ASX Announcement:

Annual Report for the financial year ended 30 June 2021

NEWS RELEASE 17th September 2021

Attached is the 5G Networks Limited Annual Report for the financial year ended 30 June 2021, including the audited Annual Financial Report.

A copy of the Annual Report will be sent to those shareholders who have elected to receive a printed copy. The Annual Report will also be available on the Company's website at https://5gnetworks.com.au/presentations/.

The changes to statutory financial measures previously reported in the Appendix 4E and Preliminary Financial Report a required by ASX Listing Rules are due to finalisation of purchase price accounting for the Webcentral acquisition, non-controlling interests, income tax expense, deferred tax assets and liabilities and are presented below:

	2021 Audited results $'000	2021 Appendix 4E preliminary results $'000
Loss after tax from continuing operations	(5,864)	(6,497)
Loss after tax attributable to members of the parent	(4,710)	(4,997)
	cents	cents
Loss per share from continuing operations	(4.37)	(4.64)
Loss per share attributable to members of the parent	(4.37)	(4.64)

There were no other changes to the reported financial results for the financial year ended 30 June 2021.

This announcement has been approved for released by the 5G Networks Board of Directors.

About 5G Networks

5G Networks (5GN) is a licenced telecommunications carrier operating across Australia. Our mission is to be Australia's partner of choice for unifying a seamless digital experience for our customers across data connectivity, cloud and data centre services, underpinned by expert managed services in the business to business market.

5GN 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

As an organisation, we are dedicated and passionate about delivering unique value to our 2500+ customers which include several top 50 ASX listed and Government organisations. This commitment is strengthened by a core focus on digital leadership, innovation and an exceptional customer experience.

For further information contact:

Joe Demase
Managing Director
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Glen Dymond
Chief Financial Officer
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5G Networks Limited
And Its Controlled Entities
Annual Report

FOR THE YEAR ENDED 30 JUNE 2021

ABN 30 163 312 025

CONTENTS

CORPORATE DIRECTORY

DIRECTORS
Albert Cheok (Non-Executive Chairman)
Joseph Gangi (Non-Executive Director)
Jason Ashton (Non-Executive Director)
Joseph Demase (Managing Director)

REGISTERED OFFICE
Level 8
99 William Street
Melbourne VIC 3000
Telephone No: +1300 10 11 12

COMPANY NUMBER
ACN: 163 312 025

COUNTRY OF INCORPORATION
Australia

COMPANY DOMICILE AND LEGAL FORM
5G Networks Limited is the parent entity
and an Australian Company limited by shares

PRINCIPAL PLACE OF BUSINESS
Level 8, 99 William Street
Melbourne VIC 3000

COMPANY SECRETARIES
Glen Dymond
Michael Wilton

LEGAL ADVISERS
Cornwalls
Level 10, 114 William Street
Melbourne VIC 3000

AUDITORS
Grant Thornton Audit Pty Ltd
Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

SHARE REGISTER
Link Market Services Pty Limited
Level 12, 680 George Street
Sydney NSW 2000

ASX CODE
5GN

WEBSITE
www.5gnetworks.com.au

DIRECTORS' REPORT

The Directors present their report, together with the full year financial report, of the consolidated entity (referred to hereafter as the 'Group') consisting of 5G Networks Limited (referred to hereafter as "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2021.

DIRECTORS DETAILS

The following persons were Directors of 5G Networks Limited during or since the end of the financial year:

MR ALBERT CHEOK

Non-Executive Chairman
Chair of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee
Director since 2017

Mr Cheok graduated from the University of Adelaide with First Class Honours in Economics and was awarded a PhD scholarship to study at Cambridge University, which Mr Cheok did not take up. Mr Cheok is a Fellow of the Certified Public Accountants Australia. Mr Cheok has more than 46 years of high-level experience in the banking, financial and corporate sectors in the Asia Pacific region.

Mr Cheok was an Advisor to the Australian Government Inquiry into the Australian Financial System ("Campbell Inquiry"), which introduced comprehensive reforms to the Australian banking system. He was the Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking in Hong Kong for three and half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995. Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia from September 1995 to November 2005.

Mr Cheok was named 'the top REIT fund manager in Asia for 2016" by Singaporean Fortune Times magazine.

Mr Cheok is a Vice Governor of the Board of Governors of the Malaysian Institute of Corporate Governance.

Beyond his various board capacities, Mr Cheok is a well-accomplished personal investment banker and financial adviser to select clients throughout Asia-Pacific. In this capacity he has been involved in several high profile mergers and acquisitions, asset acquisitions, corporate re-structuring, corporate strategies, brand image and building and private fund management projects.

Other Current Directorships
- Supermax Corporation Berhad (Malaysia) – Chairman
- China Aircraft Leasing Group Holdings Limited (Hong Kong) – Director
- Amplefield Limited (Singapore) – Chairman

Previous Directorships (last 3 years)
- MC Payment Limited - Chairman
- International Standards Resources Holdings Limited – Chairman
- Lippo Malls Indonesia Retail Trust Management Limited – Chairman
- Hongkong Chinese Limited - Director

MR JOSEPH GANGI

Non-Executive Director
Chair of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee
Director since 2017

Joe has over 30 years' experience in corporate management and governance in both private and public sectors and has been an independent director of 5G Networks since its IPO in 2017. His other board roles include Non-Executive Chairman of Webcentral Group Limited (ASX: WCG) and Non-Executive Director of Assisi Aged Care Centre. Joe is also a member of the Industry Advisory Committee to the Faculty of Chemical and Environmental Engineering at RMIT University. In addition, Joe is the Executive Director of a consulting firm that provides technical consulting and project governance advice to both Private and Government clients with specific technical expertise in project management and delivery of complex engineering projects for the Life Sciences and Healthcare sectors.

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

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

Other Current Directorships
- Webcentral Group Limited – Chairman
- Assisi Aged Care

Previous Directorships (last 3 years)
- Nil

MR JASON ASHTON

Non-Executive Director
Director since 2019

Mr Ashton has 25 years' experience in the Internet and Telecommunications industry. A successful entrepreneur and Executive, Mr Ashton co-founded and built two separate, successful Internet infrastructure businesses – Magna Data Pty Ltd (1993) and BigAir Group Limited ("BigAir" ASX:BGL) (2002).

Other Current Directorships
- BigAir Group

Previous Directorships (last 3 years)
- Nil

Mr Joseph Demase
Managing Director
Member of the Audit and Risk Committee and Member of the Nomination and Remuneration Committee Director since 2017

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 30 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 Directorships

- Webcentral Group Limited – Managing Director

Previous Directorships (last 3 years)

- Nil

COMPANY SECRETARIES

Mr Glen Dymond
Company Secretary since 2019

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 (Appointed 1 September 2020)

Mr Wilton is a corporate and commercial lawyer with a wealth of domestic and international experience in mergers and acquisitions and equity capital markets, at several national and international law firms most recently Norton Rose Fulbright. His M&A expertise includes public company takeovers, private treaty sales and acquisitions, joint ventures and corporate reconstructions. His ECM experience includes IPOs and many secondary capital raisings for ASX listed companies, with an emphasis on the IT and Telecommunications sector. Michael has worked with the Commonwealth Government on a number of major transactions including Telstra privatisations and for 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 other significant changes in the nature of these activities.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

A review of the operations of the Group during the year and the results of those operations found that the revenue for the year was $87.1 million (2020: $49.3 million). The loss of the Group for the year after providing for income tax amounted to $5.864 million (2020: $1.545 million loss). The underlying EBITDA of the Group for the period was $15.5 million (2020: $6.3 million) after adjusting for transaction and acquisition costs and other non-recurring costs.

The result includes the results of Webcentral Group Limited ("Webcentral") for the period from when control was gained on 28 October 2020. Webcentral contributed revenue and other income of $35.0 million and an operating loss of $2.1 million for the period to 30 June 2021. The underlying EBITDA of Webcentral for the six-months ended 30 June 2021 was $6.3 million, after adjusting for transaction and acquisition costs and other non-recurring costs.

The key driver of the loss recorded by the Group for the period was the acquisition and transaction costs incurred by the Group in relation to the WCG acquisition and other acquisitions totalling $3.9 million and non-cash share based payments expense of $2.9 million. Included within the results for the period is a gain of $1.35 million recorded in relation to the Group's initial investment in Webcentral from 3 September 2020 until control was gained on 28 October 2020.

5GN financial highlights for the year included:

- EBITDA of $15.5 million achieved for the year, representing 144% growth compared to prior corresponding period (before acquisition costs and share option costs)
- Revenue of $87.1 million, representing 77% growth compared to the prior corresponding period
- 44% Growth in Operating cash flow to $10.8 million compared to the prior corresponding period (before acquisition, transaction and non-recurring costs)
- Strong capital position with $19.2 million cash and $3.6 million available debt at 30 June 2021

The key strategic growth highlights for 2021 are as follows:

DIRECTORS' REPORT

- Transformational acquisition of Webcentral, materially changing the scale and earnings profile of the business providing access to a highly complementary customer base
- Achievement of significant operational synergies within the Webcentral business
- Integration of Webcentral and 5GN businesses including migration of services to 5GN infrastructure
- Strategic acquisition of ColoAu and Intergrid Group and the successful launch of the 5GN Wholesale portal and wholesale strategy
- Continued fibre network rollout connecting 20 data centres

The Group proactively managed the impact of COVID-19 during the period given that the Group's data connectivity, cloud and data centre services and managed IT are an essential service for its customers. The Group was focussed on supporting its customers as they transitioned to remote working arrangements through the laptops, VPN access technology and the increase of network and internet capacity. The Group continues to proactively worked with our key customers to identify more efficient ways of conducting their operations, and to support their businesses' requirements during this challenging situation. The Group has significant network and data centre capacity to accommodate the increase in demand for these services and our employees already use the latest technology and infrastructure to support work from home or remote locations.

In relation to the Webcentral business, the Group initially observed a reduction in small business spend away from digital marketing and online business promotion and then a slow but gradual recovery in customers' digital marketing spend. Webcentral launched campaigns and other customer-centric efforts to take advantage of the demand for online services as small businesses accelerate towards providing their goods and services online during the ongoing COVID-19 pandemic. Webcentral's trading activity has stabilised since the onset of the COVID-19 pandemic and there has not been a further decline in the Group's trading performance.

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

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

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

ACQUISITIONS AND INVESTING ACTIVITIES

On 9 July 2020, the Group completed the acquisition of ColoAu, a leading wholesale provider of data centre services and hyper-speed data networks. The total purchase price was $2.9 million consisting of cash consideration of $2.4 million and $0.5 million in 5GN shares issued on 3 August 2020 at $1.20 per share.

On 28 October 2020, the Group acquired 50.69% of the shares of Webcentral Group Limited pursuant to an off-market takeover, and as such, the Group has control over Webcentral and its subsidiaries from 28 October 2020. As at 30 June 2021 the Group owns 44.75% of Webcentral's shares. Despite the reduction in share ownership to below 50% since 28 October 2020, the Directors consider that the Group maintains effective control over Webcentral in accordance with the requirements of Australian Accounting Standards.

On 27 October 2020, the Company provided a secured loan of $47.5 million to Webcentral to allow it to repay its existing debt providers in full. In November 2020 Webcentral repaid $500,000 to the Company in relation to funding provided for a transaction break fee payable by Webcentral, in December 2020 Webcentral repaid $5.3 million to the Company and in June 2021 Webcentral repaid $15 million to the Company. The loan balance at period end was approximately $26 million.

On 19 November 2020, the Group entered into a lease agreement for a data centre in Brisbane, Queensland. The purchase price of $1.1 million includes all operating infrastructure at the facility.

