

ASX Announcement: Sale of Shares Held in Webcentral Business



29th May 2024

5G Networks Limited (**5GN**) announces that it has entered into a Share Transfer Agreement (**STA**) in relation to the sale of its interest in Hosting Group TopCo SARL (**TopCo**) for €12.5m or approximately A\$20.5m.

5GN currently holds 27.2% of the shares in TopCo but will be further diluted to 14.4% on or around 31 May 2024 following TopCo's proposed merger with World Host Group (**WHG**).

TopCo is the ultimate owner of the Webcentral business sold by 5GN (then Webcentral Limited) on 20 December 2023 to Oakley Barcelona AUS Bidco Pty Ltd (**BidCo**), a subsidiary of TopCo under a sale and purchase agreement between 5GN and BidCo (**Webcentral SPA**).

The purchasers of the shares in TopCo are Oakley Vaquero Luxco SARL (**Oakley**), an associate of Oakley Capital, which is an existing major shareholder of TopCo and Stalwart Holding B.V. (**Stalwart**), a European-based investor.

As part of the transaction:

- There will be a reduction in the take or pay obligations in the Master Services Agreement (**MSA**) between 5G Network Operations Pty Ltd (**5GNO**) and Netregistry Pty Ltd (**Netregistry**) (a company owned by TopCo, which is the direct owner of the Webcentral business) from A\$12m to A\$9.1m over the 5 year period of the MSA from December 2023;
- 5GN will obtain warranty insurance to allow 5GN's warranty obligations and liabilities under the Webcentral SPA to be fully released. The estimated cost of this insurance is €285,000 (approximately A\$465,000); and
- 5GN will offset its entitlement to its share of profits from 21 December 2023 to Completion of the sale, estimated at A\$646,000, with other completion adjustment amounts owing to BidCo.

After taking into account these payments the net cash obtained by 5GN from the transaction is expected to be approximately A\$20m excluding transactions costs and tax.

Completion of STA is subject to Oakley and Stalwart obtaining equity funding sufficient to make the payments they are required to pay under the STA. The 5GN Board expects these conditions to be satisfied by early June 2024 and for completion of the STA to occur in mid-June 2024.

5GN Managing Director, Joe Demase said today:

"The sale of our shares in TopCo and the Webcentral business is the final step in the Webcentral sale commenced in 2023. The 5GN Board considered the sale an appropriate step given that TopCo's proposed merger with WHG will materially dilute 5GN's ownership and board representation. 5GN's ownership interest would reduce to approximately 14.4% and 5GN's nominee director will reduce in influence from being 1 of 3 TopCo directors to 1 of 6. The sale price for 5GN's shares in TopCo is attractive and is equivalent to the value implied in the sale to BidCo in December 2023. There is no open market for the shares in TopCo, which is a minority holding in a European private company majority owned by private equity. 5GN did not expect any distribution of the Webcentral business' profits in the medium term. The release of 5GN from warranty obligations is significant as it allows 5GN to release warranty provisions of A\$6m recorded on the sale of Webcentral."



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About 5GN

5GN is an Australian owned digital services company who empower more than 2,500 corporate clients to grow and thrive online. Our portfolio of digital services is extensive, with market leading offers across Cloud, Data networks, Data centre, managed IT services and digital marketing.

5GN currently owns and operates its own Nationwide and Internationally highspeed Data Network with points of presence in all major Australian capital cities, Singapore, USA, Hong Kong and New Zealand. In addition, the Company offers managed cloud solutions through its Cloud and Data Centre capabilities as well as managed services to optimise customers' IT and network environments. Supporting this is the Company's combined rack capacity of over 1,200 racks through its owned and operated Data Centres across Melbourne, Sydney, Brisbane and Adelaide.

Our customer focussed heritage has been built on expertise, innovation and personalised service; critical attributes delivered through our culture and embraced by our people.

5GN also owns a 27.2% shareholding in Webcentral Pty Ltd the third largest domains and hosting provider in Australia, servicing some 330,000 customers.

The 5GN mission is dedicated to leading online success for our customers. We achieve this by building trusted and valued client relationships which convert successful business outcomes at each milestone across the customers' digital journey.