. Liquidity risk is monitored through the development of rolling cash flow forecasts.

Notes to the Financial Statements

The Board reviews and agrees policies for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with management under the supervision of the Audit and Risk Management Committee and under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances and cash flow forecast projections.

Capital management

For the purpose of the Group's capital management, capital includes issued capital, all other equity reserves attributable to the equity holders of the parent and debt capital, principally raised from the Group's banking partners, but inclusive of other debt-like instruments, such as earn-outs due. As a result of the ongoing Strategic Review of the Group's businesses, the Board's current primary objective is to maximise the value of the Group's operations to its shareholders. This may involve the sale of one or more of its operations, restructuring its cost base, all whilst maintaining sufficient liquidity for ongoing operations for the short to medium term as well as returning surplus cash flows (or, in the event of a sale of assets, proceeds from sales) to shareholders and debt providers.

The Group manages its capital structure and financing facilities and makes adjustments in light of changes in economic and market conditions, requirements of the business operations and requirements of its financial covenants. To maintain or adjust the capital structure, the Group may raise or repay debt, adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to fund these activities.

During 2021, the Group paid no dividends to members of the parent Company (2019: $5,357,000 at 4.5 cents per share in relation to the period ended 31 December 2018).

The Group's exposure to market interest rates is related primarily to the Group's short-term deposits held and drawdowns on available financing facilities. Refer to note 21 for details of available financing facilities.

Risk exposures and responses

Credit risk

Credit risk arises from the financial assets of the Group, which comprise of cash and cash equivalents, trade and other receivables and derivative instruments. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group provides credit only with recognised, creditworthy third parties and as such collateral is not required, nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which may include an assessment of their financial position, past experience and industry reputation, depending on the amount of credit to be granted.

Outstanding customer receivables are regularly monitored. Receivables are written off when the Group determines that there is no reasonable expectation of recovering the trade receivable in full. Indicators that there is no reasonable expectation of recovery include, amongst others, the referral of a debtor to an external debt collection agency. The Group considers that there is a correlation between credit risk and the contractual payments past due, which is reflected in the ECL provision matrix. Historical evidence indicates trade receivables remain collectable more than 90 days past due.

Foreign currency risk

The Group conducts some of its business in US dollars ('USD') and is therefore exposed to movements in the AUD/USD dollar exchange rate. The Group actively manages the gross margin risk by its foreign currency risk management strategy. Please refer to note 23 for further details.

Both the functional and presentation currency of Webcentral Group Limited is in Australian dollars (AUD). The consolidated Group contains functional currencies in USD and NZD. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

The exchange differences arising on the retranslation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the determination of profit and loss for the year.

At 30 June 2021, the Group had the following exposures to USD denominated assets and liabilities, where the functional currency is not USD. The Group's exposure to foreign currency changes for all other currencies is not material. Assets and liabilities that are designated in cash flow hedges are not included:

	30-Jun-21 $'000	31-Dec-19 $'000
Financial assets		
Cash and cash equivalents	103	533
Trade and other receivables	10	24
	113	**557**
Financial liabilities		
Trade and other payables	(615)	(1,814)
Net exposure	**(502)**	**(1,257)**

The following sensitivity is based on foreign currency risk exposures in existence at the reporting date.

At 30 June 2021, had the AUD moved as illustrated in the table below with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Net profit Higher / (Lower)		Equity Higher / (Lower)	
	2021 $'000	2019 $'000	2021 $'000	2019 $'000
Consolidated				
- AUD/USD +10%	45	113	45	113
- AUD/USD -10%	(55)	(139)	(55)	(139)

The Group also has exposures to foreign exchange when retranslating foreign currency subsidiaries into AUD.
The sensitivity range has been determined using an expected range of 0.641 to 0.784 USD/AUD for the retranslation of USD denominated balances for the forthcoming year. The Group has determined that the sensitivity for the Group's exposure to the NZD is not material.

Liquidity risk

Liquidity risk is managed via the regular review of forecasted cash inflows and outflows, with any surplus funds being placed in short term deposits to maximise interest revenue.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as plant, equipment and investments in working capital (e.g. trade receivables). These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities, as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its business units that reflects expectations of settlement of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows including interest.

	< 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	> 5 years $'000	Total $'000
30 JUNE 2021					
Financial assets					
Cash and cash equivalents	2,412	-	-	-	2,412
Trade and other receivables	1,718	-	-	-	1,718
Other financial assets	-	-	725	-	725
	4,130	**-**	**725**	**-**	**4,855**
Financial liabilities					
Trade and other payables	(11,419)	-	-	-	(11,419)
Borrowings	(26,978)	(351)	(15,351)	-	(42,680)
	(38,397)	**(351)**	**(15,351)**	**-**	**(54,099)**
Net inflow/(outflow)	**(34,267)**	**(351)**	**(14,626)**	**-**	**(49,244)**
31 DECEMBER 2019					
Financial assets					
Cash and cash equivalents	8,949	-	-	-	**8,949**
Trade and other receivables	13,910	-	-	-	**13,910**
Other financial assets	-	-	1,375	-	**1,375**
	22,859	**-**	**1,375**	**-**	**24,234**
Financial liabilities					
Trade and other payables	(8,692)	-	-	-	**(8,692)**
Borrowings	(62,870)	-	-	-	**(62,870)**
Other financial liabilities	(5,549)	-	-	-	**(5,549)**
Derivative liability (foreign exchange contract)	-	-	(510)	-	**(510)**
	(77,111)	**-**	**(510)**	**-**	**(77,261)**
Net inflow/(outflow)	**(54,252)**	**-**	**865**	**-**	**(53,837)**