On 17 March 2021, the Group completed the acquisition of Intergrid Group Pty Ltd, a leading dedicated cloud provider (Bare Metal). The purchase price was $3.2 million; payable $2.7 million in cash and $0.5 million in the Company's shares at $1.33 per share.

During the period the Group commenced its fibre build to connect its data centres to over 80 additional data centres across Brisbane, Sydney, Melbourne, Adelaide and Perth.

At period end the Group had completed over 60km and had connected 20 data centres.

CAPITAL STRUCTURE

During the period the following ordinary shares were issued:

- 15,279,175 ordinary shares were issued pursuant to a Placement for total consideration of $27,502,515
- 3,398,111 ordinary shares were issued under a Share Purchase Plan for total consideration of $3,873,847
- 4,743,253 ordinary shares were issued as consideration for the acquisition of shares in Webcentral Group Limited under an off-market takeover
- 3,030,000 ordinary shares were issued following the exercise of options and performance rights for total consideration of $1,932,000
- 416,667 ordinary shares were issued to the vendor of ColoAu as part-consideration for the acquisition of the ColoAu business and assets
- 360,902 ordinary shares were issued to the vendor of Intergrid Group Pty Ltd as part-consideration for the acquisition of Intergrid Group
- 58,788 ordinary shares were issued under the Dividend Reinvestment Plan
- 114,942 ordinary shares were issued as consideration for financial advisory services rendered
- 111,040 ordinary shares were issued under the Employee Share Plan

During the period, 1,800,000 options were issued under the Executive and Director Share Option Plan at an exercise price of $1.50, subject to the satisfaction of service vesting conditions and expiry date of 4 years after grant, and 5,000,000 performance rights were issued to the Managing Director at an exercise price of $1.70, subject to the satisfaction of service vesting conditions and performance conditions and expiry date four years after grant.

In September 2020, the Group increased its debt facilities with Commonwealth Bank of Australia by $8.4 million to $14.5 million.

In June 2021, Webcentral Group Limited executed facility agreements in relation to a $16.6 million Debt Facility from Commonwealth Bank of Australia and subsequently made a $15 million drawdown on this facility on 30 June 2021 to repay a portion of the outstanding loan owing to 5GN.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no other developments other than those listed above that are likely to materially impact the results of operations of the Group at this time.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

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

On 17 August 2021, 2,600,000 ordinary shares were issued pursuant to the exercise of options held by executives of the company.

On 16 September 2021, Webcentral Group Limited acquired a further 7.8% of Cirrus Networks Holdings Limited (ASX: CNW) for $2.3 million and holds 16.7% of CNW at that date.

No other matter or circumstances have 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

There are no other developments other than those listed above that are likely to materially impact the results of operations of the Group at this time.

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 2021, and the numbers attended by each Director were:

	Full Meeting of Directors		Meetings of Committees			
			Audit and Risk		Nomination and Remuneration	
	Held	Attended	Held	Attended	Held	Attended
Albert Cheok	15	15	4	4	2	2
Joseph Gangi	15	15	4	4	2	2
Joseph Demase	15	15	4	4	2	2
Jason Ashton	15	15	-	-	-	-

DIVIDENDS

During the year a 100% franked dividend of $0.01 (1 cent) per ordinary share was paid in respect of the financial year ended 30 June 2020.

No dividend has been declared or paid in respect of the financial year ended 30 June 2021.

INSURANCE OF OFFICERS

During the financial year, 5G Networks 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 year are set out below.

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	
	2021 $	2020 $
Other Assurance Services		
Due Diligence Services	124,343	64,110
Total Remuneration for Other Assurance Services	124,343	64,110
Taxation Services		
Tax Compliance Services	131,895	85,050
Total Remuneration for Taxation Services	131,895	85,050
Total Remuneration for Non-Audit Services	**256,238**	**149,160**

ROUNDING OF AMOUNTS

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.

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 10 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors

Albert Cheok

Albert Cheok
Chairman
16 September 2021

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Auditor's Independence Declaration

To the Directors of 5G Networks Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of 5G Networks Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 16 September 2021

The Directors present the 5G Networks Limited 2021 remuneration report, outlining key aspects of our remuneration policy and framework as well as remuneration awarded this year. It has also been audited as required by section 308(3C) of the *Corporations Act 2001*.

THE REPORT IS STRUCTURED AS FOLLOWS:

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

(A) KEY MANAGEMENT PERSONNEL (KMP) COVERED IN THIS REPORT

Albert Cheok
Non-Executive Chairman

Joseph Demase
Managing Director

Joseph Gangi
Non-Executive Director

Jason Ashton
Non-Executive Director

OTHER KEY MANAGEMENT PERSONNEL:

Glen Dymond
Chief Financial Officer and Company Secretary

Garry White
National Sales Director

Geoffrey Nicholas
Chief Financial Officer and Company Secretary (retired 31 July 2019)

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 two independent non-executive 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 5G Networks 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 – OPERATIONAL BONUSES

In 2021, elements of KMP remuneration were dependent on the satisfaction of operational performance conditions as follows:

- A cash bonus of $25,000 to Glen Dymond linked to the achievement of milestones relating to equity and debt capital raisings.
- A bonus of $140,000 each to Glen Dymond and Garry White linked to the achievement of the Webcentral acquisition.

LONG-TERM INCENTIVES

During the financial year the Group issued 5,400,000 performance rights and share options to key management personnel under an Incentive Plan as a means of rewarding and incentivising key employees.

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

Name	Year	Fixed Remuneration				Variable Remuneration			Total	Performance based
		Cash Salary	Non-monetary Benefits	Annual Leave	Post-Employment Benefits	Cash bonus	Options and Performance Rights	Employee Share Plan		
		$	$	$	$	$	$	$	$	%
MANAGING DIRECTOR										
Joseph Demase	2021	283,846	8,935	16,154	21,694	-	887,273	1,000	1,218,902	73%
	2020	280,651	7,559	19,349	21,003	20,000	350,000	1,000	699,562	53%
OTHER MANAGEMENT PERSONNEL										
Glen Dymond[1]	2021	189,693	29,645	14,512	21,692	165,000	112,997	1,000	534,539	52%
	2020	169,527	-	21,075	17,731	20,000	48,210	1,000	277,543	25%
Garry White	2021	213,873	4,474	12,294	21,400	140,000	165,349	1,000	558,390	55%
	2020	204,004	4,380	15,174	20,905	20,000	231,162	1,000	496,625	51%
Geoffrey Nicholas[2]	2021	-	-	-	-	-	-	-	-	N/A
	2020	16,667	-	68,155	1,583	-	-	-	86,405	0%
TOTAL DIRECTORS & OTHER KMPS	2021	687,412	43,054	42,960	64,786	305,000	1,165,619	3,000	2,311,831	64%
	2020	670,849	11,939	123,753	61,222	60,000	629,372	3,000	1,560,135	44%
TOTAL NED REMUNERATION (see section (E) below)	2021	222,188	-	-	14,458	-	503,791	3,000	743,437	68%
	2020	203,183	-	-	12,653	-	327,026	3,000	545,862	60%
TOTAL WEBCENTRAL REMUNERATION (see table below)	2021	58,333	-	-	-	-	402,573	-	460,906	87%
	2020	-	-	-	-	-	-	-	-	-
TOTAL KMP REMUNERATION EXPENSED	2021	967,933	43,054	42,960	79,244	305,000	2,071,983	6,000	3,516,174	68%
	2020	874,032	11,939	123,753	73,875	60,000	956,398	6,000	2,105,997	49%

1. Glen Dymond commenced as Chief Financial Officer and Company Secretary on 1 September 2019
2. Geoffrey Nicholas retired as Chief Financial Officer and Company Secretary on 31 July 2019

Name	Year	Fixed Remuneration				Variable Remuneration			Total	Performance based
		Cash Salary	Non-monetary Benefits	Annual Leave	Post-Employment Benefits	Cash bonus	Options and Performance Rights	Employee Share Plan		
Remuneration paid by Webcentral Group Limited		$	$	$	$	$	$	$	$	%
CHAIRMAN										
Joseph Gangi	2021	58,333	-	-	-	-	80,550	-	138,883	58%
	2020	-	-	-	-	-	-	-	-	-
MANAGING DIRECTOR										
Joseph Demase	2021	-	-	-	-	-	322,023	-	322,023	100%
	2020	-	-	-	-	-	-	-	-	-
TOTAL REMUNERATION PAID BY WEBCENTRAL GROUP LIMITED	2021	58,333	-	-	-	-	402,573	-	460,906	87%
	2020	-	-	-	-	-	-	-	-	-

OPTIONS AND RIGHTS GRANTED AS REMUNERATION

Name	Balance at 01/07/2020	Grant Details			Exercised	Exercised	Lapsed	Balance at 30/06/2021
Key Management Personnel	No. '000	Grant Date	No. '000	Fair Value $'000	No. '000	Value $'000	No. '000	No. '000
Albert Cheok	900	-	-	-	-	-	-	900
Joseph Demase	5,000	11 Dec 20	5,000	3,838	2,000	3,120	-	8,000
Joseph Gangi	700	-	-	-	300	474	-	400
Jason Ashton	2,000	-	-	-	-	-	-	2,000
Glen Dymond	200	01 Sep 20	200	289	-	-	-	400
Garry White	700	01 Sep 20	200	289	-	-	-	900
KMP TOTAL	**9,500**		**5,400**	**4,416**	**2,300**	**3,594**	**-**	**12,600**

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

- Tranche 13 options require the completion of tenure periods of one and two years and the fulfilment of performance conditions being the achievement of individual KPIs
- Tranche 14 performance rights require the fulfillment of a performance condition of annualised, normalised EBITDA of $10 million (5G Networks Limited) or annualised, normalised EBITDA of $25 million (if 5GN acquires 100% of the shares in Webcentral Group Limited).

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:

	2020 Tranche 13 (2020-4)	2020 Tranche 14 (2020-5)
Grant Date	1-Sep-20	11-Dec-20
Vesting Period Ends	1-Sep-22	11-Dec-25
Share price at date of grant	$2.22	$1.37
Volatility	82%	79%
Option life	4 years	5 years
Dividend yield	1.0%	0.7%
Risk free investment rate	0.41%	0.36%
Fair value at grant date	$1.45	$0.77
Exercise price at date of grant	$1.50	$1.70
Exercisable from	1-Sep-21	11-Dec-20
Exercisable to	1-Sep-24	11-Dec-25
Weighted average remaining contractual life	3.17	4.43

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 $90,000 per annum for Albert Cheok and $70,000 per annum for Joseph Gangi and Jason Ashton. The table below represent the amounts paid during the periods in which their services were provided.

