2022 ANNUAL REPORT

Webcentral Limited and its controlled entities

FOR THE YEAR ENDED 30 JUNE 2022

Webcentral

Corporate Directory

Directors
Joseph Gangi (Non-Executive Chairman)
Joseph Demase (Managing Director)
Natalie Mactier (Non-Executive Director)
Jason Ashton (Non-Executive 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
ABN 21 073 716 793

Country of Incorporation
Australia

ASX Code: WCG

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

Legal Advisors
Cornwalls
Level 4, 380 Collins 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.au

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Webcentral

Chairman's Address

As Chairman of Webcentral, I am proud to present to you the Annual Report for Financial Year 2022. The successful merger of Webcentral with 5G Networks Limited in November 2021 completed the integration of the two businesses, creating the largest Australian owned digital services business and operator of fibre networks, cloud and data centres.

The merger brought together the resources and strengths of Webcentral and 5G Networks with the combined business focused on profitable revenue growth. The benefits of the merger are now being realised including integrated product and marketing strategies, one highly motivated team and simplified organisational structure, consolidation onto 5GN's cloud and network infrastructure, and a consolidated equity and debt capital base and associated corporate cost synergies.

Webcentral has made significant progress in FY22 building on the transformation of the business in FY21 with further improvements to customer journey and support, the successful launch of new product bundles and a major refresh of the Company's digital marketing strategy, and continued platform and system improvements to improve customer experience and improve efficiencies.

The Company's continued focus during the year on simplifying the customer journey and purchasing process included website cart development, process automation and customer self-service options and other innovations such as customer chatbots. These improvements have resulted in increased customer engagement and retention as evidenced by customer satisfaction metrics including Net Promoter Score (NPS) and customer reviews and ratings on third party customer review websites.

Most pleasing has been the return to profitable organic revenue growth following the relaunch of the Company's digital marketing strategy across the Company's brands including Webcentral, Melbourne IT Corporate and 5G Networks. This strategy was the cornerstone of the successful launch of the new .au domain in March 2022.

The significant achievements in FY22 were shown by the Company's strong financial performance with underlying EBITDA growth of 13.5% to $17.6M and revenue growth of 5.5% to $97M for FY22.

The Board's ongoing focus on capital management and returns to shareholders was demonstrated by the resumption of dividends to shareholders, with the Company very pleased to announce a final dividend of 0.5 cents per share for FY22 payable in November 2022. The Company also completed an unmarketable parcel share sale facility for small shareholders during the year.

Looking forward to FY23, Webcentral is focused on continued organic revenue growth and the ongoing improvement of systems and processes to enhance and simplify customer experience.

On behalf of the Board, I am extremely grateful for the support of our shareholders, customers, suppliers and business partners and thank our Managing Director, staff and executives for their outstanding achievements in FY22.

Yours sincerely,

Joe Gangi
Chairman

Managing Director's Report

As Managing Director of Webcentral, I am proud to present our Annual Report on the business operations for Financial Year 2022.

This year has been transformational for Webcentral with the successful integration of the business with 5G Networks following the merger of the companies in November 2021, a return to profitable revenue growth following the implementation of strategic marketing initiatives including new products and the launch of .au, and continued customer service improvements and simplification of business processes.

In early 2022 a multi-channel marketing initiative was implemented across online and digital, radio advertising and the strategic St Kilda Football Club sponsorship, delivering a significant increase in brand awareness and online traffic.

This initiative was the cornerstone of the successful .au domain launch in late-March 2022 resulting in 10% of eligible Webcentral customers registering their new .au in the first three months, generating more than $1.2M of sales. These marketing initiatives have also resulted in an uplift in new customers, growing by over 12%.

The continued simplification and bundling of product offerings resulted in significant organic growth including the 250% uplift in new hosting customers from bundling with new domain name registrations. We have seen hosting products grow from 6% of domain sales to 25%, the refresh of our hosting products and communication strategy have led to this significant uplift.

Significant progress has also been achieved in 5G Networks with the successful launch of new products including Cloudport and the ongoing automation of customer portals, the launch of the Dark Fibre product connecting over 50 Data centres in Sydney, Melbourne, Brisbane and Adelaide coupled with simplification of the customer journey.

Continued work on the strategic business transformation programs initiated in 2021 to simplify and automate customer interactions have led to further customer service improvements efficiencies and have delivered Webcentral's highest ever customer satisfaction ratings, with more than 95% of customers satisfied after contacting our care team. These strategic programs are critical to our ongoing success and will continue to underpin the sustained achievement of profitable revenue growth.

As the largest Australian based online service provider, Webcentral continues to invest in our onshore customer care team with more than 70 people in Melbourne, Sydney, Brisbane and Townsville. further enhancing the customer experience.

Webcentral's strong financial performance in FY22 reflects the successful strategic initiatives implemented during the year, the merger and integration benefits realised and continued focus on cost management, with underlying EBITDA growth of 13.5% to $17.6M achieved in FY22.

Strong organic revenue growth was achieved in domains, email and hosting services delivering overall revenue growth for the company of 5.5% to $97M for FY22. Operating cashflows significantly improved in the second half of FY22 on the back of this revenue growth with underlying operating cashflows of $8.5M for FY22.

In conclusion, I am very excited about the future for Webcentral. 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 commitment and hard work, and our shareholders who continue to back our strategy and enjoy the exciting ride we are on.

Yours sincerely,

Joe Demase
Managing Director

"We're unashamedly Australian, offering local support and infrastructure to local customers."

An Aussie Brand for Aussie Customers

Webcentral is an Australian owned digital services company and a leading provider of cloud enabling solutions offering businesses a full product suite of innovative and scalable digital services across Australia and New Zealand.

Webcentral services more than 330,000 small and medium businesses (SMB) and 2,500 Enterprise, Wholesale and Government customers, empowering them to grow and thrive in the online world.

Our portfolio of digital services is extensive, with market leading offers across domain management, website development and hosting, office and productivity applications and online marketing.

Webcentral currently owns and operates its own Nationwide highspeed Data Network with points of presence in all major Australian capital cities. In addition, the Company offers managed cloud solutions through its Cloud and Data Centre capabilities as well as managed services to optimise customers' IT and network environments. Supporting this is the Company's combined rack capacity of over 1,000 racks through its owned and operated Data Centres across Melbourne, Sydney, Brisbane and Adelaide.

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 and the 5G Networks brand established in 2017.

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

Webcentral is proudly Australian as one of the first domain and hosting providers established in 1997 combined with the 5G Networks business established in Melbourne in 2017.

Webcentral's Australian contact centre teams are based in Melbourne, Sydney, Brisbane and Townsville and are available 24 hours a day, 7 days a week to meet the needs of our valuable customers.

Our data centres are located in inner-city and suburban locations in Melbourne, Sydney, Adelaide and Brisbane, providing quick and convenient access for our Enterprise, Government and Wholesale customers.

We're unashamedly Australian, offering local support and infrastructure to local customers.

"Our customer focussed heritage has been built on expertise, innovation and personalised service."

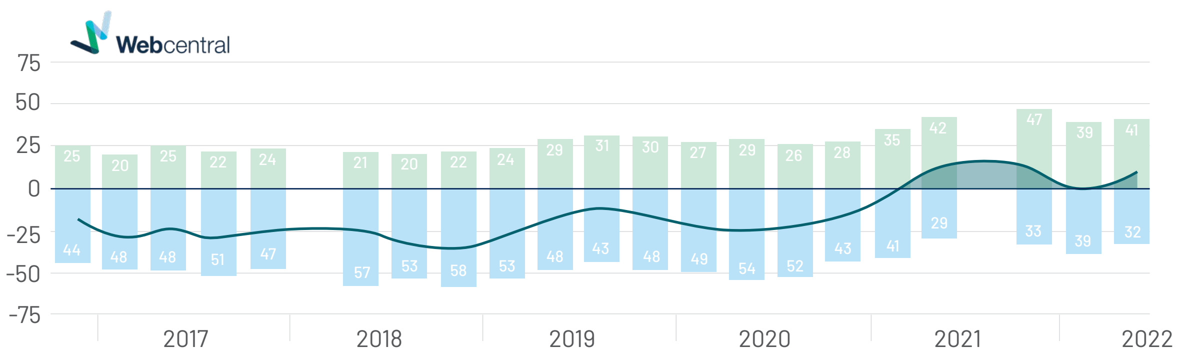
Webcentral 5G networks Melbourne IT CORPORATE DOMAINZ

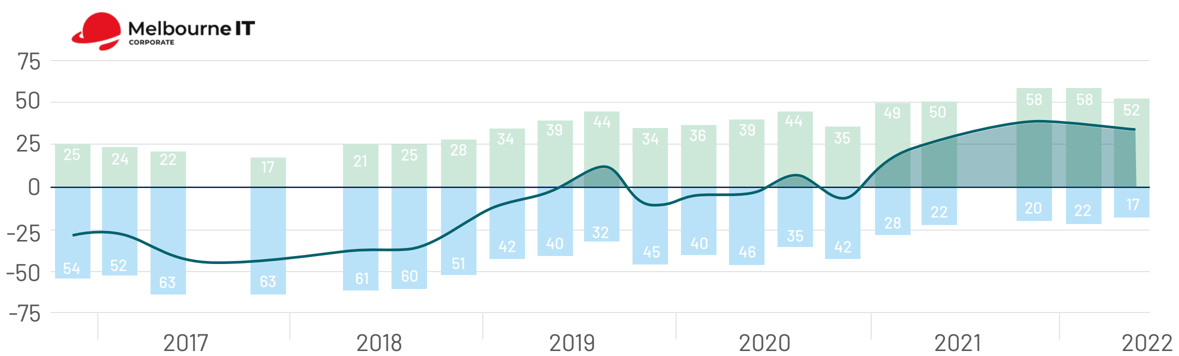
"We work with our customers to realise their business ideas and help them optimise every opportunity within the online space."

Oliver Thompson – Account Manager

Customer Centric Focus

Significant improvement in customer ratings since 2020





Continued customer service improvements

Webcentral has continued to invest in its onshore Customer Care team:

95%
of all customer service calls are handled in Australia

70+
More than 70 onshore support staff in our Customer Care teams

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

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

* Melbourne IT

Webcentral in the Community

Webcentral is committed to making sustainability a key priority across all of its operations.

Social Initiatives

Webcentral is committed to giving back to the community.

Webcentral's Managing Director, Joe Demase, is passionate about supporting the vulnerable youth in Australia and giving them the opportunity to succeed. He has had a longstanding relationship with the Lighthouse Foundation and has taken his passion with him to Webcentral. The Lighthouse Foundation provides homes and therapeutic care programs to children and young people impacted by long-term neglect, abuse and homelessness. Through Joe's careful guidance, Webcentral continues to provide support to the Lighthouse Foundation. Webcentral supplies laptops and provides free internet access to young people living in Lighthouse Foundation homes, and also provides job opportunities to Lighthouse Foundation youth to work in customer care roles across the business.

In addition, Webcentral employees are passionate about giving time and money to address the many issues that face our world today. To support employees' passion for giving, Webcentral matches employee donations of time and money to non-profit organisations. Webcentral has matched funds raised by its employees for the Beach2Beach fundraising event for children with San Filippo syndrome and supported several employees participating in Dry July, an initiative encouraging people to go alcohol-free in July to raise funds for people affected by cancer.

Webcentral's strategic partnership with the St Kilda Football Club includes its ongoing support of the Danny Frawley Centre for Health and Wellbeing. The Centre aims to lead the national conversation on mental health and create a sustainable fundraising platform to help grow a resilient and thriving community to achieve better mental health outcomes. In support of the Centre, Webcentral donated 100% of the proceeds from the sale of .au domain registrations associated with the Spud's Lunch event.

Webcentral has also supported AFL House by refurbishing and donating surplus IT equipment for students.

Fostering diversity and inclusion

Webcentral recognises that women are underrepresented in the technology industry. To address the issue of underrepresentation of women in technology, Webcentral implemented the Women in Technology and Women Rising programs.

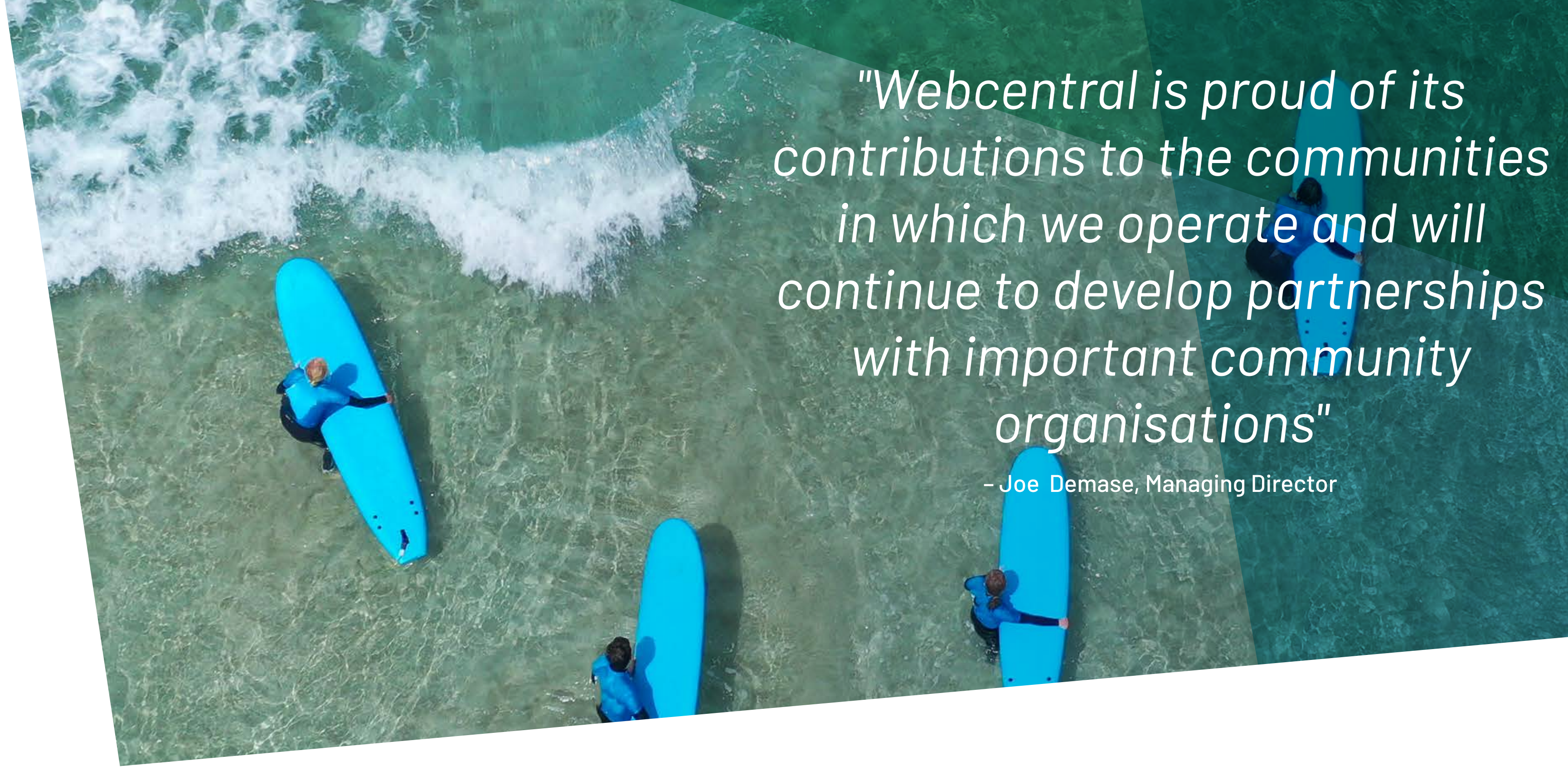
Natalie Mactier, a Director of the Board of Webcentral and the Chair of the Audit and Risk Committee recently convened the inaugural Women in Technology event. This event gathers together more than 70 women across the Company's operations to network with one another, exchange ideas, raise any concerns they have and listen to inspiring and influential keynote speakers.

Webcentral also sponsors the participation of employees in the Women Rising program, a leadership development course overseen by Microsoft for women to equip them with the tools they need to rise through the ranks and succeed in the technology industry.

Flexible and safe workplaces

Webcentral recognises that there is no one-size-fits-all solution to the way we work. As such, it has been responsive to the constantly changing landscape of the modern workplace as a result of the COVID-19 pandemic. To meet the changing realities of the modern-day working environment, Webcentral has established work-from-home policy to provide further and ongoing flexibility to all of its employees. Each team is allocated onsite days that require employees of those teams to attend office in person, otherwise employees have the flexibility to work from home.