19. Contributed equity

Ordinary shares

	30-Jun-21 $'000	31-Dec-19 $'000
Issued and paid-up capital		
Ordinary shares each fully paid	96,566	91,179

Movements in ordinary shares on issue

	30-Jun-21 18 months		31-Dec-19 12 months	
	Number of shares	$'000	Number of shares	$'000
Beginning of the financial period	122,131,124	91,179	118,876,222	85,724
Issued during the period:				
Capital raising	33,025,542	5,614	271,100	472
Employee Share Plan	209,013	-	-	-
Performance rights vested	-	-	544,778	983
Dividend reinvestment plan	-	-	2,439,024	4,000
Transaction costs for capital raising and share repurchase, net of tax	-	(227)	-	-
End of the financial period	**155,365,679**	**96,566**	**122,131,124**	**91,179**

20. Reserves

	30-Jun-21 $'000	31-Dec-19 $'000
Share-based payments reserve	597	193
Foreign currency translation reserve	(336)	(533)
Fair value reserve - financial assets at FVOCI	(536)	79
Hedging reserve	-	(357)
	(275)	**(618)**

Share-based payments reserve

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 29 for further details of these plans.

Foreign currency translation reserve

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

Other reserves

Other reserves represent the hedging reserve and fair value reserve (for equity investments at fair value through equity). The hedging reserve contains the effective portion of the hedge relationships incurred as at the reporting date. 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 18 to the financial statements.

21. Interest bearing loans and borrowings

Interest bearing loans and borrowings

	18 month period ended	
	30-Jun-21 $'000	31-Dec-19 $'000
Current		
Interest-bearing loan - external parties	-	61,929
Interest-bearing loan - related parties	26,627	-
	26,627	61,929
Non-current		
Interest-bearing loan - external parties	15,000	-
	15,000	-

Fees paid on the establishment of loan facilities are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are recognised as an expense when incurred in the Statement of Comprehensive Income. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest rate is based on the relevant period BBSY rate.

The Group repaid $22.1 million of its debt facilities with ANZ and NAB in March 2020 using proceeds from the sale of the Enterprise business. The remaining balance was repaid in October 2020 following drawdown of loans totalling $47.6 million from 5G Networks Finance Pty Ltd, a wholly owned subsidiary of 5GN.

In addition, in September 2020, 5GN provided a $500,000 unsecured loan to the Company to fund the break fee that was paid on termination of the unsuccessful Scheme of Arrangement with Web.com. This loan was repaid in November 2020.

In December 2020, following the return of $5.3 million from ANZ, the issuer of the Group's property lease bank guarantees issued on behalf of Webcentral, $5.3 million was repaid to 5GN.

On 30 June 2021, the Group executed debt facility agreements with Commonwealth Bank of Australia ("**CBA**") in relation to a $16.6 million debt facility, comprising a $15 million Market Rate Loan Facility, a $1.5 million Bank Guarantee Facility and a $0.1 million Credit Card Facility.

On 30 June 2021 the Company made a $15 million drawdown under the Market Rate Loan Facility and repaid $15 million to 5GN.

During the period an interest expense of $398,870 was accrued in relation to the loans provided by 5GN to WCG.

Security arrangements

CBA holds a first ranking General Security Agreement (**GSA**) over all of the assets of the Group and 5G Networks Finance Pty Ltd, a wholly owned subsidiary of 5GN holds a second ranking General Security Agreement (**GSA**) over all of the assets of the Group. Under an Intercreditor deed between CBA and 5G Networks Finance Pty Ltd, a wholly owned subsidiary of 5GN, the loan from 5G Networks Finance Pty Ltd is subordinated to the loan from CBA.

Notes to the Financial Statements

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	Total facilities		Facilities used at reporting date	
	2021 $'000	2019 $'000	2021 $'000	2019 $'000
Market rate loan facility - CBA	15,000	-	15,000	-
Bank guarantee facility - CBA	1,500	-	-	-
Credit card facility - CBA	100	-	-	-
Secured loan facility - 5GN	48,348	-	26,627	-
Business lending - cash advance facility (committed)	-	61,200	-	61,075
Business lending - cash advance facility (uncommitted)	-	7,500	-	-
Business lending - bank guarantees	-	4,485	-	4,369
Standby letters of credit	-	1,130	-	1,130
Commercial cards	-	2,000	-	64
Performance guarantees	-	385	-	-
	64,948	76,700	41,627	66,638

22. Other financial liabilities

	30-Jun-21 $'000	31-Dec-19 $'000
Current		
Contingent consideration liability	-	5,549
	-	**5,549**

Reconciliation of fair value measurement of other financial liabilities

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Opening balance	**5,549**	**12,971**
Payment of consideration liability for InfoReady - cash	-	(4,000)
Payment of consideration liability for InfoReady - equity issue	-	(4,000)
(Gain) / Loss on reassessment of consideration liability recognised in profit and loss	-	(98)
Interest on consideration liability for Infoready	430	676
Settlement of consideration liability for InfoReady	(5,979)	-
Closing balance	**-**	**5,549**

23. Derivative financial liabilities and assets

(a) Disaggregation of derivative financial liabilities

	30-Jun-21 $'000	31-Dec-19 $'000
Interest rate swap	-	(510)
	-	**(510)**

Interest rate swap
At 30 June 2021, the Group held no interest rate swap contracts designated as cash flow hedges designed to hedge the variable interest rate exposure relating to the interest-bearing bank loan (2019: one).

As part of the retirement of the external drawn-down debt on 26 October 2020, the Group closed out its interest rate swap arrangement. The Group recognised a net loss of $215,000 included in other comprehensive income on the closure of the swap (2019: $297,000 loss).