Name	Year	Fixed Remuneration				Variable Remuneration			Total	Performance based
		Director Fee	Non-monetary Benefits	Annual Leave	Post-Employment Benefits	Cash bonus	Options and Performance Rights	Employee Share Plan		
		$	$	$	$	$	$	$	$	%
CHAIR										
Albert Cheok	2021	82,192	-	-	7,808	-	116,385	1,000	207,385	57%
	2020	82,192	-	-	7,808	-	62,525	1,000	153,525	41%
NON EXECUTIVE DIRECTORS										
Joseph Gangi	2021	69,996	-	-	-	-	98,803	1,000	169,799	59%
	2020	69,996	-	-	-	-	48,525	1,000	119,521	41%
Jason Ashton	2021	70,000	-	-	6,650	-	288,603	1,000	366,253	79%
	2020	50,995	-	-	4,845	-	215,976	1,000	272,816	80%
TOTAL NED REMUNERATION	2021	222,188	-	-	14,458	-	503,791	3,000	743,437	68%
	2020	203,183	-	-	12,653	-	327,026	3,000	545,862	60%

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 2020 or date of appointment	Performance Rights / Options Exercised	Dividend Reinvestment Plan	Emplyee Share Scheme held in Escrow	Bought on Market	Sold on Market	Other Changes	Balance at 30 June 2021
	'000	'000	'000	'000	'000	'000	'000	'000
DIRECTORS								
Albert Cheok	3,029,724	-	17,021	694	-	-	52,632	3,100,071
Joseph Demase	19,161,208	2,000,000	2,872	694	-	2,777,778	-	18,386,996
Joseph Gangi	1,167,413	300,000	7,509	694	-	-	26,316	1,501,932
Jason Ashton	188,762	-	-	694	-	-	-	189,456
TOTAL DIRECTORS	**23,547,107**	**2,300,000**	**27,402**	**2,776**	**-**	**2,777,778**	**78,948**	**23,178,455**
OTHER MANAGEMENT PERSONNEL (OMP)								
Glen Dymond	151,914	-	1,064	694	-	-	13,158	166,830
Garry White	2,010,948	-	-	694	-	300,000	-	1,711,642
TOTAL OMP	**2,162,862**	**-**	**1,064**	**1,388**	**-**	**300,000**	**13,158**	**1,878,472**
GROUP TOTAL	**25,709,969**	**2,300,000**	**28,466**	**4,164**	**-**	**3,077,778**	**92,106**	**25,056,927**

CONSOLIDATED REMUNERATION REPORT (AUDITED)

VOTING AND COMMENTS MADE AT THE COMPANY'S ANNUAL GENERAL MEETING

The Company received 98% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2020. 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.

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

LOANS TO KEY MANAGEMENT PERSONNEL

(i) Executive and Director 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. This arrangement is 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.

(ii) Other Loans

During the period, 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 Webcentral Group Limited. The loans are short-term and interest free interest-free. The estimated interest that would have been charged at market rates is $10,900.

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

	2021 $000
Balance at the start of the year	**70**
Repayment from KMP	(11)
Loands to KMP	287
Balance at the end of the year	**346**

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

During the year, the Group has conducted the following transactions with key management personnel:

- A total of $164,129 (2020: $101,234) 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.

END OF REMUNERATION REPORT

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

Signed

Albert Cheok

Albert Cheok
Chairman
16 September 2021

CORPORATE GOVERNANCE STATEMENT

The Board of 5G Networks Limited (the Company) recognises the need for the highest standards of corporate behavior and accountability. The Board is committed to optimising security holder returns within a framework of ethical business practices.

5G Networks' corporate governance practices and policies comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. This Statement reflects a summary of 5G Networks' corporate governance framework, policies and procedures that are in place and operating as at the date of this report.

Further information on 5G Networks' corporate governance policies, including Board and Committee charters, are available from the Corporate Governance page of the Company's website.

Principles and Recommendations	Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight		
1.1 Establish the functions expressly reserved to the Board and those delegated to management, and disclose those functions.	The Board is responsible for the overall corporate governance of the Company. It has adopted various charters and key corporate governance documents which set out the policies and procedures followed by the Company.	Compliant
1.2 Undertake appropriate checks before appointing a person as a director, and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company has and will continue to conduct appropriate searches in relation to all appointed and future nominated directors. It will carry out necessary background checks, including ASIC Banned & Disqualified Persons Register and bankruptcy searches. The Company has published Director profiles on the Company's website outlining biographical details, other directorships held, commencement date of office and level of independence.	Compliant
1.3 Have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company has written agreements with each director and senior executive. On appointment of directors and senior executives the Company will issue necessary written agreements outlining the terms of their appointment.	Compliant
1.4 The company secretary should be accountable directly to the Board on all matters to do with the proper functioning of the Board.	The Company Secretary reports directly to the Board, through the Chairman, on matter relating to the proper functioning of the Board. All Directors have access to the Company Secretary.	Compliant
1.5 Establish a diversity policy and disclose the policy or a summary of that 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

Principles and Recommendations	Compliance	Comply
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 Company has a process for evaluating the performance of the Board, its committee and individual directors as outlined in the Board Charter. A performance evaluation was conducted during the period.	Compliant
1.7 Have a process for periodically 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 this 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 Nominations and Remuneration Committee ('NRC') has been established with its own charter and consists of the following Directors: • Albert Cheok (Committee Chair, Non-Executive Director); • Joseph Gangi (Non-Executive Director); and • Joe Demase (Managing Director and CEO). The primary objective of the NRC is to assist the Board with the discharge of its responsibilities as set out in its charter which is available on the Corporate Governance page of the Company's website.	Compliant
2.2 Have and disclose a board skills matrix, setting out what the board is looking to achieve in its membership.	The NRC makes deliberations in accordance with the rules set out in its charter. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts 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 Joe Gangi (Non-Executive Director), Albert Cheok (Non-Executive Chairman) and Jason Ashton (Non-executive Director) to be independent directors. The Board notes that Joseph Demase is not an independent director for the purposes of the Guidelines. 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

CORPORATE GOVERNANCE STATEMENT

Principles and Recommendations	Compliance	Comply
2.5 The Chair of the Board should be an independent director and should not be the CEO.	The Chair of the Board, Albert Cheok, is a non-executive and independent 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
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.	Partially Compliant
3.4 The Company should have an anti-bribery and corruption policy and ensure that the Board is informed of any material breaches reported under that policy	As at the date of this Statement, the Board is in the process of updating its policies concerning anti-bribery and corruption. The Anti-Bribery and Corruption Policy will be made available on the Corporate Governance page of the Company's website.	Partially Compliant

Principles and Recommendations	Compliance	Comply
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: • Joseph Gangi (Committee Chair, Non-Executive Director); • Albert Cheok (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
Principle 5 – Make timely and balanced disclosure		
5.1 The Company should have a written policy for complying with its continuous disclosure obligations under ASX Listing Rule 3.1.	The Company has a Disclosure Policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules. The Policy is available on the Corporate Governance page of the Company's website.	Compliant

Principles and Recommendations	Compliance	Comply
5.2 The Company should ensure that its Board receives copies of all material market announcements promptly after they have been made.	The Company's Disclosure Policy provides that the Board receives market announcements promptly after they have been made. The Policy is available on the Corporate Governance page of the Company's website.	Compliant
5.3 The Company should release copies of presentation materials on the ASX Market Announcements Platform ahead of the presentation.	The Company diligently releases copies of all of its presentation materials on the ASX Market Announcements Platform ahead of presentations.	Compliant
Principle 6 – Respect the rights of security holders		
6.1 The Company should provide information about itself and its governance to investors via its website	The Corporate Governance landing page on the Company's website contains a range of documents concerning information about the entity and its governance that security holders can download. Further information about the Company's Corporate Governance regime can be found on the Corporate Governance page of the Company's website.	Compliant
6.2 The Company should have an investor relations program that facilitates effective two-way communication with investors.	The Company will use its website, half year and annual reports, market announcements and media disclosures to communicate with its security holders, as well as encourage participation at general meetings.	Compliant
6.3 The Company should disclose how it facilitates and encourages participation at meetings of security holders.	The Company's security holders have the opportunity to ask questions of the Company's external auditors who attend the Company's annual general meeting. Further, the Company has adopted a range of appropriate technologies to facilitate two-way engagement at its annual general meetings,	Compliant
6.4 The Company should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	The Company's share registry provides this option for security holders.	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

Principles and Recommendations	Compliance	Comply
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: • Joseph Gangi (Committee Chair, Non-Executive Director); • Albert Cheok (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
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'sinternal 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.	Compliant

Principles and Recommendations	Compliance	Comply
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: • Albert Cheok (Committee Chair, Non-Executive Director); • Joseph Gangi (Non-Executive Director); and • Joe Demase (Managing Director and CEO). The primary objective of the NRC is to assist the Board with the discharge of its responsibilities as set out in its charter which is available on the Corporate Governance page of the Company's website.	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 exempt share plan and has approved a performance rights plan for the potential issue of rights in the future. 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

SHAREHOLDER INFORMATION
The shareholder information set out below was applicable as at 9 September 2021.

5G NETWORKS LIMITED
Issued capital ordinary shares: 116,861,123 as at 9 September 2021.

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

	Shares	%
JD Management Group Pty Ltd, JMD Superannuation Fund, Studio Incorporate Pty Ltd and Joseph Demase	18,386,302	15.24
TOTAL	**18,386,302**	**15.24**

DISTRIBUTION OF EQUITY SHARES

	Ordinary Shares	
	Number Held	Number of Holders
1 - 1,000	3,661,588	6,272
1,001 - 5,000	14,599,490	5,816
5,001 - 10,000	11,961,387	1,572
10,001 - 100,000	31,959,354	1,277
100,001 - and over	54,679,304	82
TOTAL	**116,861,123**	**15,019**

There were 2,944 unmarketable parcels as at 9 September 2021

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

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

THE NUMBER AND CLASS OF RESTRICTED SECURITIES SUBJECT TO VOLUNTARY ESCROW THAT ARE ON ISSUE

VOLUNTARY ESCROW
The number and class of securities subject to Voluntary Escrow are set out below:

	Ordinary Shares	
	Number Held	% of Total Shares Issued
Restricted shares to be held for 12 months from date of issue. Date that Voluntary Escrow Period Ends: 17 March 2022	360,902	0.3%
TOTAL	**360,902**	**0.3%**

THE 20 LARGEST HOLDERS OF EACH CLASS OF QUOTED EQUITY SECURITIES

	Ordinary Shares	
J D MANAGEMENT GROUP PTY LTD	17,922,222	15.3%
PACIFIC CUSTODIANS PTY LIMITED	5,009,357	4.3%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,221,778	2.8%
CITICORP NOMINEES PTY LIMITED	2,698,405	2.3%
MR ALBERT SAYCHUAN CHEOK & MR ERIC VICTOR CHEOK	2,357,009	2.0%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,324,381	1.1%
BNP PARIBAS NOMINEES PTY LTD	1,227,301	1.1%
BNP PARIBAS NOMS PTY LTD	1,124,252	1.0%
MR GARRY EDWIN WHITE	1,000,000	0.9%
DANEILA DONA GANGI & GIUSEPPE GANGI	942,738	0.8%
B F A PTY LTD	829,165	0.7%
PAC EQUITIES PTY LTD	730,102	0.6%
MR WEI CAI	640,000	0.5%
MR PETER BAALBAKI	552,707	0.5%
MR HAIDENG LIAO	476,989	0.4%
MR KINGSLEY BRYAN BARTHOLOMEW	472,326	0.4%
NATIONAL NOMINEES LIMITED	465,253	0.4%
DEMASE ENTERPRISES PTY LTD	445,132	0.4%
JANENE INVESTMENTS PTY LTD	440,457	0.4%
CORPSAND PTY LTD	437,659	0.4%
Total	**42,317,233**	**36.2%**

