2023 ANNUAL REPORT

Webcentral Limited and its controlled entities

FOR THE YEAR ENDED 30 JUNE 2023

Corporate Directory

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

Company Secretaries
Glen Dymond
Michael Wilton

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

Company Number
ACN 073 716 793

Country of Incorporation
Australia

ASX Code: WCG

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

Legal Advisors
Cornwalls
Level 4, 380 Collins Street
Melbourne, VIC, 3000

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

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

Internet address www.webcentral.au

Contents

Webcentral

Chairman's Address

As Chairman of Webcentral, I am proud to present to you the Annual Report for Financial Year 2023. The successful merger of Webcentral with 5G Networks Limited in November 2021 completed the integration of the two businesses, creating the largest Australian owned digital services business and operator of fibre networks, cloud and data centres.

This year has been a consolidation period for our SME sector with the successful launch of the .au Top Level Domain (TLD) in September 2022. On the back of this growth of 100,000 new .au domains we have also seen the growth of our SME hosting and email services. We have migrated over 20,000 Microsoft email product users to our internal OX mail platform producing significant margin improvement and we have provided certainty for these users as their previous email product was no longer offered.

In December 2022 we acquired a domains business 'New Domain' and, as the owners, have taken charge of our Melbourne IT brand with a focus on corporate clients providing much needed service and support with brand protection.

Webcentral has made significant progress in FY23 building on the transformation of the business in FY22 with further improvements to customer journey and support, the successful launch of new product bundles and a major refresh of the Company's digital marketing strategy and continued platform and system improvements to improve customer experience and improve efficiencies.

The company has faced several challenges during the year, which have seen a decline in revenue at one of the Group's data centres servicing the digital currency market and pricing pressure from government contracts. However, the company has seen an improvement in hardware supply chain resulting in faster delivery times and project work across the business.

The significant achievements in FY23 is shown by the Company's strong financial performance with revenue growth across the Company's customer segments and 134% improvement in operating cash flows in FY23.

The Board's ongoing focus on capital management and returns to shareholders was demonstrated by the resumption of dividends to shareholders.

Looking forward to FY24, Webcentral is focused on continued organic revenue growth and the ongoing improvement of systems and processes to enhance and simplify customer experience.

On behalf of the Board, I am extremely grateful for the support of our shareholders, customers, suppliers and business partners and thank our Managing Director, staff and executives for their outstanding achievements in FY23.

Yours sincerely,

Joe Gangi
Chairman

"Looking forward to FY24, Webcentral is focused on continued organic revenue growth and the ongoing improvement of systems and processes to enhance and simplify customer experience."

"This year has been transformational for Webcentral with the successful integration of the business with 5G Networks following the merger of the companies in November 2021."

Managing Director's Report

As Managing Director of Webcentral, I am proud to present our Annual Report on the business operations for Financial Year 2023.

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

In early 2023 a multi-channel marketing initiative was implemented across online and digital, radio advertising and the strategic St Kilda Football Club sponsorship, delivering a significant increase in brand awareness and online traffic.

This initiative was the cornerstone of the successful .au domain launch in late-March 2022 resulting in 10% of eligible Webcentral customers registering their new .au in the first three months, generating more than $4.6M of sales. These marketing initiatives have also resulted in an uplift in new customers, growing by over 12%.

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

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

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

As the largest Australian based online service provider, Webcentral continues to invest in our onshore customer care team with more than 50 people in Melbourne, Sydney and Brisbane, further enhancing the customer experience.

Strong organic revenue growth was achieved across the Company's customer segments delivering overall revenue growth for the company of 2.9% to $96.1M for FY23. Operating cashflows significantly improved in the second half of FY23 on the back of this revenue growth with operating cashflows of $8.0M for FY23.

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

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

Yours sincerely,

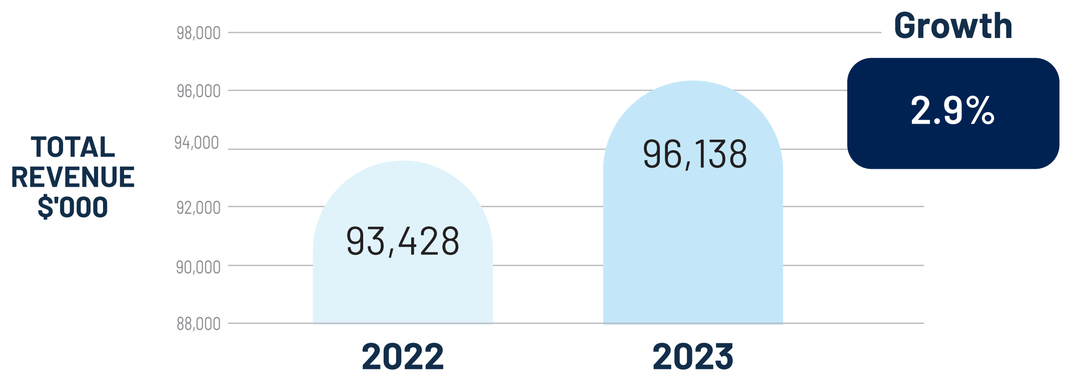
Joe Demase
Managing Director

Webcentral customer segments and product offerings

Webcentral provides a broad range of digital services to more than 330,000 Retail, Enterprise and Wholesale customers across Australia, New Zealand, Asia and the USA.

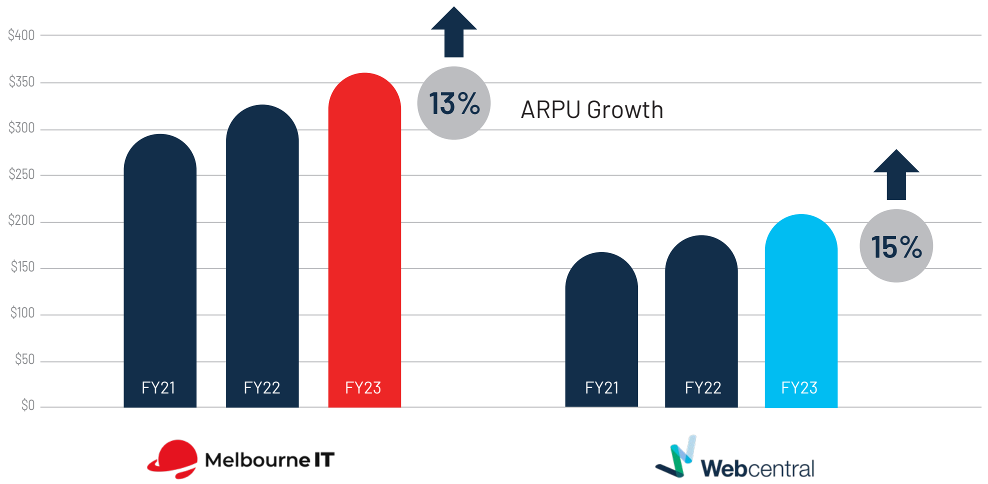
Services / Segment	Domains	Cloud, Email & Webhosting	Data Centre	Networks & Voice	Managed Services	Hardware & Software	Digital Marketing
Retail	✓	✓		✓			✓
Enterprise	✓	✓	✓	✓	✓	✓	✓
Wholesale		✓	✓	✓		✓	

Revenue growth was achieved across all customer segments in 2023:



Revenue growth across all customer segments

Retail customer growth in ARPU in FY23 and significant increase in lifetime value per customer

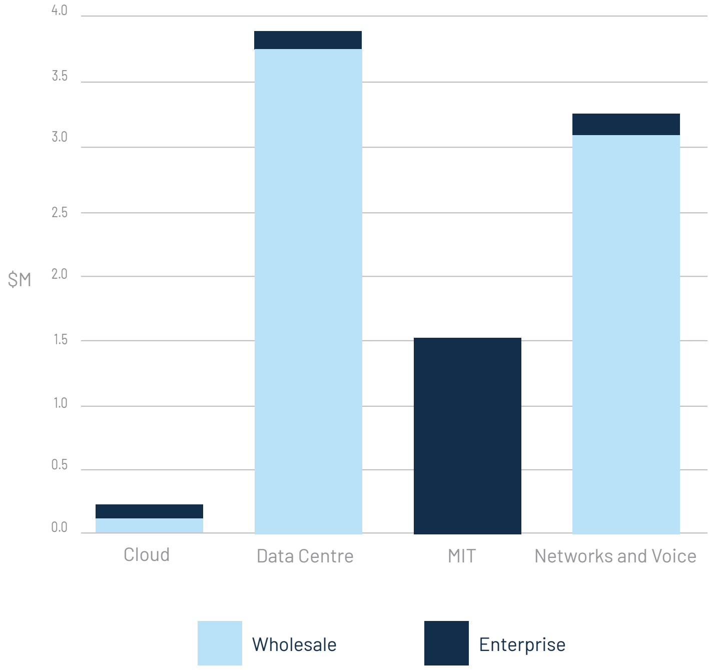


Lifetime value per customer $4.0k

Lifetime value per customer $2.7k (+41%)

Enterprise and Wholesale: Strong new sales, customer re-signs and pipeline

Enterprise and Wholesale Pipeline



- New sales of $7.4M TCV[1] in FY23
- Existing customer re-signs of $4.9M TCV[1]
- Strong sales pipeline of $8.9M recurring revenue

1. Total Contract Value

Webcentral in the Community

Webcentral is committed to making sustainability a priority across all of its operations. The Company has formed an Environmental, Social and Governance Committee (ESG Committee) to support it in fulfilling its ESG responsibilities, meeting stakeholder expectations and fostering an approach of continuous improvement, for the benefit of its shareholders, customers, employees, suppliers and host communities.

Webcentral's key ESG initiatives are as follows.

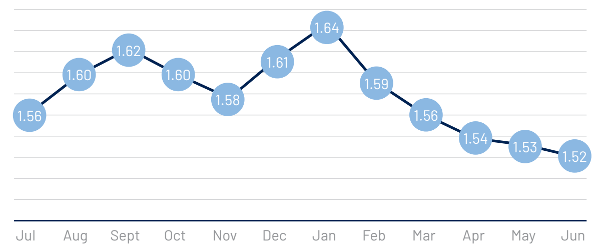
Environmental Initiatives

Data Centre Power Usage
Webcentral acknowledges that it is a significant consumer of electricity, particularly arising from its Data Centre (DC) operations. Accordingly, Webcentral is taking ongoing action to minimise its power consumption.