In addition, Webcentral's data centres are certified to ISO45001 Standards for the Work Health and Safety Management System.



"Webcentral is proud of its contributions to the communities in which we operate and will continue to develop partnerships with important community organisations"

– Joe Demase, Managing Director

Environmental Initiatives

Webcentral's operations have potential impact on the environment in a number of ways. The most significant of these is climate change. Webcentral recognises that it is a significant consumer of electricity, particularly through its data centre operations, and is actively seeking ways to reduce its power consumption.

Webcentral's Kidman Park Data Centre, Sydney Data Centre and Melbourne Data Centre are ISO 14001 certified data centres. ISO 14001 is an internationally recognised standard that sets out the criteria for an environmental management system. Being ISO 14001 certified at these three data centres means that Webcentral has systems in place to ensure that it can constantly identify, manage, monitor and control environmental issues so as to improve its environmental impact. ISO 14001 accreditation also helps Webcentral improve its environmental performance at these data centres through more efficient use of resources and reduction of waste.

Webcentral recently upgraded 5 of its Computer Room Airconditioning (CRAC) Units at its Sydney Data Centre (SDC). These CRAC Units were replaced with state-of-the-art Electronically Commutated (EC) fans. The main benefits of these new EC fans are that they are highly efficient and have an extended service life.

The Company is also in the process of installing a new cold aisle containment system at its North Sydney Data Centre (NSDC). Introducing a new cold aisle containment system at NSDC means that hot and cold airstreams are separated and prevents the mixing of both kinds of air streams. The containment of cold air within the aisles will provide significant energy savings over the original traditional uncontained configuration of the NSDC.

These initiatives will significantly improve the Company's energy efficiency at these data centres.

Webcentral is also a significant consumer of IT equipment and is responsible for the disposal of a significant amount of obsolete equipment each year. At all locations and facilities operated by Webcentral we have implemented processes to recycle obsolete equipment through appropriate e-waste disposal services.

In addition, Webcentral is conscious of minimising the environmental impact of its office spaces across the country. Webcentral's offices in Brisbane and Melbourne are housed in state-of-the-art buildings with high National Australian Build Environment Ratings System (NABERS) ratings.

Global Network Connectivity and Data Centres

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.

Our customers are also increasingly aware of the significant risks associated with growing online services such as data security. Our merger with 5G Networks provided 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.

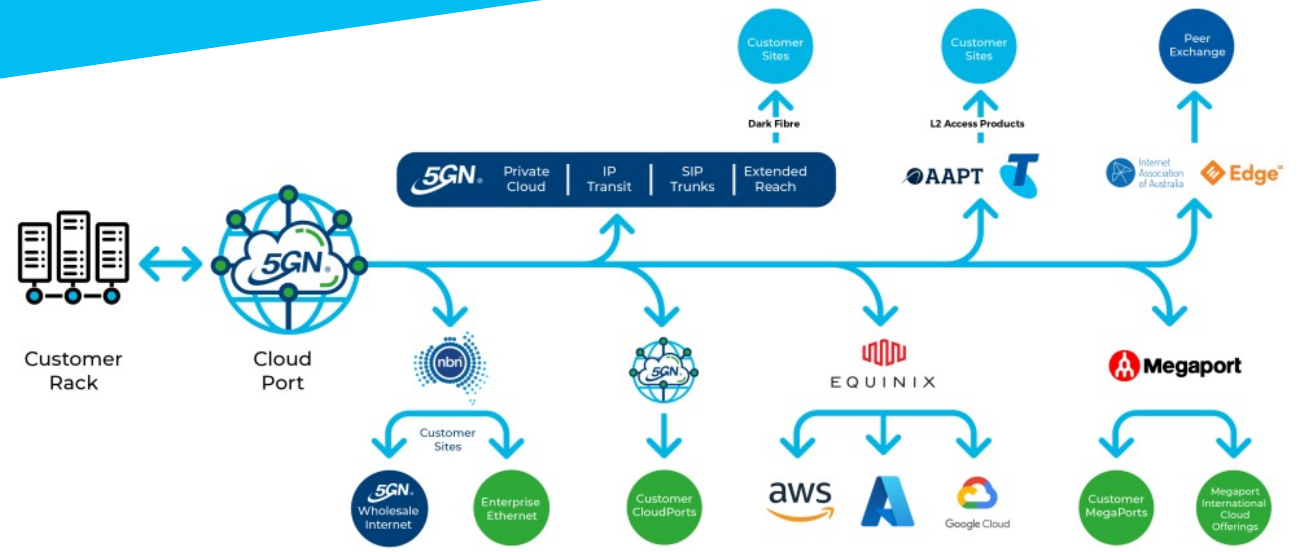
Our customers also appreciate that we have the critical infrastructure located here in Australia and that we have certified security protocols so that all data remains secure and their business protected from cyber-attacks.

> *"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

Global Points of Presence (PoPs)

Webcentral / 5GN has deployed global network infrastructure with an ever-increasing list of on-net data centres and PoPs. Our infrastructure is located in major Australian metropolitan areas and extends to Singapore, New Zealand, Japan and the United States. Once connected to this network, a customer can create virtual network connections to any PoP and its connected services.



5GN CloudPort provides scalable connectivity between multiple data centres, clouds and network environments.

CloudPort enables the creation of private point-to-point connectivity by utilising 5GN's state-of-the-art Ethernet fabric network between a customer connected on any of 5GN's Points of Prescence (POPs) and a host of Data Centres, 5GN private cloud, multiple public clouds and other services.

A Complete Array of Products and Services for Your Business Journey

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 .au, .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 organisa-tion 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.

Data Centres and Cloud

The 5GN Cloud solution seamlessly combines private cloud, public cloud and national data centres, orchestrated and governed from a single management platform. 5GN Cloud is a multi-cloud ecosystem that seamlessly integrates globally recognised hyper-scalers such as Alibaba, AWS and Azure with high speed connectivity and market leading data centres.

Locally hosted in the 5GN data centres across Sydney, Melbourne, Brisbane and Adelaide, the solution creates simplicity, flexibility and control for organisations seeking to optimise cloud technologies for modernising existing infrastructure or updating legacy digital operations.

The 5GN Cloud Federation offers customer choice and the flexibility to deploy workloads across multi-cloud architectures. Public and private clouds are easily managed in combination with data centres and networks, enabling you to deploy workloads across any of the platforms within the federated marketplace.

5GN's five data centres are located in critical capital city locations in Sydney, Melbourne, Brisbane and Adelaide and are built as true Tier 3 N+2 facilities, coupled with ISO accreditation and 24/7 onsite security to meet the highest uptime and performance standards.

Data Networks

A range of secure data network solutions are offered in Australia and international locations in Singapore, Japan, New Zealand and the United States to including 5GN's CloudPort solution and Dark Fibre service.

CloudPort provides scalable connectivity between multiple data centres, clouds and network environments and enables the creation of private point-to-point connectivity by utilising 5GN's state-of-the-art Ethernet fabric network between a customer connected on any of 5GN's Points of Prescence (POPs) and a host of Data Centres, 5GN private cloud, multiple public clouds and other services.

5GN Dark Fibre service provides a dedicated fibre pair to each customer which they can use and manage entirely, offering connectivity to over 80 Data Centres in major metro areas with bandwidth scalability and route diversity.

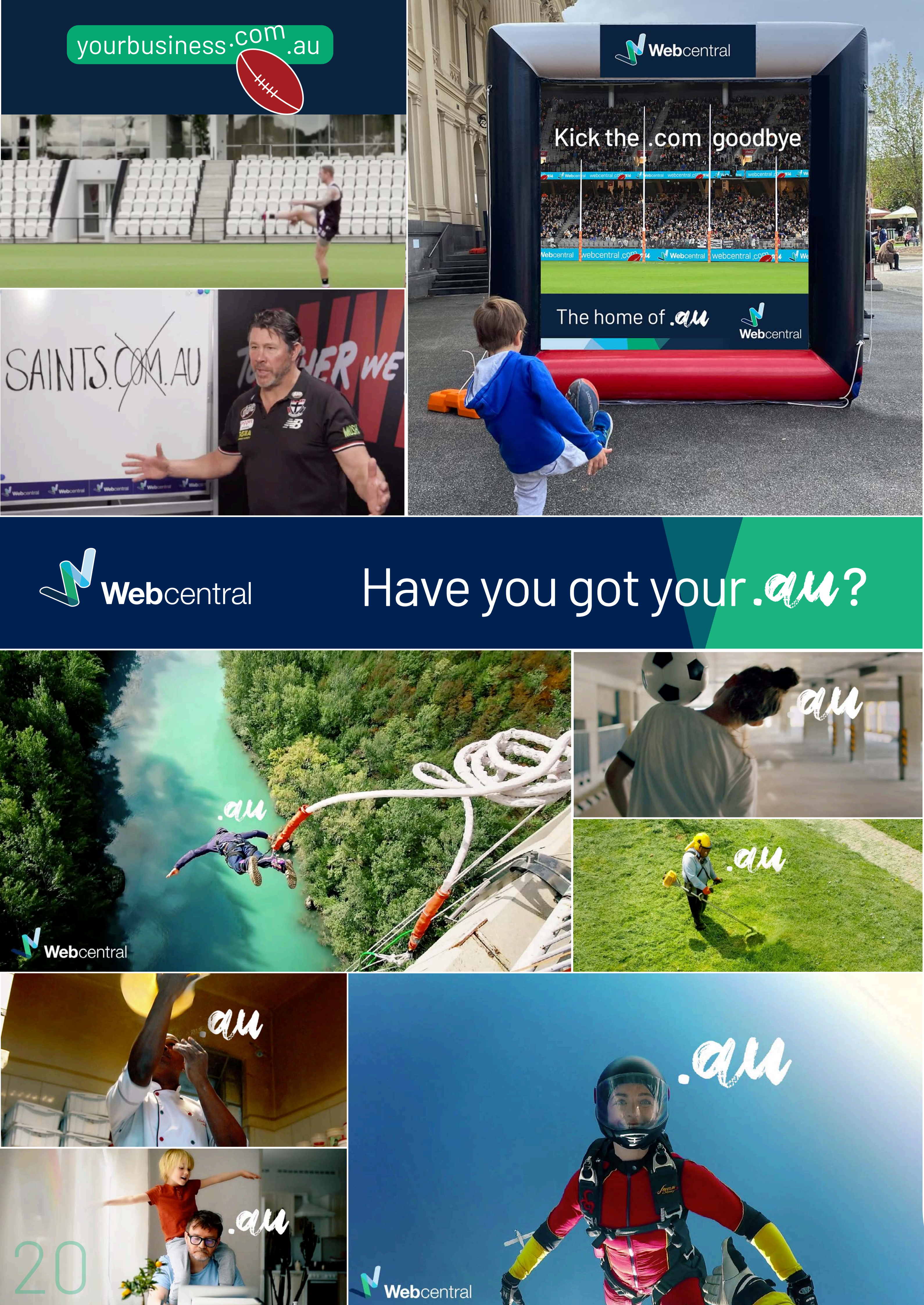
Managed Services

Solutions which optimise our customers' ICT environments to accelerate the future opportunities presented by digital transformation through strategic consulting, hybrid IT, migration services and 24/7 dedicated Australian based service management and support.

Webcentral offers a range of Managed Services which empower its customers on their digital journey and unlock the success of their business. These services assist in developing, implementing and managing customers' IT strategies and including consulting services, embedded support teams with dedicated on-site resources and expert business application support.

End to end service management for data networks, cloud and data centre services assists in the optimisation of customers' technology and platforms, supporting their critical internal systems and processes with onsite and remote service management, combined with Australian based 24/7 technical support teams. Digital platform & service monitoring services ensure optimal business performance and business continuity through dedicated support teams and committed service levels.

Tailored business solutions can be implemented for any project or business requirement including the installation and maintenance of complex hardware and software solutions.



AUsome launch of .au

The new .au top level domain name was released in late March 2022 by auDA, the Australian domain administrator. The launch of .au has been a huge success for Webcentral with 10% of eligible Webcentral customers registering their new .au domain name in the first three months after release.

For the period to June 2022 nearly 25,000 new .au domains were registered generating $1.22 million in sales.

In addition 12% of .au registrations were new customers to Webcentral helping to increase Webcentral's domains market share.

A significant revenue opportunity remains with over 200,000 existing Webcentral customers still eligible to register their new .au domain.

The .au launch was led by a multi channel marketing approach across digital, radio advertising and the strategic sponsorship agreement with the St Kilda Football Club, delivering a significant increase in brand awareness and online traffic.

Many Webcentral customers are already experiencing the benefits of their .au including:

- Stronger cyber security for their business and protection of their customer base from cyber attacks and cybercriminals – indeed the the Australian Cyber Security Centre recommends all Australian businesses register their .au domain immediately to protect their customers and their business
- Better search engine optimisation (SEO) results and more users directed to their websites
- Great ecommerce conversion rates and online sales transactions
- A shorter, more concise domain
- Highlighting their Australian presence

Webcentral has itself experienced the strong benefits of moving to .au with a 30% increase in Google Page 1 rankings, 15% more website users, a 41% increase in ecommerce conversion rates and 32% greater online sales transactions.

SINCE THE LAUNCH OF WEBCENTRAL.AU

25,000+ .au domains sold[1]

$1.2M sales[1]

15% New Users on our website

32% Increase in transactions

41% Ecommerce conversions rate

1. To 30 June 2022

Our People

Making a difference everyday

Webcentral is a dynamic place for passionate people committed to supporting and growing our customers' businesses across small and medium business, enterprise and government.

Our values are key to the commitment to service excellence by our people

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 continuously strive to collaborate and work as one to make a difference to our customers every day to drive their success."

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.

Our team is supported by a highly competent and talented Board and Executive Team with a broad range of experience in technology, telecommunications and IT businesses, leading and guiding the Webcentral business through a period of enormous change and improvement.

By embracing the company's core 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. Throughout the company's transformation journey over the last few years, 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. Joe has been Managing Director of Webcentral since October 2020. 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 and has been an independent director of Webcentral since October 2020. Joe is a Non-Executive Director of Assisi Aged Care, a member of the Industry Advisory Committee to the Faculty of Chemical and Environmental Engineering at RMIT University and an active advisor to several private sector boards. He also provides consulting services to the Local Government sector. 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 acquired 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. Natalie has been an independent director of Webcentral since October 2020.

Jason Ashton

Non-Executive Director

Jason has deep knowledge and experience in the IT and Telecommunications industries. Jason was co-founder (1993) and Managing Director of leading ISP Magna Data which was acquired in 1999. Jason was also co-founder (2002) of ASX listed BigAir Group Limited and was its Chief Executive Officer from 2006 until its acquisition by Superloop Limited in 2016 (ASX: SLC). Jason served as an Executive Director at Superloop from 2016 to 2018 prior to joining the Board of 5G Networks Limited in 2019. Jason has been an independent director of Webcentral since November 2021.

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 5G Networks Limited, 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.

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 a partner in the Melbourne office of Cornwalls Lawyers.

Executive Team

John Stevens

Chief Operating Officer

John has over 30 years of industry experience, including several executive roles within telecommunications, managed services and networking companies. Previously John was the General Manager for Service Assurance and Operations at nbnCo, where he was responsible for the transformation and restoration of nbn customer services nationally. Prior to that he was Head of Operations for Macquarie Cloud Services.

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.

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.

Joel Bruce

Executive National Field Manager

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

Directors' Report

Your Directors submit their report for the year ended 30 June 2022.

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

Directors
Mr. J. Gangi
Mr. J. Demase
Ms. N. Mactier
Mr. J. Ashton - appointed 24 November 2021

Chief Executive Officer
Mr. J. Demase

Chief Financial Officer
Mr. G. Dymond

Chief Operating Officer
Mr. J. Stevens – appointed 1 November 2021

Company Secretaries
Mr. M. Wilton

Mr. G. Dymond

Details of Directors' experience, expertise and directorships

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

Joe Gangi

Non-Executive Director and Chair
Member of the Audit & Risk Committee and Member of the Nomination & Remuneration Committee

Experience and Expertise
Mr Gangi has over 30 years' experience in corporate management and governance and has been an independent director of the Company since October 2020. He is a member of the RMIT University, Engineering Faculty, Industry Advisory Committee and is an active advisor to several private sector boards. He also provides consulting services to the Local Government sector.

His expertise lies in business management and leadership with a focus on business sustainability, growth and development, strategic and client relationship management and risk management. Joe's business management skills are underpinned by the management of several business units across the Asia Pacific region in the professional engineering services sector while his technical experience is demonstrated by the successful delivery of several industrial manufacturing projects.