UNISSUED EQUITY SECURITIES
Number of options issued: 11,800,000

SECURITIES EXCHANGE
The Company is listed on the Australian Securities Exchange.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	12 months ended	
		30 June 2021 $000	30 June 2020 $000
Revenue	5	87,089	49,325
Other income	6	4,603	439
Revenue and other income		**91,692**	**49,764**
Network and data centre costs		(25,317)	(20,098)
Domain registration costs		(5,432)	-
Cloud and hosting costs		(1,456)	-
Software and licencing costs		(3,030)	-
Direct labour costs		(515)	-
External labour costs		(1,715)	-
Rent and office expenses		(989)	(313)
Marketing and travel expenses		(1,122)	(322)
Employee benefits expenses		(32,203)	(19,997)
Other expenses		(3,597)	(2,455)
Impairment of financial assets		(850)	(275)
Share-based payment expenses		(2,874)	(1,424)
Acquisition costs		(2,207)	(441)
Restructuring costs		(1,715)	(197)
Depreciation expenses		(9,769)	(4,890)
Amortisation expenses		(2,419)	(78)
Finance costs		(2,027)	(1,425)
Total expenses		**(97,237)**	**(51,915)**
Loss before income tax		**(5,545)**	**(2,151)**
Income tax (expense)/benefit	8	(319)	606
Loss after tax		**(5,864)**	**(1,545)**
Other comprehensive income for the period, net of income tax			
Items that will be reclassified subsequently to profit or loss		-	-
Currency translation differences		272	-
Total comprehensive income for the year		**(5,592)**	**(1,545)**
Loss for the period attributable to:			
Members of the parent		(4,710)	(1,545)
Non-controlling interests		(1,154)	-
		(5,864)	**(1,545)**
Total comprehensive income attributable to:			
Members of the parent		(4,438)	(1,545)
Non-controlling interests		(1,154)	-
		(5,592)	**(1,545)**
Earnings per share attributable to the owners of 5G Networks Limited (cents per share)			
Basic earnings per share	7	(4.37)	(2.29)
Diluted earnings per share	7	(4.37)	(2.29)

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

	Notes	30 June 2021 $000	30 June 2020 $000
ASSETS			
Current assets			
Cash and cash equivalents	9	19,170	22,118
Restricted cash	9	-	1,397
Trade and other receivables	10	5,963	2,808
Lease receivable	13	1,892	-
Contract assets	11	620	700
Prepayments of domain name registry charges		5,398	-
Other current assets	16	1,056	727
Total current assets		**34,099**	**27,750**
Non-current assets			
Property, plant and equipment	12	15,873	8,417
Right-of-use assets	13	15,478	13,014
Prepayments of domain name registry charges		2,429	-
Lease receivable	13	1,101	-
Deferred tax asset	8	9,978	1,725
Goodwill	14	61,706	16,567
Other intangible assets	15	24,228	294
Other investments		725	-
Other assets	16	1,494	-
Total non-current assets		**133,012**	**40,017**
TOTAL ASSETS		**167,111**	**67,767**
LIABILITIES			
Current liabilities			
Trade and other payables	17	19,293	6,709
Borrowings	26	428	983
Lease liability	13	5,885	2,370
Employee benefits	19	4,712	2,292
Provision for income tax	8	146	41
Contract liabilities	11	23,748	1,313
Other financial liabilities	20	1,100	-
Other liabilities	18	3,766	2,951
Total current liabilities		**59,078**	**16,659**
Non-current liabilities			
Trade and other payables	17	-	1,274
Borrowings	26	20,579	1,982
Lease Liability	13	16,394	11,898
Employee benefits	19	547	299
Contract liabilities	11	8,551	-
Deferred tax liability	8	12,106	-
Total non-current liabilities		**58,177**	**15,453**
TOTAL LIABILITIES		**117,255**	**32,112**
NET ASSETS		**49,856**	**35,655**
EQUITY			
Share capital	21	80,061	38,644
Reserves		12,300	3,125
Accumulated losses		(12,824)	(6,114)
Total equity attributable to owners of the Company		**79,537**	**35,655**
Non-controlling interests		(29,681)	-
TOTAL EQUITY		**49,856**	**35,655**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital	Share Based Payment Reserve	Profit Reserve	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 2020		**38,644**	**3,775**	**1,350**	**(8,114)**	**35,655**	**-**	**35,655**
Loss for the period		-	-	-	(4,710)	(4,710)	(1,154)	(5,864)
Other Comprehensive income		-	-	272	-	272	-	272
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	21	1,752	-	-	-	1,752	-	1,752
Shares issued pursuant to Dividend Reinvestment Plan	21	90	-	-	-	90	-	90
Share issued to vendors to acquire business	21	9,226	-	-	-	9,226	-	9,226
Shares issued as consideration for financial advisory services rendered	21	200	-	-	-	200	-	200
Capital raising	21	31,377	-	-	-	31,377	-	31,377
Share issue costs	21	(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**	**6,649**	**5,651**	**(12,824)**	**79,537**	**(29.681)**	**49,856**
BALANCE AT 1 JULY 2019		18,606	2,351	1,000	(5,569)	16,388	-	16,388
Loss for the period		-	-	-	(1,545)	(1,545)	-	(1,545)
Transactions with owners in their capacity as owners:								
Shares issued on exercise of Performance Rights		1,500	-	-	-	1,500	-	1,500
Shares issued on exercise of Options		764	-	-	-	764	-	764
Shares issued pursuant to Dividend Reinvestment Plan		69	-	-	-	69	-	69
Shares issued to directors		150	-	-	-	150	-	150
Share issued to vendors to acquire business		-	-	-	-	-	-	-
Capital raising		18,236	-	-	-	18,236	-	18,236
Share issue costs		(681)	-	-	-	(681)	-	(681)
Dividend recognised and paid		-	-	(650)	-	(650)	-	(650)
Share based compensation		-	1,424	-	-	1,424	-	1,424
Transfer to Profit Reserve		-	-	1,000	(1,000)	-	-	-
BALANCE AT 30 JUNE 2020		**38,644**	**3,775**	**1,350**	**(8,114)**	**35,655**	**-**	**35,655**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	12 months ended 30 June 2021 $000	12 months ended 30 June 2020 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		95,247	53,591
Receipts from government grant		432	-
Payments to suppliers and employees		(83,513)	(44,791)
Interest received		231	38
Interest paid		(2,027)	(1,326)
Income tax payments made		(305)	-
Acquisition costs		(1,572)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		**8,493**	**7,512**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Cash on Purchase of Australian Pacific Data Centres		-	(3,547)
Net Cash on Purchase of North Sydney Data Centre		-	(533)
Consideration paid in relation to deferred capital payments of North Sydney Data Centre		(1,083)	-
Net Cash on Purchase of ColoAU	20	(2,400)	-
Net Cash on Purchase of Intergrid	20	(1,748)	-
Net cash on Purchase of Webcentral Group Limited	20	1,102	-
Purchase of property, plant and equipment		(7,619)	(3,308)
Increase in pledged bank deposits		-	(397)
Return of pledged bank deposits		1,397	-
Loans to employees		(920)	-
Return of capital and dividends received from Tiger Pistol		115	-
Proceeds from subleases		1,136	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(10,020)**	**(7,785)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		36,819	18,386
Proceeds from exercise of options		1,752	2,264
Proceeds from applications for share purchase plan		-	763
Proceeds from borrowings		22,159	3,263
Repayment of borrowings		(52,487)	(4,690)
Payment of capital raising costs		(1,811)	(974)
Capital Lease payments		(6,854)	(1,701)
Dividends Paid		(977)	(580)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(1,399)**	**16,731**
Net increase/(decrease) in cash and cash equivalents		(2,926)	16,458
Net foreign exchange differences		(22)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**22,118**	**5,660**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9	**19,170**	**22,118**

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

1. CORPORATE INFORMATION

The financial statements as at and for the year ended 30 June 2021 cover 5G Networks Limited as a group of 5G Networks Limited (the 'company' or 'parent entity') and its subsidiaries (referred to in these financial statements as the 'Group').

5G Networks Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

OPERATIONS AND PRINCIPAL ACTIVITY

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

Level 8, 99 William 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 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 16 September 2021.

GOING CONCERN

The financial report for the financial year ended 30 June 2021 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 2021 the Group recorded a loss after tax of $5,864,000 (2020: Loss $1,545,483), operating cash inflows of $8,493,000, financing cash outflows of $1,399,000, and a deficit of current assets to current liabilities of $24,979,000. At year end the Group had $19.17 million of cash on hand and available debt facilities of $3.6 million .

The acquisition and restructuring costs incurred by the Group in relation to the WCG acquisition and other acquisitions totalling $3.92 million and non-cash share based payments expense of $2.87 million.

The Directors regularly monitor the Group's cash position and on an on-going 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 Directors have taken the factors above into consideration and determined that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and the Directors consider the going concern basis of preparation to be appropriate for this Financial Report.

In relation to the Group's controlling interest in Webcentral, the Directors believe that the non-recurring restructuring activities that led to the loss for the period for Webcentral are now complete and that Webcentral is now generating positive underlying earnings before interest, tax, depreciation and amortisation and is generating positive operating cashflows. The specific initiatives that have been implemented by Webcentral to date to return it to profitability, improve operating cashflows and restore its capital structure include:

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

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 ACCOUNTING STANDARDS ADOPTED IN THE CURRENT FINANCIAL PERIOD

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material [AASB 101 and AASB 108]
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business [AASB 3]
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [AASB 9, AASB 139 and AASB 7]
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia [AASB 1054]
- AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-related Rent Concessions [AASB 16]
- Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.

The adoption of the amendments and interpretations stated above did not have any material impact to the Group's consolidated financial statements in the current and prior periods, except for AASB 16 (Amendments) Covid-19-related Rent Concessions. This AASB 16 amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) any reduction in lease payments affects only payments due on or before 30 June 2021; and

c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Refer to Note 13 for details of the impact to the Group's financial statements during the year. There was no impact on the opening balance of equity at 1 July 2020.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED IN THE PERIOD

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by AASB that are mandatory for the current reporting period. This includes amendments to AASB 3 Definition of a business, AASB 101, AASB 108 Definition of material. There was no significant impact from the application of these amendments. The Group expects to adopt the IFRIC Agenda decision regarding Cloud Computing Arrangements in its half year financial statements ending on 31 December 2021. Intangible assets relating to cloud computing arrangements are subject to a detailed assessment. The Group's preliminary analysis indicates that the impact on current or previous financial years is not significant.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 5G Networks Limited as at 30 June 2021 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 de-consolidated 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 non-controlling 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 pre-existing 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 TRANSLATION

The consolidated financial statements are presented in Australian dollars (AUD), which is also functional and presentation currency of the parent company.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. 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.

FOREIGN OPERATIONS

The functional currency of each overseas subsidiary is as follows:

Investment in New Zealand subsidiaries	NZD (New Zealand Dollar)

The assets and liabilities of these 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 year.

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.

CURRENT TAXES

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

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

DEFERRED TAXES

Deferred 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.

TAX CONSOLIDATION

The Group and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2018. 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 Interpretation 1052 and Group accounting policy, the Group has applied the 'separate taxpayer within group approach', in which the head entity, 5G Networks 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).

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.

RENDERING OF SERVICES – NETWORK AND VOICE, DATA CENTRE, MANAGED SERVICES

The Group provides cloud, 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.

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.

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.

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.

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 REVENUE

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.

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.

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

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

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.

THE GROUP AS A LESSOR

The Group is an intermediate lessor of some subleases, which were previously classified as operating leases under AASB 117. The Group accounts for a head lease and sublease as two separate contracts, applying both lessee and lessor accounting requirements respectively. The Group recognises the net investment in the sublease equal to the present value of lease receivables. Where the interest rate implicit in the sublease cannot be readily determined, the Group utilises the incremental borrowing rate from the head lease (adjusted for any initial direct costs associated with the sublease) to discount the lease receivable to its present value.

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 & 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

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.

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.

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

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.

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 Tiger 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 equity investments under this category.

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.

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

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

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 2020. 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.