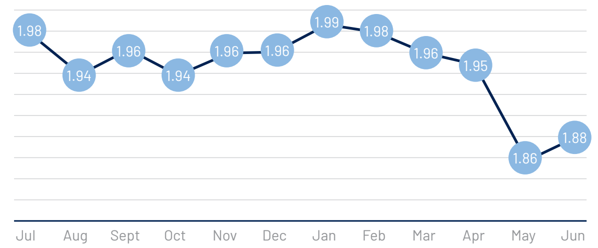
In the ever-evolving digital landscape, our DCs play a crucial role in supporting the storage, processing and transmission of vast amounts of data. As the demand for computing resources continues to soar, we are actively undertaking initiatives to optimise our infrastructure. Our main focus in this regard is improving our Power Usage Effectiveness (**PUE**). PUE is a metric that quantifies the energy efficiency of a data centre by comparing the total power consumed by the facility to the power consumed by its IT equipment. Reducing PUE not only contributes to cost savings but also decreases environmental impact. We have undertaken the following initiatives to improve our PUE across all our data centres over time:

- Hot Aisle/Cold Aisle Containment: Cooling constitutes a significant portion of a data centre's energy consumption. To improve PUE, we have so far installed cold aisle containment at our North Sydney Data Centre (NSDC), Sydney Data Centre (SDC) and Adelaide Data Centre (ADC). Plans are in progress to install cold aisle containment at Melbourne Data Centre (MDC) and Brisbane Data Centre (BDC). These measures ensure that cooling resources are directed precisely where they are needed, minimising wastage.
- Blanking plates: Blanking plates are a crucial element of hot aisle/cold aisle containment strategies. In this configuration, server racks are arranged in alternating rows with hot exhaust air expelled into the hot aisle and cool air delivered to the front of the racks through the cold aisle. Blanking plates prevent hot air from recirculating back to the cold aisle, ensuring that the cooling system operates efficiently and reduces energy waste. We have manufactured our own 5GN branded blanking plates and installed them in all our racks across all our data centres.
- Building Management System: Accurate temperature monitoring using a Building Management System (BMS) promotes energy efficiency and cost savings. By closely monitoring temperature levels, we can fine-tune our cooling operations to avoid overcooling and excessive energy consumption. This contributes to reduced electricity bills and a more sustainable operational footprint. We have installed a BMS including temperature and humidity sensors in all our data centres which are monitored 24/7.
- Optimisation of Computer Room Airconditioning Units: We constantly monitor the temperature of our cold aisle via the BMS system and adjust temperature setpoints on the Computer Room Airconditioning (CRAC) units according to the IT load fluctuations on the DC floor to ensure we are not overcooling and wasting energy. In all our DC's except SDC, we have variable speed drives on all the CRAC unit motors which automatically adjust their speed according to the air flow required to maintain our temperature SLA's and prevent the motors from running at 100% 24/7 unnecessarily.
- Improved lighting quality: By replacing outdated lighting fixtures with LEDs, data centres can achieve substantial energy savings, contributing to the overall reduction in PUE. SDC has an LED lighting system with sensor control and we have recently installed the same system at MDC, with plans in place to do the same at our other data centres.
- IT Equipment Upgrades and Consolidation: Upgrading and consolidating IT equipment is a crucial initiative in data centre optimisation. This involves modernising hardware, streamlining infrastructure, and maximising resource utilisation. Our networks team has identified legacy systems, outdated equipment and redundant or underutilised equipment that consume space, energy, and maintenance resources.
- Monitoring: As a result of all the improvements mentioned we are noticing a steady overall improvement in our data centre power usage efficiency which is contributing to cost savings and improving our energy footprint. The monthly PUE for FY23 MDC and SDC is shown below:

MDC PUE Change 2022-2023



SDC PUE Change 2022-2023



PUE - total electricity consumption / UPS load

Other Environmental Initiatives
Webcentral procures significant volumes of IT equipment and is consequently responsible for the disposal of significant volumes of obsolete equipment. At all locations and facilities operated by Webcentral we maintain processes to recycle obsolete equipment through appropriate e-waste disposal services.

Certified System Quality ISO 9001 SAI GLOBAL

Certified System Environment ISO 14001 SAI GLOBAL

Several of Webcentral's 'data centres maintain ISO 9001 (Quality Management Systems) and 14001 (Environmental Management Systems) accreditations demonstrating that it has appropriate systems in place to maintain quality operational standards and manage its environmental impact.

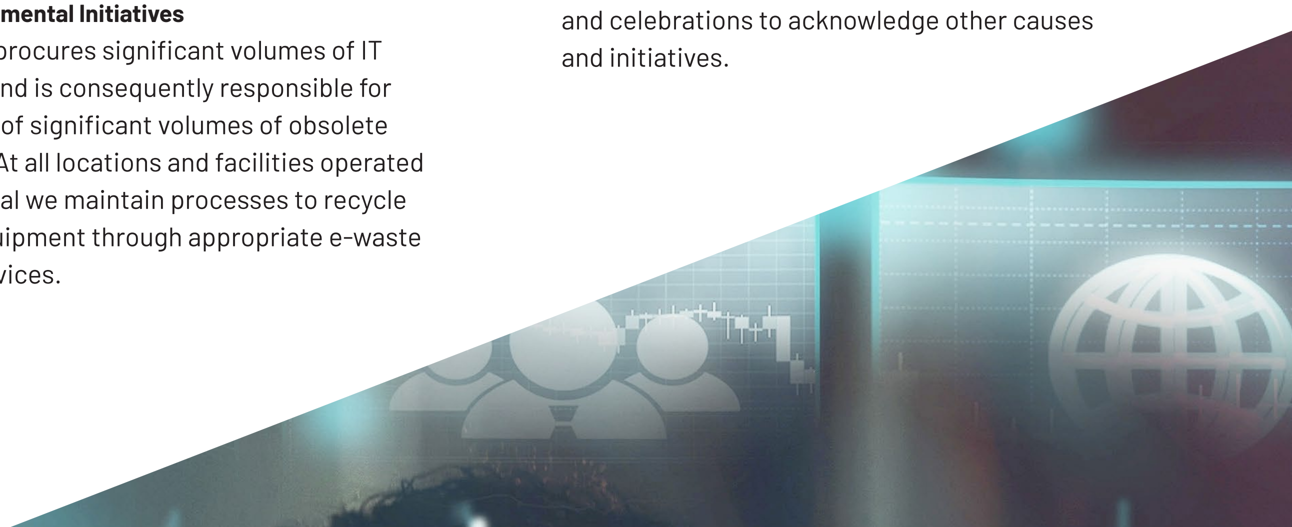
Webcentral's offices in Melbourne, Sydney and Brisbane are in modern, high-quality buildings with high National Australian Build Environment Ratings System (NABERS) ratings.

Social Initiatives

Diversity & Inclusion
Webcentral continues to support the increased representation of women in the technology sector and convened two events during the year with industry-leading female host speakers. These events continue to provide a valuable means for female staff from across the Company's operations to network with one another, exchange ideas, raise any concerns they have and listen to inspiring as well as influential keynote speakers.

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

Other initiatives included the convening of 'Wear it Purple Day', to provide a visible sign of support to a diverse range of staff across the organisation and celebrations to acknowledge other causes and initiatives.



Flexible and Safe Workplaces

Webcentral recognises that there is no one-size-fits-all solution to the way we work. To meet the changing realities of the modern-day working environment, Webcentral has established work-from-home policy to provide further and ongoing flexibility to all its employees. Each team is allocated onsite days that require employees of those teams to attend office in person, otherwise employees have the flexibility to work from home.

Webcentral's offices also maintain ISO 45001 (Work Health and Safety Management System) accreditation.

Webcentral is keen to celebrate staff achievements and conducts Staff Recognition Awards on a quarterly basis. All staff have the opportunity to vote for high-achieving staff and prizes are awarded for the top three nominations. In addition, each year Webcentral hosts a Service Awards event to celebrate the achievements of our employees with ten or more years of service.

Webcentral also offers employees free shares annually under its Employee Share Scheme.

Other Social Initiatives

Webcentral is committed to giving back to the community.

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

In addition, Webcentral employees are passionate about giving time and money to address the many issues that face our world today. To support employees' passion for giving, Webcentral matches employee donations of time and money to non-profit organisations. Webcentral has matched funds raised by its employees for the Beach2Beach fundraising event for children with San Filippo syndrome and supported several employees participating in Dry July, an initiative encouraging people to go alcohol-free in July to raise funds for people affected by cancer. Funds were also donated to The Toccolan Club, a not-for-profit group devoted to raising funds for Australian charities.

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

Webcentral has also supported AFL House by refurbishing and donating surplus IT equipment for students, and is working with AFL Cape York foundation, providing domains, hosting and a free website.

Other initiatives included the convening of 'RUOK' morning tea, to support the charity that encourages people to stay connected, have conversations and help others through difficult times; and 'Pink Ribbon' afternoon tea, to support the National Breast Cancer Foundation.

A number of Committees have also been active during the year, each with significant staff representation. The committees are the Culture Committee, Environment, Social and Governance Committee, and Work Health and Safety Committee

Governance Initiatives

As an ASX listed company, Webcentral is bound by various legislative and regulatory requirements, including the *Corporations Act 2001*, ASX Listing Rules, Telecommunications (Interception and Access) Act 1979 and the requirements of our Registrar Agreements with auDA (.au Domain Administration Limited) and ICANN. Webcentral also complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (4th Edition) - further detail is provided at pages 34 to 38 of this report.

In addition, Webcentral's domain name services, data centres and managed services business maintain ISO 27001 (Information Security Management System) accreditation.

By retaining accreditations under these internationally recognised standards, Webcentral can demonstrate that it has appropriate systems in place to maintain quality information security management systems, in the core business areas so accredited.

Board of Directors

Joe
Demase

Managing Director

Joe comes from a background in building a host of successful businesses, including the completion of two ASX listings in the telecommunications sector. Joe has been Managing Director of Webcentral since October 2020. Further to this, Joe has acquired experience in the telecommunications sector amongst both the Australian and UK divisions, along with over 25 years of business experience, allowing Joe to skilfully identify market opportunities across the board. Joe displays an abundance of experience, having succeeded in a broad range of executive positions.

Joe
Gangi

Chairman

Joe has over 30 years' experience in corporate management and governance and has been an independent director of Webcentral since October 2020. Joe is a Non-Executive Director of Assisi Aged Care, a member of the Industry Advisory Committee to the Faculty of Chemical and Environmental Engineering at RMIT University and an active advisor to several private sector boards. He also provides consulting services to the Local Government sector. His corporate experience is focused on risk management, an area that he is particularly passionate about, that enables him to offer advice on risk mitigation and business sustainability.

Natalie
Mactier

Non-Executive Director

Natalie has over 20 years experience in the online space having held senior management and Executive roles at Australian start-up and scale-up organisations. With a background in Sales and Marketing, Natalie helped build online brands SEEK and Kidspot before being approached by Square Peg capital to create School Places, an online private school marketplace. Since 2018 Natalie has been the CEO of Vivi International, an Australian owned EdTech software organisation. Natalie has been an independent director of Webcentral since October 2020.

Jason
Ashton

Non-Executive Director

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

Company Secretaries

Glen
Dymond

Chief Financial Officer and Joint Company Secretary

Glen has more than 25 years' experience in senior finance and operations management roles at several ASX-listed entities, including 5G Networks Limited, Zenitas Healthcare Limited, Spotless Group Limited, Broadspectrum Limited and ConnectEast Group. Glen's commercial finance and operations experience has been achieved across a diverse range of business programs. This includes process development to drive financial performance, as well as client commercial management and driving successful change management across organisations undergoing rapid growth and change.

Michael
Wilton

General Counsel and Joint Company Secretary

Michael is a capital markets and M&A lawyer, having more than 25 years' experience in those sectors. He also has substantial legal expertise in IT and telecommunications. In addition to his role at Webcentral, Michael is a partner in the Melbourne office of Cornwalls Lawyers.

Directors' Report

Your Directors submit their report for the year ended 30 June 2023.

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

Directors
Mr. J. Gangi
Mr. J. Demase
Ms. N. Mactier
Mr. J. Ashton

Managing Director and Chief Executive Officer
Mr. J. Demase

Chief Executive Officer – Melbourne IT
Mr. Jonathan Horne (from 1 December 2022)

Chief Financial Officer
Mr. G. Dymond

Chief Operating Officer
Mr. J. Stevens

Company Secretaries
Mr. M. Wilton
Mr. G. Dymond

Details of Directors' experience, expertise and directorships

Directors in office during the period are presented below:

Joe Gangi

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

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

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

Other Current Directorships
- Assisi Aged Care

Previous Directorships In Last Three Years
- 5G Networks Limited

Natalie Mactier

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

Experience and Expertise
Natalie has over 20 years' experience in the online space having held senior management and Executive roles at Australian start-up and scale-up organisations. With a background in Sales and Marketing, Natalie helped build online brands SEEK and Kidspot before being approached by Square Peg capital to create School Places, an online private school marketplace. Since 2018 Natalie has been the CEO of Vivi International, an EdTech software organisation helping drive student engagement and build teacher capacity globally.