Other Current Directorships
- Assisi Aged Care

Previous Directorships In Last Three Years
- 5G Networks Limited

Natalie Mactier

Non-Executive Director
Chair of the Audit & Risk Committee and Member of the Nomination & Remuneration 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 EdTech software organisation helping drive student engagement and build teacher capacity globally.

Other Current Listed Company Directorships
- Nil

Former Listed Company Directorships In Last Three Years
- Nil

Joe Demase

Managing Director & CEO
Member of the Audit & Risk Committee and Member of the Nomination & Remuneration 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
- Powerhouse Ventures Limited

Former Listed Company Directorships In Last Three Years
- 5G Networks Limited

Jason Ashton

Non-Executive Director
Appointed 24 November 2021

Member of the Audit & Risk Committee and Chair of the Nomination & Remuneration Committee

Experience and Expertise
Mr Ashton has deep knowledge and experience in the IT and Telecommunications industries. Jason was co-founder (1993) and Managing Director of leading ISP Magna Data which was acquired in 1999. Jason was also co-founder (2002) of ASX listed BigAir Group Limited and was its Chief Executive Officer from 2006 until its acquisition by Superloop Limited in 2016 (ASX: SLC). Jason Ashton served as an Executive Director at Superloop from 2016 to 2018 prior to joining the Board of 5G Networks Limited in 2019.

Other Current Listed Company Directorships
- Nil

Former Listed Company Directorships In Last Three Years
- 5G Networks Limited

Company Secretaries

Mr Glen Dymond

Company Secretary since 2020
Mr Dymond has more than 25 years' experience in senior finance and operations management roles at several ASX-listed entities, including Zenitas Healthcare Limited, Spotless Group Limited, Broadspectrum Limited and ConnectEast Group. Mr Dymond's commercial finance and operations experience has been achieved across a diverse range of business programs. This includes process development to drive financial performance, as well as client commercial management and driving successful change management across organisations undergoing rapid growth and change.

Mr Michael Wilton

Company Secretary since 2020
Mr Wilton has a wealth of domestic and international experience, spanning across mergers and acquisitions and equity capital market strategies, most recently as a partner at Cornwalls and Norton Rose Fulbright prior to that. His expertise includes public company takeovers, private treaty sales and acquisitions, joint ventures and corporate reconstructions. His ECM experience includes a number of IPOs and many secondary capital raisings for ASX listed companies. In the IT and Telecommunications sector, Michael has worked with the Commonwealth Government on a number of major transactions including the Telstra privatisation and the State of Victoria where he was engaged in a number of large government IT and Telecommunications projects.

Principal activities

The Group's principal activities during the year were:

- the supply of cloud-based solutions, managed services and network services
- the operation of fibre and wireless infrastructure and management of cloud computing environment
- the operation of data centre facilities
- the supply of 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

There have been no significant changes in the nature of these activities.

Review and results of operations

	12 months ended	
	30-Jun-22 $'000	30-Jun-21 $'000
CONTINUING OPERATIONS		
Total revenue from contracts with customers	93,428	87,089
Underlying EBITDA[1] from Continuing Operations	17,561	15,466

1. Refer section below – Management performance measures – underlying EBITDA

A review of the operations of the Group during the period and the results of those operations found that the revenue and other income for the period was $96.73 million, consisting of revenue of $93.43 million and other income of $3.3 million and representing growth of 5.5% compared to the prior comparative period of $91.69 million. The loss of the Group for the period after providing for income tax amounted to $24.74 million (2021: $5.86 million loss). The underlying EBITDA of the Group for the period of $17.6 million was 13.5% higher than the prior comparative period of $15.46 million, after adjusting for non-operating items including a non-cash goodwill impairment expense of $11.49 million, share-based payments expense of $8.83 million, restructuring costs of $3.71 million in relation to the merger between the Group and 5G Networks Limited (**5GN**) and other non-recurring items, and acquisition costs of $0.90 million.

The goodwill impairment charge has arisen due to the assessment of the carrying value of goodwill and intangible assets at year-end. The non-cash impairment expense recognises the uncertainty caused by the COVID-19 pandemic and the potential impacts to the Group's revenue and operating results. The non-cash impairment charge has no impact on the Group's debt facilities, covenants or liquidity.

The share-based payments expense was significantly higher than the prior comparative period as they represent costs for two listed companies for a portion of the year and due to the accelerated vesting of performance rights and options and the cancellation of options pursuant to the merger between the Group and 5GN during the period. The ongoing annual share-based payments expense is expected to be significantly lower at approximately $1.5 million.

The key strategic and growth highlights for the year ended 30 June 2022 were as follows:

- Organic growth initiatives including the launch of the new .au domain name generating more than $1.2 million in sales, the successful launch of hosting products in April 2022 and the continued development of other new product releases
- A multi-channel marketing initiative was implemented across online and digital, radio advertising and the strategic St Kilda Football Club sponsorship, delivering a significant increase in brand awareness and online traffic

Directors' Report

- Ongoing automation of customer portals, the launch of the Dark Fibre product connecting over 50 Data centres in Sydney, Melbourne, Brisbane and Adelaide coupled with simplification of the customer journey
- Improved customer retention from focus on customer service improvement including the introduction of website chatbots and simplifying the customer journey, together with improved systems and billing processes
- Customer value increase with ARPU growth achieved compared to the prior comparative period
- Strong wholesale and enterprise customer growth with more than $4.0 million sales in FY22
- Significant improvement to customer satisfaction and net promoter scores
- Continued fibre network rollout with more than 100 kilometres rolled out and more than 50 data centres connected
- Completion of integration and merger with 5G Networks Limited in November 2021
- Strategic acquisition of 18.5% of Cirrus Networks Holdings

The key financial highlights for the year ended 30 June 2022 included:

- Underlying EBITDA of $17.6 million was 13.5% higher than the prior comparative period, after adjusting for non-operating items including a non-cash goodwill impairment expense of $11.49 million, share-based payments expense of $8.83 million, restructuring costs of $3.71 million in relation to the merger between the Group and 5GN, and acquisition costs of $0.90 million
- Cost reductions due to initiatives to reduce third party data centre, cloud and network costs, labour cost efficiencies from customer service improvements and other automation synergies, and overhead cost savings following the merger with 5GN
- Significant reduction in property lease costs from the exit of surplus office space
- Revenue of $96.73 million, representing growth of 5.5% compared to the prior comparative period
- Growth in average revenue per customer
- Strong capital position with $5.4 million cash and $10.8 million of available debt at 30 June 2022 of which $10.5 million is for the purpose of business acquisitions.

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:

	12 months ended	
	30-Jun-22 $'000	30-Jun-21 $'000
CONTINUING OPERATIONS		
(Loss) / Profit before tax	**(24,382)**	**(5,545)**
Depreciation and amortisation expense	13,630	12,188
Share based expenses	8,833	2,874
Finance costs (excl. bank charges and merchant fees)	2,798	2,027
Acquisition costs	904	2,207
Restructuring costs	3,706	1,715
Impairment of financial assets and goodwill	12,072	-
Underlying EBITDA	**17,561**	**15,466**

Merger with 5G Networks Limited

On 16 July 2021, the Company announced that it had entered into a Merger Implementation Agreement (**MIA**) with 5G Networks Limited (**5GN**) under which it was proposed that the two companies merge by way of a scheme of arrangement (**Scheme**), subject to 5GN shareholder approval and court approval in accordance with Part 5.1 of the *Corporations Act 2001*.

On 12 November 2021, the merger (**Merger**) between 5GN and the Company was effected by way of scheme of arrangement between 5GN and its shareholders, with each 5GN shareholder receiving two new Webcentral shares for each 5GN share held. The record date was 16 November 2021, the new Webcentral shares were allotted on 23 November 2021 and all 5GN shares were transferred to Webcentral on the same day. From this date 5GN has been a wholly-owned subsidiary of the Company. 5GN was suspended from trading on ASX on 12 November 2021 and subsequently delisted from ASX on 25 November 2021.

The shares in the Company held by 5GN were subsequently cancelled via a selective reduction of capital in January 2022 following shareholder approval at the Company's 2021 Annual General Meeting held on 21 December 2021.

Prior to the Merger, 5GN controlled the Group for the purposes of AASB 10: *Consolidated Financial Statements* and accounted for the acquisition of Webcentral under AASB 3: *Business Combinations*, conducting acquisition accounting for the period ended 30 June 2021.

Following the Merger, 5GN shareholders hold approximately 73% of the Company's ordinary shares and therefore continue to control the Group. In the company's judgement, the continuation of existing accounting values is consistent with the accounting which would have occurred if the assets and liabilities had already been in structure suitable to the Merger, and most appropriately reflects the substance of the internal restructure.

Accordingly the consolidated financial report of Webcentral Limited (the accounting acquiree, being the Company) for the period ended 30 June 2022 has been presented as a continuation of the pre-existing accounting values of assets and liabilities in the 5G Networks Limited (the accounting acquirer) consolidated financial statements and includes the financial results for the consolidated group under 5G Networks Limited for the period from 1 July 2021 to 23 November 2021 and the consolidated group under Webcentral Limited for the period from 24 November 2021 to 30 June 2022. The comparative information presented in the financial report represents the financial position of 5G Networks Limited as at 30 June 2021; and the financial performance of 5G Networks Limited for the year ended 30 June 2021.

Acquisitions and investing activities

On 30 July 2021, the Group announced that it held 8.86% of the ordinary shares in Cirrus Networks Holdings Limited (ASX: CNW) (**Cirrus**) and launched an on-market takeover bid (**Takeover Bid**) for Cirrus 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.

The Takeover Bid closed on 16 September 2021 at which time the Group held 16.74 % of the ordinary shares in Cirrus. The Group holds 18.5% of the ordinary shares in Cirrus at year-end. On 22 August 2022, the Company sold all of the shares held in Cirrus Networks Holdings Limited at 3.2 cents per share for total consideration of $5.5 million.

During the period the Group also continued to invest in its fibre network build throughout several capital cities and had completed more than 100 km and connected 51 data centres as at the date of this report.

Capital structure

During the year, 212,902,341 ordinary shares were issued pursuant to the Merger with 5GN for consideration of all of the shares in 5GN, 7,325,000 ordinary shares were issued following the exercise of options and performance rights for total consideration of $1,515,000, and 882,837 ordinary shares were issued to employees under the Employee Share Plan.

In January 2022, 69,524,461 ordinary shares held by 5GN were cancelled via a selective reduction of capital pursuant to the Merger. In June 2022, 4,278,509 ordinary shares were cancelled pursuant to an unmarketable share sale facility.

During the year, 9,450,000 options were issued under the Executive and Director Share Option Plan (**ESOP**) at an exercise price of $0.45, subject to the satisfaction of service vesting conditions and expiry date of five years after grant, 260,000 options were issued under the Executive Equity Plan (**EEP**) at an exercise price of $0.26, subject to the satisfaction of service vesting conditions and expiry date of three years after grant, 4,900,000 options were issued under the EEP at an exercise price of $0.25, subject to the satisfaction of service vesting conditions and expiry date of five years after grant, and 15,000,000 performance rights were issued to the Managing Director at an exercise price of $0.45, subject to the satisfaction of service vesting conditions and performance conditions and expiry date five years after grant. In addition, 1,000,000 unlisted options were issued at an exercise price of $0.45 and 250,000 unlisted options were issued at an exercise price of $0.25 during the year to service providers of the Group.

In September 2021 the Group increased its debt facilities with Commonwealth Bank of Australia (**CBA**) by $10.5 million to $27.0 million. In June 2022 the Group's debt facilities with CBA were consolidated following the merger with 5GN and the maturity date was extended to July 2025.

Dividends

There were no dividends paid during the year (2021: $0.01 (1 cent) per ordinary share paid in respect of the year ended 30 June 2020).

The Directors have recommended the payment of a final dividend of 0.5 cents per ordinary share declared in respect of the financial year ended 30 June 2022.

Significant changes in affairs

The Company's name was changed from Webcentral Group Limited to Webcentral Limited following approval by the Company's shareholders at its general meeting held on 3 November 2021.

On 12 November 2021, the Merger between 5GN and the Company was effected by way of scheme of arrangement between 5GN and its shareholders, with each 5GN shareholder receiving two new Webcentral shares for each 5GN share held. From this date 5GN has been a wholly-owned subsidiary of the Company.

Other than as stated above, there were no other significant changes in the state of affairs of the Group during the year ended 30 June 2022.

Significant events after reporting date

On 3 August 2022 the Company announced the launch of an on-market share buy-back of ordinary fully paid shares (**buy-back**). Between 22 August 2022 and 26 September 2022, the Company acquired 5,276,500 ordinary shares on-market for total consideration of $935,853. On 5 September 2022 the Company cancelled 2,559,460 ordinary shares and on 19 September 2022 the Company cancelled 1,226,573 ordinary shares.

On 22 August 2022, the Company sold all of the shares held in Cirrus Networks Holdings Limited at 3.2 cents per share for total consideration of $5.5 million.

On 26 August 2022, 2.9 million options were issued under the ESOP and EEP to executives and managers of the Company at an exercise price of $0.20.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments, business strategies and prospects

The Chair's Report on page 4 and the Managing Director's report on page 7 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 year ended 30 June 2022, and the numbers attended by each Director were:

	Full meetings of Directors		Meetings of Committees			
			Audit and Risk		Nomination and Remuneration	
Number of meetings held	13		3		2	
Name of Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Joseph Gangi	13	11	3	3	2	2
Joe Demase	13	13	3	3	2	2
Natalie Mactier	13	12	3	3	2	2
Jason Ashton	6	6	2	2	1	1

Insurance of Officers

During the period, Webcentral 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.

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	
	2022 $	2021 $
OTHER ASSURANCE SERVICES		
Due Diligence Services	75,000	124,343
Total Remuneration for Other Assurance Services	**75,000**	**124,343**
TAXATION SERVICES		
Tax Compliance Services	203,155	131,895
Total Remuneration for Taxation Services	**203,155**	**131,895**
Total Remuneration for Non-Audit Services	**278,155**	**256,238**

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 44.

Rounding

The Group is a type of Company referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191* and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

Corporate governance

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

Signed in accordance with a resolution of the Board of Directors:

Joe Gangi
Chair
Melbourne
28 September 2022

The Directors present the Webcentral Limited 2022 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

Natalie Mactier - Non-Executive Director

Joseph Demase - Managing Director

Jason Ashton - Non-Executive Director from 24 November 2021

Other key management personnel:
Glen Dymond - Chief Financial Officer and Company Secretary

Garry White - National Sales Director

John Stevens – Chief Operating Officer from 1 November 2021

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
The following bonuses were paid in respect of FY22:

- A bonus of $76,800 was paid to Glen Dymond representing 55% achievement of projects and $63,200 was forfeited; and
- A bonus of $38,400 was paid to Garry White representing 27% achievement of projects and $101,600 was forfeited.

The bonuses paid to Glen Dymond and Garry White were granted on 14 September 2021, 12 November 2021, 11 March 2022 and 13 May 2022 in line with the achievement of projects.

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

Long-term Incentives
The Webcentral Executive and Director Share Option Plan (**ESOP**) was adopted in December 2020 for directors and executives of the Group.

In April 2022, the Group adopted an Executive Equity Plan (**EEP**) for executives and senior leaders of the Group.

During the year ended 30 June 2022 the Group issued 22,100,000 performance rights and share options to KMP under the ESOP as a means of rewarding and incentivising directors and executives.

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.