CONTROL OVER WEBCENTRAL GROUP LIMITED ("WEBCENTRAL")

On 28 October 2020, the Group held ownership of 50.7% of Webcentral's shares and therefore at that date 5GN obtained control of the Company. Management estimates the fair value of consideration transferred upon this business combination on 28 October 2020.

The Group held 44.75% of Webcentral as at 30 June 2021. Management considers that the Group has had de facto control of Webcentral at all times between 28 October 2020 and 30 June 2021, even though it has held less than 50% of the voting rights in Webcentral since the completion of capital raising activities by Webcentral on 18 November 2020. Management has exercised its critical judgement when determining whether the Group has de facto control over Webcentral by considering the following key matters, amongst others:

(i) the Group has a sufficiently dominant voting interest to direct the relevant activities of WCG; and

(ii) the Group has obtained effective control over majority of the board of WCG.

The Group has measured the consideration transferred at fair value upon business combination. If the Group had concluded that its 44.75% ownership interest was insufficient to give the Group control of Webcentral, Webcentral would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENTS AND PRODUCT LINES

Management currently identifies the two operating segments monitored by the Group's Chief Operating Decision Maker ("CODM") as being Data Centres, Network and Cloud Services, Managed Services, and Webcentral. Managed Services includes Hardware and Software revenue and Webcentral includes Domains revenue, Email and Hosting revenue and Digital Marketing revenue.

Segment information for the reporting period is as follows:

	2021					
	Data Centres, Networks & Cloud $000	Managed Services $000	Webcentral $000	Total $000	Eliminations $000	Consolidated $000
Segment Revenue	**27,723**	**25,326**	**35,305**	**88,354**	**(1,265)**	**87,089**
Cost of goods sold	(14,478)	(10,846)	(12,148)	(37,472)	7	(37,465)
Segment gross margin	**13,245**	**14,480**	**23,157**	**50,882**	**(1,258)**	**49,624**
Segment assets	**22,874**	**2,725**	**5,752**	**31,351**		**31,351**

	2020		
	Data Centres, Networks & Cloud $000	Managed Services $000	Consolidated $000
Segment Revenue	**25,465**	**23,860**	**49,325**
Cost of goods sold	(10,359)	(9,739)	(20,098)
Segment gross margin	**15,106**	**14,121**	**29,227**
Segment assets	**44,027**	**23,740**	**67,767**

No segment liabilities are disclosed because there is no measure of segment liabilities regularly reported to the chief operating decision maker.

5. REVENUE

The revenue breakdown by product and service line for the year ended 30 June 2021 is shown below:

	2021 $000	2020 $000
Revenue by Product and Service Line		
Cloud:		
5G Networks	9,908	13,702
Webcentral (Email & Hosting)	17,855	-
Domains	15,012	-
Network & Voice	9,217	7,413
Data Centres	8,489	7,666
Managed Services	13,378	12,834
Digital Marketing	2,405	-
Hardware & Software	10,825	7,710
Total Revenue	**87,089**	**49,325**

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

	For the year ended 30 June 2021							
	Cloud $000	Domains $000	Network & Voice $000	Data Centres $000	Managed Services $000	Digital Marketing $000	Hardware & Software $000	Total $000
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

	For the year ended 30 June 2020					
	Cloud $000	Network & Voice $000	Data Centres $000	Managed Services $000	Hardware & Software $000	Total $000
Goods transferred at a point in time	-	-	-	-	7,710	7,710
Services transferred over time	13,702	7,413	7,666	12,834	-	41,615

6. OTHER INCOME

	Consolidated	
	2021 $000	2020 $000
Other Income		
R&D tax offset	-	312
Government Grant Income	478	89
Dividend income	116	-
Interest income	99	38
Gain on remeasuring equity interest in Webcentral Group Limited to fair value upon control obtained (note 20)	1,350	-
Sublease income	132	-
Management fees from transitional service agreements in relation to the sale of Enterprise and TPP Wholesale businesses	2,428	-
TOTAL OTHER INCOME	**4,603**	**439**

7. EARNINGS PER SHARE (EPS)

Basic 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 (2020: 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	
	2021 '000	2020 '000
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share	107,668	67,519

8. TAX

	Consolidated	
	2021 $000	2020 $000
(A) INCOME TAX BENEFIT / (EXPENSE)		
Loss before income tax expense	(5,545)	(2,151)
Tax benefit at the statutory tax rate of 30% (2020: 27.50%)	1,663	592
Tax effect amounts which are not deductible in calculating taxable income:		
R&D subsidy	-	(212)
Other tax-exempt income	419	25
Expense on performance rights	(862)	(392)
Other non-deductible expenses	(645)	(1)
Recognition of prior year defer tax balance	-	613
Rate change	157	-
Derecognition of DTA	(166)	-
Net under/over	(619)	-
Tax losses not recognised	(203)	-
Over provision from prior period and business combination	(63)	(19)
Actual tax benefit / (expense)	**(319)**	**606**
TAX EXPENSE COMPRISES:		
Current tax	-	(318)
Over provision from prior period and business combination	(13)	(17)
Deferred tax – origination and reversal of temporary differences	(306)	941
Aggregate income tax benefit / (expense)	**(319)**	**606**
(B) DEFERRED TAX ASSET		
Deferred tax asset is comprised of the following temporary differences:		
Accrued expenses and provisions	9,237	4,787
Allowable section 40-880 (blackhole) deductions - written down value	741	437
Tax losses not yet utilised	-	99
	9,978	**5,323**
(C) DEFERRED TAX LIABILITY		
Deferred tax liability is comprised of the following temporary differences		
Tangible and intangible assets	(5,812)	(3,378)
ACA impact on depreciating asset – written down value	4	(70)
R&D capitalised labour	-	(70)
Brand and Customer contract	(6,298)	(80)
	(12,106)	**(3,598)**
NET DEFERRED TAX ASSET / DEFERRED TAX LIABILITY	**(2,128)**	**1,725**

As at 30 June 2021, the consolidated tax group of 5G Networks Limited has unrecognised income tax losses of $57,540 tax-effected at 30% (2020: nil); and
As at 30 June 2021, the consolidated tax group of Webcentral Group Limited has unrecognised income tax losses of $145,956 tax effected at 30%.

9. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(A) RECONCILIATION OF CASH AND CASH EQUIVALENTS

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

	Consolidated	
	2021 $000	2020 $000
Cash at bank and in hand	19,170	22,118
Total cash and cash equivalents	**19,170**	**22,118**
Restricted cash	-	1,397
TOTAL CASH AND BANK BALANCES	**19,170**	**23,515**

(B) RECONCILIATION OF LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2021 $000	2020 $000
Loss after income tax	(4,710)	(1,545)
Non-cash flows in profit:		
Depreciation and amortisation	12,188	4,968
Employee benefits expenses	864	27
Share-based payment expenses	2,874	1,424
Gain on remeasuring equity interest in Webcentral Group Limited to fair value upon control obtained	(1,350)	-
Other expenses	(822)	-
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
Movement in trade and other receivables	(855)	1,043
Movement in other assets	5,745	822
Movement in deferred tax asset	(220)	(935)
Movement in intangibles	(350)	(29)
Movement in trade and other payables	(2,270)	1,857
Movement in employee benefits provisions	116	52
Movement in Income tax payable	-	(172)
Movement in other liabilities	(2,717)	-
NET CASH FROM OPERATING ACTIVITIES	**8,493**	**7,512**

10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021 $000	2020 $000
CURRENT		
Trade receivables	4,990	3,078
Allowance for impairment of receivables	(1,190)	(340)
	3,800	**2,738**
Unsecured loans – at call [1]	983	70
Other receivables	1,180	-
TOTAL TRADE AND OTHER RECEIVABLES	**5,963**	**2,808**

1.Unsecured loans includes loans of $280,000 granted to key management personnel and loans of $640,000 granted to employees to allow them to take up shares in a capital raising being undertaken by Webcentral Group Limited.

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 2021 and 1 July 2020 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021 and 30 June 2020 was determined as follows:

	30-Jun-21			30-Jun-20		
	ECL Rate	Gross $'000	ECL $'000	ECL Rate	Gross $'000	ECL $'000
Current	6.2%	2,101	(131)	3.4%	2,000	(67)
0-30 days past due	4.1%	647	(26)	9.5%	383	(36)
31-60 days past due	5.5%	296	(16)	3.2%	169	(6)
61-90 days past due	9.8%	122	(12)	10.6%	32	(3)
91 days + past due	55.1%	1,824	(1,005)	46.0%	494	(228)
Closing balance		**4,990**	**(1,190)**		**3,078**	**(340)**

The closing balance of the trade receivables loss allowance as at 30 June 2021 reconciles with the trade receivables loss allowance opening balance as follows:

	$000
Opening loss allowance as at 1 July 2019	65
Loss allowance recognised during the year	515
Receivables written off during the year	(240)
Loss allowance as at 30 June 2020	**340**
Net additional provision for ECLs taken to the P&L	850
Loss allowance as at 30 June 2021	**1,190**

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	
	2021 $000	2020 $000
Contract assets[1]		
Work in progress	620	700
	620	**700**

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	
	2021 $000	2020 $000
Deferred revenue	23,748	1,313
Contract liabilities - current	**23,748**	**1,313**
Deferred revenue	8,551	-
Contract liabilities - non-current	**8,551**	**-**

12. PROPERTY, PLANT AND EQUIPMENT

The following tables show the movements in property, plant and equipment:

	Leasehold Improvements $000	Plant and Equipment $000	Total $000
Gross carrying amount			
Balance 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**
Gross carrying amount			
Balance at 1 July 2019	735	7,696	8,431
Assets acquired in the business acquisition	1,100	79	1,179
Additions	182	4,200	4,382
Disposals	(15)	-	(15)
CLOSING VALUE AT 30 JUNE 2020	**2,002**	**11,975**	**13,977**
Depreciation and impairment			
Balance at 1 July 2019	(304)	(3,015)	(3,319)
Depreciation	(388)	(1,861)	(2,249)
Disposals	8	-	8
Closing value at 30 June 2020	(684)	(4,876)	(5,560)
CARRYING AMOUNT 30 JUNE 2020	**1,318**	**7,099**	**8,417**

13. LEASE ASSETS AND LIABILITIES

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:

	2021 $000	2020 $000
Depreciation expense of right-of-use assets	4,897	2,641
Interest expense on lease liabilities	1,402	2,497
Rent expense - short-term leases	53	9

RIGHT OF USE ASSETS

The following tables show the movements in right of use asset:

	Building $000	IT Equipment $000	Total $000
Gross carrying amount			
Balance at 1 July 2020	16,404	645	17,049
Assets acquired in the business acquisition	8,760	30	8,790
Additions	1,749	-	1,749
Disposals	(3,972)	-	(3,972)
CLOSING VALUE AT 30 JUNE 2021	**22,941**	**675**	**23,616**
Depreciation and impairment			
Balance at 1 July 2020	(4,035)	-	(4,035)
Depreciation	(4,770)	(127)	(4,897)
Disposals[1]	794	-	794
CLOSING VALUE AT 30 JUNE 2021	**(8,011)**	**(127)**	**(8,138)**
CARRYING AMOUNT 30 JUNE 2021	**14,930**	**548**	**15,478**

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

	Building $000	IT Equipment $000	Total $000
Gross carrying amount			
Balance at 1 July 2019	15,984	-	15,984
Assets acquired in the business acquisition	2,154	-	2,154
Additions	884	645	1,529
Disposals	(2,618)	-	(2,618)
CLOSING VALUE AT 30 JUNE 2020	**16,404**	**645**	**17,049**
Depreciation and impairment			
Balance at 1 July 2019	(1,842)	-	(1,842)
Depreciation	(2,641)	-	(2,641)
Disposals	448	-	448
CLOSING VALUE AT 30 JUNE 2020	**(4,035)**	**-**	**(4,035)**
CARRYING AMOUNT 30 JUNE 2020	**12,369**	**645**	**13,014**