Other Current Listed Company Directorships
- Nil

Former Listed Company Directorships In Last Three Years
- Nil

Joe Demase

Managing Director & CEO
Member of the Audit & Risk Committee and Member of the Nomination & Remuneration Committee

Experience and Expertise
Mr Demase comes from a background in building a host of successful businesses, including the completion of two ASX listings in the telecommunications sector. Further to this, Joseph has acquired experience in the telecommunications sector amongst both the Australian and UK divisions, along with over 25 years of business experience, allowing Joseph to skilfully identify market opportunities across the board. Joseph displays an abundance of experience, having succeeded in a broad range of executive positions.

Other Current Listed Company Directorships
- Powerhouse Ventures Limited

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

Jason Ashton

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

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

Other Current Listed Company Directorships
- Nil

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

Company Secretaries

Mr Glen Dymond

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

Mr Michael Wilton

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

Principal activities

The Group's principal activities during the year were:

- the supply of cloud-based solutions, managed services and network services;
- the operation of fibre and wireless infrastructure and management of cloud computing environment;
- the operation of data centre facilities; and
- the supply of domain name registrations and renewals, website and email hosting, website development, search engine marketing and social advertising campaigns for businesses in Australia and New Zealand.

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

Review and results of operations

	Year ended	
	30-Jun-23 $'000	30-Jun-22 $'000
CONTINUING OPERATIONS		
Total revenue from contracts with customers	96,138	93,428
Underlying EBITDA[1] from Continuing Operations	12,825	17,561
Loss after tax from continuing operations	(19,019)	(24,738)
Loss after tax attributable to members of the parent	(19,019)	(24,883)

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

Revenue for the period was $96.14 million, representing growth of 2.9% compared to the prior comparative period (**PCP**) of $93.43 million. The loss of the Group for the period after providing for income tax amounted to $19.02 million (2022: $24.74 million loss). The underlying EBITDA of the Group for the period of $12.83 million was 27.0% lower than the prior comparative period of $17.56 million, after adjusting for non-operating items including a non-cash goodwill impairment expense of $14.08 million, non-cash share-based payments expense of $1.55 million, and acquisition, restructuring other non-recurring costs of $3.5 million.

The major contributors to the decline in underlying EBITDA was the $3.26 million reduction in non-recurring hosting revenue and transitional services income and the reduction in networks and data centre revenue.

The goodwill impairment charge has arisen due to the assessment of the carrying value of goodwill and intangible assets at year-end and the impact of higher discount rates. The non-cash impairment expense recognises the decline in revenue at one of the Group's data centres servicing the crypto mining market and pricing pressure from government contracts. The non-cash impairment charge has no impact on the Group's debt facilities, covenants or liquidity.

Segment Revenue	FY23 $'000	FY22 $'000
Data Centres, Network & Cloud	22,117	24,638
Managed Services	20,239	19,465
Webcentral	53,782	50,106
Intersegment eliminations	-	(781)
Total Revenue	**96,138**	**93,428**

Alternative segment presentation
The Group has restructured its operations into the following customer segments following the merger between Webcentral and 5G Networks Limited in November 2021:

- **Retail:** domains, web hosting, email hosting and digital marketing services to consumer and small and medium enterprise customers
- **Enterprise:** cloud hosting, domain names, data centre, networks and voice, IT managed services, hardware and software and digital marketing products and services provided to Enterprise and Government customers
- **Wholesale:** cloud hosting, data centre, networks and voice products and services provided to wholesale telecommunications and Segment information is provided below in relation to these segments.

These reporting segments will apply from reporting periods from 1 July 2023.

Segment Revenue	FY23 $000	FY22 $000	Change
Retail	51,118	48,863	4.6%
Enterprise	37,108	37,022	0.2%
Wholesale	7,912	7,543	4.9%

The Group achieved revenue growth across its Retail, Enterprise and Wholesale customer segments in FY23 due to the following initiatives:

- The successful launch of the new .au domain name TLD generating more than $4.6 million in sales from more than 100,000 new .au domain names registered;
- Growth in SME hosting and email services including the migration of 20,000 Microsoft email product users to our internal OX mail platform with significant gross margin increase;
- Improvement in hardware supply chain resulting in faster delivery times and project work across the business, with hardware revenue up 21% to $8.15 million in FY23;
- A multi-channel marketing initiative was implemented across online and digital, radio advertising and the strategic St Kilda Football Club sponsorship, delivering a significant increase in brand awareness and online traffic;
- Further improvements to customer journey and support, the successful launch of new product bundles and a major refresh of the Company's digital marketing strategy, and continued platform and system improvements to improve customer experience and improve efficiencies;
- Strong wholesale and enterprise customer growth with more than $5.9 million annual recurring revenue sold in FY23, existing customer renewals of $4.9 million and sales pipeline of $8.9 million; and
- Customer value increase with 13 to 15% ARPU growth achieved for Melbourne IT and Webcentral respectively compared to the PCP.

Other key strategic and financial growth highlights for the year ended 30 June 2023 were as follows:

- Acquisition of New Domain Services, a premium domain email and webhosting services business with the owner taking the charge of the Melbourne IT brand with a focus on corporate clients and providing much needed service and support with brand protection;
- Ongoing automation of customer portals, the launch of the Dark Fibre product and completion of the fibre network with more than 120 kilometres of fibre installed connecting over 50 Data centres in Sydney, Melbourne, Brisbane and Adelaide coupled with simplification of the customer journey;
- Improved customer retention from focus on customer service improvement including the introduction of website chatbots and simplifying the customer journey, together with improved systems and billing processes; and
- Strong capital position with $4.5 million cash and $4.5 million of available debt at 30 June 2023 (of which $1.5 million is for the purpose of business acquisitions).

Management performance measures – underlying EBITDA

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

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

	Year ended	
	30-Jun-23 $'000	30-Jun-22 $'000
CONTINUING OPERATIONS		
(Loss) / Profit before tax	**(22,217)**	**(24,382)**
Depreciation and amortisation expense	12,447	13,630
Share based expenses	1,546	8,833
Finance costs (excl. bank charges and merchant fees)	3,475	2,798
Acquisition costs	184	904
Non-recurring costs	3,313	3,706
Impairments of financial assets, goodwill, fixed assets and intangible assets	14,077	12,072
Underlying EBITDA	**12,825**	**17,561**

Acquisitions and investing activities

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

On 1 December 2022, the Company announced the acquisition of New Domain Services, a premium domain email and webhosting services business with 25,000 customers with normalised revenue of $2 million and normalised EBITDA of $1.2 million. The acquisition price was $5 million with $3.5 million paid in cash at Completion and up to $1.5 million payable within 12 months of Completion. The acquisition was funded from existing cash reserves and from the Group's acquisition debt facility with CBA.

New Domain Services has been integrated with the Group's Melbourne IT business and New Domain vendor Jonathan Horne has been appointed as Chief Executive Officer of the combined business to drive growth in corporate domains services. It is expected that the acquisition will also benefit the broader Webcentral business as customer services changes, process improvements and product innovation are rolled out to Webcentral's business.

During the period the Group also continued to invest in its fibre network build throughout several capital cities and had completed more than 120 km and connected more than 50 data centres as at the date of this report.

Capital structure

On 3 August 2022, the Company announced the launch of an on-market share buyback (**Buyback**). During the year the Company acquired a total of 5,401,820 ordinary shares on-market pursuant to the Buyback for total consideration of $955,278. All shares acquired were cancelled during the period.

During the year, the following ordinary shares were issued:

- 1,000,000 ordinary shares were issued on 11 October 2022 to the vendors of the ColoAu business at an issue price of $0.1366 per share to satisfy the earn-out payable in respect of the ColoAu acquisition in July 2020;
- 346,611 ordinary shares were issued on 4 November 2022 pursuant to the Dividend Reinvestment Plan at an issue price of $0.15 per share; and
- 2,088,646 ordinary shares were issued on 31 March 2023 under the Employee Share Plan at an issue price of $0.09 per share.

During the year, the following unlisted options were issued:

- 900,000 options under the Executive and Director Share Option Plan (**ESOP**) at an exercise price of $0.20, subject to the satisfaction of service vesting conditions and expiry date of five years after grant;
- 2,000,000 options under the Executive Equity Plan (**EEP**) at an exercise price of $0.20, subject to the satisfaction of service vesting conditions and expiry date of five years after grant;
- 260,000 options under the EEP at an exercise price of $0.20, subject to the satisfaction of performance and service vesting conditions and expiry date of three years after grant;
- 4,000,000 options under the EEP at an exercise price of $0.17, subject to the satisfaction of service vesting conditions and expiry date of five years after grant;
- 250,000 options under the EEP at an exercise price of $0.17, subject to the satisfaction of performance and service vesting conditions and expiry date of three years after grant;
- 250,000 unlisted options at an exercise price of $0.20 during the period to service providers of the Group;
- 1,750,000 options under the ESOP at an exercise price of $0.11, subject to the satisfaction of service vesting conditions and expiry date of five years after grant; and
- 1,500,000 options under the EEP at an exercise price of $0.11, subject to the satisfaction of service vesting conditions and expiry date of five years after grant.

During the year, 1,700,000 unlisted options issued under the ESOP and EEP were forfeited and cancelled.

On 24 February 2023 a variation of the Company's debt facilities with Commonwealth Bank of Australia (**CBA**) was approved in order to reallocate limits from the acquisition facility to the market rate loan facility of $2.0 million and from the bank guarantee facility to the equipment lease facility of $0.55 million. In addition, the maturity date for the acquisition facility was extended to 31 March 2024.

On 23 August 2023, CBA approved an amendment to the Net Leverage Ratio covenant in relation to the period ended 30 June 2023 to increase it to 3.50 times. There was no financial impact to the Group and all other financial covenants and undertakings under the Debt Facility Agreement were met in relation to the period ended 30 June 2023. The Group expects to comply with all financial covenants for FY24. As the amendment was received after reporting date, the Group is required to classify an amount of $25.1 million as a current liability in the Statement of Financial Position even though these amounts are not repayable within 12 months of reporting date.

Material Business Risks

The material business risks that have the potential to impact on the future prospects of the Group include:

Customer retention and revenue growth
The continued strong growth in sales and profitability of the Group depends on a number of factors, including attracting new customers on a sufficiently profitable basis, and retaining and increasing revenue from existing customers. Customer revenue growth is particularly dependent upon the provision of consistently high-quality customer service and continued satisfaction of sales objectives. If these growth factors were to be impaired, the financial performance and reputation of Group would be adversely affected.

Directors' Report

The Group's success is heavily reliant on its positive reputation, and particularly its customer satisfaction, in relation to its operating brands. The occurrence of any unforeseen issue or event which impacts the performance of the Group's services may result in a diminution of customer satisfaction and loyalty and place the reputation of the Group's brands at risk. These implications bear a risk of adversely impacting the financial performance of the Group's business.

Competition
The digital services industry is rapidly evolving with a heightened environment of change characterised by disruptive technologies. The Group therefore faces potential loss of its competitive or market position as a result of potential product innovation by existing competitors or new entrants to the market. The Group may not anticipate or respond to any such developments with sufficient speed to maintain its market position. Other competitive risks faced by the Group include price competition, competitor marketing campaigns, mergers of, or acquisitions by, competitors and possible new entrants to the market.

Changes in technology
The digital services industry is evolving rapidly with the frequent introduction of new technologies, products and innovations. Consumer behaviours, preferences and trends are also constantly changing upon the onset of new methods of communication and digital platforms. The Group must likewise evolve and adapt its products and service offering to maintain pace with the industry in which it operates and to maintain its competitive position. Given the pace of change, there is no guarantee that the Group will be able to continue to introduce new and superior products, or products that are perceived to be new and superior by consumers, at the rate seen by other competitors in the market generally. The Group's ability to do so is constrained by factors including its available capacity, resources and capital to invest in product development, innovation and design. This may adversely impact on the Group's long- and short-term business performance.