Key Management Personnel Remuneration

		Short Term Benefits				Post employment benefits	Share based payments	Other		
Name	Period	Cash salary	Cash STI[1]	Annual leave	Other[2]	Superannuation	Performance Rights and Options[3]	Termination Pay	Total	Performance Based[4]
		$	$	$	$	$	$	$	$	%
Managing Director										
Mr Joe Demase	**2022**	**276,923**	**-**	**23,077**	**7,559**	**23,568**	**1,657,422**	**-**	**1,988,549**	**83%**
	2021	-	-	-	215,698	-	322,023		537,721	60%
Other Management										
Glen Dymond	**2022**	**208,992**	**76,800**	**19,319**	**6,278**	**23,568**	**28,475**	**-**	**363,432**	**29%**
	2021	-	105,000	-	102,740	-	-	-	207,740	51%
Garry White	**2022**	**217,773**	**38,400**	**10,537**	**5,335**	**23,568**	**123,391**	**-**	**419,004**	**39%**
	2021	-	105,000	-	111,301	-	-	-	216,301	49%
John Stevens[5]	**2022**	**189,615**	**-**	**10,385**	**4,272**	**16,784**	**94,916**	**-**	**315,972**	**30%**
	2021	-	-	-	-	-	-	-	-	N/A
Former Key Management Personnel										
Mr Brett Fenton[6]	**2022**	-	-	-	-	-	-	-	-	**N/A**
	2021	221,730	94,368	20,302	-	31,958	-	87,694	456,052	21%
Mr Tristan Sternson[7]	**2022**	-	-	-	-	-	-	-	-	**N/A**
	2021	55,263	-	5,620	-	5,784	-	-	66,667	-
Mr Brendan White[8]	**2022**	-	-	-	-	-	-	-	-	**N/A**
	2021	222,449	37,151	2,677	-	24,916	-	19,987	307,180	12%
Mr Fraser Bearsley[9]	**2022**	-	-	-	-	-	-	-	-	**N/A**
	2021	62,978	-	5,796	-	8,736	-	46,102	123,612	-
Total KMP excluding Non-Executive Directors	**2022**	**893,303**	**115,200**	**63,318**	**23,444**	**87,488**	**1,904,204**	**-**	**3,086,957**	**65%**
	2021	562,420	341,519	34,395	429,739	71,394	322,023	153,783	1,915,273	35%
Total Non-Executive Directors (Section E)	**2022**	**234,236**	**-**	**-**	**-**	**4,962**	**701,573**	**-**	**940,771**	**75%**
	2021	411,356	-	-	-	29,738	161,100	-	602,193	27%
Total KMP	**2022**	**1,127,539**	**115,200**	**63,318**	**23,444**	**92,450**	**2,605,777**	**-**	**4,027,728**	**68%**
	2021	973,776	341,519	34,395	429,739	101,132	483,123	153,783	2,517,467	33%

1. Represents STIs accrued in relation to the 2022 and 2021 financial periods.
2. Represents the cost to the business of any non-cash business benefits provided, For 2021 this item also includes the allocation of salary costs charged from 5GN to Webcentral for current KMP.
3. Represents the expense recorded during the period in relation to the fair value of Performance Rights and Options.
4. Calculated as STI plus Performance Rights and Options expense, 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 and achievement of individual KPIs. They are in addition to the fixed remuneration.
5. Mr John Stevens commenced on 1 November 2021.
6. Mr Brett Fenton was a KMP until 29 October 2020. Their information has been included up to that date.
7. Mr Tristan Sternson was a KMP until 11 February 2020. Their information has been included up to that date.
8. Mr Brendan White was a KMP until 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 that date.

Remuneration Report (Audited)

Options and Rights Granted as Remuneration

Name	Balance at 1 July 2021	Grant Details			Exercised	Exercised	Lapsed	Balance at 30 June 2022
Key Management Personnel	No.	Grant Date	No.	Fair Value $000	No.	Value $000	No.	No.
Joe Gangi	1,000,000	22-Dec-21	1,500,000	308	1,000,000	303	-	1,500,000
Joe Demase	10,000,000	22-Dec-21	15,000,000	2,880	5,000,000	1,516	-	20,000,000
Natalie Mactier	1,000,000	22-Dec-21	1,500,000	308	1,000,000	303	-	1,500,000
Jason Ashton	-	22-Dec-21	1,500,000	308	-	-	-	1,500,000
Glen Dymond	-	15-Jul-21	300,000	59	-	-	-	300,000
Garry White	-	15-Jul-21	1,300,000	257	-	-	-	1,300,000
John Stevens	-	15-Jul-21	1,000,000	198	-	-	-	1,000,000
KMP Total	**12,000,000**		**22,100,000**	**4,318**	**7,000,000**	**2,122**	**-**	**27,100,000**

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

- Performance Rights (Joe Demase) – Webcentral achieves inclusion in the S&P ASX300 Index.
- 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.
- Options (Executives) – – 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 weighted average fair value per option is $0.1953 for the 22,100,000 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 2022. 5,000,000 performance rights are exercisable at period end (2021: nil):

Issue Date and Type	Number	Grant Date	Vesting Date	Expiry Date	Weighted Average Exercise Price
2020 Performance Rights - Director	5,000,000	18/12/2020	22/09/2021	18/12/2025	$0.20
2021 Performance Rights - Director	15,000,000	22/12/2021	-[1]	22/12/2026	$0.45
2020 Options - Director	4,500,000	22/12/2021	22/12/2023	22/12/2026	$0.45
2021 Options - Director	2,600,000	15/07/2021	15/07/2023	15/07/2025	$0.45
	27,100,000				**$0.40**

1. Vesting period is dependent on the achievement of inclusion in the S&P ASX300 Index.

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 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	2021 Rights	2021 Options - Directors	2021 Options - Executives
Share price	$0.415	$0.465	$0.465	$0.45
Dividend yield	0%	0%	0%	0%
Expected volatility	73.40%	45.00%	45.00%	73.40%
Risk-free interest rate	0.375%	1.265%	1.265%	0.69%

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 that this is indicative of future volatility.

(E) Non-Executive Director Arrangements

Current Board fees are $110,000 per annum for Joe Gangi and $90,000 per annum for Natalie Mactier and Jason Ashton.

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

		Short term benefits			Post Employment benefits	Long term benefits	Share based payments		
Non-Executive Directors	Period	Salary & fees	STI	Annual leave	Super contri-bution	Long service leave	Performance Rights and Options	Total	Performance related
		$	$	$	$	$	$	$	%
Mr Joe Gangi[1]	**2022**	**103,333**	**-**	**-**	**-**	**-**	**308,041**	**411,374**	**75%**
	2021	58,333	-	-	-	-	80,550	138,883	58%
Ms Natalie Mactier[2]	**2022**	**81,288**	**-**	**-**	**-**	**-**	**308,041**	**389,329**	**79%**
	2021	40,000	-	-	-	-	80,550	120,550	67%
Mr Jason Ashton[3]	**2022**	**49,615**	**-**	**-**	**4,962**	**-**	**85,491**	**140,068**	**61%**
	2021	-	-	-	-	-	-	-	-
Former Directors									
Mr Andrew Reitzer[4]	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021	113,341	-	-	10,767	-	-	124,108	-
Mr Karl Siegling[5]	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021	76,678	-	-	7,284	-	-	83,962	-
Mr Andrew Macpherson[6]	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021	55,689	-	-	5,291	-	-	60,980	-
Mr Larry Bloch[7]	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021	48,096	-	-	4,569	-	-	52,665	-
Ms Naseema Sparks[8]	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021	19,219	-	-	1,826	-	-	21,045	-
Total	**2022**	**234,236**	**-**	**-**	**4,962**	**-**	**701,573**	**940,771**	**75%**
	2021	411,356	-	-	29,737	-	161,100	602,193	27%

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 Jason Ashton was appointed on 24 November 2021.
4. Mr Andrew Reitzer was Chair until 27 October 2020 and retired on 10 November 2020.
5. Mr Karl Siegling retired on 10 November 2020.
6. Mr Andrew Macpherson retired on 22 October 2020.
7. Mr Larry Bloch retired on 16 August 2020.
8. Ms Naseema Sparks 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 July 2021 or date of appointment	Received on the exercise of option or right	Net Other Changes	Balance at 30 June 2022
Directors				
Joe Gangi	2,941,176	1,000,000	3,803,864	7,745,040
Joe Demase	11,951,206	5,000,000	38,841,978	55,793,184
Natalie Mactier	-	1,000,000	-	1,000,000
Jason Ashton	588,235	-	4,378,912	4,967,147
Total Directors	**15,480,617**	**7,000,000**	**47,024,754**	**69,505,371**
Other Management Personnel (OMP)				
Glen Dymond	919,999	-	619,814	1,539,813
Garry White	1,411,764	-	4,823,284	6,235,048
Total OMP	**2,331,763**	**-**	**5,443,098**	**7,774,861**
Group Total	**17,812,380**	**7,000,000**	**52,467,852**	**77,280,232**

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

The Company received 91.6% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2021. 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 the Company and each executive:

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

Loans to Key Management Personnel

(i) Executive and Direct or Share Plan

Under the Executive and Director Share Plan the Company may loan its Executives some or all of the amount of the exercise price for options exercised to acquire shares. Such loans are non-recourse and no interest is charged in respect of the loan amounts. The executive does not have a beneficial interest in the shares until the loan is repaid with any such shares subject to a holding lock. For accounting purposes, this arrangement is not considered as loan receivable but considered as share-based payment in substance. The granting of a loan is considered to be a modification to the existing option. Any increase in the fair value of the option recognised as an expense immediately at the date the loan is granted. If the executive fails to repay the loan, the Company can sell some of the shares to repay the loan. In the event that the shares are sold for an amount less than the value of the loan, the executive is only required to repay the loan out of the sale proceeds. The Company has no other recourse against the employee. During the period two directors were provided with a loan under the Executive and Director Share Plan for a total amount of $400,000.

(ii) Other Loans

During the year ended 30 June 2021, the Group granted loans of $280,000 to key management personnel, $140,000 each (Glen Dymond and Garry White) to allow them to take up shares in a capital raising being undertaken by the Company. The loans have been repaid by $74,200 by Glen Dymond and $74,200 by Garry White during the year ended 30 June 2022.

The table below provides aggregate information relating to the Company's loans to KMP during the year:

	2022 $000
Balance at the start of the year	**346**
Repayment from KMP	(218)
Balance at the end of the year	**128**

Other Transactions with Key Management Personnel

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

- A total of $154,294 (2021: $164,129) 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.
- A payment of $4.013 million was made to J D Management Pty Ltd (JDM), an entity controlled by Joe Demase, as consideration for the cancellation of 8 million Performance Rights in relation to shares in 5G Networks Limited held by JDM that were cancelled pursuant to the Merger with the Company in November 2021.

There were no other transactions with KMP during the year ended 30 June 2022.

End of Remuneration Report

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

Joe Gangi

Chairman

28 September 2022

The Board of Webcentral 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's corporate governance practices and policies comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (the Governance Principles and Recommendations), the ASX Listing Rules and the *Corporations Act 2001* (Cth). This Statement reflects a summary of Webcentral's corporate governance framework, policies and procedures that are in place and operating as at the date of this report.

Further information on Webcentral'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 for all appointed and future nominated directors. The Company has published profiles of its directors 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 matters 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 reviewing the performance of its Committees and the Board and Committee Chairs. The NRC, which operates under a nomination and remuneration committee charter, currently comprises the following Directors: • Jason Ashton (Committee Chair, Independent, Non-Executive Director); • Joe Gangi (Independent, Non-Executive Director); • Natalie Mactier (Independent, Non-Executive Director); and • Joe Demase (Managing Director and CEO). 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

Principles and Recommendations	Compliance	Comply
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
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: • Jason Ashton (Committee Chair, Independent Non-Executive Director); • Joe Gangi (Independent, Non-Executive Director); • Natalie Mactier (Independent, 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), Joe Gangi (Non-Executive Director, appointed 16 October 2020) and Jason Ashton (Non-Executive Director, appointed 24 November 2021) to be independent directors. The Board notes that Joseph Demase is not an independent director for the purposes of the Governance Principles and Recommendations. Mr Demase is Managing Director and Chief Executive Officer of the Company.	Compliant
2.4 A majority of the Board should be independent directors.	The Board is presently comprised of four directors, of which three are independent, non-executive directors.	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 an independent, non-executive director.	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

Corporate Governance Statement

Principles and Recommendations	Compliance	Comply
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
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	The Company recognises the serious criminal and civil penalties that may be incurred and the reputational damage that may be done, if the Company and any of its directors, as well as officers, employees, contractors, consultants and other persons that act on its behalf, engages in bribery or corruption. The Company has an Anti-Bribery and Corruption policy that articulates the standards of behaviour it expects of its directors, senior executives and employees as regards observing and upholding the prohibition on bribery and related improper conduct. The Company's Anti-Bribery and Corruption Policy is available on the Corporate Governance page of the Company's website.	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 (Independent, Non-Executive Director); • Jason Ashton (Independent, 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.	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

Principles and Recommendations	Compliance	Comply
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
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 (Independent, Non-Executive Director); • Jason Ashton (Independent, 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.	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: • Jason Ashton (Committee Chair, Independent, Non-Executive Director); • Joe Gangi (Non-Executive Director); • Natalie Mactier (Independent, 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.	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 Executive and Director Share Option Plan (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

Grant Thornton

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Auditor's Independence Declaration

To the Directors of Webcentral Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Webcentral Limited for the year ended 30 June 2022, 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, 28 September 2022

www.grantthornton.com.au
ACN-130 913 594

Webcentral Limited and its controlled entities

ABN: 21 073 716 793

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	12 months ended 30-Jun-22 $'000	30-Jun-21 $'000
CONTINUING OPERATIONS			
Revenue	5	93,428	87,089
Other income	6	3,304	4,603
Revenue and other income		**96,732**	**91,692**
Network and data centre costs		(24,285)	(25,317)
Domain registration costs		(6,225)	(5,432)
Cloud and hosting costs		(1,461)	(1,456)
Software and licencing costs		(4,999)	(3,030)
Direct labour costs		(7)	(515)
External labour costs		(814)	(1,715)
Other direct costs		(366)	-
Rent and office expenses		(410)	(989)
Marketing and travel expenses		(1,788)	(1,122)
Employee benefits expenses		(35,960)	(32,203)
Other expenses		(2,856)	(3,597)
Impairment of financial assets	10	(578)	(850)
Impairment of goodwill	14	(11,494)	-
Share-based payment expenses		(8,833)	(2,874)
Acquisition costs		(904)	(2,207)
Restructuring costs		(3,706)	(1,715)
Depreciation expenses		(10,195)	(9,769)
Amortisation expenses		(3,435)	(2,419)
Finance costs		(2,798)	(2,027)
Total expenses		**(121,114)**	**(97,237)**
Loss before income tax		**(24,382)**	**(5,545)**
Income tax (expense) / benefit	8	(356)	(319)
Loss after tax		**(24,738)**	**(5,864)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			
Items that will be reclassified to profit or loss in subsequent years:			
Currency translation differences	22	(36)	272
Items that will not be reclassified to profit or loss in subsequent years:			
Change in fair value of equity instruments designed at fair value through other comprehensive income	22	(943)	-
Other comprehensive income for the year, net of income tax		**(979)**	**272**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(25,717)	(5,592)

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 year ended 30 June 2022 (Continued)

	Notes	12 months ended 30-Jun-22 $'000	30-Jun-21 $'000
Loss for the period attributable to:			
Members of the parent		(24,883)	(4,710)
Non-controlling interests		145	(1,154)
		(24,738)	**(5,864)**
Total comprehensive income attributable to:			
Members of the parent		(25,862)	(4,438)
Non-controlling interests		145	(1,154)
		(25,717)	**(5,592)**

		30-Jun-22 cents per share	30-Jun-21 cents per share
Loss per share from continuing operations			
Basic loss per share	7	(8.50)	(4.37)
Diluted loss per share	7	(8.50)	(4.37)
Loss per share attributable to members of the parent			
Basic loss per share	7	(8.56)	(0.90)
Diluted loss per share	7	(8.56)	(0.90)

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 2022

	Notes	30-Jun-22 $'000	30-Jun-21 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	5,367	19,170
Trade and other receivables	10	4,049	5,963
Prepayments of domain name registry charges		5,585	5,398
Lease receivables	13	-	1,892
Contract assets	11	669	620
Other assets	16	3,409	1,056
Total Current Assets		**19,079**	**34,099**
Non-Current Assets			
Plant and equipment	12	15,670	15,873
Right-of-use assets	13	15,177	15,478
Intangible assets	15	22,059	24,228
Prepayments of domain name registry charges		2,387	2,429
Lease receivable	13	-	1,101
Deferred tax assets	8	-	9,978
Goodwill	14	50,212	61,706
Other financial assets	27	5,198	725
Other assets	16	835	1,494
Total Non-Current Assets		**111,538**	**133,012**
TOTAL ASSETS		130,617	167,111
LIABILITIES			
Current Liabilities			
Trade and other payables	17	15,643	19,293
Borrowings	27	571	428
Lease liability	13	3,456	5,885
Employee benefits	19	3,907	4,712
Provision for income tax		35	146
Contract liabilities	11	23,409	23,748
Other financial liabilities		500	1,100
Other liabilities	18	2,990	3,766
Total Current Liabilities		**50,511**	**59,078**

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 2022 (Continued)