LEASE RECEIVABLES

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

	2021 $000	2020 $000
Opening balance	-	-
Assets acquired in the business acquisition	5,402	-
Additions	383	-
Disposals [1]	(983)	-
Interest income	132	-
Receipts from lessees	(1,941)	-
Closing balance	**2,993**	-
Current lease receivable	1,892	-
Non-current lease receivable	1,101	-

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

	2021 $000	2020 $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 June	3,195	-
Unearned finance income	(202)	-
Net investment in lease	2,993	-

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

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

LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	Consolidated 2021 $000	Consolidated 2020 $000
CURRENT		
Obligations under property leases	5,641	2,141
Obligations under equipment leases	244	229
	5,885	**2,370**
NON CURRENT		
Obligations under property leases	16,288	11,548
Obligations under equipment leases	106	350
	16,394	**11,898**

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-OF-USE ASSET	No. of right-of-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	1-10 years	5 years	5	5	0
Office premises	14	1-5 years	1 year	8	8	0
IT Equipment	1	2 years	2 years	-	-	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2021 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 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**
30 June 2020							
Lease payments	3,373	3,468	2,901	2,600	2,100	3,333	17,775
Finance charges	(1,003)	(815)	(620)	(469)	(322)	(278)	(3,507)
Net present values	**2,370**	**2,653**	**2,281**	**2,131**	**1,778**	**3,055**	**14,268**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021 $000	Consolidated 2020 $000
Short-term leases	53	9
TOTAL	**53**	**9**

14. GOODWILL

The following table shows the movements in goodwill:

	Consolidated 2021 $000	Consolidated 2020 $000
Gross carrying amount		
Balance at beginning of period	16,567	6,842
Acquired through business combination	45,139	9,725
BALANCE AT END OF THE PERIOD	**61,706**	**16,567**
Accumulated impairment		
Balance at beginning of period	-	-
Impairment loss recognised	-	-
BALANCE AT END OF THE PERIOD	**-**	**-**
CARRYING AMOUNT AT END OF THE PERIOD	**61,706**	**16,567**

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	
	2021 $000	2020 $000
Data Centres, Networks and Cloud	16,973	11,031
Managed Services	5,536	5,536
Webcentral	39,197	-
GOODWILL ALLOCATION AT 30 JUNE	**61,706**	**16,567**

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

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

IMPAIRMENT CHARGE FOR GOODWILL
As a result of the impairment testing and evaluation, the Group has determined that the carrying value of Goodwill does not exceed their value-in-use, and no impairment charge is required.

IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS
If the discount rate, based on an estimate of the entity's weighted average cost of capital was increased there would still be no impairment charge required.

15. OTHER INTANGIBLE ASSETS

The following table shows the movements in other intangible assets:

	Customer contract	Brand name	Capitalised software	Total
GROSS CARRYING AMOUNT				
Balance at 1 July 2020	**372**	**-**	**-**	**372**
Acquisition through business combination	18,560	4,017	3,425	26,002
Additions	-	-	350	350
Disposal	-	-	-	-
BALANCE 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)
Impairment loss recognised	-	-	-	-
BALANCE AT 30 JUNE 2021	(1,377)	(577)	(542)	(2,496)
CARRYING AMOUNT 30 JUNE 2021	**17,555**	**3,440**	**3,233**	**24,228**

	Customer contract	Total
GROSS CARRYING AMOUNT		
Balance at 1 July 2019	**-**	**-**
Acquisition through business combination	**372**	**372**
Additions	-	-
Disposal	-	-
BALANCE AT 30 JUNE 2020	**372**	**372**
AMORTISATION AND IMPAIRMENT		
Balance at 1 July 2019	**-**	**-**
Amortisation	(78)	(78)
Impairment loss recognised	-	-
BALANCE AT 30 JUNE 2020	(78)	(78)
CARRYING AMOUNT 30 JUNE 2020	**294**	**294**

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.

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.

16. OTHER ASSETS

Other assets consist of the following:

	Consolidated	
	2021 $000	2020 $000
Other prepayments	526	479
Inventory	172	160
Bond payments	78	80
Other	280	8
Other assets - current	**1,056**	**727**
Other prepayments	1,044	-
Bond payments	450	-
Other assets - non-current	**1,494**	-

17. TRADE AND OTHER PAYABLES

	Consolidated	
	2021 $000	2020 $000
Currrent		
Trade payables	10,910	3,144
Accrued liabilities	3,319	243
Deferred consideration	1,941	2,491
Deposits received in advance	303	-
Other Creditors	3,540	831
	19,293	**6,709**
Non-current		
Deferred consideration	-	1,274
	-	**1,274**

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	
	2021 $000	2020 $000
GST and PAYG due to ATO	3,352	1,982
Proceeds from applications for Share Purchase Plan	-	763
Payroll tax provision	414	206
Other liabilities - current	**3,766**	**2,951**

19. EMPLOYEE BENEFITS PROVISIONS

	Consolidated	
	2021 $000	2020 $000
CURRENT		
Annual leave	1,883	1,149
Long Service Leave	1,079	469
Wages Payable	201	6
Superannuation payable	516	418
Accrued bonuses and sales commission	1,033	250
	4,712	**2,292**
NON-CURRENT		
Long Service Leave	547	299
	547	**299**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. BUSINESS ACQUISITIONS

AUSTRALIAN PACIFIC DATA CENTRES PTY LTD
On 19 September 2019, the Company completed the acquisition of Australian Pacific Data Centres Pty Ltd. The goodwill value of $2.33 million identified in relation to the acquisition is final.

NORTH SYDNEY DATA CENTRE
On 31 March 2020, the Company completed the acquisition of the North Sydney Data Centre in St Leonards, Sydney NSW. The goodwill value of $1.05 million identified in relation to the acquisition is final.

COLOCATION AUSTRALIA ("COLOAU")
On 8 July 2020, the Company acquired the business and assets of ColoAU. The the purchase price was $2.4 million in cash and $0.5 million in the Company's shares. An earnout payment of up to $0.5 million payable in the Company's shares is payable if revenue growth targets are achieved over the period 18 months from acquisition. The goodwill value of $3.02 million identified in relation to the acquisition is final.

The acquisition will allow the Group to fast track its wholesale business utilising the established ColoAU automated systems and on-demand provisioning platform. Details of net assets acquired and goodwill are as follows:

	Number of shares	$000
Fair value of consideration transferred		
Amount settled in cash		2,400
Amount settled in shares	416,667	500
Contingent consideration		500
Total consideration		**3,400**
Recognised amounts of identifiable net assets		
Property, plant and equipment		395
Intangible assets		617
Total non-current assets		**1,012**
Contract liabilities		(9)
Trade and other payables		(618)
Total current liabilities		**(627)**
Identifiable net assets		385
Goodwill on acquisition		3,015

	Number of shares	$000
Consideration transferred settled in cash		2,400
Net cash outflow on acquisition		**2,400**
Acquisition costs charged to expenses		84

Acquisition-related costs amounting to $0.084 million are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of acquisition expenses.

The purchase agreement included an additional consideration of $0.50 million, payable only if the ColoAU business achieves the agreed earn out target. The first part additional consideration of $0.25 million will be paid on 31 January 2022 and the second part additional consideration of $0.25 million will be paid on 31 July 2022. The contingent consideration amount has not been adjusted to present value amount as the adjustment would be immaterial. It reflects management's estimate of a 100% probability that the targets will be achieved and fully payable on 31 January 2022 and 31 July 2022 respectively.

The value of the separately identifiable customer relationship intangible asset identified was calculated based on the multi-period excess earnings method. The key inputs to this calculation included management revenue forecasts, management's estimate of employee costs, historical customer attrition rates and the company's weighted average cost of capital.

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of ColoAU which cannot be recognised as an intangible asset. Goodwill has been allocated to the cash-generating unit of Data Centres, Networks and Cloud service at 30 June 2021. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

From the date of the acquisition to 30 June 2021, ColoAU contributed $4.31 million to the Group's revenues and $0.60 million to the Group's loss.

WEBCENTRAL GROUP LIMITED ("WEBCENTRAL")
On 7 September 2020, the Group acquired a 10.7% shareholding in Webcentral. On 28 October 2020, the Group held ownership of 50.69% of the Company's shares and therefore at that date the Group obtained control of Webcentral. The off-market takeover offer closed on 10 November 2020, with the Group holding ownership of 56.7% of Webcentral's shares. Following a capital raising by Webcentral completed in November and December 2020, the Group's holding was reduced to 44.6%. The shareholding in Webcentral held by the Group at 30 June 2021 was 44.75%.

The difference between the fair value and the Group's carrying amount of its equity interest in Webcentral before obtaining control and the release of a related gain on derecognition of equity instruments was $1.35 million, recognised in the Group's consolidated income statement under other income.

On 27 October 2020, the Group provided a secured loan of $47.5 million to Webcentral to allow it to repay its existing debt providers in full. In November 2020 Webcentral repaid $500,000 to the Group in relation to funding provided for a transaction break fee payable by Webcentral, in December 2020 Webcentral repaid $5.3 million to the Group and in June 2021 Webcentral repaid $15 million to the Group. The loan balance at period end was $26 million.

Details of net liabilities assumed and goodwill are as follows:

	Number of shares	$000
Fair value of consideration transferred		
Amount settled in shares	4,743,253	8,247
Fair value of equity interests held before the business combination		2,830
Share acquisition after business combination		120
Total consideration		**11,197**
Recognised amounts of identifiable net assets		
Cash and cash equivalents		2,702
Trade and other receivables		1,831
Lease receivable		5,402
Contract assets		63
Prepayments of domain name registry charges		7,914
Other current assets		7,575
Total current assets		**25,487**
Property, plant and equipment		3,903
Right to use asset		8,791
Intangible asset - Brand name		3,400
Intangible asset - Customer relationships		18,560
Intangible asset - Internally generated software		3,425
Other financial assets		725
Prepayments of domain name registry charges		672
Deferred tax assets		2,447
Total non-current assets		**41,923**
Trade and other payables		(15,911)
Borrowings		(48,202)
Lease liability		(14,269)
Employee benefits		(2,009)
Contract liabilities		(33,623)
Other liabilities		(605)
Total current liabilities		**(114,619)**
Lease Liability		(2,681)
Employee benefits		(331)
Deferred tax liabilities		(6,588)
Total non-current liabilities		**(9,600)**
Fair value of net liabilities assumed		**(56,809)**
Non-controlling interest		28,807
Goodwill on acquisition		**39,199**
Consideration transferred settled in cash		1,600
Cash and cash equivalents acquired		(2,702)
Net cash outflow/(inflow) on acquisition		**(1,102)**
Acquisition costs charged to expenses		1,311

Acquisition-related costs amounting to $1.311 million are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of acquisition expenses.

An independent valuation of the purchase price accounting for the Webcentral acquisition was obtained. The values of the separately identifiable intangible assets identified were calculated based on the royalty method for brand names and the multi-period excess earnings method for customer relationships respectively. The key inputs to these calculations included management revenue forecasts, management's estimate of employee costs, historical customer attrition rates and the company's weighted average cost of capital.

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of WCG which cannot be recognised as an intangible asset. Goodwill has been allocated to cash-generating unit of Webcentral at 30 June 2021. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

From the date of the acquisition to 30 June 2021, Webcentral contributed $34.0 million to the Group's revenues and $2.1 million to the Group's loss.