(b) Accounting policy

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. For the purpose of hedge accounting, hedges are classified as:

- fair-value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- cash-flow hedges, when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

For the purposes of hedge accounting, the Group has classified the hedges applicable to the year ending 30 June 2021 as cash-flow hedges. Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described in the following.

Cash-flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash-flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash-flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense.

The Group designates the entire forward contract as a hedging instrument. The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which cash flow hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and interest rates match the terms of the hedged item (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and interest rates are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- differences in the timing of the cash flows of the hedged items and the hedging instruments
- different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- the counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

(c) Impact of hedging on financial statement items

The impact of the hedging instrument on the statement of financial position is as follows:

Derivative	Notional amount $'000	Carrying amount $'000	Line item in the statement of financial position	Change in the value of the hedging instrument used for measuring hedge ineffectiveness for the period: $'000
Interest rate swap	-	-	Derivative financial instruments	297

The impact of the hedged item on the statement of financial position is as follows:

Hedged item	Carrying amount $'000	Accumulated fair value adjustments $'000	Line item in the statement of financial position	Change in the value of the hedged item used for measuring hedge ineffectiveness for the period: $'000
Fixed-rate borrowing	-	-	Interest-bearing loans and borrowings	297

The entire change in the value of the hedging instrument was taken to OCI. Because the terms of the hedged item and the hedging relationship continue to perfectly match, and the effect of credit risk is neither material nor dominant in the economic relationship, the hedge was highly effective during the year.

24. Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair-value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within their fair-value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities as at 30 June 2021:

	Note	Date of valuation	TOTAL	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			$'000	$'000	$'000	$'000
Assets / (liabilities) measured at fair value						
Financial assets						
Investment in Tiger Pistol shares		30 June 21	725	-	-	725

Fair value measurement hierarchy for assets as at 31 December 2019:

	Date of valuation	TOTAL	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		$'000	$'000	$'000	$'000
Assets/ (liabilities) measured at fair value:					
Derivative financial instruments					
Foreign exchange contracts[1]	31 December 2019	-	-	-	-
Interest rate swap[1]	31 December 2019	(510)	-	(510)	-
Financial assets					
Investment in Tiger Pistol shares[2]	31 December 2019	1,375	-	-	1,375
Other financial liabilities					
Other Financial liablity[3]	31 December 2019	(5,548)	-	-	(5,548)

1. Reflects the fair value of interest rate swaps contracts (31 December 2019: interest rate swaps), which have been designated as cash-flow hedges.
2. Reflects the fair value by reference to the most recent arms-length transaction basis of Tiger Pistol shares and subsequent Tiger Pistol's financial performance of the investee compared with budget.
3. The fair value of the financial liability (representing the Infoready earn-out) was estimated based on the excess of the EBITDA performance during the earn out periods over the EBITDA threshold amount specified in the Share Purchase Agreement (SPA) for each of the earn out period multiplied by three. The earn out periods start from 1 April to 31 March the following year until 31 March 2019. Significant unobservable inputs used in the determination of the financial liability include forecast EBITDA performance for the first earn out period (1 April 2017 to 31 March 2018) and revenue and EBITDA growth rates for the second and third earn out periods from the first earn out period. The fair value is determined using the discounted cash flow method.

As part of the retirement of the external drawn-down debt on 26 October 2020, the Group closed out its interest rate swap arrangement. The Group recognised a net loss of $215,000 on the closure of the swap, after recycling the cumulative cash flow hedge reserve movement from other comprehensive income to profit & loss.

The Group holds 603,205 shares in Tiger Pistol Pty Ltd. These shares have been accounted for as a financial asset and valued by reference to the most recent arm's length transaction of Tiger Pistol shares. A loss of $650,000 has been recorded during the period.

There have been no transfers between Level 1, 2 and 3 during the period.

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 Webcentral Group Limited and the subsidiaries in the following table:

Name		Country of incorporation	Equity interest % 2021	Equity interest % 2019
ACN 063 963 039 Pty Ltd	(a)	Australia	100	100
Webcentral Pty Ltd	(a)	Australia	100	100
Netregistry Group Pty Ltd	(a),(c)	Australia	100	100
Netregistry Pty Ltd	(a)	Australia	100	100
TPP Wholesale Pty Ltd	(a)	Australia	100	100
Planet Domain Pty Ltd	(a)	Australia	100	100
TPP Domains Pty Ltd	(a)	Australia	100	100
NetAlliance Pty Ltd	(a)	Australia	-	50
Ziphosting Pty Ltd	(a)	Australia	-	100
Uber Global Pty Ltd	(a)	Australia	100	100
Uber Australia E1 Pty Ltd	(a)	Australia	100	100
Uber Business Pty Ltd	(a)	Australia	100	100
Uber Enterprise Pty Ltd	(a)	Australia	100	100
ubergeek.com.au Pty Ltd	(a)	Australia	100	100
Uber Reseller Network Pty Ltd	(a)	Australia	100	100
Uber Wholesale Pty Ltd	(a)	Australia	100	100
Outware Systems Pty Ltd	(a)	Australia	100	100
InfoReady Pty Ltd	(a)	Australia	100	100
Web Marketing Experts Pty Ltd	(a)	Australia	100	100
Nothing But Web Pty Ltd	(a)	Australia	100	100
Arq Group Enterprise Pty Ltd	(a)	Australia	-	100
Netregistry Operations Pty Ltd	(a)	Australia	100	100
Netregistry Services Pty Ltd	(a)	Australia	100	100
Results First Limited	(b)	New Zealand	100	100
Domainz Ltd	(b)	New Zealand	100	100
Internet Names Worldwide (US), Inc	(b)	USA	100	100
Melbourne IT GP Holdings Pty Ltd	(a)	Australia	100	100
Names By Request Pty Ltd	(a)	Australia	100	100
Advantate Pty Ltd	(a)	Australia	100	100

(a) Investments in controlled entities are initial capital investments and are eliminated in the consolidated financial statements.
(b) Investments in foreign entities are revalued to the year-end foreign exchange spot rates.
(c) Netregistry Pty Ltd held a 50% interest in Netalliance Pty Ltd until disposal.