	Notes	30-Jun-22 $'000	30-Jun-21 $'000
Non-Current Liabilities			
Borrowings	27	25,359	20,579
Lease liability	13	14,784	16,394
Employee benefits	19	451	547
Contract liabilities	11	8,072	8,551
Deferred tax liabilities	8	2,507	12,106
Total Non-Current Liabilities		**51,173**	**58,177**
TOTAL LIABILITIES		101,684	117,255
NET ASSETS		28,933	49,856
EQUITY			
Share capital	21	201,301	80,061
Reserves	22	(134,661)	12,300
Accumulated losses		(37,707)	(12,824)
Equity attributable to members of the parent		**28,933**	**79,537**
Non-controlling interests		-	(29,681)
TOTAL EQUITY		28,933	49,856

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Notes	Share Capital	Treasury Shares	Reserves	Accumulated Losses	Total equity attributable to owners of the Company	Non-controlling interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2021		**80,061**	**-**	**12,300**	**(12,824)**	**79,537**	**(29,681)**	**49,856**
Loss for the period		-	-	-	(24,883)	(24,883)	145	(24,738)
Other comprehensive income		-	-	(979)	-	(979)	-	(979)
Total comprehensive income for the period		**80,061**	**-**	**11,321**	**(37,707)**	**53,675**	**(29,536)**	**24,139**
Transactions with owners in their capacity as owners:								
Acquisitions of subsidiaries through internal reorganisation	21	132,340	(11,196)	(150,680)	-	(29,536)	29,536	-
Cancellation of treasury shares held by 5G Networks Limited	21	(11,196)	11,196	-	-	-	-	-
Shares issued on exercise of Options		1,115	-	-	-	1,115	-	1,115
Cancellation of shares under unmarketable parcel facility		(1,005)	-	-	-	(1,005)	-	(1,005)
Share issue costs		(14)	-	(124)	-	(138)	-	(138)
Share based compensation		-	-	4,822	-	4,822	-	4,822
Balance at 30 June 2022		**201,301**	**-**	**(134,661)**	**(37,707)**	**28,933**	**-**	**28,933**
BALANCE AT 1 JULY 2020		**38,644**	**-**	**5,125**	**(8,114)**	**35,655**	**-**	**35,655**
Loss for the period		-	-	-	(4,710)	(4,710)	(1,154)	(5,864)
Other comprehensive income		-	-	272	-	272	-	272
Total comprehensive income for the period		**38,644**	**-**	**5,397**	**(12,824)**	**31,217**	**(1,154)**	**30,063**
Transactions with owners in their capacity as owners:								
Non-controlling interests arising on acquisition of a subsidiary		-	-	-	-	-	(28,807)	(28,807)
Shares issued on exercise of Options		1,752	-	-	-	1,752	-	1,752
Shares issued pursuant to Dividend Reinvestment Plan		90	-	-	-	90	-	90
Share issued to vendors to acquire business		9,226	-	-	-	9,226	-	9,226
Share issued as consideration for financial advisory services rendered		200	-	-	-	200	-	200
Capital raising		31,377	-	-	-	31,377	-	31,377
Share issue costs		(1,228)	-	-	-	(1,228)	-	(1,228)
Dividend recognised and paid		-	-	(1,067)	-	(1,067)	-	(1,067)
Share based compensation		-	-	2,874	-	2,874	-	2,874
Deemed disposal of partial interests in a subsidiary arising from issuance of shares		-	-	5,096	-	5,096	280	5,376
Balance at 30 June 2021		**80,061**	**-**	**12,300**	**(12,824)**	**79,537**	**(29,681)**	**49,856**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	12 months ended 30-Jun-22 $'000	12 months ended 30-June-21 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		106,865	95,247
Receipt from government grants		-	432
Payments to suppliers and employees		(98,807)	(83,513)
Interest received		111	231
Interest paid		(2,856)	(2,027)
Income tax paid		(57)	(305)
Payments for restructuring and acquisition costs		(2,554)	(1,572)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**3,422**	**8,493**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment and intangible assets		(5,856)	(7,619)
Purchase of intangible assets		(1,336)	-
Sublease payments received		1,835	1,136
Consideration paid in relation to deferred capital payments of North Sydney Data Centre		(499)	(1,083)
Net Cash on Purchase of ColoAU		(8)	(2,400)
Net Cash on Purchase of Intergrid	20	(602)	(1,748)
Net Cash on Purchase of Webcentral Limited		-	1,102
Investments in listed companies		(5,417)	-
Return of capital and dividends received from investments		136	115
Return of pledged bank deposits		-	1,397
Loans from / (to) employees		-	(920)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(11,747)**	**(10,020)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	36,819
Proceeds from issues of shares on exercise of options		1,025	1,752
Proceeds from borrowings		5,412	22,159
Payment of performance rights		(4,013)	-
Payment of security deposit		(376)	-
Repayment of borrowings		(1,095)	(52,487)
Payment of capital raising costs		(182)	(1,811)
Payment of borrowing costs		(305)	-
Payment of dividend on ordinary shares		-	(977)
Payment of lease liabilities		(5,925)	(6,854)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(5,459)**	**(1,399)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(13,784)**	**(2,926)**
Net foreign exchange differences		(19)	(22)
Cash and cash equivalents at beginning of period		19,170	22,118
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9**	**5,367**	**19,170**

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 Limited ('the Company' or 'Webcentral') and its subsidiaries (collectively, 'the Group') for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 28 September 2022.

Webcentral 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.

The Company's name was changed from Webcentral Group Limited to Webcentral Limited following approval by the Company's shareholders at its general meeting held on 3 November 2021.

Operations and Principal Activities

The Group's principal activities during the year were:

- the supply of cloud-based solutions, managed services and network services
- the operation of fibre and wireless infrastructure and management of cloud computing environment
- the operation of data centre facilities
- the supply of 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

Registered Office and Principal Place of Business

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

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 28 September 2022.

Merger of Webcentral and 5G Networks Limited

On 16 July 2021, the Company announced that it had entered into a Merger Implementation Agreement (**MIA**) with 5G Networks Limited (**5GN**) under which it was proposed that the two companies merge by way of a scheme of arrangement (**Scheme**), subject to 5GN shareholder approval and court approval in accordance with Part 5.1 of the *Corporations Act 2001*.

On 12 November 2021, the merger (**Merger**) between 5GN and the Company was effected by way of scheme of arrangement between 5GN and its shareholders, with each 5GN shareholder receiving two new Webcentral shares for each 5GN share held. The record date was 16 November 2021, the new Webcentral shares were allotted on 23 November 2021 and all 5GN shares were transferred to Webcentral on the same day. From this date 5GN has been a wholly-owned subsidiary of the Company. 5GN was suspended from trading on ASX on 12 November 2021 and subsequently delisted from ASX on 25 November 2021.

The shares in the Company held by 5GN were subsequently cancelled via a selective reduction of capital in January 2022 following shareholder approval at the Company's 2021 Annual General Meeting held on 21 December 2021.

Prior to the Merger, 5GN controlled the Group for the purposes of AASB 10: *Consolidated Financial Statements* and accounted for the acquisition of Webcentral under AASB 3: *Business Combinations*, conducting acquisition accounting for the period ended 30 June 2021.

Following the Merger, 5GN shareholders hold approximately 73% of the Company's ordinary shares and therefore continued to control the Group. In the Company's judgement, the continuation of existing accounting values is consistent with the accounting which would have occurred if the assets and liabilities had already been in structure suitable to the Merger, and most appropriately reflects the substance of the internal restructure. In the Company's judgement, the Merger between Webcentral and 5GN is considered to be an internal restructure and therefore a continuation of the existing 5GN consolidated business immediately prior to the Merger.

Accordingly the consolidated financial report of Webcentral Limited (the accounting acquiree, being the Company) for the period ended 30 June 2022 has been presented as a continuation of the pre-existing accounting values of assets and liabilities in the 5G Networks Limited (the accounting acquirer) consolidated financial statements and includes the financial results for the consolidated group under 5G Networks Limited for the period from 1 July 2021 to 23 November 2021 and the consolidated group under Webcentral Limited for the period from 24 November 2021 to 30 June 2022. The comparative information presented in the financial report represents the financial position of 5G Networks Limited as at 30 June 2021; and the financial performance of 5G Networks Limited for the year ended 30 June 2021.

The non-controlling interest recorded in 5G Networks Limited in relation to other shareholders in Webcentral prior to the Merger were reversed against Reorganisation Reserve in equity on consolidation level.

The costs incurred in relation to the issue of new Webcentral shares to 5GN shareholders were allocated to the reorganisation reserve account. These costs consist of ASX listing fees and ASX CHESS settlement charges of $123,844.

On 30 August 2022 Webcentral and 5GN were granted relief by the Australian Securities and Investments Commission (**ASIC**) analogous to *ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785* (**Relief**) in respect of the year ended 30 June 2022. The effect of the Relief is that 5GN is relieved from certain obligations under the *Corporations Act 2001* in respect of the financial year ending 30 June 2022 (**FY22**) including:

- the requirement to prepare a standalone financial report and directors' report;
- the requirement to have the standalone financial report audited and to obtain an auditor's report for 5GN; and
- the requirements to report to its members and send reports to members as requested.

Webcentral is also relieved from certain obligations under the *Corporations Act 2001* in relation to the reporting of wholly-owned subsidiaries.

This Relief is only required for 5GN's current financial year ending 30 June 2022. Thereafter, 5GN will automatically become eligible for the exemptions contained in *ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785*.

Absent this Relief, 5GN would have been required to prepare a financial report and comply with other requirements of the Act, as it was a "disclosing entity" for part of its current financial year by virtue of being listed on ASX until the merger of Webcentral and 5GN in November 2021 when 5GN became a wholly-owned subsidiary of Webcentral.

There has been no changes in ownership of any members of 5G Networks Pty Ltd to the deed of cross guarantee between Webcentral and any of its wholly-owned entities that occurs following the end of 30 June 2022 and before the lodgement of its consolidated financial statements for the year ended 30 June 2022.

Going concern

The financial report for the financial year ended 30 June 2022 has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

For the year ended 30 June 2022 the Group recorded a loss after tax of $24,738,000 (2021: Loss $5,864,000), operating cash inflows of $3,422,000 (2021: $8,493,000), financing cash outflows of $5,459,000 (2021: $1,399,000), and a deficit of current assets to current liabilities of $31,432,000 (2021: $24,979,000). At year end the Group had $5.4 million of cash on hand and available debt facilities of $10.8 million, of which $10.5 million is for the purpose of business acquisitions.

The significant items which contributed to the Group's loss after tax for the year were the non-cash goodwill impairment expense of $11.49 million, acquisition, restructuring and transaction costs of $4.6 million in relation to the Merger and associated restructuring activities, acquisition-related activities, and non-cash share-based payments expense of $8.83 million. The goodwill impairment charge has arisen due to the assessment of the carrying value of goodwill and intangible assets at year-end. The non-cash impairment expense recognises the uncertainty caused by the COVID-19 pandemic and the potential impacts to the Group's revenue and operating results. The non-cash impairment charge has no impact on the Group's debt facilities, covenants or liquidity. The acquisition, restructuring and transaction costs are considered to be one-off and non-recurring in nature. The share-based payment expense was significantly higher than prior years as they represent two listed companies and due to the acceleration of options vesting period due to the Merger. The ongoing annual share-based payments expense is expected to be significantly lower at approximately $1.5 million.

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 Group's cash forecast for the period to September 2023 (i.e. 12 months after the issue of the Group's financial report) indicates that is generating a positive operating cashflow and that it does not require additional funding from external debt or equity providers.

The specific growth initiatives and sales pipeline that support the operational growth forecast include:

- release of .au domain name in March 2022
- CPanel hosting product launch in April 2022
- NBN product launch in August 2022
- wholesale customer sales closed in FY22 of $2.3 million and wholesale sales pipeline of $3.6 million
- direct customer sales closed in FY22 of $1.8 million and direct sales pipeline of $5.7 million
- hardware sales closed of $1.6 million in FY22 for delivery in FY23

A conservative cash forecast for the period to September 2023 (i.e. 12 months after the issue of the Group's financial report) has also been prepared on the basis of a continuation of the Group's revenue in July 2022 which indicates a positive operating cashflow for the period to September 2023 and that it does not require additional funding from external debt or equity providers.

The Directors have undertaken solvency tests at year-end and as at the signing date of Group's financial report which consider the Group's ability to pay liabilities that are due within 30 days of each date. These tests consider the current assets and liabilities expected to be settled within 30 days, available debt funding of $3.8 million (excluding $10.5 million acquisition facility) and other available sources of funding and indicate that the Group has sufficient funding headroom.

The solvency tests consider current assets that are expected to be converted to cash and current liabilities that are not payable within 30 days including prepayments and current assets of $0.4 million, borrowings and other financial liabilities not expected to be payable or settled in cash of $1.8 million, trade payables and other creditors not payable of $3.2 million, payroll provisions of $2.5 million, property lease liabilities of $2.5 million and deferred revenue balances of $24.5 million.

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 consolidated financial report.

New or Amended 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 AASB.

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.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Webcentral Limited as at 30 June 2022 and the result of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'Business Combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly inequity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity.

The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquire and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquirer's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any noncontrolling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the preexisting fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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 designed 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.

Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

(i) 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.

(ii) Deferred Taxes

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(iii) 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 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.

Revenue

Revenue is recognised either at a point in time or over time when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. All revenue is stated net of the amount of Goods and Services Tax (GST).

(i) Sale of Goods

Sale of hardware and software products for a fixed fee is recognised as revenue when the goods are delivered and control is transferred to the customer.

(ii) Rendering of Services – network and voice, data centre, managed services

The Group provides network, voice, data centre and managed services under fixed-price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes a variable fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

Other Income

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

(i) Interest

Interest revenue is recognised as interest accrues under the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period

using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) R&D Tax offset income

Non-refundable R&D tax offset is recognised as income under Government Grant approach (AASB 120) when there is reasonable assurance that it will be received as a reduction in current or future income tax liabilities. It is recognised in the statement of comprehensive income in the same period that the related costs are recognised as expenses and relates to refundable amounts on approved expenses.

(iii) Government Grant Income

Government grant income is only recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them, and the grant will be received.

Leases

(i) The Group as a lessee

As a lessee, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract. That coveys the right to use as asset (the underlying asset) for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee

At the commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted lease payments using its incremental borrowing rate. The weighted-average rate applied is in the range of 6%-8%.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), and variable payments based on an index or rate stated in the lease agreements.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(ii) The Group as a lessor

The Group is an intermediate lessor of some subleases, which were previously classified as operating leases under AASB 16: Leases . The Group accounts for a head lease and sublease as two separate contracts, applying both lessee and lessor accounting requirements respectively. On the date of initial application, the Group reassessed its existing operating subleases to determine whether the sublease is classified as an operating or finance lease under AASB 16. The reassessment is based on the remaining contractual terms of the head lease and sublease with reference to the right-of-use assets associated with the head lease and not the underlying asset.

On identifying finance subleases that were previously classified as operating subleases, the Group derecognises the ROU asset relating to the head lease that is transferred to the sublessee and 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. When finance subleases terminate earlier, the Group apply the derecognition and impairment requirement in AASB 9 to the net investment in the lease to derecognise the residual present value of lease receivables by adding the right to use asset relating to the head lease.

The Group is required to calculate an expected credit loss for the lease receivable in accordance with AASB 9 and elected to apply the simplified approach to recognise the lifetime expected credit losses of the lease receivable. The Group considered both historical information and a forward outlook in determining the lifetime expected credit loss on lease receivables.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings of current liabilities on the statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Leasehold improvements	Lease term or 6 years if the lease term is over 6 years
Plant and equipment	2 to 10 years
Furniture and fittings	2 to 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible Assets

(i) Goodwill

Goodwill arises on the acquisition of a business combination. Goodwill is calculated as the excess sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill is allocated to the Group's cash-generating units representing the lowest level at which goodwill is monitored.

(ii) Brand name and customer contracts

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

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

(iii) Capitalised Software

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.

Impairment of Non-financial Assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Financial Instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

Financial assets at amortised cost

All of the Group's financial assets are classified as financial assets at amortised cost as they meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, restricted cash, trade and other receivables fall into this category of financial assets.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in The Pistol and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of IFRS 9 'Financial Instruments', which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets designated at fair value through OCI (FVOCI)

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 Other non-listed and listed equity investments under this category.

(iii) Impairment of Financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group makes use of a simplified approach in accounting for trade receivables as well as contract assets and records the loss allowance as lifetime expected credit losses.

These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 10 for a detailed analysis of how the impairment requirements of AASB 9 are applied.

(iv) Classification and measurement of financial liabilities

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Employee benefits

(i) Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on high quality Australian corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year.

Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Group, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and Other Similar Taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Notes to the Financial Statements

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

In accordance with the accounting treatment of the merger between the Company and 5G Networks Ltd, the comparative information presented in the financial report represents the financial position of 5G Networks Limited as at 30 June 2021; and the financial performance of 5G Networks Limited for the year ended 30 June 2021.

3. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances and with the exceptions of income tax and revenue recognition, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2021. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Prepayments of domain name registry charges

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.

Provision for impairment of receivables

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

Estimation of Useful Lives of Assets

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

Goodwill and Other Indefinite Life Intangible Assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Leases

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

The Group has the option, under some of its premises leases to lease the assets for additional terms of five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

The Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group excluded the renewal period as part of the lease term for leases of rental premises as the Group is not reasonably certain to exercise the renewals.

Income Tax

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

Recovery of Deferred Tax Assets

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

Long Service Leave Provision

As discussed in Note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present values of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business Combinations

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

Merger with 5G Networks Limited

In the Company's judgement, the Merger between Webcentral and 5GN is considered to be an internal restructure and therefore a continuation of the existing 5GN consolidated business immediately prior to the Merger. Accordingly, the continuation of existing accounting values is consistent with the accounting which would have occurred if the assets and liabilities had already been in structure suitable to the Merger, and most appropriately reflects the substance of the internal restructure.

4. Segment Information

Management currently identifies the operating segments monitored by the Group's Chief Operating Decision Maker ("CODM") as being Data Centres, Network and Cloud Applications and Managed Services, and Webcentral.

- Data Centres, Networks and Cloud Applications: Data Centres, Networks and Cloud are interrelated and consist of the provision of data centre services (physical, virtual machines and colocation in non-5GN owned DCs), network infrastructure included cross connects, 5GN owned and non-5GN owned fibre networks and cloud applications.
- Managed Services including Voice, Hardware / Software and other: Managed IT services including on-site and remote IT support, professional services and project management, provision of voice services and hardware and software procurement. These services are typically bundled into one product or service.
- Webcentral: Webcentral domains, email, web hosting and digital marketing business

Segment information for the reporting period is as follows:

a. Adjusted EBITDA

Adjusted EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as restructuring costs, legal expenses and impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

	2022 $'000	2021 $'000
Segment Revenue		
Data Centres, Network & Cloud	24,638	27,723
Managed Services	19,465	25,326
Webcentral	50,106	35,305
Intersegment eliminations	(781)	(1,265)
Consolidated Revenue	**93,428**	**87,089**
Cost of goods sold	(38,157)	(37,465)
Gross Margin	**55,271**	**49,624**
Other income	3,304	4,603
Rent and office expenses	(410)	(989)
Marketing and travel expenses	(1,788)	(1,122)
Employee benefits expenses	(35,960)	(32,203)
Other expenses	(2,856)	(4,447)
Total Adjusted EBITDA	**17,561**	**15,466**
Data Centres, Network & Cloud	2,613	3,150
Managed Services	1,999	3,946
Webcentral	12,949	8,370
Total Adjusted EBITDA	**17,561**	**15,466**

b. Reconciliations of operating profit (loss) before income tax

Adjusted EBITDA reconciles to operating profit before income tax as follows:

	2022 $'000	2021 $'000
Total adjusted EBITDA	**17,561**	**16,316**
Impairment of financial assets	(578)	(850)
Impairment of intangible assets	(11,494)	-
Share-based payment expenses	(8,833)	(2,874)
Acquisition costs	(904)	(2,207)
Restructuring costs	(3,706)	(1,715)
Depreciation and amortisation expenses	(13,630)	(12,188)
Finance costs	(2,798)	(2,027)
Loss before income tax expense	**(24,382)**	**(5,545)**

(c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

	2022 $'000	2021 $'000
Data Centres, Network & Cloud	38,494	21,554
Managed Services	14,355	17,029
Webcentral	86,097	128,528
Total segment assets	**138,946**	**167,111**

5. Revenue from contracts with customers

The revenue breakdown by product and service line for the year ended 30 June 2022 is shown below:

	2022 $'000	2021 $'000
CONTINUING OPERATIONS		
Types of goods of service		
Cloud	29,407	27,763
Domains	22,595	15,012
Network & Voice	10,168	9,217
Data Centres	7,989	8,489
Managed Services	11,994	13,378
Digital Marketing	4,512	2,405
Hardware & Software	6,763	10,825
Total revenue from contracts with customers	**93,428**	**87,089**
Timing of revenue recognition		
Goods and services transferred at a point in time	6,763	10,825
Services transferred over time	86,665	76,264
Total revenue from contracts with customers	**93,428**	**87,089**

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	Cloud	Domains	Network & Voice	Data Centres	Managed Services	Digital Marketing	Hardware & Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
For the year ended 30 June 2022								
Goods transferred at a point in time	-	-	-	-	-	-	6,763	6,763
Services transferred over time	29,407	22,595	10,168	7,989	11,994	4,512	-	86,665
For the year ended 30 June 2021								
Goods transferred at a point in time	-	-	-	-	-	-	10,825	10,825
Services transferred over time	27,763	15,012	9,217	8,489	13,378	2,405	-	76,264

6. Other Income

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

	Consolidated	
	2022 $'000	2021 $'000
Government grant income	-	478
Dividend income	168	116
Interest income	21	99
Gain on remeasuring equity interest to fair value upon control obtained	-	1,350
Sublease income	197	132
Management fees from transitional service agreements in relation to the sale of Enterprise and TPP Wholesale businesses[1]	2,460	2,428
Sundry income	458	-
Total Other Income	**3,304**	**4,603**

1. 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.

7. Earnings per share

Basic Earnings Per Share (**EPS**) amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilutive potential ordinary shares in existence during the year (2021: Nil) as the share options and performance rights of the Company were antidilutive. The following represents the share data used in the EPS computations:

	Consolidated	
	2022 $'000	2021 $'000
Weighted average number of shares used in calculating earnings per share and diluted earnings per share	291,056,455	107,668,000[1]

1. Due to the number of ordinary shares increasing subsequent to the Merger of the Company with 5GN, the calculation of basic and diluted earnings per share have been adjusted as if the Merger took place at the beginning of the comparative period.

8. Income tax

	Consolidated	
	2022 $'000	2021 $'000
(A) INCOME TAX BENEFIT / (EXPENSE)		
(Loss) / profit before income tax	**(24,382)**	**(5,545)**
At the Group's statutory income tax rate of 30% (2021: 30%)	7,315	1,663
Tax effect amounts which are not deductible in calculating taxable income:		
Non-deductible goodwill impairment charge	(3,448)	-
Other tax-exempt income	10	419
Expense on performance rights and options	(2,650)	(862)
Other non-deductible expenses	(343)	(645)
Rate change	-	157
Derecognition of DTA	-	(166)
Net under/over	(313)	(619)
Unrecognised tax loss for the year	(994)	(203)
Over provision from period and business combination	67	(63)
Actual tax benefit / (expense)	**(356)**	**(319)**
Tax expense comprises:		
- Over provision from prior period and business combination	-	(13)
- Deferred tax - origination and reversal of temporary differences	(356)	(306)
Aggregate Income tax expense at the effective income tax rate	**(356)**	**(319)**
(B) DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets are comprised of the following temporary differences:[1]		
Allowable section 40-880 (blackhole) deductions – written down value	-	741
Accrued expenses and provisions	-	9,237
	-	**9,978**
Deferred tax liabilities are comprised of the following temporary differences:		
Allowable section 40-880 (blackhole) deductions – written down value	870	-
Accrued expenses and provisions	7,439	-
Other	20	-
Tangible and intangible assets	(5,229)	(5,812)
ACA impact on depreciating asset – written down value	(122)	4
R&D capitalised labour	(3)	-
Brand and Customer contract	(5,482)	(6,298)
	(2,507)	**(12,106)**
NET DEFERRED TAX ASSET / DEFERRED TAX LIABILITY	**(2,507)**	**(2,128)**

1 As 5G Networks Ltd and Webcentral Ltd did not form a tax consolidated group until November 2021 following the merger, deferred tax asset and deferred tax liability for the period ended 30 June 2021 cannot be offset.

As at 30 June 2022, the Group has unrecognised income tax losses of $34,807,742 tax-effected at 30% (2021: $9,856,208), and capital losses of $87,869,863 arising from the sale of the TPP Wholesale Reseller business, and the sale of the Enterprise business (2021: $87,869,863).

9. Cash and Cash Equivalents

(a) Reconciliation of cash and cash equivalents

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

	Consolidated	
	2022 $'000	2021 $'000
Cash at bank and in hand	5,367	19,170
Total cash and cash equivalents	**5,367**	**19,170**

(b) Reconciliation of loss after tax to net cash flows from operating activities

	Consolidated	
	2022 $'000	2021 $'000
Loss after income tax	(24,883)	(4,710)
Non-cash flows in profit:		
Depreciation and amortisation	13,683	12,188
Employee benefits expenses	854	864
Share-based payment expenses	8,833	2,874
Gain on remeasuring equity interest to fair value upon control obtained	-	(1,350)
Impairment expenses	11,494	-
Other expenses	(2,740)	(822)
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
Movement in trade and other receivables	1,243	(855)
Movement in other assets	(1,572)	5,745
Movement in deferred tax asset	379	(220)
Movement in intangibles	-	(350)
Movement in trade and other payables	(1,839)	(2,270)
Movement in employee benefits provisions	(854)	116
Movement in Income tax payable	(57)	-
Movement in other Liabilities	(1,119)	(2,717)
Net cash from operating activities	**3,422**	**8,493**

10. Trade and other receivables

	Consolidated	
	2022 $'000	2021 $'000
Trade receivables	5,020	4,990
Allowance for impairment of receivables	(1,768)	(1,190)
	3,252	3,800
Unsecured loans – at call[1]	424	983
Other receivables	373	1,180
Total trade and other receivables	**4,049**	**5.963**

1. Unsecured loans represent loans granted to key management personnel and employees to allow them to take up shares in a capital raising undertaken by Webcentral Limited in FY21. The loans are expected to be extinguished following the payment of FY22 bonuses.

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

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

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2022 and 1 July 2021 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

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

On the above basis the expected credit loss for trade receivables as at 30 June 2022 and 30 June 2021 was determined as follows:

	30-Jun-22			30-Jun-21		
	ECL Rate	Gross $'000	ECL $'000	ECL Rate	Gross $'000	ECL $'000
Current	0.0%	2,475	-	6.2%	2,101	(131)
0-30 days past due	0.0%	324	-	4.1%	647	(26)
31-60 days past due	0.0%	171	-	5.5%	296	(16)
61-90 days past due	0.0%	132	-	9.8%	122	(12)
91 days + past due	47.9%	1,918	(1,768)	55.1%	1,824	(1,005)
Closing balance		**5,020**	**(1,768)**		**4,990**	**(1,190)**

The closing balance of the trade receivables loss allowance as at 30 June 2022 reconciles with the trade receivables loss allowance opening balance as follows:

	$'000
Opening loss allowance as at 1 July 2020	340
Net additional provision for ECL's taken to the P&L	850
Loss allowance as at 30 June 2021	**1,190**
Net additional provision for ECL's taken to the P&L	578
Loss allowance as at 30 June 2022	**1,768**

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

11. Contract Assets and Liabilities

Contract assets consist of the following:

	Consolidated	
	2022 $'000	2021 $'000
Contract assets[1]		
Work in progress	669	620
	669	**620**

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

Contract liabilities consist of the following:

	Consolidated	
	2022 $'000	2021 $'000
Deferred revenue	23,409	23,748
Contract liabilities - current	**23,409**	**23,748**
Deferred revenue	8,072	8,551
Contract liabilities - non-current	**8,072**	**8,551**

12. Property, Plant and Equipment

	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Gross carrying amount			
At 1 July 2021	4,432	21,861	26,293
Additions	-	5,969	5,969
Disposals	(5)	(727)	(732)
Closing Value at 30 June 2022	**4,427**	**27,103**	**31,530**
Depreciation and impairment			
At 1 July 2021	(1,943)	(8,477)	(10,420)
Depreciation	(1,487)	(3,989)	(5,476)
Disposals	-	36	36
Closing value at 30 June 2022	**(3,430)**	**(12,430)**	**(15,860)**
Carrying Amount 30 June 2022	**997**	**14,673**	**15,670**
Gross carrying amount			
At 1 July 2020	2,002	11,975	13,977
Assets acquired in the business acquisition	1,920	2,887	4,807
Additions	522	6,999	7,521
Disposals	(12)	-	(12)
Closing Value at 30 June 2021	**4,432**	**21,861**	**26,293**
Depreciation and impairment			
Balance at 1 July 2020	(684)	(4,876)	(5,560)
Depreciation	(1,271)	(3,601)	(4,872)
Disposals	12	-	12
Closing value at 30 June 2021	**(1,943)**	**(8,477)**	**(10,420)**
Carrying Amount 30 June 2021	**2,489**	**13,384**	**15,873**

13. Leases

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

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

	2022 $'000	2021 $'000
Depreciation expense of right-of-use assets	4,722	4,897
Interest expense on lease liabilities	1,166	1,402
Rent expense - short-term leases	28	53

Right-of-use asset

	Right-of-use assets		
	Building $'000	Other equipment $'000	Total $'000
As at 1 July 2021	14,930	548	15,478
Additions during the year	3,205	132	3,337
Derecognition of lease receivables	1,127	-	1,127
Disposals during the year	(43)	-	(43)
Depreciation expense	(4,593)	(129)	(4,722)
As at 30 June 2022	**14,626**	**551**	**15,177**

	Right-of-use assets		
	Premises $'000	Other equipment $'000	Total $'000
As at 1 July 2020	12,369	645	13,014
Adjustments during the year	10,509	30	10,539
Disposals during the year	(3,178)	-	(3,178)
Depreciation expense	(4,770)	(127)	(4,897)
As at 30 June 2021	**14,930**	**548**	**15,478**

Lease receivables

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

	2022 $'000	2021 $'000
Opening balance	2,993	-
Assets acquired in the business acquisition	-	5,402
Additions	-	383
Disposals[1]	(1,127)	(983)
Interest income	94	132
Receipts from lessees	(1,960)	(1,941)
Closing balance	**-**	**2,993**

1. Disposals due to early termination of sublease and the balance was transferred to ROU

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

	2022 $'000	2021 $'000
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	-	1,987
1-2 year	-	378
2-3 year	-	391
After 3 years	-	439
Total undiscounted lease receivable at 30 Jun	**-**	**3,195**
Unearned finance income	-	(202)
Net investment in lease	**-**	**2,993**

Lease liabilities

	Consolidated	
	2022 $'000	2021 $'000
Current		
Obligations under property leases	3,319	5,641
Obligations under equipment leases	137	244
	3,456	**5,885**
Non-current		
Obligations under property leases	14,713	16,288
Obligations under equipment leases	71	106
	14,784	**16,394**

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

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-on-use asset	No of right-on-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with variable payments linked to an index	No of leases with termination options
Data centres and related facilities	5	1-9 years	4 years	5	5	0
Office premises	12	1-5 years	2 years	6	6	0
IT Equipment	2	2 years	2 years	0	0	0

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

	Minimum lease payments due						
	Within 1 year	1-2 year	2-3 year	3-4 years	4-5 years	After 5 years	Total
30 June 2022							
Lease payments	4,554	4,500	4,124	3,288	3,364	1,909	21,739
Finance charges	(1,098)	(866)	(630)	(412)	(257)	(236)	(3,499)
Net present values	**3,456**	**3,634**	**3,494**	**2,876**	**3,107**	**1,673**	**18,240**
30 June 2021							
Lease payments	7,098	5,966	3,523	3,341	2,504	4,064	26,496
Finance charges	(1,213)	(919)	(724)	(528)	(354)	(478)	(4,216)
Net present values	**5,885**	**5,047**	**2,799**	**2,813**	**2,150**	**3,586**	**22,280**

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	Consolidated	
	2022 $'000	2021 $'000
Short-term leases	28	53
Total	**28**	**53**

14. Goodwill

The following table shows the movements in goodwill:

	Consolidated	
	2022 $'000	2021 $'000
Gross carrying amount		
Balance at beginning of period	61,706	16,567
Acquired through business combination	-	45,139
Balance at end of the period	**61,706**	**61,706**
Accumulated impairment		
Balance at beginning of period	-	-
Impairment loss recognised	(11,494)	-
Balance at end of the period	**(11,494)**	**-**
Carrying amount at end of the period	**50,212**	**61,706**

Impairment Disclosures and Testing of Goodwill

Goodwill is allocated to the Group's cash generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated	
	2022 $'000	2021 $'000
Data Centres, Networks and Cloud	5,479	16,973
Managed Services	5,536	5,536
Webcentral	39,197	39,197
Goodwill allocation at 30 June	**50,212**	**61,706**

The recoverable amount of the cash-generating units is determined based on value-in-use calculations. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. A value in use model was developed to provide a forecast of free cash flows for the five financial years ending on 30 June 2027 and a terminal value, 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 year 2 onward being the long-term target CPI rate. The present value of the expected cash flows of each CGU is determined by applying a suitable discount rate.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors. The discount rate has been based upon an estimate of CGU weighted average cost of capital (WACC). The WACC adopted for each CGU is summarised below:

	Low	High
Data Centres, Networks and Cloud	9.7%	11.0%
Managed Services	12.1%	12.90%
Webcentral	10.6%	12.10%

Impairment Charge for Goodwill
An impairment charge of $11.49 million was recorded for the Data centres, network and cloud segment based on impairment testing indicating that the carrying value exceeded the recoverable amount of the CGU as at 30 June 2022. The underlying reasons for the impairment charge were the reduction in revenue in FY22 compared to the prior year due to the cessation of legacy customer contracts, the conversion of higher value data centre contracts into lower value cloud services contracts, and forecast revenue growth not achieved in FY22.