INTERGRID GROUP PTY LTD

On 17 March 2021, the Group completed the acquisition of 100% of Intergrid Group Pty Ltd, a leading dedicated cloud provider (Bare Metal). The purchase price was $3.2 million; payable $2.7 million in cash and $0.5 million in the Company's shares.

Details of net assets acquired and goodwill are as follows:

	Number of shares	$000
Fair value of consideration transferred		
Amount settled in cash		2,119
Amount settled in shares	360,902	480
Contingent consideration		600
Total consideration		**3,199**
Recognised amounts of identifiable net assets		
Cash and cash equivalents		372
Trade and other receivables		127
Total current assets		**499**
Property, plant and equipment		510
Deferred tax assets		67
Total non-current assets		**577**
Employee benefits		(40)
Contract liabilities		(237)
Trade and other payables		(528)
Total current liabilities		**(805)**
Identifiable net assets		**271**
Goodwill on acquisition		**2,928**
Consideration transferred settled in cash		2,119
Cash and cash equivalents acquired		(371)
Net cash outflow on acquisition		**1,748**
Acquisition costs charged to expenses		177

Acquisition-related costs amounting to $0.18 million are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of acquisition expenses.

The purchase agreement included an additional consideration of $0.60 million paid on 20 July 2021, and was payable because the Intergrid business retain the target revenue and the churn rate. The $0.60 million of contingent consideration liability has not been adjusted to present value amount as the adjustment would be immaterial. It reflects management's estimate of a 100% probability that the targets will be achieved and fully payable on 20 July 2021.

There were no separately identifiable intangible assets recognised as the acquired business had only been in operation for less than three years and the potential value of the customer relationship intangible asset calculated under the multi-period excess earnings method would be immaterial. Customers typically are not locked in to fixed term contracts, therefore the intangible assets for customer relationship are not considered to be material to be recognised.

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce of Intergrid which cannot be recognised as an intangible asset. Goodwill has been provisionally allocated to cash-generating unit of Data Centres, Networks and Cloud service at 30 June 2021. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

From the date of the acquisition to 30 June 2021, Intergrid contributed $1.14 million to the Group's revenues and $0.71 million net profit to the Group's loss.

21. ISSUED CAPITAL

During the period, 15,279,175 ordinary shares were issued pursuant to a Placement for total consideration of $27,502,515, 3,398,111 ordinary shares were issued under a Share Purchase Plan for total consideration of $3,873,847, 4,743,253 ordinary shares were issued as consideration for the acquisition of shares in Webcentral Group Limited under an off-market takeover, 3,030,000 ordinary shares were issued following the exercise of options and performance rights for total consideration of $1,932,000, 416,667 ordinary shares were issued to the vendor of ColoAu as part-consideration for the acquisition of the ColoAu business and assets, 58,788 ordinary shares were issued under the Dividend Reinvestment Plan, 114,942 ordinary shares were issued as consideration for financial advisory services rendered, 111,040 ordinary shares were issued under the Employee Share Plan, and 360,902 ordinary shares were issued to the vendor of Intergrid Group as part-consideration for the acquisition of Intergrid Group.

During the period, 1,800,000 options were issued under the Executive and Director Share Option Plan at an exercise price of $1.50, subject to the satisfaction of service vesting conditions and expiry date of 4 years after grant, and 5,000,000 performance rights were issued to the Managing Director at an exercise price of $1.70, subject to the satisfaction of service vesting conditions and performance conditions and expiry date four years after grant.

	30 June 2021		30 June 2020	
Shares issued and fully paid	**Number of shares**	**$000**	**Number of shares**	**$000**
Beginning of the financial period	**86,748,245**	**38,644**	**63,501,484**	**18,606**
• Issue of ordinary shares	-	-	187,500	150
• Issue of shares pursuant to Share Purchase Plan	3,398,111	3,874	-	-
• Issued on exercise of employee share options	730,000	552	2,080,000	764
• Issue of shares to vendor	777,569	980	-	-
• Issue of shares under a Placement	15,279,175	27,503	14,826,149	18,236
• Issues of shares under Dividend Reinvestment Plan	58,788	90	90,314	69
• Issue of shares as consideration for WCG off-market takeover	4,743,253	8,246	-	-
• Issue of shares pursuant to exercise of performance rights	2,000,000	1,200	5,000,000	1,500
• Issue of shares as consideration for financial advisory services rendered	114,942	200	-	-
Share issued and fully paid	**27,101,838**	**42,645**	**22,183,963**	**20,719**
• Issue of shares to employees under Employee Share Plan	111,040	-	162,798	-
Treasury shares	300,000	-	900,000	-
Share issue costs	-	(1,228)	-	(681)
End of the financial period	**114,261,123**	**80,061**	**86,748,245**	**38,644**

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 16 February 2021, 111,040 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 5,400,000 options to key management personnel under the Executive and Director Share 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 22.

There were 8,000,000 performance rights and 8,200,000 unlisted options on issue at the end of the year.

TREASURY SHARES
The loans granted under Executive and Director Share Plan (Note 22) 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 300,000 treasury shares.

22. SHARE-BASED PAYMENTS - PERFORMANCE RIGHTS AND EXECUTIVE SHARE OPTIONS

Long term incentive plan (LTIP) - 5G Networks Limited
The Group provides an LTIP or Executive Share Plan to key executives and senior leaders of the Group.

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

- Tranche 13 options require the completion of tenure periods of one and two years and the fulfilment of performance conditions being the achievement of individual KPIs
- Tranche 14 performance rights require the fulfillment of a performance condition of annualised, normalised EBITDA of $10 million (5G Networks Limited) or annualised, normalised EBITDA of $25 million (if 5GN acquires 100% of the shares in Webcentral Group Limited).

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. This arrangement is 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.

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.

Share options and weighted average exercise prices are as follows for the reporting periods presented:

	Number of shares	Weighted average exercise price $
OUTSTANDING AT 1 JULY 2019	15,400,000	0.48
Granted	4,300,000	0.80
Forfeited	-	-
Exercised	(7,700,000)	0.35
Expired	-	-
Outstanding at 30 June 2020	**12,000,000**	**0.67**
Granted	6,800,000	1.65
Forfeited	(300,000)	0.60
Exercised	(2,300,000)	0.60
Expired	-	-
Outstanding at 30 June 2021	**16,200,000**	**0.93**
Exercisable at 30 June 2020	**800,000**	**0.60**
Exercisable at 30 June 2021	**5,400,000**	**0.66**

The weighted average share price at the date of exercise was $1.57 (2020: $0.83).

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:

	2020 (2020-4)	2020 (2020-5)
Grant date	1-Sep-20	11-Dec-20
Vesting period ends	1-Sep-22	11-Dec-25
Share price at date of grant	$2.22	$1.37
Volatility	82%	79%
Option life	4 years	5 years
Dividend yield	1.0%	0.7%
Risk free investment rate	0.41%	0.36%
Fair value at grant date	$1.45	$0.77
Exercise price at date of grant	$1.50	$1.7
Exercisable from	1-Sep-21	11-Dec-20
Exercisable to	1-Sep-24	11-Dec-25
Weighted average remaining contractual life	3.17	4.43

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.

The Performance Rights and Executive Share Options over Ordinary Shares that remain outstanding have been issued in the tranches as set out below.

Fair Value of Performance Rights and Options Issued

	2018 (2018-3)	2018 (2018-4)	2018 (2018-5)	2019 (2019-1)	2019 (2019-2)	2020 (2020-1)
Grant Date	14-Sep-18	23-Nov-18	23-Nov-18	21-Feb-19	21-Aug-19	12-Feb-20
Vesting Date & Test Date	14-Sep-21	23-July-20	25-Nov-20	21-Feb-21	21-Aug-21	12-Feb-21
Expiry Date	14-Sep-23	22-Nov-23	23-Nov-23	21-Feb-23	21-Aug-23	12-Feb-23
Exercise Price	$0.60	$0.60	$0.60	$0.65	$0.80	$0.80
Weighted average remaining contractual life	2.21	2.4	2.4	1.64	2.11	1.62

Long term incentive plan (LTIP) under Webcentral Group Limited

The Webcentral Executive and Director Share Option Plan (ESOP) applies to directors, executives and senior leaders of the Group. The Webcentral Group's previous Executive LTI Plan and Executive STI Plan ("LTI Plans") were terminated and there are no outstanding performance rights under either plan.

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

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

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

Share options and weighted average exercise prices are as follows for the reporting periods presented:

	Number of shares	Weighted average exercise price $
2020 Performance Rights - Director	10,000,000	$0.20
2020 Options - Director	2,000,000	$0.20
2021 Options - Executive (1)	1,300,000	$0.485
2021 Options - Executive (2)	100,000	$0.485

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:

	2020 Rights	2020 Options	2021 Options (1)	2021 Options (2)
Grant date	18-Dec-20	18-Dec-20	01-Feb-21	29-Mar-21
Vesting period ends	18-Dec-25	18-Dec-25	01-Feb-26	29-Mar-26
Share price at date of grant	$0.415	$0.415	$0.44	$0.53
Volatility	73.4%	73.4%	73.4%	73.4%
Dividend yield	0%	0%	0%	0%
Risk free investment rate	0.375%	0.375%	0.42%	0.42%

The total consolidated share-based payment expense for the year was $2.87 million.

23. DIVIDENDS

During the year a 100% franked dividend of $0.01 (1 cent) per ordinary share was paid in respect of the financial year ended 30 June 2021. (2020: $0.01)

No dividend was declared or paid in respect of the financial year ended 30 June 2021.

24. 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 2021

	Parent	
	2021 $000	2020 $000
ASSETS		
Current Assets	51,126	893
Non-Current Assets	42,707	45,129
TOTAL ASSETS	**93,833**	**46,022**
LIABILITIES		
Current Liabilities	1,943	3,992
Non-Current Liabilities	10,118	2,949
TOTAL LIABILITIES	**12,061**	**6,941**
NET ASSETS	**81,772**	**39,081**
EQUITY		
Issued Capital	80,124	38,708
Share based payments reserves	6,236	3,774
Profit Reserve	283	1,351
Retained Profits	(4,871)	(4,752)
TOTAL EQUITY	**81,772**	**39,081**

PARENT ENTITY STATEMENT OF COMPREHENSIVE INCOME
As at 30 June 2021

	Parent	
	2021 $000	2020 $000
Total loss	**(1,453)**	**(773)**
Net Comprehensive Income	**(1,453)**	**(773)**

GUARANTEES
During the reporting period, each of the companies in the Group, including 5G Networks Limited provided a cross guarantee to CBA for the facilities provided by the CBA (refer note 26).

CONTINGENT LIABILITIES
The parent entity did not have any contingent liabilities as at 30 June 2021 (30 June 2020: Nil).

25. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 2:

Name of Entity	Country of Incorporation	Equity Holding 2021	Equity Holding 2020
Webcentral Group Limited	Australia	44.75%	-
5G Network Operations Pty Ltd	Australia	100%	100%
Enspire Australia Pty Ltd	Australia	100%	100%
Asian Pacific Telecommunications Pty Ltd	Australia	100%	100%
Anittel Pty Ltd	Australia	100%	100%
Hostworks Pty Limited	Australia	100%	100%
Hostworks Group Pty Limited	Australia	100%	100%
Logic Communications Pty Ltd	Australia	100%	100%
Modular IT Pty. Ltd.	Australia	100%	100%
Australian Pacific Data Centres Pty Ltd	Australia	100%	100%
5G Networks Finance Pty Ltd	Australia	100%	100%
Intergrid Group Pty Ltd	Australia	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

As detailed in Note 20, Webcentral Group Limited acquired by the Group during the year has material non-controlling interests.