26. Disposal groups held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(a) Sale of Arq Group Enterprise Pty Limited

On 11 February 2020, the Company announced that it had entered into a binding agreement to sell Arq Group Enterprise Pty Limited to an entity owned by a consortium comprising Quadrant Private Equity and certain members of the Enterprise leadership team for $35,000,000 (less a final payment of $5,979,000 that was due to the vendors of InfoReady Pty Limited, which was acquired by the Company in 2016) on a cash free, debt free basis. The net assets of Arq Group Enterprise Pty Limited represents the Group's former Enterprise business. 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 the Group's existing debt facilities. A transitional services agreement was also entered into in connection with the sale which has now been substantially completed.

Due to the significance of the operations, and financial contribution, of the Enterprise business to the Group, the results associated with the Enterprise business during the 18 month period ended 30 June 2021, up until the date of disposal (2 March 2020), has been presented as a discontinued operation.

The amount of the adjusted transaction consideration after finalisation of the completion accounts and the net loss on disposal of Arq Group Enterprise Pty Ltd was $1,565,000 recognised in profit and loss and presented in the Statement of Comprehensive Income as part of discontinued operations.

The major classes of assets and liabilities of Arq Group Enterprise Pty Ltd (comprising the Enterprise business) that was disposed on 2 March 2020 are as follows:

	Notes	$'000
Assets		
Trade and other receivables		10,052
Accrued revenue		4,668
Prepayments and other current assets		621
Plant and equipment		490
Intangible assets		2,889
Goodwill on acquisition		20,469
Deferred tax asset		1,008
Total assets disposed		**40,197**
Liabilities		
Trade and other payables		(3,519)
Income received in advance		(1,033)
Provisions		(2,977)
Total liabilities directly associated with assets disposed		(7,529)
Net assets disposed		**32,668**

The results of the discontinued operations during the period (up until the date of disposal) and for the comparative period is presented below:

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Revenue from contracts with customers	12,781	86,167
Cost of sales	(7,406)	(51,822)
Gross profit	**5,375**	**34,345**
Other operating expenses	(4,388)	(33,083)
Loss on revaluation of disposal group net assets to fair value	-	(81,258)
Earnings before interest, tax, depreciation and amortisation	**987**	**(79,996)**
Depreciation and amortisation expense	(306)	(4,742)
Interest expense	(50)	(304)
Profit / (loss) before tax from discontinued operations	**631**	**(85,042)**
Tax expense	(193)	(230)
Profit / (loss) after tax of discontinued operations	**438**	**(85,272)**
Gain/(loss) on sale of the Enterprise business	(1,565)	-
Attributable tax expense	-	-
Post-tax loss on the sale of discontinued operations	**(1,565)**	**-**
Loss for the period from discontinued operations	**(1,127)**	**(85,272)**

The net cash flows generated from the sale of Arq Group Enterprise Pty Ltd are as follows:

	Notes	$'000
Proceeds from disposal of net assets (investing activities)		35,506
Less: settlement of InfoReady earn-out (financing activities)		(5,979)
Less: repayment of borrowings (financing activities)	21	(22,108)
Less: payment of transaction costs (incl. GST)(investing activities)		(3,950)
Net cash inflow		**3,469**

The net cash flows generated by the discontinued operations are as follows:

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Net cash (outflows) / inflows from operating activities	(882)	9,166
Net cash outflows from investing activities	-	(450)
Net cash flows	**(882)**	**8,716**

(b) Sale of Netalliance Pty Limited

On 20 November 2020, the Group sold its 50% interest in Netalliance Pty Limited ("Netalliance") to Trellian Pty Ltd for $500,000 in cash consideration. Netalliance's principal operations relate to the purchase and resale or auction of specific domain names that have expired but not renewed (also known in the industry as the "drop catching" of domain names). The sale comprises both the Group's interest in Netalliance, as well as Netalliance's wholly owned subsidiary, Ziphosting Pty Ltd.

During the current and prior reporting periods, Netalliance contributed to less than 1% of the Group's revenues and underlying EBITDA. Therefore, the Group is not required to separately present the results of Netalliance as a discontinued operation for the current reporting period.

The Group recognised a gain of $384,000 on disposal of its interest in the Netalliance business.
Details of the assets and liabilities disposed during the reporting period associated with the Netalliance business are presented below:

	$'000
Assets	
Cash and cash equivalents	64
Trade and other receivables	63
Prepayments and other current assets	79
Intangible assets	33
Deferred tax assets	3
Total assets disposed	**242**
Liabilities	
Trade and other payables	(3)
Income received in advance	(8)
Total liabilities directly associated with assets disposed	**(11)**
Net assets disposed	**231**

(c) Sale of TPP Wholesale Reseller business

In the prior comparative period the Group completed the sale of the TPP Wholesale Reseller business.

(d) Sale of equipment to 5G Networks

Assets held for sale of $87K as at 30 June 2021 consist of IT assets to be transferred to 5G Networks at their written down value.