No impairment charge was recorded for the Managed Services and Webcentral segments as their respective recoverable amounts exceeds their carrying values by $28.8 million and $83.3 million respectively.

Sensitivity analysis undertaken on the key impairment model assumptions indicates that in order for the recoverable amounts to be equal to their carrying values for the Managed Services and Webcentral segments, the discount rate would need to increase to 82% and 28% respectively and the revenue growth rate would need to decrease to negative 1.8% and negative 0.8% respectively. Management are not aware of any events that are expected to have an adverse effect on revenue growth.

15. Other intangible assets

The following table shows the movements in other intangible assets:

	Customer contract $'000	Brand name $'000	Capitalised software $'000	Marketing Related Intangibles $'000	Total $'000
Gross carrying amount					
At 1 July 2021	18,932	4,017	3,775	-	26,724
Additions	-	-	1,081	180	1,261
Disposals	-	-	-	-	-
Closing Value at 30 June 2022	**18,932**	**4,017**	**4,856**	**180**	**27,985**
Amortisation and impairment					
At 1 July 2021	(1,377)	(577)	(542)	-	(2,496)
Amortisation	(1,918)	(803)	(672)	(37)	(3,430)
Closing value at 30 June 2022	**(3,295)**	**(1,380)**	**(1,214)**	**(37)**	**(5,926)**
Carrying Amount at 30 June 2022	**15,637**	**2,637**	**3,642**	**143**	**22,059**
Gross carrying amount					
At 1 July 2020	372	-	-	-	372
Assets acquired in the business acquisition	18,560	4,017	3,425	-	26,002
Additions	-	-	350	-	350
Disposals	-	-	-	-	-
Closing Value at 30 June 2021	**18,932**	**4,017**	**3,775**	**-**	**26,724**
Amortisation and impairment					
Balance at 1 July 2020	(78)	-	-	-	(78)
Amortisation	(1,299)	(577)	(542)	-	(2,418)
Closing value at 30 June 2021	**(1,377)**	**(577)**	**(542)**	**-**	**(2,496)**
Carrying Amount at 30 June 2021	**17,555**	**3,440**	**3,233**	**-**	**24,228**

Notes to the Financial Statements

(a) Marketing-related intangibles

Market-related intangibles represent website development. They have been assessed as having an effective life of five years.

(b) Brand Name and Customer Contracts

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

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

(c) Capitalised software

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.

Included in capitalised software is $2.59 million 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.

16. Other assets

Other assets consist of the following:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Other prepayments	2,878	526
Inventory	200	172
Bond payments	74	78
Other	257	280
Other assets - current	**3,409**	**1,056**
Other prepayments	835	1,044
Bond payments	-	450
Other assets - non-current	**835**	**1,494**

17. Trade and other payables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Trade creditors	11,917	10,190
Accrued liabilities	888	3,319
Deferred consideration	750	1,941
Deposits received in advance	231	303
Other creditors	1,857	3,540
Total trade and other payables	**15,643**	**19,293**

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

18. Other Liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
GST and PAYG due to ATO	2,804	3,352
Payroll tax provision	186	414
Other liabilities - current	**2,990**	**3,766**

19. Employee Benefits Provisions

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current		
Annual leave	2,007	1,883
Long service leave	934	1,079
Wages payable	61	201
Superannuation payable	738	516
Accrued bonuses and sales commission	167	1,033
	3,907	**4,712**
Non-current		
Long service leave	451	547
	451	**547**

20. Business Acquisitions

Colocation Australia ("ColoAu")
On 8 July 2020, the Company acquired the business and assets of ColoAU. The goodwill value of $3.015 million identified in relation to the acquisition is final.

Intergrid Group Pty Ltd
On 17 March 2021, the Group completed the acquisition of 100% of Intergrid Group Pty Ltd. A deferred payment of $0.60 million was paid on 20 July 2021 due to the achievement of target revenue and customer churn rates. The goodwill value of $2.928 million identified in relation to the acquisition is final.

21. Issued Capital

During the period, 241,322,246 ordinary shares were issued pursuant to the Merger with 5GN for consideration of all of the shares in 5GN and 7,325,000 ordinary shares were issued following the exercise of options and performance rights for total consideration of $1,115,000. In January 2022, 69,524,461 ordinary shares held by 5GN were cancelled via a selective reduction of capital pursuant to the Merger. These shares were classified as treasury shares from 23 November 2021 at the time the scheme became effective. In June 2022, 4,278,509 ordinary shares were cancelled pursuant to an unmarketable parcel share sale facility.

	Consolidated	
	2022 $'000	2021 $'000
Issued and paid-up capital		
Ordinary shares each fully paid	201,301	80,061

Movements in ordinary shares on issue

	30 June 2022		30 June 2021	
	Number of shares	$'000	Number of shares	$'000
Beginning of the financial period	**114,261,123**	**80,061**	**86,748,245**	**38,644**
- Acquisition of subsidiaries through internal reorganisation	212,902,341	121,144	-	-
- Shares issued following exercise of options	125,000	25	730,000	552
- Share issued as consideration for services	200,000	90	-	-
- Shares issued following exercise of performance rights	5,000,000	1,000	2,000,000	1,200
- Shares cancellation – unmarketable parcel facility	(4,278,509)	(1,005)	-	-
- Issue of shares pursuant to Share purchase plan	-	-	3,398,111	3,874
- Issue of shares to vendor	-	-	777,569	980
- Issue of shares under a Placement	-	-	15,279,175	27,503
- Issues of shares under Dividend Reinvestment Plan	-	-	58,788	90
- Issue of shares as consideration for WCG off-market takeover	-	-	4,743,253	8,246
- Issue of shares as consideration of financial advisory services rendered	-	-	114,942	200
- Transaction costs for share issue	-	(14)	-	(1,228)
Shares issued and fully paid	**328,209,955**	**201,301**	**113,850,083**	**80,061**
- Issue of shares to employees under Employee Share Plan	882,837	-	111,040	-
- Issue of shares under ESOP	2,000,000	-	300,000	-
End of the financial period	**331,092,792**	**201,301**	**114,261,123**	**80,061**

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

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.

Share Based Payments – Employee Shares

On 22 March 2022, 882,837 ordinary shares were issued to employees under an Employee Share Plan as free shares.

Shares acquired under this plan carry all of the same rights and obligations of other shares, except for any rights attaching to shares by reference to a record date prior to the date of issue or transfer.

Share Based Payments – Options

During the year the Group issued 27,100,000 options to directors and employees under the Executive and Director Share Plan and the Executive Equity Plan as a means of rewarding and incentivising key employees.

Further details of the performance rights, including details of rights issued during the financial year, are set out in Note 23.

There were 20,000,000 performance rights and 15,110,000 unlisted options on issue at the end of the year.

Treasury Shares

The loans granted under Executive and Director Share Plan (Note 23) are limited in recourse over the shares issued on exercise of the options, and the Company placed a holding lock over these shares to secure repayment. These shares were treated as treasury shares. During the year, the Group has issued 2,000,000 treasury shares.

Movements in treasury shares:

	30 June 2022		30 June 2021	
	Number of shares	$'000	Number of shares	$'000
Beginning of the financial period				
- Acquisition of subsidiaries through internal reorganisation	69,524,461	(11,196)	-	-
- Cancellation of treasury shares held by 5G Networks Limited	(69,524,461)	11,196	-	-
- Issue of shares under ESOP	2,000,000	-	-	-
End of the financial period	**2,000,000**	**-**	**-**	**-**

22. Reserves

	Consolidated	
	2022 $'000	2021 $'000
Share-based payments reserve	11,471	6,649
Other reserve	4,436	5,379
Foreign currency reserve	236	272
Reorganisation reserve	(150,804)	-
Total	**(134,661)**	**12,300**

Share-based payment reserve	2022 $'000	2021 $'000
Balance at the beginning of the period	6,649	3,775
Arising on share-based payments	4,822	2,874
Balance at the end of the year	**11,471**	**6,649**

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

Other reserves	2022 $'000	2021 $'000
Balance at the beginning of the period	5,379	1,350
Change in fair value of equity instruments	(943)	-
Dividend recognised and paid	-	(1,067)
Deemed disposal of partial interests in a subsidiary arising from issuance of shares	-	5,096
Balance at the end of the year	**4,436**	**5,379**

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

Foreign currency reserve	2022 $'000	2021 $'000
Balance at the beginning of the period	272	-
Currency translation differences	(36)	272
Balance at the end of the year	**236**	**272**

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

Reorganisation reserve	2022 $'000	2021 $'000
Balance at the beginning of the period	-	-
Acquisition of subsidiaries[1]	(132,340)	-
Elimination of Non-Controlling Interest[2]	(29,536)	-
Reclassification of shares still held by 5GN in WCG	11,196	-
Share issue costs[3]	(124)	-
Balance at the end of the year	**(150,804)**	**-**

1 To eliminate 5GN contributed equity balance as part of accounting for the internal reorganisation as the contributed equity of the WCG consolidated group will need to be that of WCG not 5GN
2 To eliminate the NCI previously recognised in the consolidated financial statements of 5GN in relation to WCG as part of the internal reorganisation as there is now no longer an NCI in the WCG consolidated group
3 Share issue costs associated with the merger and issue of new WCG shares

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

23. Share-based Payments – Performance Rights and Options

The Group operates two long-term incentive (LTI) plans as a means of rewarding and incentivising directors, executives and senior leaders of the Group.

The Webcentral Executive and Director Share Option Plan (ESOP) was adopted in December 2020 for directors and executives of the Group.

In April 2022 the Group adopted an Executive Equity Plan (EEP) for executives and senior leaders of the Group.

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

- Performance Rights: Achieve inclusion in the ASX300 index
- Options: Completion of tenure periods of two years and individual KPIs

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 and options held at the beginning of the reporting period

There were 13,400,000 rights and options held as at 1 July 2021 in relation to the ESOP.

(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:

	2022 Number	2021 Number
Outstanding at the beginning of the year	13,400,000	169,156
Granted during the year[1]	29,610,000	13,400,000
Vested and exercised during the year[2]	(7,000,000)	-
Lapsed during the year	-	-
Forfeited during the year[3]	(900,000)	(169,156)
Outstanding at year end	**35,110,000**	**13,400,000**

1. During the year, 15,000,000 Performance Rights and 9,450,000 Options were issued under the ESOP and 5,160,000 Options were issued under the EEP.
2 During the year, 10,000,000 Performance Rights were vested of which 5,000,000 Performance Rights were exercised and 2,000,000 Options were vested and exercised under the ESOP.
3. During the year, 900,000 Options were forfeited under the ESOP.

(c) Rights and options vested during the reporting period

During the year, 10,000,000 Performance Rights were vested (2021: nil) and 2,000,000 Options were vested (2021: Nil) under the ESOP.

(d) Rights and options forfeited during the reporting period

During the year, 900,000 Options were forfeited by employees (2021: 169,156) with a weighted average exercise price of zero (2021: nil) under the ESOP.

(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 2022. 5,000,000 Performance Rights are exercisable at 30 June 2022 (2021: nil):

Issue Date and Type	Number	Grant date	Vesting date	Expiry date	Weighted average exercise price	Weighted average remaining contractual life
2020 Performance Rights - Director	5,000,000	18/12/2020	22/09/2021	18/12/2025	$0.20	3.47
2021 Performance Rights - Director	15,000,000	22/12/2021	N/A	21/12/2026	$0.45	4.48
2021 Options - Director	4,500,000	22/12/2021	21/12/2023	21/12/2026	$0.45	4.36
2021 Options - Executive (1)	700,000	01/02/2021	01/02/2023	01/02/2026	$0.485	3.59
2021 Options - Executive (2)	100,000	29/03/2021	29/03/2023	29/03/2026	$0.485	3.75
2021 Options – Executive (3)	4,650,000	15/07/2021	15/07/2023	15/07/2026	$0.45	4.04
2021 Options – Executive (4)	260,000	13/04/2022	N/A	13/04/2025	$0.26	2.79
2021 Options – Executive (5)	4,900,000	02/06/2022	02/06/2024	02/06/2027	$0.25	4.92
	35,110,000				**$0.39**	**4.29**

(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	2021 Rights	2021 Options	2021 Options (1)	2021 Options (2)	2021 Options (3)	2022 Options (4)	2022 Options (6)	2022 Options (6)
Share price	$0.415	$0.465	$0.415	$0.44	$0.53	$0.465	$0.475	$0.275	$0.225
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected volatility	73.40%	45.00%	45.00%	73.40%	73.40%	45.00%	73.40%	73.40%	73.40%
Risk-free interest rate	0.375%	1.265%	0.375%	0.42%	0.68%	1.265%	0.69%	2.74%	3.28%
Fair value per option	$0.3031	$0.192	$0.3031	$0.16	$0.23	$0.205	$0.20	$0.14	$0.09

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 $0.42 (2021: $0.30).

The total consolidated share-based payment expense for the year was $8.83 million.

24. Dividends

There were no dividends paid during the year (2021: $0.01 (1 cent) per ordinary share paid in respect of the year ended 30 June 2020).

The Directors have recommended the payment of a final dividend of 0.5 cents per ordinary share in respect of the financial year ended 30 June 2022.

25. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Parent Entity Statement of Financial Position

As at 30 June 2022

	2022 $'000	2021 $'000
Current assets	73,273	51,126
Non-current assets	16,063	42,707
Total assets	89,336	93,833
Current liabilities	71,479	1,943
Non-current liabilities	4,823	10,118
Total liabilities	76,302	12,061
Net assets	**13,034**	**81,772**
Contributed equity	219,646	80,124
Share-based payments reserve	4,285	6,236
Reorganisation reserve	(104,762)	-
Foreign currency reserve	200	-
Profit reserve	(1,479)	283
Retained earnings	(104,856)	(4,871)
Total Equity	**13,034**	**81,772**
Loss of the parent entity	(14,160)	(1,453)
Total comprehensive loss of the parent entity	(15,139)	(1,453)

Guarantees

During the reporting period, each of the companies in the Group, including Webcentral Limited provided a cross guarantee to CBA for the facilities provided by CBA (refer note 27).

Contingent Liabilities

The parent entity did not have any contingent liabilities as at 30 June 2022 (30 June 2021: Nil).

26. 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 Limited and the subsidiaries in the following table:

Name	Country of Incorporation	Equity Holding at 30 June 2022	Equity Holding at 30 June 2021
5G Network Operations Pty Ltd	Australia	100%	-[1]
5G Networks Pty Limited	Australia	100%	-[1]
Enspire Australia Pty Ltd	Australia	100%	-[1]
Asian Pacific Telecommunications Pty Ltd	Australia	100%	-[1]
Anittel Pty Ltd	Australia	100%	-[1]
Hostworks Pty Limited	Australia	100%	-[1]
Hostworks Group Pty Limited	Australia	100%	-[1]
Logic Communications Pty Ltd	Australia	100%	-[1]
Modular IT Pty.Ltd.	Australia	100%	-[1]
Australian Pacific Data Centres Pty Ltd	Australia	100%	-[1]
5G Networks Finance Pty Ltd	Australia	100%	-[1]
Intergrid Group Pty Ltd	Australia	100%	-[1]
Web Marketing Experts Pty Ltd	Australia	100%	100%
Nothing But Web Pty Ltd	Australia	100	100%
Domainz Limited	New Zealand	100%	100%
Results First Limited	New Zealand	100%	100%
Uber Global Ltd	Australia	100%	100%
Melbourne IT GP Holdings Pty Ltd	Australia	100%	100%
Names By Request Pty Ltd	Australia	100%	100%
Uber Business Pty Ltd	Australia	100%	100%
Netregistry Group Pty Ltd	Australia	100%	100%
Netregistry Pty Ltd	Australia	100%	100%
Netregistry Wholesale Pty Ltd	Australia	100%	100%
Netregistry Services Pty Ltd	Australia	100%	100%
Netregistry Operations Pty Ltd	Australia	100%	100%
Webcentral Services Pty Ltd	Australia	100%	100%

1. Webcentral Limited and its subsidiaries were controlled by 5G Networks Ltd until the merger of 5G Networks Ltd with Webcentral Limited in November 2021.