The Group's businesses are heavily dependent on information communication technology for the delivery of their various services, across large geographic distance, and it has invested significantly in technology to maximise the efficiency of its operations. Should these systems not be adequately maintained, secured and updated, or the Group's disaster recovery processes not be adequate, system failures may negatively impact the Group's performance.

The Group has undertaken IT transformation programs in recent years which are still in progress and may cause unexpected disruptions, fail to provide anticipated benefits or otherwise be unsuccessful. A significant implementation and migration failure could result in a major impact on the Group's customer retention, revenues, costs and reputation.

Infrastructure and technology failure
The Group relies on its technical infrastructure and networks to provide its customers with a highly reliable service. There may be a failure to deliver this level of service as a result of numerous factors, including human error, power loss, failure of third-party equipment, services or networks, improper maintenance by landlords and security breaches. Service interruptions, regardless of their cause, may cause contractual and other losses to the Group.

Cyber and security risks
Protection of customer and third-party data is critical to the Group's ongoing business and any breaches of this could have significant negative financial ramifications. The Group retains a significant amount of sensitive customer and third-party information. Customers and third parties have high expectations regarding the protection of their information. Additionally, the legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding. Failures or breaches of data protection systems can result in reputational damage, regulatory impositions (such as for breaches of the Privacy Act 1988 (Cth)) and financial loss, including claims for compensation by customers or penalties by telecommunications regulators or other authorities.

As a technology business, the Group's business may be particularly adversely affected by technological disruptions, including through impacts of malicious third-party applications or other form of cyber-attack on the Group that could result in failures and interfere with its systems, products and platforms. It is possible that the measures taken by the Group will not prevent unauthorised access to its systems and technologies, risking third party access to confidential or otherwise sensitive data. This could lead to loss of key business or customer information, reputational damage and claims from customers or other third parties whose data may be affected.

If, as a consequence, the Group is unable to provide services to its customers, it may experience loss of market share, damage to reputation and brand, customer compensation claims and regulatory action. This may result in the Group incurring significantly increased expenses or suffering reduced revenue.

Compliance risks
The Group relies on certain accreditations and licences to operate their businesses. In particular, the Group holds a carrier licence under the Telecommunications Act 1997 which is essential to operate as a carrier of telecommunications infrastructure. If this licence or other licences were to be cancelled it could severely restrict the ability of the Group to operate and could result in the Group breaching a number of its contractual obligations.

Several of the Group's domain registry businesses are ICANN and .auDA accredited Registrars. Such accreditation is essential for the Group to operate as a domain registrar business and provide customers with domain name services. If accreditation were to be lost, it could severely restrict the Group's ability to operate as a domain name service provider and could result in the Group breaching its contractual obligations.

The Group's businesses are reliant on wholesale licences to provide digital services to customers and cannot be assured that it will continue to be provided with these brand licences. If the Group were to not have such brand licences, its ability to attract customers or provide attractive offerings could be negatively affected, which in turn could have a material adverse effect on its business, financial condition and results or operations of the Group.

The Group operates in a highly regulated environment with several accreditation and licensing compliance obligations. These compliance obligations have strong penalties for non-compliance, including undertakings or the imposition of substantial civil and criminal penalties. Possible changes to existing regulation may impose substantial risks to the Group's businesses and increased compliance costs.

The Group is also exposed to risks from unexpected regulatory policies, outcomes or decisions by regulators empowered to regulate the telecommunications sector, including the Australian Competition & Consumer Commission and the Australian Communications and Media Authority which may result in an increase in compliance costs and delays in having to seek additional, or variations to, government approvals, adverse impacts upon the Group's ability to continue to acquire goods and services from existing suppliers from foreign countries, or fines and penalties being imposed for contraventions of relevant laws.

Availability of equipment
The Group is dependent upon third party suppliers for IT and network infrastructure and, in some cases, licences, services, equipment and content from parties over whom the Group may have no direct operational or financial control. If any of these third party providers fail to maintain their products, solutions, services or offerings properly or fails to respond and adapt quickly to any of the Group's requirements, customers may experience service interruptions.

The dependence on these third party suppliers for support and delivery of certain core business functions means that the impact of the COVID-19 pandemic, regulatory changes or issues with the Group's supply chain could have a significant adverse impact on the timeliness or cost of building or maintaining the Group's network.

There is also a risk that third party suppliers may provide services or products with defects, which may lead to network underperformance or other impacts on customers. This could, in turn, adversely affect the Group's market share or revenue.

Equity and debt market risks
The Group's ability to service its existing debt depends upon its financial performance and cash flows which to some extent are subject to general economic, financial, regulatory and other factors beyond the control of the Group. If the Group is unable to generate sufficient cash flow to meet specific debt repayment obligations, it may face additional financial penalties, higher interest rates or difficulty obtaining further funding in the future.

The Group is subject to the risk that it may not be able to refinance its bank debt facilities when they fall due or that the terms (including in relation to pricing) on refinancing will be less favourable than the existing terms. If there is a deterioration in the level of debt market liquidity, this may prevent the Group from being able to refinance some or all of its debt. In addition, the Group may in the future require additional debt or equity capital in order to fund growth strategies, in particular for acquisition opportunities that may arise from time to time. There is a risk that the Group may be unable to access debt or equity funding from the capital markets on favourable terms, or at all.

Financial and economic conditions
The financial performance of the Group and the value of its shares may fluctuate due to various factors, including movements in the Australian and international capital markets, recommendations by brokers and analysts, interest rates, exchange rates, inflation, Australian and international economic conditions, change in international economic conditions, change in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities, global health pandemics and acts of terrorism, investor perceptions and other factors that may affect the Group's financial position and earnings. In the future, these factors may affect the Group and may cause the price of its shares to fluctuate and trade below current prices.

In light of recent global macroeconomic events, including the impact of the recent COVID-19 pandemic, Australia may experience an economic recession or downturn of uncertain severity and duration which could impact the Group's ability to attract and retain customers, to invest sufficiently to develop, adopt and integrate the latest technologies into existing infrastructure, and to secure and maintain third party suppliers for IT and network infrastructure over whom the Group may have no direct operational or financial control. These economic disruptions may adversely impact the Group's earnings and assets, as well as the value of its shares.

Employee relations and personnel risks
The Group's ongoing success depends in part upon its ability to retaining its key employees. If there is a departure of key employees the Group's business could be adversely affected. The Group may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business. Certain key executives and other employees of the Group may terminate their management positions or their employment contracts on their own initiative. If members of the Group's senior management depart, the Group may not be able to find effective replacements in a timely manner, or at all, and its business may be disrupted.

Dividends

No final dividend was or is proposed to be declared with respect to the current period. No interim dividend was paid. A dividend of $0.005 per share was paid on 4 November 2022 in respect of the year ended 30 June 2022, franked to 20%. No dividends were paid in the prior corresponding period.

Significant changes in affairs

There were no significant changes in the state of affairs of the Group during the year ended 30 June 2023.

Significant events after reporting date

On 23 August 2023, CBA approved an amendment to the Net Leverage Covenant in relation to the period ended 30 June 2023 to increase it to 3.50 times.

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

Likely devlopments, business strategies and prospects

The Company's strategy for FY24 and future years is to achieve revenue and EBITDA growth across each of its customer segments to deliver growth in returns to its shareholders. The Company believes that the continued growth in demand for digital, cloud and network services will support the growth in demand for the Company's products and services. The Board also expects to focus on EBITDA-accretive acquisition of businesses that complement the Company's existing products and services.

Further information on the Group's future prospects are contained in the Chairman's and Managing Director's Reports on pages 4 and 7 respectively.

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 2023, and the numbers attended by each Director were:

	Full meetings of Directors		Meetings of Committees			
			Audit and Risk		Nomination and Remuneration	
Number of meetings held	**11**		**5**		**1**	
Name of Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Joseph Gangi	11	11	5	5	1	1
Joe Demase	11	11	5	5	1	1
Natalie Mactier	11	11	5	5	1	1
Jason Ashton	11	11	5	5	1	1

Insurance of Officers

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

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

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

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

Indemnity of auditors

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

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 are important.

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

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; and
- 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	
	2023 $	**2022 $**
OTHER ASSURANCE SERVICES		
Due Diligence Services	-	75,000
Total Remuneration for Other Assurance Services	**-**	**75,000**
TAXATION SERVICES		
Tax Compliance Services	114,111	203,155
Total Remuneration for Taxation Services	**114,111**	**203,155**
Total Remuneration for Non-Audit Services	**114,111**	**278,155**

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 39.

Rounding

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

Corporate governance

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

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

Joe Gangi
Chair
Melbourne
22 September 2023

The Directors present the Webcentral Limited 2023 remuneration report, outlining key aspects of our remuneration policy and framework as well as remuneration awarded this year. It has also been audited as required by section 308(3C) of the *Corporations Act 2001*.

The Report is structured as follows:

(a) Key Management Personnel (KMP) covered in this report

(b) Remuneration policy and link to performance

(c) Elements of remuneration

(d) Remuneration expenses for executive KMP

(e) Non-executive Director arrangements

(f) Other statutory information

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

Directors:
Joseph Gangi - Non-Executive Chair

Natalie Mactier - Non-Executive Director

Joseph Demase - Managing Director

Jason Ashton - Non-Executive Director

Other key management personnel:
Jonathan Horne – CEO, Melbourne IT (appointed 1 December 2022)

Glen Dymond - Chief Financial Officer and Company Secretary

Garry White - National Sales Director

John Stevens – Chief Operating Officer

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

(B) Remuneration Policy and Link to Performance

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

a. Motivate Executive Directors and senior executives to pursue long term growth and success of the Group within an appropriate control framework;

b. Demonstrate a clear correlation between key performance and remuneration; and

c. Align the interests of key leadership with the long-term interests of the Group's shareholders.

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

a. Ensuring executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Group's circumstances and objectives;

b. A proportion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and

c. Ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved.

Group performance and link to remuneration
In considering the Group's performance and benefit of shareholder's wealth, the Nomination and Remuneration Committee had regard to the following measures in respect of the current financial year and the previous four financial years:

Measure	2023 $'000	2022 $'000	2021[1] $'000	2019[1] $'000	2018[1] $'000
Underlying EBITDA from continuing operations[2]	12,825	17,561	11,928	14,794	24,564
Net loss after tax	(19,109)	(24,738)	(61,922)	(131,222)	(2,326)
Measure	**2023 Cents**	**2022 Cents**	**2021[1] Cents**	**2019[1] Cents**	**2018[1] Cents**
Dividend	-	0.5	-	-	8.0
Change in share price	(8.5)	(26.5)	9.5	(158.0)	(166.0)
Share price close	12.5	21.0	47.5	38.0	196.0

1. The financial year end date for the Group was changed from 31 December to 30 June after the financial year ended 31 December 2019. The measures for 2021 represent the 18-month period ended 30 June 2021
2. Underlying EBITDA from continuing operations is a management performance measure (Earnings before Interest, Tax, Depreciation and Amortisation) that the Group believes is useful for users of financial reports when assessing the Group's underlying business performance and profit generation after adjusting for non-recurring and unusual items affecting comparability between financial periods. Underlying EBITDA is also the primary financial performance indicator used by the Group and is the basis for driving internal business decision-making as well as setting remuneration and reward outcomes.