27. Cash Flow Statement information

Continuing and discontinued operations[1]	30-Jun-20 18 months $'000	31-Dec-19 12 months $'000
Reconciliation of the operating profit after tax to the net cash flow from operations[1]:		
Loss for the year	(63,049)	(131,223)
Depreciation of non-current assets	9,870	9,774
Amortisation of non-current assets	2,598	5,505
Loss on revaluation of disposal group held for sale to fair value	-	81,258
Impairment of goodwill	33,000	41,123
(Credit writeback) / expense of share-based payments	(10)	(471)
Transaction costs	-	2,016
Derecognition of deferred tax asset	-	2,666
Infoready contingent consideration	-	577
Proceeds from sale of the Enterprise business	-	(554)
Unwinding of discount on other financial liabilities	510	55
Reversal of Telstra income	9,096	-
Gain/Loss on sale of businesses	784	-
Leasing Impact AASB 16	(7,422)	-
Other income	(116)	(125)
Other expenses	(894)	24
Changes in assets and liabilities		
Decrease/(Increase) in trade debtors	3,096	3,318
Decrease/(Increase) in prepayments	662	1,538
Decrease/(Increase) in current tax receivables / liabilities	886	(2,267)
Decrease/(Increase) in provisions	967	639
Decrease/(Increase) in deferred tax asset	3,529	1,577
(Decrease)/Increase in deferred tax liability	(6,226)	(3,931)

Continuing and discontinued operations[1]	30-Jun-20 18 months $'000	31-Dec-19 12 months $'000
(Decrease)/Increase in accounts payable	(2,290)	2,458
(Decrease)/Increase in income received in advance	(3,101)	(2,359)
Decrease/(Increase) in other assets	1,240	(326)
Net cash flow from operating activities	**(16,870)**	**11,272**

1 Included in net cash flow from operating activities are $9,166,000 (31 December 2019: $9,166,000) of net operating cash inflows related to discontinued operations. Refer to Note D2 for further information.

Reconciliation of cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash-at-bank and on-hand, and short-term deposits with an original maturity of three months or less.
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:

	30-Jun-21 $'000	31-Dec-19 $'000
Cash and cash equivalents on hand	2,412	8,949
Closing cash and cash equivalents balances	**2,412**	**8,949**

28. Related party disclosures

Controlled entities

Details relating to controlled entities are included in note 25.

Ultimate parent

The ultimate parent entity is 5G Networks Limited, an Australian entity listed on the Australian Securities Exchange (ASX: 5GN). 5G Networks Limited has an ownership interest of 44.75% at 30 June 2021 (2019: nil).

The ultimate Australian parent entity in the wholly owned Group is Webcentral Group Limited. During the year various intercompany transactions were undertaken between companies in the wholly owned Group. These transactions were undertaken on a net-margin basis. The effects of these transactions are fully eliminated on consolidation. All intercompany balances, payable and receivable, are on an arm's length basis with standard terms and conditions.

Other related party transactions

During the year the group has conducted the following related party transactions:

- Mr Tristan Sternson, the Group's Interim CEO (until 11 February 2020), was one of the previous owners of Infoready Pty Ltd (Infoready) before its acquisition by the Group. As part of the Share Purchase Agreement (SPA) with the previous owners of Infoready, three earn-out payments have been agreed. For further details, please refer to section 3(d) in the Remuneration Report and note C5 in the financial statements. The Enterprise business was sold on 2 March 2020 to a consortium of buyers, of which Mr Tristan Sternson has a direct interest in.
- A total of $1,686,745 (2019: nil) was paid to 5G Networks Limited for management fees, managed IT services and network services during the period. All transactions are carried at commercial third-party rates.
- A total of $51,351 (2019: nil) was paid to Studio Inc., an entity related to Joe Demase, for the design of marketing materials for the Group. All transactions are carried at commercial third-party rates.

Key management personnel compensation

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Compensation of key management personnel		
Short-term benefits	1,692	2,353
Post-employment benefits	101	177
Termination payments	154	1,099
Long-term benefits	-	86
Share-based payments	386	(495)
	2,333	**3,220**

Detailed remuneration disclosures are provided in the remuneration report on pages 31 to 37.

There were no other transactions with related parties during the periods ended 30 June 2021 or 31 December 2019, other than detailed within the annual report.

29. Performance Rights and Options

Long term incentive plans (LTIP)

In December 2020 the Group adopted a new LTIP or Executive and Director Share Option Plan (ESOP) to directors, executives and senior leaders of the Group. The Group's previous Executive LTI Plan and Executive STI Plan ("**LTI Plans**") were terminated and there are no outstanding performance rights under either plan.

The key criteria for options issued under the LTIP during the year are as follows:

- Performance Rights – achieve normalised annualised EBITDA of at least $10 million.
- Options - completion of tenure periods of two years.

The Performance Rights and options will not give the holder a legal or beneficial interest in ordinary fully paid shares in the Company until those Performance Rights and options vest. Prior to vesting, Performance Rights and options do not carry a right to vote or receive dividends. When the Performance Rights and options have vested, ordinary fully paid shares will be allocated, and these shares will rank equally with existing Company shares.

(a) Rights held at the beginning of the reporting period

There were 169,156 rights held as at 1 January 2020 in relation to the Group's 2018 and 2017 LTI Plans.

(b) Movement of rights and options during the reporting period

The following table summarises the movement in performance rights and options issued during the year:

	2021 Number	2019 Number
Outstanding at the beginning of the year	169,156	1,185,303
Granted during the year	13,400,000	-
Vested during the year	-	(271,100)
Lapsed during the year	(169,156)	(745,047)
Outstanding at year end	**13,400,000**	**169,156**

(c) Rights and options vested during the reporting period

During the 18 months ended 30 June 2021 no rights were vested (2019: 271,100 rights).

(d) Rights and options lapsed during the reporting period

During the period, 169,156 rights lapsed (2019: 757,057) with a weighted average exercise price of Nil (2019: Nil) by employees during the year in relation to the Group's previous LTI Plans.