27. Financial Risk Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Financial Risk Management Objectives

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, loans to and from subsidiaries, and leases.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

The Group does not have any derivative instruments at 30 June 2022 or 30 June 2021.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	Amortised cost $'000	FVTPL $'000	FVOCI $'000	Total $'000
30 JUNE 2022				
Cash and cash equivalents	5,367	-	-	5,367
Trade and other receivables	3,625	-	-	3,625
Unsecured loans	-	424	-	424
Other investments	-	-	5,198	5,198
Total financial assets	**8,992**	**424**	**5,198**	**14,614**
30 JUNE 2022				
Non-current borrowings	25,359	-	-	25,359
Non-current lease liabilities	14,784	-	-	14,784
Current borrowings	571	-	-	571
Trade and other payables	15,643	-	-	15,643
Lease liabilities	3,456	-	-	3,456
Other financial liabilities	-	500	-	500
Total financial liabilities	**59,813**	**500**	**-**	**60,313**
30 JUNE 2021				
Cash and cash equivalents	19,170	-	-	19,170
Trade and other receivables	5,963	-	-	5,963
Unsecured loans	-	983	-	983
Other investment	-	-	725	725
Total financial assets	**25,133**	**983**	**725**	**26,841**
30 JUNE 2021				
Non-current borrowings	20,579	-	-	20,579
Current borrowings	428	-	-	428
Trade and other payables	19,293	-	-	19,293
Other financial liabilities	-	1,100	-	1,100
Total financial liabilities	**40,300**	**1,100**	**-**	**41,400**

Borrowings include the following financial liabilities:

	Consolidated 2022 $'000	Consolidated 2021 $'000
CURRENT		
At amortised cost:		
Obligations under bank loan[1]	571	428
	571	**428**
NON-CURRENT		
At amortised cost:		
Obligations under bank loan[1]	25,359	20,579
	25,359	**20,579**

Security arrangements

1 The bank loans are from Commonwealth Bank of Australia (CBA) and they are secured with a fixed charge over particular assets and a floating charge over other collateral.

Fair Value Measurement of Financial Instruments

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 2022:

	Note	Date of valuation	TOTAL $'000	Fair value measurement using: Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Assets / (liabilities) measured at fair value						
Financial assets						
Investment in The Pistol shares		30-Jun-22	725	-	-	725
Investment in Cirrus Networks Holdings Limited		30-Jun-22	4,473	4,473	-	-
Unsecured loans		30-Jun-22	424	-	-	424
Financial liabilities						
Contingent consideration		30-Jun-22	500	-	-	500

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

On 22 August 2022, the Company sold all of the shares held in Cirrus Networks Holdings Limited at 3.2 cents per share for total consideration of $5.5 million.

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. The Board's primary objective is to maximise the value of the Group's operations to its shareholders.

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.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Cash flows realised from financial assets in the table below reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed.

The table below sets out the available financing facilities as at 30 June 2022:

	Total facility amount	Amount drawn	Unused financing facilities
	$'000	$'000	$'000
CBA loan facilities	41,600	30,815	10,785
Total	**41,600**	**30,815**	**10,785**

The table below sets out the maturity periods of the financial liabilities of the consolidated Group as at 30 June 2022 and 30 June 2021. All carrying amounts of IT equipment finance are undiscounted contractual cash flows.

Contracted maturities at 30 June 2022	< 6 Months	6-12 Months	1-2 Years	2-5 Years	>5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade & Other Payables	14,912	-	-	-	-	14,912
Borrowings	315	256	497	24,862	-	25,930
Interest on Borrowings	37	30	43	12	-	122
Other Financial Liabilities	-	500	-	-	-	500

Contracted maturities at 30 June 2021	< 6 Months	6-12 Months	1-2 Years	2-5 Years	>5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade & Other Payables	18,973	320	-	-	-	19,293
Borrowings	213	216	319	20,254	5	21,007
Interest on Borrowings	27	22	32	37	-	118
Other Financial Liabilities	600	500	-	-	-	1,100

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2022 or 30 June 2021.

Credit risk is managed on a Group basis and reviewed regularly by the Board. It arises from exposures to customers as well as through deposits with financial institutions.

The following table provides information regarding the credit risk relating to cash and money market securities based on Moody's counterparty credit ratings.

	Consolidated	
	2022 $'000	2021 $'000
Aa3 rated cash & cash equivalents	5,367	19,170
Total	**5,367**	**19,170**

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The Group has recognised an impairment loss of $578,000 (2021: Loss of $850,000) in profit and loss in respect of impairment provision for receivables for the year ended 30 June 2022. The movements in the provision for impairment of receivables were outlined in Note 10.

Interest Rate and Market Risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

At 30 June 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. All of the Group's equipment loans and leases are at a fixed interest rate.

The Group's long-term borrowings, totalling $25,359,000 are interest only payment loans. Monthly cash outlays of approximately $115,000 per month are required to service the interest payments. An official increase /decrease in interest rate of 150 basis points would have an adverse/ favourable effect before tax of $369,000 per annum.
The percentage change is based on the expected volatility of interest rates using market data and analysis forecasts. No principal repayments are required until July 2025.

Treasury Risk

The Board's overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

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.

Both the functional and presentation currency of the Group 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 2022, 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-22 $'000	30-Jun-21 $'000
Financial assets		
Cash and cash equivalents	344	103
Trade and other receivables	234	10
	578	**113**
Financial liabilities		
Trade and other payables	(2,534)	(615)
Net exposure	**(1,956)**	**(502)**

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

At 30 June 2022, 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)	
	2022 $000	2021 $000	2022 $000	2021 $000
Consolidated				
- AUD/USD +10%	173	45	173	45
- AUD/USD -10%	(211)	(55)	(211)	(55)

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.

Sensitivity Analysis

As the Group's equipment loans are not material to the Group and at a fixed interest rate, no sensitivity analysis has been performed, as any +/- variation in interest rates would not have a material impact on the post-tax profit for the remaining period of the loans.

A change in interest rates on the Cash on Deposit would not have a material impact to the Group and therefore no sensitivity analysis has been performed.

Debt Maturity and Refinancing Risk

Refinancing risk is the risk that the Group is not able to refinance the full amount of its ongoing debt requirements on appropriate terms and pricing. These exposures are not material to the Group's operations at this point.

28. Related party disclosures

Subsidiaries

Details relating to subsidiaries are included in Note 26.

Ultimate and direct parent

Webcentral Limited is the ultimate parent entity in the wholly owned Group comprising the Company and its wholly owned controlled entities.

Key Management Personnel (KMP) Compensation

	Consolidated	
	2022 $'000	2021 $'000
Short-Term Employee Benefits	1,330	1,779
Post-Employment Benefits	92	101
Termination Payments	-	154
Share based Payments	2,606	483
Total	**4,028**	**2,517**

Detailed remuneration disclosures are provided in the remuneration report on pages 33 to 38.

Transactions with related parties

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

- A total of $154,294 (2021: $164,129) 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.
- A payment of $4.013 million was made to J D Management Pty Ltd (JDM), an entity controlled by Joe Demase, as consideration for the cancellation of 8 million Performance Rights in relation to shares in 5G Networks Limited held by JDM that were cancelled pursuant to the Merger with the Company in November 2021.

Terms and conditions of related party trading transactions

Purchases from related parties are made at arm's length at normal market prices and on normal commercial terms. The Group settles related party trade payables according to the payment conditions confirmed by the supplier of invoices and are non interest bearing and generally on 30 day terms from invoice.

Transactions with key management personnel

The table below provides aggregate information relating to the Company's loans to key management personnel during the year:

	2022 $'000
Balance at the start of the year	**346**
Repayment from KMP	(218)
Balance at the end of the year	**128**

Under the Executive Share Plan the Company may loan its Executives some or all of the amount of the exercise price for options exercised. Such loans are non-recourse and no interest is charged in respect of the loan amounts.

During the period, the loans of $0.22 million have been repaid. Refer to Note 10 for details.

29. Auditors' remuneration

	2022 $'000	2021 $'000
Year ended 30 June 2022, the following fees were paid or payable for services provided by Grant Thornton:		
Audit and review	427,535	513,061
Taxation compliance services	203,155	131,895
Due diligence services	75,000	124,343
	705,690	**769,299**

30. Events subsequent to reporting date

On 3 August 2022, the Company announced an on-market share buy-back of ordinary shares. Between 22 August 2022 and 26 September 2022, the Company acquired 5,276,500 ordinary shares on-market for total consideration of $935,853. On 5 September 2022 the Company cancelled 2,559,460 ordinary shares and on 19 September 2022 the Company cancelled 1,226,573 ordinary shares.

On 22 August 2022, the Company sold all of the shares held in Cirrus Networks Holdings Limited at 3.2 cents per share for total consideration of $5.5 million.

On 26 August 2022, 2.9 million options were issued under the ESOP and EEP to executives and managers of the Company at an exercise price of $0.20.

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.

Directors' Declaration

1. In the Directors' opinion:

   (a) The financial statements and notes of Webcentral Limited for the year ended 30 June 2022 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 2022 and of its performance for the financial year ended on that date; and

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

   (b) 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 year ended 30 June 2022.

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, 28 September 2022

Independent Auditors' Report

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Independent Auditor's Report

To the Members of Webcentral Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Webcentral Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year 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 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards 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.

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 5	
In the financial year ended 30 June 2022, the Group recorded revenue of $93,428,000. 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 because of 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 and other long-lived assets impairment assessment – Note 14 and note 15	
As disclosed in Note 14 and Note 15 of the financial report Goodwill amounted to $50,212,000 and other intangibles of $22,059,000 at 30 June 2022 as a result of acquisitions over recent years. In accordance with AASB 136 *Impairment of Assets*, goodwill and other intangible assets acquired in a business combination must be allocated to the Group's cash-generating units ("CGUs"). For each CGU to which goodwill has been allocated, the Group is required to assess if the carrying value of the CGU is in excess of the recoverable value. The goodwill and other long-lived assets impairment assessment has been assessed as a key audit matter due to the judgement required by management in preparing a value in use model to satisfy the impairment test as prescribed in AASB 136, including the significant estimation involved in forecasting of future cash flows and applying an appropriate discount rate which inherently involves a high degree of estimation and judgement by management.	Our procedures included, amongst others: • Assessing management's determination of the Group having three 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 prior years forecasts and current year actuals; ○ Performing a sensitivity analysis on the key assumptions; ○ Testing the underlying calculations for mathematical accuracy of the model; and • Assessing the impairment expense that has been recorded in the period and evaluating if this in line with expectation from review of the impairment model and the recalculation of our internal valuation specialist; • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.

Key audit matter	How our audit addressed the key audit matter
Going Concern – Note 2	
For the year ended 30 June 2022 the Group recorded a loss after tax of $24,738,000, operating cash inflows of $3,422,000, financing cash outflows of $5,459,000, and a deficit of current assets to current liabilities of $31,432,000. At year end the Group had $5,367,000 of cash on hand , which in the opinion of the Directors will support the Group's funding requirements for twelve months from the date of this report. Accordingly, testing the availability of sufficient funding for the Group to meet its obligations is considered a key part of our going concern assessment. This has been assessed as a key audit matter due to the judgement required by management in preparing their forecasts, preparing their solvency assessment and evaluating their ability to continue as a going concern.	Our procedures included, amongst others: • Assessing the cash flow forecast prepared by management for at least 12 months from the anticipated date of signing the financial statements and evaluating the reasonableness of inputs and assumptions used in the forecast; • Analysing and challenging key assumptions in Webcentral's Limited's budget for the twelve-month period from the expected date of signing; • Discussing with management their future plans for the Group; • Reviewing ASX announcements to gather an understanding of the strategy of the business; • Inquiring of management as to whether they are aware of any events or conditions beyond the period of Management's assessment that may cast significant doubt on Webcentral Limited's ability to continue as a going concern; • Reviewing the solvency position of the Group and assessing the position paper prepared by management; • Substantially test the balances included in the solvency workings prepared by management and evaluate any items that have been excluded from this assessment; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.
Merger of Webcentral Limited and 5G Networks Limited – Note 2 and note 22	
On the 1st of October 2021, 5G Networks Limited and Webcentral Ltd announced to the market a proposed merger where Webcentral Ltd acquired all of the issued ordinary shares by way of scheme of arrangement. The scheme of arrangement became legally effective on the 12th of November 2021 with 5G Networks Limited delisting from the Australian Stock Exchange (ASX). This resulted in consolidated accounts being prepared and lodged with the ASX for the twelve month period ending 30 June 2022. Accounting for this transactions is a complex exercise requiring management to use significant judgment to determine the treatment under the accounting standards. As such this has been identified as a key audit matter.	Our procedures included, amongst others: • Reviewing the technical memorandum prepared by management, the position paper prepare by managements' expert and the scheme of arrangement lodged with the ASX; • Evaluating the competency and objectivity of managements expert; • Evaluating the treatment of the merger in line with accounting standards and involve an internal technical expert to review the memorandum prepared by management; • Assessing the reasonableness and appropriateness of assumptions utilised by management in the technical memorandum; • Reviewing the journals recorded as part of this transaction and agreeing them with the technical memorandum prepared by management; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.

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 year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Independent Auditors' Report

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: http://www.auasb.gov.au/auditors_responsibilities/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 33 to 38 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Webcentral Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

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 Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 28 September 2022

Shareholder information

The shareholder information set out below was applicable as at 26 September 2022.

Webcentral Limited

Issued capital ordinary shares: 327,306,759 as at 26 September 2022.

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:

Holder	Shares	%
J D Management Pty Ltd, JMD Superannuation Fund, Studio Incorporate Pty Ltd and Joseph Demase	56,515,128	17.27%
Total	**56,515,128**	**17.27%**

Distribution of Equity Shares

	Ordinary Shares	
Range	**Number Held**	**Number of Holders**
1 – 1,000	250,584	411
1,001 – 5,000	13,242,772	4,557
5,001 – 10,000	15,475,348	2,067
10,001 – 100,000	73,677,614	2,605
100,001 – and over	224,660,441	302
Total	**327,306,759**	**9,942**

There were 3,603 unmarketable parcels as at 26 September 2022.

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.

Shareholder information

The 20 Largest Holders of Each Class of Quoted Equity Securities

Rank	Holder	Number	%
1	J D MANAGEMENT GROUP PTY LTD	55,474,469	16.9%
2	PACIFIC CUSTODIANS PTY LIMITED	18,352,253	5.6%
3	BNP PARIBAS NOMINEES PTY LTD	14,096,949	4.3%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,059,489	3.4%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,016,187	1.8%
6	CITICORP NOMINEES PTY LIMITED	4,965,780	1.5%
7	DANEILA DONA GANGI & GIUSEPPE GANGI	3,798,536	1.2%
8	MR ALBERT SAYCHUAN CHEOK & MR ERIC VICTOR CHEOK	3,714,018	1.1%
9	NSR INVESTMENTS PTY LTD	3,000,000	0.9%
10	MR GARRY EDWIN WHITE	2,823,284	0.9%
11	ECKERT INVESTMENTS PTY LTD	2,526,666	0.8%
12	ARKTREE NOMINEES PTY LTD	2,512,438	0.8%
13	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,231,469	0.7%
14	BNP PARIBAS NOMS PTY LTD	2,137,819	0.7%
15	MR GIANNI ANDREA VERROCCHI & MRS DEANNE JOSELYN VERROCCHI	1,773,312	0.5%
16	B F A PTY LTD	1,658,330	0.5%
17	MR WEI CAI	1,630,000	0.5%
18	ALBERT CHEOK	1,504,284	0.5%
19	GANGI SERVICES PTY LTD	1,470,588	0.4%
20	PAC EQUITIES PTY LTD	1,460,204	0.4%
	Total	**142,206,075**	**43.4%**

Unissued equity securities

Number of options issued: 40,185,000

Securities exchange

The Company is listed on the Australian Securities Exchange.

Webcentral

Webcentral Head Office

Level 7, 505 Little Collins Street, Melbourne 3000