(C) Elements of Remuneration

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

Short-term Incentives ("STI") – Operational Bonuses
The short-term performance objectives implemented for the following KMP in relation to FY23 were as follows:

KMP	STI targets for the year	STI achieved and forfeited for the year
Glen Dymond	(i) Projects to increase revenue or reduce operating costs This target reflects the importance of ongoing improvement of systems and processes and the identification and achievement of revenue and cost synergies (ii) Group Revenue and EBITDA targets This target reflects the importance of achieving Revenue and EBITDA growth and the Group's financial performance	(i) Achieved: 87.5% / $35,000 Forfeited: 12.5% / $5,000 Assessed by reference to the actual achievement of revenue increase or cost savings compared to project targets (ii) Achieved: 0% / $0 Forfeited: 100% / $40,000 Assessed by reference to the Group's revenue and EBITDA for FY23 (iii) Total achieved: 43.8% / $35,000 Total forfeited: 56.2% / $45,000
Garry White	(i) Projects to increase revenue or reduce operating costs This target reflects the importance of ongoing improvement of systems and processes and the identification and achievement of revenue and cost synergies (ii) Group Revenue and EBITDA targets This target reflects the importance of achieving Revenue and EBITDA growth and the Group's financial performance	(i) Achieved: 100% / $7,500 Forfeited: 0% / $0 Assessed by reference to the actual achievement of revenue increase or cost savings compared to project targets (ii) Achieved: 0% / $0 Forfeited: 100% / $80,000 Assessed by reference to the Group's revenue and EBITDA for FY23 (iii) Total achieved: 8.6% / $7,500 Total forfeited: 91.4% / $80,000
John Stevens	(i) Delivery of .AU TLD launch This target reflects the importance of the .AU TLD domain launch to the Group's revenue growth (ii) NBN Product Launch This target reflects the importance of the NBN product launch to the Group's revenue growth	(i) Achieved: 69% / $41,136 Forfeited: 31% / $18,864 Assessed by reference to the actual achievement of revenue targets and industry funding to support marketing objectives (ii) Achieved: 40% / $24,000 Forfeited: 60% / $36,000 Assessed by reference to the successful project delivery and lower than forecast product revenue for FY23 (iii) Total achieved: 54.3% / $65,136 Total forfeited: 45.7% / $54,864

The grant dates following bonuses were paid in respect of FY23:

- Glen Dymond - 31 August 2022 and 28 February 2023;
- Garry White - 31 August 2022; and
- John Stevens - 30 November 2022 and 30 April 2023.

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

Long-term Incentives
The Webcentral Executive and Director Share Option Plan (**ESOP**) was adopted in December 2020 for directors and executives of the Group. The Webcentral Executive Equity Plan (**EEP**) was adopted in April 2022 for executives and senior leaders of the Group.

During the year ended 30 June 2023 the Group issued 6,100,000 performance rights and share options to KMP under the ESOP as a means of rewarding and incentivising directors and executives.

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

(D) Remuneration Expenses for Executive KMP

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

Key Management Personnel Remuneration

		Short Term Benefits				Post employment benefits	Share based payments	Other		
Name	Period	Cash salary	Cash STI[1]	Annual leave	Other[2]	Superannuation	Options and Performance Rights[3]	Termination Pay	Total	Performance Based[4]
		$	$	$	$	$	$	$	$	%
Managing Director										
Joe Demase	**2023**	**291,667**	**-**	**50,000**	**4,934**	**25,292**	**302,934**	**-**	**674,827**	**45%**
	2022	276,923	-	23,077	7,559	23,568	1,657,422	-	1,988,549	83%
Other Management personnel										
Jonathan Horne[5]	**2023**	**122,756**	**-**	**23,077**	**2,534**	**14,834**	**62,663**	**-**	**225,864**	**28%**
	2022	-	-	-	-	-	-	-	-	-
Glen Dymond	**2023**	**225,306**	**35,000**	**19,671**	**6,134**	**25,292**	**39,413**	**-**	**350,816**	**21%**
	2022	208,992	76,800	19,319	6,278	23,568	28,475	-	363,432	29%
Garry White	**2023**	**228,819**	**7,500**	**16,159**	**6,134**	**25,292**	**138,397**	**-**	**422,301**	**35%**
	2022	217,773	38,400	10,537	5,335	23,568	123,391	-	419,004	39%
John Stevens[6]	**2023**	**276,923**	**65,136**	**23,077**	**6,134**	**25,292**	**99,028**	**-**	**495,590**	**33%**
	2022	189,615	-	10,385	4,272	16,784	94,916	-	315,972	30%
Total KMP excluding Non-Executive Directors	**2023**	**1,145,471**	**107,636**	**131,984**	**25,870**	**116,002**	**642,435**	**-**	**2,169,398**	**35%**
	2022	893,303	115,200	63,318	23,444	87,488	1,904,204	-	3,086,957	65%
Total Non-Executive Directors (Section E)	**2023**	**281,818**	**-**	**-**	**-**	**8,591**	**490,119**	**-**	**780,528**	**63%**
	2022	234,236	-	-	-	4,962	701,573	-	940,771	75%
Total KMP	**2023**	**1,427,289**	**107,636**	**131,984**	**25,870**	**124,593**	**1,132,554**	**-**	**2,949,926**	**42%**
	2022	1,127,539	115,200	63,318	23,444	92,450	2,605,777	-	4,027,728	68%

1. Represents STIs accrued in relation to the 2023 financial period.
2. Represents the cost to the business of any non-cash business benefits provided.
3. Represents the expense recorded during the period in relation to the fair value of Performance Rights and Options.
4. Calculated as STI plus Performance Rights and Options expense, as a proportion of total remuneration. These two elements represent the at-risk and discretionary amount payable which will vary depending on the financial performance of the Company and achievement of individual KPIs. They are in addition to the fixed remuneration.
5. Mr Jonathan Horne commenced on 1 December 2022.
6. Mr John Stevens commenced on 1 November 2021.

Options and Rights Granted as Remuneration

Name	Balance at 1 July 2022	Grant Details			Exercised	Exercised	Lapsed	Balance at 30 June 2023
Key Management Personnel	No.	Grant Date	No.	Fair Value $000	No.	Value $000	No.	No.
Joe Gangi	1,500,000	-	-	-	-	-	-	1,500,000
Joe Demase	20,000,000	-	-	-	-	-	-	20,000,000
Natalie Mactier	1,500,000	-	-	-	-	-	-	1,500,000
Jason Ashton	1,500,000	-	-	-	-	-	-	1,500,000
Jonathan Horne	-	14/12/2022	4,000,000	308	-	-	-	4,000,000
Glen Dymond	300,000	01/09/2022 29/06/2023	300,000 500,000	23 32	-	-	-	1,100,000
Garry White	1,300,000	01/09/2022 29/06/2023	300,000 500,000	23 32	-	-	-	2,100,000
John Stevens	1,000,000	29/06/2023	500,000	32	-	-	-	1,500,000
KMP Total	**27,100,000**	**-**	**6,100,000**	**450**	**-**	**-**	**-**	**33,200,000**

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

- Options (Executives) – the completion of tenure periods of two years. There is no performance condition in relation to these options as the Board considers the service condition is sufficient.

The weighted average fair value per option is $0.16 for the 6,100,000 performance rights and options granted during the period.

The following table summarises information about performance rights and options held by KMP as at 30 June 2023. 5,000,000 performance rights are exercisable at period end (2022: 5,000,000 performance rights):

Issue Date and Type	Number	Grant Date	Vesting Date	Expiry Date	Weighted Average Exercise Price
2020 Performance Rights - Director	5,000,000	18/12/2020	22/09/2021	18/12/2025	$0.20
2021 Performance Rights - Director	15,000,000	22/12/2021	-[1]	21/12/2026	$0.45
2021 Options - Director	4,500,000	22/12/2021	22/12/2023	21/12/2026	$0.45
2021 Options – Executive (3)	2,600,000	15/07/2021	15/07/2023	15/07/2026	$0.45
2022 Options – Executive (3)	600,000	01/09/2022	01/09/2024	01/09/2027	$0.20
2022 Options – Executive (5)	2,000,000	14/12/2022	14/12/2023	14/12/2027	$0.17
2022 Options – Executive (6)	2,000,000	14/12/2022	14/12/2024	14/12/2027	$0.17
2023 Options – Executive (1)	1,500,000	29/06/2023	29/06/2025	29/06/2028	$0.11
	23,700,000				**$0.37**

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

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

The following table lists the inputs to the Black-Scholes-Merton models used for the LTI Grants:

	Share price	Dividend yield	Expected volatility	Risk-free interest rate	Fair value per option
2020 Rights	$0.415	0.0%	73.4%	0.38%	$0.3031
2021 Rights	$0.465	0.0%	45.0%	1.27%	$0.192
2021 Options	$0.465	0.0%	45.0%	1.27%	$0.3031
2021 Options (3)	$0.475	0.0%	73.4%	0.69%	$0.205
2022 Options (3)	$0.175	2.9%	96.1%	3.50%	$0.08
2022 Options (5)	$0.16	3.1%	93.3%	3.06%	$0.07
2022 Options (6)	$0.16	3.1%	93.3%	3.06%	$0.08
2023 Options (1)	$0.13	3.8%	92.8%	3.93%	$0.06

The expected volatility was determined using the group's average five-year share price. The risk-free rate is derived from the yield on Australian Government Bonds of an appropriate term.

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

(E) Non-Executive Director Arrangements

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

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

		Short term benefits			Post Employment benefits	Long term benefits	Share based payments		
	Period	Cash Salary & fees $	Cash STI $	Annual leave $	Superannuation $	Long service leave $	Options and Performance Rights $	Total $	Performance related %
Non-Executive Directors									
Mr Joe Gangi	**2023**	**110,000**	**-**	**-**	**-**	**-**	**163,373**	**273,373**	**60%**
	2022	103,333	-	-	-	-	308,041	411,374	75%
Ms Natalie Mactier	**2023**	**90,000**	**-**	**-**	**-**	**-**	**163,373**	**253,373**	**64%**
	2022	81,288	-	-	-	-	308,041	389,329	79%
Mr Jason Ashton[1]	**2023**	**81,818**	**-**	**-**	**8,591**	**-**	**163,373**	**253,782**	**64%**
	2022	49,615	-	-	4,962	-	85,491	140,068	61%
Total	**2023**	**281,818**	**-**	**-**	**8,591**	**-**	**490,119**	**780,528**	**63%**
	2022	234,236	-	-	4,962	-	701,573	940,771	75%

1. Mr Jason Ashton was appointed on 24 November 2021.

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 2022 or date of appointment	Received on the exercise of option or right	Net Other Changes	Balance at 30 June 2023
Directors				
Joe Gangi	7,745,040	-	-	7,745,040
Joe Demase	55,793,184	-	2,875,535	58,668,719
Natalie Mactier	1,000,000	-	-	1,000,000
Jason Ashton	4,967,147	-	-	4,967,147
Total Directors	**69,505,371**	**-**	**2,875,535**	**72,380,906**
Other Management Personnel (OMP)				
Jonathan Horne	-	-	-	-
Glen Dymond	1,539,813	-	-	1,539,813
Garry White	6,235,048	-	-	6,235,048
John Stevens	-	-	74,000	74,000
Total OMP	**7,774,861**	**-**	**74,000**	**7,848,861**
Group Total	**77,280,232**	**-**	**2,949,535**	**80,229,767**

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

The Company received 96.3% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2022. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Remuneration Report (Audited)

Service Agreements

Remuneration and other terms of employment for the Managing Director and other Key Management Personnel are formalised in an Executive Service Agreement between the Company and each executive:

Executive	Base Salary	Term of agreement	Notice period
Joseph Demase	$350,000	Unspecified	6 months
Jonathan Horne	$250,000	Unspecified	3 months
Glen Dymond	$270,000	Unspecified	3 months
Garry White	$270,000	Unspecified	3 months
John Stevens	$300,000	Unspecified	3 months

Loans to Key Management Personnel

(i) Executive and Direct Share Plan

Under the Executive and Director Share Plan the Company may loan its Executives some or all of the amount of the exercise price for options exercised to acquire shares. Such loans are non-recourse and no interest is charged in respect of the loan amounts. The executive does not have a beneficial interest in the shares until the loan is repaid with any such shares subject to a holding lock. For accounting purposes, this arrangement is not considered as loan receivable but considered as share-based payment in substance. The granting of a loan is considered to be a modification to the existing option. Any increase in the fair value of the option recognised as an expense immediately at the date the loan is granted. If the executive fails to repay the loan, the Company can sell some of the shares to repay the loan. In the event that the shares are sold for an amount less than the value of the loan, the executive is only required to repay the loan out of the sale proceeds. The Company has no other recourse against the employee. During the year no loans were provided under the Executive and Director Share Plan (2022: $400,000)

(ii) Other Loans

During the year ended 30 June 2021, the Group granted loans of $280,000 to key management personnel, $140,000 each (Glen Dymond and Garry White) to allow them to take up shares in a capital raising being undertaken by the Company. Loan repayments of $148,400 were made during the year ended 30 June 2022 ($74,200 from Glen Dymond and $74,200 from Garry White). No repayments were made during the year ended 30 June 2023. The loans are full recourse loans and repayable on termination of employment of the relevant employees.