(e) Rights and options held at the end of the reporting period

The following table summarises information about performance rights and options held by Directors and employees as at 30 June 2021. None of the performance rights or options are exercisable at period end (2019: nil):

Issue Date and Type	Number	Grant date	Vesting date	Expiry date	Weighted average exercise price
2020 Performance Rights - Director	10,000,000	18/12/2020	-[1]	18/12/2025	$0.20
2020 Options - Director	2,000,000	18/12/2020	18/12/2022	18/12/2025	$0.20
2021 Options - Executive (1)	1,300,000	01/02/2021	01/02/2023	01/02/2026	$0.485
2021 Options - Executive (2)	100,000	29/03/2021	29/03/2021	29/03/2026	$0.485
	13,400,000				**$0.23**

1. Vesting period is dependent on the achievement of normalised annualised EBITDA of at least $10 million.

(f) Pricing model: LTI grants

The fair values of options granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the Executive Share Plan, such as the vesting period. The following principal assumptions were used in the valuation:

The following table lists the inputs to the models used for the LTI Grants:

	2020 Rights	2020 Options	2021 Options (1)	2021 Options (2)
Share price	$0.415	$0.415	$0.44	$0.53
Dividend yield	0%	0%	0%	0%
Expected volatility	73.4%	73.4%	73.4%	73.4%
Risk-free interest rate	0.375%	0.375%	0.42%	0.42%

The dividend yield is zero as the Group has not paid a dividend for the previous two reporting periods. The expected volatility was determined using the group's average five-year share price. The risk-free rate is derived from the yield on Australian Government Bonds of an appropriate term. The weighted average fair value of the performance rights and options granted during the year was $0.30 (2019: Nil).

The total share based expense for the year was $404,000.

Key judgement and estimates

The fair value is determined by an external valuer using a binomial model and/or Monte Carlo simulation model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Webcentral Group Limited.

30. Auditors' remuneration

	30-Jun-21 18 months $	31-Dec-19 12 months $
Amounts received or due and receivable by the auditors of Webcentral Group Limited (2021: Grant Thornton; 2019: Ernst & Young) for:		
Audit or review of the statutory financial report of Webcentral Group Limited and its controlled subsidiaries (Grant Thornton)	296,772	-
Audit or review of the statutory financial report of Webcentral Group Limited and its controlled subsidiaries (Ernst & Young)	189,280	522,000
	486,052	**522,000**
Other assurance and agreed-upon procedure services under other legislation or contractual arrangement	39,343	-
Other services in relation to Webcentral Group Limited and its controlled subsidiaries		
Taxation compliance and due diligence services (Grant Thornton)	8,350	-
Taxation compliance and due diligence services (Ernst & Young)	87,080	28,709
Digital advisory and implementation	-	129,986
Compliance (Grant Thornton)	1,500	-
	136,273	**158,695**
	622,325	**680,695**

31. Contingent assets and liabilities

The Group is not aware of the existence of any contingent assets at balance date.

The Group is subject to claims from time to time in the ordinary course of business. There are currently no claims of individual significance against the Group.

32. Events subsequent to reporting date

On 15 July 2021 the Company issued 4,950,000 options to Executives under the Company's Executive and Share Option Plan and 1,000,000 Options to a services provider as consideration for consulting services.

On 16 July 2021, the Group entered into a Merger Implementation Agreement with 5G Networks Limited under which it is proposed they will merge by way of a scheme of arrangement (**Scheme**). Under the Scheme, Webcentral will acquire 100% of the ordinary shares in 5GN and 5GN shareholders will receive 2 new Webcentral shares for each 5GN share held. The Scheme is subject to several conditions including 5GN shareholder approval, Court approval in accordance with Part 5.1 of the Corporations Act 2001, Webcentral shareholder approval of a reverse takeover resolution under ASX Listing Rule 7.1 and the acquisition of related party shares under ASX Listing Rule 10.1, and the Independent Expert concluding that the Scheme is in the best interests of 5GN shareholders. The Scheme is expected to be implemented in late October or early November 2021 if these conditions are met.

On 30 July 2021, the Group announced that it held 8.86% of the ordinary shares in Cirrus Networks Holdings Limited (ASX: CNW) and launched an on-market takeover bid ("**Takeover Bid**" for Cirrus Networks Holdings Limited (ASX: CNW) at an offer price of 3.2 cents per share. On the same day, the Group received credit approval for a $10.5 million debt facility with Commonwealth Bank of Australia for the purpose of funding the Takeover Bid, and a Debt Facility Amendment Deed was subsequently executed with CBA.

On 31 August 2021, 125,000 ordinary shares were issued at $0.20 per share following the exercise of 125,000 options.

Other than the above, there has not been any other matter or circumstance in the interval between the end of the year and the date of this report that has materially affected or may materially affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

33. Information relating to Webcentral Group Limited (the Parent Entity)

	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
Current assets	12,226	11,879
Total assets	68,960	186,487
Current liabilities	69,636	175,517
Total liabilities	100,096	195,604
Contributed equity	96,566	91,179
Share-based payments reserve	597	1,067
Other reserves	(872)	(278)
Retained earnings	(127,427)	(101,085)
	(31,136)	**(9,117)**
Loss of the parent entity	(35,699)	(99,463)
Total comprehensive loss of the parent entity	(35,730)	(99,731)

34. Closed group class order disclosures

Entities subject to class order relief

Pursuant to Class Order 98/1418, Webcentral Group Limited, Webcentral Group Pty Ltd, Webcentral Pty Ltd, Netregistry Group Limited and its controlled entities, Uber Global Pty Ltd and its controlled entities, InfoReady Pty Ltd, Outware Systems Pty Ltd, Web Marketing Experts Pty Ltd and Nothing But Web Pty Ltd have entered into a Deed of Cross Guarantee. The effect of the deed is that Webcentral Group Limited has guaranteed to pay any deficiency in the event of winding up of any controlled entity, or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Webcentral Group Limited is wound up, or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. These entities form the Closed Group and are relieved from the *Corporations Act (2001)* requirements for the preparation, audit and lodgement of their financial reports.