Name	Proportion of ownership interests and voting rights held by the NCI	Total comprehensive income allocated to NCI	Accumulated NCI
	2021	2021	2021
Webcentral Group Limited	55.25%	(1,154)	(1,154)

No dividends were paid to the NCI during the period ended 30 June 2021.

Summarised financial information for Webcentral Group Limited for the period from 28 October 2020 to 30 June 2021, before intragroup eliminations, is set out below:

	2021 $000
Current assets	12,610
Non-current assets	35,584
TOTAL ASSETS	**48,194**
Current liabilities	66,689
Non-current liabilities	35,151
TOTAL LIABILITIES	**101,840**
Deficit attributable to owners of the parent	(23,965)
Non-controlling interests	(29,681)
Revenue	35,305
Loss for the period attributable to owners of the parent	(987)
Loss for the period attributable to NCI	(1,154)
LOSS FOR THE YEAR	**(2,141)**
Other comprehensive income for the year (all attributable to owners of the parent)	272

	2021 $000
Total comprehensive income for the year attributable to owners of the parent	(715)
Total comprehensive income for the year attributable to NCI	(1,154)
Total comprehensive income for the year	(1,869)
Net cash from operating activities	3,931
Net cash used in investing activities	(33)
Net cash from (used in) financing activities	(4,333)
NET CASH OUTFLOW	**(435)**

During the year, as a result of the capital raising by Webcentral, the Group's equity interest in Webcentral was decreased from 50.7% to 44.75%. The Group recognised a deemed net gain of approximately $5,096,000 within Profit Reserve in the equity attributable to owners of the Company.

26. 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 2021 or 30 June 2020.

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.

30 June 2021	Amortised cost $000	FVTPL $000	Total $000
Financial assets			
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**	**1,708**	**26,841**

30 June 2021	Amortised cost $000	FVTPL $000	Total $000
Financial liabilities			
Non-current borrowings	20,579	-	20,579
Non-current payables	-	-	-
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**

30 June 2020	Amortised cost $000	FVTPL $000	Total $000
Financial assets			
Cash and cash equivalents	22,118	-	22,118
Restricted Cash	1,397	-	1,397
Trade and other receivables	3,468	-	3,468
Other investment	-	-	-
Total financial assets	**26,983**	**-**	**26,983**

30 June 2020	Amortised cost $000	FVTPL $000	Total $000
Financial liabilities			
Non-current borrowings	2,578	-	2,578
Non-current payables	1,274	-	1,274
Current borrowings	1,212	-	1,212
Trade and other payables	6,709	-	6,709
Total financial liabilities	**11,773**	**-**	**11,773**

Borrowings include the following financial liabilities:

	Consolidated	
	2021 $000	2020 $000
Current		
At amortised cost:		
Obligations under bank loan[1]	428	983
	428	**983**
Non-current		
At amortised cost:		
Obligations under bank loan[1]	20,579	1,982
	20,579	**1,982**

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 2021:

			TOTAL	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Note	Date of valuation	$000	$000	$000	$000
Assets / (liabilities) measured at fair value						
Financial assets						
Investment in Tiger Pistol shares		31-Dec-20	725	-	-	725
Unsecured loans		30-Jun-21	983	-	-	983
Financial liabilities						
Contingent consideration	20	30-Jun-21	1,100	-	-	1,100

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

CAPITAL MANAGEMENT

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021:

	Total facility amount $000	Amount drawn $000	Unused financing facilities $000
CBA loan facilities	31,100	26,642	4,458
Total	**31,100**	**26,642**	**4,458**

The table below sets out the maturity periods of the financial liabilities of the consolidated Group as at 30 June 2021 and 30 June 2020. All carrying amounts of IT equipment finance are undiscounted contractual cash flows.

CONTRACTED MATURITIES AT 30 JUNE 2021	< 6 Months $000	6-12 Months $000	1-2 Years $000	2-5 Years $000	>5 Years $000	Total $000
Trade & Other Payables	18,973	320	-	-	-	19,293
Borrowings	240	238	351	20,291	5	21,125

CONTRACTED MATURITIES AT 30 JUNE 2020	< 6 Months $000	6-12 Months $000	1-2 Years $000	2-5 Years $000	>5 Years $000	Total $000
Trade & Other Payables	5,835	868	1,280	-	-	7,983
Borrowings	528	479	923	1,070	-	3,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021 or 30 June 2020.

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	
	2021 $000	2020 $000
Aa3 rated Cash & Cash Equivalents	19,170	22,118
Aa3 rated restricted cash	-	1,397
TOTAL CASH & CASH EQUIVALENTS	**19,170**	**23,515**

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 $850,000 (2020: Loss of $275,000) in profit and loss in respect of impairment of receivables for the year ended 30 June 2021. 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.

All of the Group's equipment loans are at a fixed interest rate, and while the Group has a small level of term debt, as the Group has cash and cash equivalents in excess of the debt, the Directors consider interest rate and market risk to be low.

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

	30-Jun-21 $000	30-Jun-20 $000
Financial assets		
Cash and cash equivalents	103	-
Trade and other receivables	10	-
	113	-
Financial liabilities		
Trade and other payables	(615)	-
NET EXPOSURE	**(502)**	**-**

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

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

	Net profit Higher / (Lower)		Equity Higher / (Lower)	
	2021 $000	2020 $000	2021 $000	2020 $000
Consolidated				
AUD/USD +10%	45	-	45	-
AUD/USD -10%	(55)	-	(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 0.635 to 0.776 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.

27. RELATED PARTY TRANSACTIONS

Subsidiaries

Details relating to subsidiaries are included in Note 25.

Ultimate and direct parent

5G Networks Limited is the ultimate parent entity in the wholly owned Group comprising the Company and its wholly owned controlled entities.

Entities with significant influence

The following entities were considered to have significant influence over the Group during the year:

- Joseph Demase, Managing Director, holds, directly or indirectly, 16.46% (2020: 21%) of the ordinary shares of the Company.

KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

	Consolidated	
	2021 $	2020 $
Short-Term Employee Benefits	1,358,947	1,069,722
Post-Employment Benefits	79,244	73,875
Share based Payments	2,077,983	903,576
TOTAL	**3,516,174**	**2,047,173**

Detailed remuneration disclosures are provided in the remuneration report on pages 11 to 16.

TRANSACTIONS WITH RELATED PARTIES

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

- A total of $164,129 (2020: $101,234) 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 total of $1,686,745 (2020: nil) was paid by Webcentral Group Limited to the Group for management fees, managed IT services and networks services during the period. All transactions are carried at commercial third party rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TERMS AND CONDITIONS OF RELATED PARTY TRADING TRANSACTIONS

Fees charged by 5G Networks Limited, 5G Network Operations Pty Ltd to the members of the Group are in respect of these companies acting as a provider of corporate services to the Group. Operational Loans for day to day working capital between the Company and its controlled entities are unsecured and advanced on an interest free basis.

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:

	2021 $000
Balance at the start of the year	**70**
Repayment from KMP	(11)
Loans to KMP (Note 10)	287
Balance at the end of the year	**346**

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. This arrangement is considered as share-based payment in substance. Refer to Note 22 for details.

During the period, the Group granted loans of $0.28 million to key management personnel to allow them to take up shares in a capital raising being undertaken by Webcentral Group Limited. Refer to Note 10 for details.

28. REMUNERATION OF AUDITORS

	Consolidated	
	2021 $	2020 $
Year ended 30 June 2021, the following fees were paid or payable for services provided by Grant Thornton:		
Audit and review	513,061	103,821
Due Diligence services	124,343	64,110
Tax compliance services	131,895	85,050
TOTAL	**769,299**	**252,981**

29. SUBSEQUENT EVENTS

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

On 17 August 2021 2,600,000 ordinary shares were issued pursuant to the exercise of options by executives of the Company.

On 16 September 2021, Webcentral Group Limited acquired a further 7.8% of Cirrus Networks Holdings Limited (ASX: CNW) for $2.3 million and holds 16.7% of CNW at that date.

No other matter or circumstances have 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.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) The financial statements and notes of 5G Networks Limited for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the 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 financial year ended 30 June 2021.

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

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

On behalf of the Board of Directors

Joseph Demase
Managing Director
Melbourne, 16 September 2021

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Independent Auditor's Report

To the Members of 5G Networks Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of 5G Networks Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2021 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 2021 and of its performance for the year ended on that date; and

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

Basis for opinion

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

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

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 year. 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 2021, the Group recorded revenue of $87 million. There is a risk of potential overstatement of revenue given there is pressure placed on the performance of the Group against market expectations. The Group offers diverse products and services to its customers that require different patterns of revenue recognition due to varying contractual terms, which impact the identification of performance obligations and the determination of how the Group satisfies those obligations. This is a key audit matter due to the financial significance of revenue to the consolidated statement of profit or loss and other comprehensive income 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 year; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.
Business combination – Note 20	

The Group entered into the following acquisitions during the year that were accounted for as business combinations using the acquisition method in according with Australian Accounting Standards :
• ColoAu was acquired in July 2020;
• Takeover bid for the purchase of Webcentral Group Limited occurred in October 2020; and
• Intergrid Group Pty Ltd was acquired in March 2021.
 	
In addition, the Group has finalised the acquisition date fair value of assets acquired and liabilities assumed and retrospectively adjusted the provisional values of goodwill and customer intangibles in relation to the acquisition of Australian Pacific Data Centre Pty Ltd and North Sydney Data Centre.
 	
Accounting for these transactions is a complex and judgemental exercise requiring management to determine the fair value of acquired assets and liabilities as well as the goodwill arising on acquisition and as a result has been assessed as a key audit matter.
	Our procedures included, amongst others:
	• Reading the executed acquisition agreements and evaluated the Group's acquisition accounting against the requirements of Australian Accounting Standards;
	• Testing the accuracy of the purchase consideration against the executed acquisition agreements;
	• Assessing the fair values of the acquired assets and liabilities recognised, including:
	  ○ testing the working capital balances to post acquisition date payments and receipts;
	  ○ assessing impairment loss of acquired assets balances (if any);
	  ○ assessing the valuation of identified intangible assets recognised as part of the purchase price allocation ("PPA") calculations;
	  ○ assessing mathematical accuracy of the Group's calculation of the resulting goodwill arising on the PPA calculations;
	  ○ evaluating the competence, capabilities and objectivity of management's expert who assisted the Group in estimating fair values; and
	  ○ utilising internal valuation specialist to review the work performed by management's expert.
	• Assessing the adequacy of the business combination disclosures against the requirements of Australian Accounting Standards.

Goodwill – Note 14	

As disclosed in Note 14 of the financial report goodwill amounted to $62 million at 30 June 2021 as a result of acquisitions over recent years.
 	
In accordance with AASB *136 Impairment of Assets*, goodwill 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.
 	
Goodwill valuation is also a significant risk due to the judgement required by management in preparing a value in use model to satisfy the impairment test as prescribed in AASB 136. This includes forecasting of future cash flows and applying an appropriate discount rate which inherently involves a high degree of estimation and judgement by management.
 	
Therefore, this matter has been assessed as a key audit matter.
	Our procedures included, amongst others:
	• Assessing management's determination of the Group having three CGUs 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; and
	  ○ Testing the underlying calculations for mathematical accuracy of the model; and
	• Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.

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 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 11 to 16 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of 5G Networks Limited, for the year ended 30 June 2021 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 16 September 2021

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