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

	2023 $000
Balance at the start of the year	128
Repayment from KMP	-
Balance at the end of the year	128

Other Transactions with Key Management Personnel

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

- A total of $213,191 (2022: $154,294) was paid to Studio Inc., an entity related to Joe Demase, for the design of marketing materials for the Group.
- A total of $18,315 (2022: nil) was paid to Mr Hunter Demase for sales consulting services.

All transactions are carried at commercial third-party rates.

There were no other transactions with KMP during the year ended 30 June 2023.

End of Remuneration Report

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

Joe Gangi

Chairman

22 September 2023

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

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

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

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

Principles and Recommendations	Compliance	Comply
1.7 The Company should have a process evaluating the performance of the Company's senior executives, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	The Managing Director (MD) reviews the performance of the senior executives on a regular basis throughout the reporting period. Additionally, the Board reviews the Managing Director's performance throughout the reporting period. These reviews were conducted in the current reporting period.	Compliant
Principle 2 – Structure the Board to be effective and add value		
2.1 The Company should have a nomination committee, which has at least three members, a majority of independent directors and is chaired by an independent director. The functions and operations of the nomination committee should be disclosed.	A Nomination and Remuneration Committee ('NRC') has been established with its own charter and currently comprises the following Directors: • Jason Ashton (Committee Chair, Independent Non-Executive Director); • Joe Gangi (Independent, Non-Executive Director); • Natalie Mactier (Independent, Non-Executive Director) and • Joe Demase (Managing Director and CEO). The primary objective of the NRC is to assist the Board with the discharge of its responsibilities with respect to constitution of the members of the Board of Directors and the remuneration of directors and senior management as set out in its charter which is available on the Corporate Governance page of the Company's website.	Compliant
2.2 Have and disclose a board skills matrix, setting out what the board is looking to achieve in its membership.	The NRC undertakes its deliberations in accordance with the rules set out in its charter. The NRC seeks to ensure that the Directors have a broad range of experience, expertise, skills, qualifications and contacts and that they are relevant to the Company and its business.	Compliant
2.3 Disclose the names of the directors that the Board considers to be independent directors, and an explanation of why the Board is of that opinion if a factor that impacts on independence applies to a director, and disclose the length of service of each director	The Board considers Natalie Mactier (Non-Executive Director, appointed 22 October 2020), Joe Gangi (Non-Executive Director, appointed 16 October 2020) and Jason Ashton (Non-Executive Director, appointed 24 November 2021) to be independent directors. The Board notes that Joseph Demase is not an independent director for the purposes of the Governance Principles and Recommendations. Mr Demase is Managing Director and Chief Executive Officer of the Company.	Compliant
2.4 A majority of the Board should be independent directors.	The Board is presently comprised of four directors, of which three are independent, non-executive directors.	Compliant
2.5 The Chair of the Board should be an independent director and should not be the CEO.	The Chair of the Board, Joe Gangi, is an independent, non-executive director.	Compliant
2.6 The Company should have a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively	The Board Charter provides a program for inducting new directors and requires that directors have access to opportunities for professional development so as to ensure the continual development of their skills and knowledge. The Board Charter is available on the Corporate Governance page of the Company's website.	Compliant
Principle 3 – Act lawfully, ethically and responsibly		
3.1 The Company should articulate and disclose its values	The Company articulates and discloses its guiding principles and values in its Code of Conduct. The Code of Conduct is available on the Corporate Governance page of the Company's website.	Compliant

Principles and Recommendations	Compliance	Comply
3.2 The Company should have a Code of Conduct and ensure that any material breaches of that Code are reported.	The Company has a Code of Conduct that articulates the standards of behaviour it expects of its directors, senior executives and employees. The Code also sets out the process for identifying and reporting material breaches of the Code. The Code of Conduct is available on the Corporate Governance page of the Company's website.	Compliant
3.3 The Company should have a whistleblower policy and ensure that the Board is informed of any material breaches reported under that policy.	The Company encourages directors, senior executives and employees to speak up about any unlawful, unethical or irresponsible behaviour within the organisation. The Company has a Whistleblower Policy to guide the directors, senior executives and employees as to the practices necessary to report unlawful, unethical or irresponsible behaviour. The Policy is available on the Corporate Governance page of the Company's website.	Compliant
3.4 The Company should have an anti-bribery and corruption policy and ensure that the Board is informed of any material breaches reported under that policy	The Company recognises the serious criminal and civil penalties that may be incurred and the reputational damage that may be done, if the Company and any of its directors, as well as officers, employees, contractors, consultants and other persons that act on its behalf, engages in bribery or corruption. The Company has an Anti-Bribery and Corruption policy that articulates the standards of behaviour it expects of its directors, senior executives and employees as regards observing and upholding the prohibition on bribery and related improper conduct. The Company's Anti-Bribery and Corruption Policy is available on the Corporate Governance page of the Company's website.	Compliant
Principle 4 – Safeguard the integrity of corporate reports		
4.1 The Company should have an audit committee, which consists of only non-executive directors, a majority of independent directors, is chaired by an independent chairman who is not chairman of the Board, and has at least three members. The functions and operations of the audit committee should be disclosed.	The Board has established an Audit and Risk Committee ('ARC') which operates under an audit and risk committee charter. The Audit and Risk Committee members are: • Natalie Mactier (Committee Chair, Independent, Non-Executive Director); • Joe Gangi (Independent, Non-Executive Director); • Jason Ashton (Independent, Non-Executive Director); and • Joseph Demase (Managing Director and CEO). The ARC oversees the Company's corporate reporting process pursuant to the rules of its Charter which is available on the Corporate Governance page of the Company's website.	Compliant
4.2 The Board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, formed on the basis of a sound system of risk management and internal controls, operating effectively.	In accordance with section 295A of the *Corporations Act 2001* (Cth), each year the CEO and CFO state in writing to the Board that, for the relevant financial year, the financial records of the Company have been properly maintained, the financial statements and the notes comply with the accounting standards and give a true and fair view of the financial position and performance of the Company, and that their statement has been provided on the basis of a sound system of risk management and internal control which is operating effectively.	Compliant
4.3 The Company's auditor should attend the AGM and be available to answer questions from security holders relevant to the audit.	External auditors attend the Company's Annual General Meeting and are available to answer reasonable questions from security holders in relation to the conduct of the audit, the preparation and content of the independent audit report and the accounting policies adopted by the Company.	Compliant

Principles and Recommendations	Compliance	Comply
Principle 5 – Make timely and balanced disclosure		
5.1 The Company should have a written policy for complying with its continuous disclosure obligations under ASX Listing Rule 3.1.	The Company has a Disclosure Policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules. The Policy is available on the Corporate Governance page of the Company's website.	Compliant
5.2 The Company should ensure that its Board receives copies of all material market announcements promptly after they have been made.	The Company's Disclosure Policy provides that the Board receives market announcements promptly after they have been made. The Policy is available on the Corporate Governance page of the Company's website.	Compliant
5.3 The Company should release copies of presentation materials on the ASX Market Announcements Platform ahead of the presentation.	The Company diligently releases copies of all of its presentation materials on the ASX Market Announcements Platform ahead of presentations.	Compliant
Principle 6 – Respect the rights of security holders		
6.1 The Company should provide information about itself and its governance to investors via its website	The Corporate Governance landing page on the Company's website contains a range of documents concerning information about the entity and its governance that security holders can download. Further information about the Company's Corporate Governance regime can be found on the Corporate Governance page of the Company's website.	Compliant
6.2 The Company should have an investor relations program that facilitates effective two-way communication with investors.	The Company will use its website, half year and annual reports, market announcements and media disclosures to communicate with its security holders, as well as encourage participation at general meetings.	Compliant
6.3 The Company should disclose how it facilitates and encourages participation at meetings of security holders.	The Company's security holders have the opportunity to ask questions of the Company's external auditors who attend the Company's annual general meeting. Further, the Company has adopted a range of appropriate technologies to facilitate two-way engagement at its annual general meetings.	Compliant
6.4 The Company should ensure that all substantive resolutions at a meeting of security holders are decided by a poll.	All resolutions at meetings of security holders are decided on a poll.	Compliant
6.5 The Company should give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.	The Company's security holders have the option to electronically receive communications from, and send communications to, the Company and its security registry.	Compliant
Principle 7 – Recognise and manage risk		
7.1 The Board should have a committee to oversee risk with at least three members, a majority of whom are independent directors; and is chaired by an independent director.	The Board has established an Audit and Risk Committee ('ARC') which operates under an audit and risk committee charter. The Audit and Risk Committee members are: • Natalie Mactier (Committee Chair, Independent Non-Executive Director); • Joe Gangi (Independent, Non-Executive Director); • Jason Ashton (Independent, Non-Executive Director); and • Joseph Demase (Managing Director and CEO). The ARC oversees the Company's corporate reporting process pursuant to the rules of its Charter which is available on the Corporate Governance page of the Company's website.	Compliant

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

GrantThornton

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Auditor's Independence Declaration

To the Directors of Webcentral Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Webcentral Limited for the year ended 30 June 2023, 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, 22 September 2023

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

Webcentral Limited and its controlled entities

ABN: 21 073 716 793

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	Year ended 30-Jun-23 $'000	30-Jun-22 $'000
CONTINUING OPERATIONS			
Revenue	5	96,138	93,428
Other income	6	38	3,304
Revenue and other income		**96,176**	**96,732**
Network and data centre costs		(26,035)	(24,285)
Domain registration costs		(7,198)	(6,225)
Cloud and hosting costs		(751)	(1,461)
Software and licencing costs		(5,067)	(4,999)
External labour costs		(722)	(814)
Other direct costs		(435)	(373)
Rent and office expenses		(604)	(410)
Marketing and travel expenses		(2,493)	(1,788)
Employee benefits expenses		(34,371)	(35,960)
Other expenses		(5,675)	(2,856)
Impairment of financial assets	10	-	(578)
Impairment of assets	14	(14,077)	(11,494)
Share-based payment expenses		(1,546)	(8,833)
Acquisition costs		(184)	(904)
Non-recurring costs		(3,313)	(3,706)
Depreciation expenses		(8,529)	(10,195)
Amortisation expenses		(3,918)	(3,435)
Finance costs		(3,475)	(2,798)
Total expenses		**(118,393)**	**(121,114)**
Loss before income tax		**(22,217)**	**(24,382)**
Income tax (expense) / benefit	8	3,198	(356)
Loss after tax		**(19,019)**	**(24,738)**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			
Items that will be reclassified to profit or loss in subsequent years:			
Currency translation differences	22	52	(36)
Items that will not be reclassified to profit or loss in subsequent years:			
Change in fair value of equity instruments designed at fair value through other comprehensive income	22	1,014	(943)
Other comprehensive income for the year, net of income tax		**1,066**	**(979)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(17,953)**	**(25,717)**