The consolidated statement of comprehensive income of the entities that are members of the Closed Group are as follows:

	Closed Group	
	30-Jun-21 18 months $'000	31-Dec-19 12 months $'000
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Continuing operations		
Revenue from contracts with customers	84,472	80,959
Reversal of revenue from settlement of customer dispute	(9,096)	-
Cost of sales	(31,453)	(27,209)
Gross profit	**43,923**	**53,750**
Other income	7,289	1,277
Gain/(loss) on reassessment of contingent consideration liability	-	98
Salaries and employee benefits expenses	(35,098)	(30,392)
Depreciation expenses	(9,870)	(7,026)
Amortisation of intangible assets	(2,598)	(3,511)
Other expenses	(21,407)	(12,458)
Finance costs	(5,749)	(5,804)
Transaction costs	(5,930)	(2,259)
Restructuring costs	(2,721)	(365)
Impairment of goodwill	(33,000)	(41,123)
Net impairment losses on financial assets	(715)	-
Gain on disposal of assets	(784)	554
Loss before tax	**(66,660)**	**(47,259)**
Income tax benefit/(expense)	2,490	(238)
Net loss for the period	**(64,170)**	**(47,497)**
Loss from discontinued operation, net of tax	(1,127)	(85,272)
Net profit for the year	**(65,297)**	**(132,769)**
Retained earnings/(losses) at the beginning of the period	(62,847)	73,252
Transfers into closed group	68	1,225
Adjustments on adoption of new accounting standards	-	911
Dividends provided for or paid	-	(5,466)
Retained earnings/(losses) at the end of the period	**(128,076)**	**(62,847)**

The consolidated statement of financial position of the entities that are members of the Closed Group are as follows:

	Closed Group	
	30-Jun-21 $'000	31-Dec-19 $'000
ASSETS		
Current assets		
Cash and cash equivalents	2,322	8,663
Trade and other receivables	1,590	9,572
Prepayment of domain name registry charges	5,108	7,302
Lease receivable	1,965	2,064
Current tax receivables	476	942
Other assets	678	2,924
Assets held for sale	87	38,674
Total current assets	**12,226**	**70,141**

(continued)

	Closed Group	
	30-Jun-21 $'000	31-Dec-19 $'000
Non-current assets		
Plant and equipment	2,191	8,198
Right-of-use asset	3,513	16,554
Intangible assets	41,596	77,804
Deferred tax assets	3,781	7,310
Lease receivable	1,076	1,830
Prepayment of domain name registry charges	2,359	678
Non-current financial assets	725	1,375
Other assets	1,493	561
Total non-current assets	**56,734**	**114,310**
TOTAL ASSETS	**68,960**	**184,451**
LIABILITIES		
Current liabilities		
Trade and other payables	15,368	8,688
Interest-bearing loans and borrowings	26,627	61,929
Provisions	1,270	1,585
Current tax liabilities	511	-
Derivative financial instruments	-	510
Other financial liabilities	-	5,549
Income received in advance	22,437	21,091
Current lease liabilities	3,423	6,160
Liabilities directly associated with assets held for sale	-	15,931
Total current liabilities	**69,636**	**121,443**
Non-current liabilities		
Interest-bearing loans and borrowings	15,000	-
Deferred tax liability	1,323	7,549
Provisions	2,535	3,187
Income received in advance	8,551	11,237
Non-current lease liabilities	3,051	12,972
Total non-current liabilities	**30,460**	**34,945**
TOTAL LIABILITIES	**100,096**	**156,388**
NET (LIABILITIES)/ASSETS	**(31,136)**	**28,063**

	Closed Group	
	30-Jun-21 $'000	31-Dec-19 $'000
EQUITY		
Contributed equity	96,566	91,178
Foreign currency translation reserve	(336)	(309)
Share-based payments reserve	597	193
Other reserves	(536)	(278)
Non-controlling interest	-	126
Retained earnings	(127,427)	(62,847)
TOTAL EQUITY	**(31,136)**	**28,063**

Directors' Declaration

1. In the Directors' opinion:

   The financial statements and notes of Webcentral Group Limited for the 18 months ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the 18 months ended on that date; and

   (ii) complying with Australian Accounting Standards (Including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the 18 months ended 30 June 2021.

3. Note 2 confirms that the consolidated financial statements also comply with international financial reporting standards.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Board of Directors

Joe Demase

Managing Director

Melbourne, 13 September 2021

Grant Thornton

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Webcentral Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Webcentral Group Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2021 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the period ended on that date; and

b complying with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

www.grantthornton.com.au

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

Grant Thornton

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – Note 3	
In the financial period ended 30 June 2021, the Group recorded revenue of $78.3 million. There is a risk of potential overstatement of revenue given there is pressure placed on the performance of the Group against market expectations. The Group offers diverse products and services to its customers that require different patterns of revenue recognition due to varying contractual terms, which require the identification of performance obligations and the determination of how the Group satisfies those obligations. This is a key audit matter due to the financial significance of revenue to the consolidated statement of profit or loss and other comprehensive and the judgement involved in determining appropriate revenue recognition for these various services.	Our procedures included, amongst others: • Obtaining an understanding of the processes and controls used by the Group in evaluating contracts under the five-step model of AASB 15 *Revenue from Contracts with Customers*; • Reviewing revenue recognition policies of individual customer agreements and contractual arrangements to ensure compliance with AASB 15; • Selecting a sample of revenue transactions to verify that revenue was being recognised in accordance with revenue recognition policies; • Analytically reviewing revenue streams against forecasts and prior corresponding period to identify and assess potential anomalies; • Testing the accuracy of deferred revenue recorded by the Group during the period; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.
Goodwill – Note 14	

As at June 2021, Webcentral Group Limited's goodwill balance is $38 million, which represents a significant portion of the total assets.
 	