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023 (Continued)

	Notes	Year ended 30-Jun-23 $'000	30-Jun-22 $'000
Loss for the period attributable to:			
Members of the parent		(19,019)	(24,883)
Non-controlling interests		-	145
		(19,019)	**(24,738)**
Total comprehensive income attributable to:			
Members of the parent		(17,953)	(25,862)
Non-controlling interests		-	145
		(17,953)	**(25,717)**

		30-Jun-23 cents per share	30-Jun-22 cents per share
Loss per share from continuing operations			
Basic loss per share	7	(5.79)	(8.50)
Diluted loss per share	7	(5.79)	(8.50)
Loss per share attributable to members of the parent			
Basic loss per share	7	(5.47)	(8.56)
Diluted loss per share	7	(5.47)	(8.56)

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

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30-Jun-23 $'000	30-Jun-22 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	4,498	5,367
Trade and other receivables	10	5,088	4,049
Prepayments of domain name registry charges		6,279	5,585
Contract assets	11	1,089	669
Other assets	16	3,998	3,409
Total Current Assets		**20,952**	**19,079**
Non-Current Assets			
Plant and equipment	12	9,805	15,670
Right-of-use assets	13	10,376	15,177
Intangible assets	15	21,067	22,059
Prepayments of domain name registry charges		2,719	2,387
Deferred tax assets	8	890	-
Goodwill	14	50,280	50,212
Other financial assets	27	725	5,198
Other assets	16	36	835
Total Non-Current Assets		**95,898**	**111,538**
TOTAL ASSETS		**116,850**	**130,617**
LIABILITIES			
Current Liabilities			
Trade and other payables	17	14,666	14,893
Borrowings	27	29,158	571
Lease liability	13	3,937	3,456
Employee benefits	19	3,536	3,907
Provision for income tax		124	35
Contract liabilities	11	25,440	23,409
Other financial liabilities		2,182	1,250
Other liabilities	18	4,123	2,990
Total Current Liabilities		**83,166**	**50,511**

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

Consolidated Statement of Financial Position

As at 30 June 2023 (Continued)

	Notes	30-Jun-23 $'000	30-Jun-22 $'000
Non-Current Liabilities			
Borrowings	27	-	25,359
Lease liability	13	13,229	14,784
Employee benefits	19	487	451
Contract liabilities	11	9,698	8,072
Deferred tax liabilities	8	-	2,507
Total Non-Current Liabilities		**23,414**	**51,173**
TOTAL LIABILITIES		**106,580**	**101,684**
NET ASSETS		**10,270**	**28,933**
EQUITY			
Share capital	21	200,521	201,301
Reserves	22	(132,049)	(134,661)
Accumulated losses		(58,202)	(37,707)
TOTAL EQUITY		**10,270**	**28,933**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Share Capital	Treasury Shares	Reserves	Accumulated Losses	Total equity attributable to owners of the Company	Non-controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2022	**201,301**	**-**	**(134,661)**	**(37,707)**	**28,933**	**-**	**28,933**
Loss for the period	-	-	-	(19,019)	(19,019)	-	(19,019)
Other comprehensive income	-	-	1,066	-	1,066	-	1,066
Dividend paid	-	-	-	(1,476)	(1,476)	-	(1,476)
Total comprehensive income for the period	**201,301**	**-**	**(133,595)**	**(58,202)**	**9,504**	**-**	**9,504**
Transactions with owners in their capacity as owners:							
Shares issued on exercise of Options	137	-	-	-	137	-	137
Share issued - Dividend reinvestment plan	52	-	-	-	52	-	52
Cancellation of shares pursuant to on-market buy back	(955)	-	-	-	(955)	-	(955)
Share issue costs	(14)	-	-	-	(14)	-	(14)
Share based compensation	-	-	1,546	-	1,546	-	1,546
Balance at 30 June 2023	**200,521**	**-**	**(132,049)**	**(58,202)**	**10,270**	**-**	**10,270**

	Share Capital	Treasury Shares	Reserves	Accumulated Losses	Total equity attributable to owners of the Company	Non-controlling Interest	Total Equity
BALANCE AT 1 JULY 2021	**80,061**	**-**	**12,300**	**(12,824)**	**79,537**	**(29,681)**	**49,856**
Loss for the period	-	-	-	(24,883)	(24,883)	145	(24,738)
Other comprehensive income	-	-	(979)	-	(979)	-	(979)
Total comprehensive income for the period	**80,061**	**-**	**11,321**	**(37,707)**	**53,675**	**(29,536)**	**24,139**
Transactions with owners in their capacity as owners:							
Acquisitions of subsidiaries through internal reorganization	132,340	(11,196)	(150,680)	-	(29,536)	29,536	-
Cancellation of treasury shares held by 5G Networks Limited	(11,196)	11,196	-	-	-	-	-
Shares issued on exercise of Options	1,115	-	-	-	1,115	-	1,115
Cancellation of shares under unmarketable parcel facility	(1,005)	-	-	-	(1,005)	-	(1,005)
Share issue costs	(14)	-	(124)	-	(138)	-	(138)
Share based compensation	-	-	4,822	-	4,822	-	4,822
Balance at 30 June 2022	**201,301**	**-**	**(134,661)**	**(37,707)**	**28,933**	**-**	**28,933**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	Year ended 30-Jun-23 $'000	Year ended 30-June-22 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		105,455	106,865
Payments to suppliers and employees		(94,019)	(98,087)
Interest received		4	111
Interest paid		(3,235)	(2,856)
Income tax paid		-	(57)
Payments for acquisition and restructuring costs		(184)	(2,554)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**8,021**	**3,422**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash on purchase of New Domain	20	(3,500)	-
Purchase of plant and equipment		(3,746)	(5,856)
Purchase of intangible assets		(2,411)	(1,336)
Sublease payments received		60	1,835
Net Cash on Purchase of ColoAU		-	(8)
Net Cash on Purchase of Intergrid		-	(602)
Consideration paid in relation to deferred capital payments of North Sydney Data Centre		-	(499)
Investments in listed companies		-	(5,417)
Return of capital and dividends received from investments		33	136
Proceeds from sales of CNW shares		5,487	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(4,077)**	**(11,747)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares on exercise of options		-	1,025
Proceeds from borrowings		8,800	5,412
Payment of performance rights		-	(4,013)
Payment of security deposit		(40)	(376)
Payments of share buyback		(1,914)	-
Repayment of borrowings		(5,539)	(1,095)
Payment of capital raising costs		-	(182)
Payment of borrowing costs		-	(305)
Payment of dividend on ordinary shares		(1,476)	-
Payment of lease liabilities		(4,696)	(5,925)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(4,865)**	**(5,459)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(921)**	**(13,784)**
Net foreign exchange differences		52	(19)
Cash and cash equivalents at beginning of period		5,367	19,170
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9**	**4,498**	**5,367**

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

Notes to the Financial Statements

1. Corporate Information

The consolidated financial statements of Webcentral Limited ('the Company' or 'Webcentral') and its subsidiaries (collectively, 'the Group') for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 22 September 2023.

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

Operations and Principal Activities

The Group's principal activities during the year were:

- the supply of cloud-based solutions, managed services and network services;
- the operation of fibre and wireless infrastructure and management of cloud computing environment;
- the operation of data centre facilities; and
- the supply of domain name registrations and renewals, website and email hosting, website development, search engine marketing and social advertising campaigns for businesses in Australia and New Zealand.

Registered Office and Principal Place of Business

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

2. Statement of Significant Accounting Policies

Basis of preparation

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

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

The Financial Statements were authorised for issue, in accordance with a resolution of the Directors on 22 September 2023.

Going concern

The financial report for the financial year ended 30 June 2023 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 2023 the Group recorded a loss after tax of $19,019,000 (2022: Loss $24,738,000), operating cash inflows of $8,021,000 (2022: $3,422,000), financing cash outflows of $4,865,000 (2022: $5,459,000), and a deficit of current assets to current liabilities of $62,214,000 (2022: $31,432,000). At year end the Group had $4.5 million of cash on hand and available debt facilities of $4.5 million, of which $1.5 million is for the purpose of business acquisitions.

The significant items which contributed to the Group's loss after tax for the year were the non-cash goodwill impairment expense of $14.08 million, acquisition, restructuring and other non-recurring costs of $3.5 million, and non-cash share-based payments expense of $1.55 million.

The major contributors to the decline in underlying EBITDA was the $3.26 million reduction in non-recurring hosting revenue and transitional services income and the reduction in networks and data centre revenue.

The goodwill impairment charge has arisen due to the assessment of the carrying value of goodwill and intangible assets at year-end and the impact of higher discount rates. The non-cash impairment expense recognises the decline in revenue at one of the Group's data centres servicing the digital currency market and pricing pressure from government contracts. The non-cash impairment charge has no impact on the Group's debt facilities, covenants or liquidity.

The acquisition, restructuring and non-recurring costs are considered to be one-off and non-recurring in nature.

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

The Group's cash forecast for the period to September 2024 (i.e. 12 months after the issue of the Group's financial report) indicates that is generating a positive operating cashflow and that it does not require additional funding from external debt or equity providers.

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

- annual renewal of .au domain names following launch in the period from March to September 2022;
- continued growth in CPanel hosting products;
- wholesale and enterprise customer growth with more than $5.9 million annual recurring revenue sold in FY23;
- enterprise and wholesale sales pipeline of $8.9 million; and
- continued growth in hardware sales with sales closed of $2.0 million in FY23 for delivery in FY24.

A conservative cash forecast for the period to September 2024 (i.e. 12 months after the issue of the Group's financial report) has also been prepared on the basis of a continuation of the Group's revenue in July 2023 which indicates a positive operating cashflow for the period to September 2024 and that it does not require additional funding from external debt or equity providers.

The Directors have undertaken solvency tests at year-end and as at the signing date of Group's financial report which consider the Group's ability to pay liabilities that are due within 30 days of each date. These tests consider the current assets and liabilities expected to be settled within 30 days, available debt funding of $4.5 million (excluding $1.5 million acquisition facility), and other available sources of funding and indicate that the Group has sufficient funding headroom. The solvency tests consider current assets that are expected to be converted to cash and current liabilities that are not payable within 30 days including prepayments and current assets of $11.3 million, borrowings and other financial liabilities not expected to be payable or settled in cash of $30.7 million, trade payables and other creditors not payable of $4.3 million, payroll provisions of $3.1 million, property lease liabilities of $3.7 million and deferred revenue balances of $26.4 million.

The Directors have also considered the Group's compliance with its debt facility agreement with CBA and the amendment to the Net Leverage Ratio covenant in relation to the period ended 30 June 2023 to increase it to 3.50 times. As the amendment was received after reporting date, the Group is required to classify an amount of $25.1 million as a current liability in the Statement of Financial Position even though these amounts are not repayable within 12 months of reporting date.

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

New or Amended Accounting Standards not yet adopted in the period

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

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Webcentral Limited as at 30 June 2023 and the result of all subsidiaries for the year then ended.