Goodwill valuation is a significant risk due to the judgement required by management in preparing a value in use model to satisfy the impairment test as prescribed in AASB 136 *Impairment of Assets*. This includes forecasting of future cash flows and applying an appropriate discount rate which inherently involves a high degree of estimation and judgement by management.
 	
An impairment charge of $33 million was recorded in December 2020. Management impaired goodwill as a significant of the existing goodwill in 2019 related to previous acquisitions that occurred when the Group still owned the Enterprise Segment. Following disposal of this segment Management deemed it appropriate to record an in impairment charge and has identified the Group having only one cash generating unit ("CGU").
	Our procedures included, amongst others:
	• Assessing management's determination of the Group having one CGU based on the nature of the business and the economic environment in which the units operate;
	• Reviewing the impairment model for compliance with AASB 136;
	• Assessing whether management has the requisite expertise to prepare the impairment model;
	• Assessing the reasonableness and appropriateness of inputs and assumptions to the model, with involvement of our internal valuation specialist;
	• Evaluating management's future cash flow forecasts and obtain an understanding of the process by which they were developed;
	  ○ Assessing management's key assumptions for reasonableness and obtaining available evidence to support key assumptions;
	  ○ Considering the reasonableness of the revenue and cost forecasts against current period actuals;
	  ○ Performing a sensitivity analysis on the key assumptions; and
	  ○ Testing the underlying calculations for mathematical accuracy of the model; and
	• Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.

GrantThornton

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 31 to 37 of the Directors' report for the period ended 30 June 2021.

In our opinion, the Remuneration Report of Webcentral Group Limited, for the period ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

GrantThornton

Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 13 September 2021

The shareholder information set out below was applicable as at 2 September 2021.

Webcentral Group Limited

Issued capital ordinary shares: 155,490,679 as at 2 September 2021.

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's register of Substantial Shareholders is:

	Shares	%
5G Networks Limited	69,231,266	44.56%
J D Management Pty Ltd and Joseph Demase	11,764,706	7.58%
Total	**80,995,972**	**52.14%**

Distribution of Equity Shares

	Ordinary Shares	
	Number Held	Number of Holders
1 – 1,000	544,877	1,123
1,001 – 5,000	2,928,890	1,154
5,001 – 10,000	2,979,675	391
10,001 – 100,000	15,163,199	503
100,001 – and over	133,874,038	94
Total	**155,490,679**	**3,265**

There were 882 unmarketable parcels as at 2 September 2021

Voting Rights

The voting rights attached to each class of equity securities are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person, or by proxy, shall have one vote, and upon a poll each share shall have one vote.

The Number and Class of Restricted Securities Subject to Voluntary Escrow that are on Issue

Voluntary Escrow
There are no securities subject to Voluntary Escrow.

The 20 Largest Holders of Each Class of Quoted Equity Securities

	Ordinary Shares	
5G NETWORKS LIMITED	69,524,461	44.75%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,228,472	7.86%
J D MANAGEMENT GROUP PTY LTD	11,764,706	7.57%
CAPITAL H MANAGEMENT PTY LTD	2,750,000	1.77%
ARKTREE NOMINEES PTY LTD	2,512,438	1.62%
MR BERNARD WILLIAM LIVY & MRS DESMA LEA LIVY	1,930,000	1.24%
THE TRUST COMPANY (AUSTRALIA) LIMITED	1,675,051	1.08%
GANGI SERVICES PTY LTD	1,470,588	0.95%
GIUSEPPE GANGI & DANIELA DONA	1,470,588	0.95%
BUCWIT PTY LTD	1,411,764	0.91%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,177,535	0.76%
MR CHRISTOPHER JOHN SHANNON	1,111,320	0.71%
MR GIANNI ANDREA VERROCCHI & MRS DEANNE JOSELYN VERROCCHI	1,000,000	0.64%
BCMD PTY LTD	971,402	0.62%
BRUCE ONE PTY LTD	823,529	0.53%
GREENHOUSE PRODUCTIONS FIVE PTY LTD	823,529	0.53%
THE DE VRIES FAMILY INVESTMENTS PTY LTD	800,000	0.51%
NEVRAN PTY LTD	784,111	0.50%
DYMONDO PTY LTD	743,529	0.48%
FOUNTAIN PLASTICS AUSTRALIA PTY LTD	702,301	0.45%
Total	**115,675,324**	**74.39%**

Unissued equity securities

Number of options issued: 21,225,000

Securities exchange

The Company is listed on the Australian Securities Exchange.

Image Credits

Front Cover: Tim Douglas - www.pexels.com/@tim-douglas
Page 2, Page 18: Zoe Louise Norman - instagram @louise_norman_
Page 6: Michael Wilson
Page 5: Manuel Meurisse - www. unsplash.com/@manuelmeurisse
Page 8: Ketut Subiyanto - www.pexels.com/@ketut-subiyanto
Page 11, Page 13: James Lauritz - www.lauritz.com.au

Webcentral

Webcentral Head Office
Level 7, 505 Little Collins Street,
Melbourne VIC 3000 Australia