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

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

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

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

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

Business Combinations

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

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

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

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

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

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any 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 transactions

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

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

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

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

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

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

Income Tax

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

(i) Current Taxes

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

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

(ii) Deferred Taxes

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

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

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

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

Notes to the Financial Statements

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

(iii) Tax Consolidation

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

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

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

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

Revenue

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

(i) Hardware and software sales

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

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

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

(iii) Rendering of Services – domain name registration

Domains revenue primarily consists of domain registrations and renewals, as well as aftermarket sales. Domain registrations are assessed as a distinct service that provides a customer with the exclusive use of the domain name over the contracted period, including the provision of Domain Name System services.

Consideration is recorded as income received in advance when it is received, which is typically at the time of sale and revenue, with the exception of aftermarket sales, is recognised evenly over the contract period as performance obligation is satisfied.

As the customer simultaneously receives and consumes the benefits of the domain services provided, this revenue is recognised evenly over the contract period.

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

(iv) Rendering of Services – cloud hosting (email and web including website build)

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.

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.

(v) Rendering of Services – digital 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.

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

Other Income

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

(i) Interest

Interest revenue is recognised as interest accrues under the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Dividend

Dividend is defined as distributions of profits to holders of equity investments in proportion to their holdings of a particular class of capital and it is recognised as dividend income on the basis when the shareholder's right to receive payment is established.

Leases

(i) The Group as a lessee

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

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

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

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

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

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

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

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

(ii) The Group as a lessor

The Group accounts for a head lease and sublease as two separate contracts, applying both lessee and lessor accounting requirements respectively.

Cash and Cash Equivalents

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

Inventories

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

Property, Plant and Equipment

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

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

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

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

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

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

Intangible Assets

(i) Goodwill

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

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

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

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

(ii) Brand name and customer contracts

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

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

(iii) Capitalised Software

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

Impairment of Non-financial Assets

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

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

Financial Instruments

(i) Recognition and derecognition

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

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

(ii) Classification and measurement of financial assets

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

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

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

Financial assets at amortised cost

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

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

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

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

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

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in 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 comprehensive income 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.

(iii) Impairment of Financial assets

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

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

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

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

(iv) Classification and measurement of financial liabilities

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

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

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

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

Provisions, Contingent Assets and Contingent Liabilities

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

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

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

Employee benefits

(i) Wages and Salaries and Annual Leave

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

(ii) Long Service Leave

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

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

(iii) Share-based payments

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

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

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

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

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

The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Issued Capital

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

Dividends

Dividends are recognised when declared during the financial year.

Earnings Per Share

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

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

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

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

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 2022. 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.

4. Segment Information

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

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

Segment information for the reporting period is as follows:

2023	Data Centres, Network & Cloud $'000	Managed Services $'000	Webcentral $'000	Total $'000
Segment Revenue	**22,117**	**20,239**	**53,782**	**96,138**
Cost of goods sold	**(16,105)**	**(9,930)**	**(14,173)**	**(40,208)**
Gross margin	**6,012**	**10,309**	**39,609**	**55,930**
Other income	-	-	38	**38**
Rent and office expenses	(139)	(127)	(338)	**(604)**
Marketing and travel expenses	(249)	(249)	(1,995)	**(2,493)**
Employee benefits expenses	(11,036)	(7,433)	(15,902)	**(34,371)**
Other expenses				**(5,675)**
Total Adjusted EBITDA[1]				**12,825**
Impairment of goodwill, fixed assets and intangible assets	(14,077)	-	-	**(14,077)**
Share-based payment expenses				**(1,546)**
Acquisition costs				**(184)**
Restructuring costs				**(3,313)**
Depreciation and amortisation expenses	(7,517)	(790)	(4,140)	**(12,447)**
Finance costs				**(3,475)**
Loss before income tax expense				**(22,217)**
Total Segment assets	**23,361**	**8,385**	**85,104**	**116,850**
Total Segment liabilities	**21,308**	**7,648**	**77,624**	**106,580**

2022	Data Centres, Network & Cloud $'000	Managed Services $'000	Webcentral $'000	Elimination $'000	Total $'000
Segment Revenue	**24,638**	**19,465**	**50,106**	**(781)**	**93,428**
Cost of goods sold	**(15,888)**	**(8,405)**	**(13,872)**	**8**	**(38,157)**
Gross margin	**8,750**	**11,060**	**36,234**	**(773)**	**55,271**
Other income	-	-	3,304	-	**3,304**
Rent and office expenses	(107)	(85)	(218)	-	**(410)**
Marketing and travel expenses	(179)	(179)	(1,430)	-	**(1,788)**
Employee benefits expenses	(11,546)	(7,777)	(16,637)	-	**(35,960)**
Other expenses					**(2,856)**
Total Adjusted EBITDA[1]					**17,561**
Impairment of financial assets	(578)	-	-	-	**(578)**
Impairment of goodwill, fixed assets and intangible assets	(11,494)	-	-	-	**(11,494)**
Share-based payment expenses					**(8,833)**
Acquisition costs					**(904)**
Restructuring costs					**(3,706)**
Depreciation and amortisation expenses	(6,887)	(1,169)	(5,574)	-	**(13,630)**
Finance costs					**(2,798)**
Loss before income tax expense					**(24,382)**
Total Segment assets	**38,494**	**14,355**	**77,768**	**-**	**130,617**
Total Segment liabilities	**29,967**	**11,175**	**60,542**	**-**	**101,684**

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

Alternative segment presentation

The Group has restructured its operations into the following customer segments following the merger between Webcentral and 5G Networks Limited in November 2021:

- **Retail:** domains, web hosting, email hosting and digital marketing services to consumer and small and medium enterprise customers
- **Enterprise:** cloud hosting, domain names, data centre, networks and voice, IT managed services, hardware and software and digital marketing products and services provided to Enterprise and Government customers
- **Wholesale:** cloud hosting, data centre, networks and voice products and services provided to wholesale telecommunications and Segment information is provided below in relation to these segments.

These reporting segments will apply from reporting periods from 1 July 2023.

5. Revenue from contracts with customers

The revenue breakdown by product and service line for the year ended 30 June 2023 is shown below:

	2023 $'000	2022 $'000
CONTINUING OPERATIONS		
Types of goods of service		
Cloud	32,039	29,407
Domains	24,360	22,595
Network & Voice	8,661	10,168
Data Centres	7,638	7,989
Managed Services	12,089	11,994
Digital Marketing	3,201	4,512
Hardware & Software	8,150	6,763
Total revenue from contracts with customers	**96,138**	**93,428**
Timing of revenue recognition		
Goods and services transferred at a point in time	8,150	6,763
Services transferred over time	87,988	86,665
Total revenue from contracts with customers	**96,138**	**93,428**

Notes to the Financial Statements

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

	Cloud $'000	Domains $'000	Network & Voice $'000	Data Centres $'000	Managed Services $'000	Digital Marketing $'000	Hardware & Software $'000	Total $'000
For the year ended 30 June 2023								
Goods transferred at a point in time	-	-	-	-	-	-	8,150	8,150
Services transferred over time	32,039	24,360	8,661	7,638	12,089	3,201	-	87,988
For the year ended 30 June 2022								
Goods transferred at a point in time	-	-	-	-	-	-	6,763	6,763
Services transferred over time	29,407	22,595	10,168	7,989	11,994	4,512	-	86,665

6. Other Income

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

	Consolidated	
	2023 $'000	2022 $'000
Dividend income	33	168
Interest income	5	21
Sublease income	-	197
Management fees from transitional service agreements in relation to the sale of Enterprise and TPP Wholesale businesses	-	2,460
Sundry income	-	458
Total Other Income	**38**	**3,304**

7. Earnings per share

Basic Earnings Per Share (**EPS**) amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilutive potential ordinary shares in existence during the year (2022: 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	
	2023 Number	2022 Number
Weighted average number of shares used in calculating earnings per share and diluted earnings per share	328,328,188	291,056,455

8. Income tax

	Consolidated	
	2023 $'000	2022 $'000
(A) INCOME TAX BENEFIT / (EXPENSE)		
(Loss) / profit before income tax	**(22,217)**	**(24,382)**
Tax at the Group's statutory income tax rate of 30% (2022: 30%)	6,665	7,315
Tax effect amounts which are not deductible in calculating taxable income:		
Non-deductible goodwill impairment charge	(1,644)	(3,448)
Other tax-exempt income	(10)	10
Expense on performance rights and options	(464)	(2,650)
Other non-deductible expenses	(10)	(343)
Net under/over	848	(313)
Unrecognised tax loss for the year	(2,187)	(994)
Over provision from period and business combination	-	67
Actual tax benefit / (expense)	**3,198**	**(356)**
Tax expense comprises:		
- Current tax	-	-
- Deferred tax - origination and reversal of temporary differences	3,198	(356)
Aggregate Income tax expense at the effective income tax rate	**3,198**	**(356)**
(B) DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets are comprised of the following temporary differences:[1]		
Allowable section 40-880 (blackhole) deductions – written down value	946	870
Accrued expenses and provisions	7,540	7,439
Other	609	20
Tangible and intangible assets	(3,028)	(5,229)
ACA impact on depreciating asset – written down value	(89)	(122)
R&D capitalised labour	-	(3)
Brand and Customer contract	(5,088)	(5,482)
NET DEFERRED TAX ASSET / DEFERRED TAX LIABILITY	**890**	**(2,507)**

As at 30 June 2023, the Group has unrecognised income tax losses of $42,019,217 tax-effected at 30% (2022: $34,807,742), and capital losses of $87,869,863 arising from the sale of businesses in previous financial years (2022: $87,869,863).

9. Cash and Cash Equivalents

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

	Consolidated	
	2023 $'000	2022 $'000
Cash at bank and in hand	4,498	5,367
Total cash and cash equivalents	**4,498**	**5,367**

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

	Consolidated	
	2023 $'000	2022 $'000
Loss after income tax	(19,019)	(24,883)
Non-cash flows in profit:		
Depreciation and amortisation	12,447	13,683
Employee benefits expenses	371	854
Share-based payment expenses	1,546	8,833
Impairment expenses	14,077	11,494
Deferred tax movement	(3,245)	(332)
Other non-cash expenses / (income)	475	(2,409)
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
Movement in trade and other receivables	1,039	1,243
Movement in other assets	1,283	(1,572)
Movement in deferred tax asset	1,617	379
Movement in trade and other payables	(977)	(1,839)
Movement in employee benefits provisions	(371)	(854)
Movement in Income tax payable	(89)	(57)
Movement in other Liabilities	(1,133)	(1,119)
Net cash from operating activities	**8,021**	**3,422**

10. Trade and other receivables

	Consolidated	
	2023 $'000	2022 $'000
Trade receivables	4,747	5,020
Allowance for impairment of receivables	(238)	(1,768)
	4,509	3,252
Unsecured loans – at call[1]	424	424
Other receivables	155	373
Total trade and other receivables	**5,088**	**4,049**

1. Unsecured loans represent loans granted to key management personnel and employees to allow them to take up shares in a capital raising undertaken by Webcentral Limited in FY21.

The 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 2023 and 1 July 2022 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

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

On the above basis the expected credit loss for trade receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

	30-Jun-23			30-Jun-22		
	ECL Rate	Gross $'000	ECL $'000	ECL Rate	Gross $'000	ECL $'000
Current	0.0%	1,751	-	0.0%	2,475	-
1-30 days past due	0.1%	946	(1)	0.0%	324	-
31-60 days past due	6.0%	92	(5)	0.0%	171	-
61-90 days past due	39.9%	133	(53)	0.0%	132	-
91 days + past due	9.8%	1,825	(179)	92.2%	1,918	(1,768)
Closing balance		**4,747**	**(238)**		**5,020**	**(1,768)**

Notes to the Financial Statements

The large ECL in 91 days + in 2022 was a result of large write-offs of legacy historical debtor balances that had been fully provided for in previous financial years.

The closing balance of the trade receivables loss allowance as at 30 June 2023 reconciles with the trade receivables loss allowance opening balance as follows:

	$'000
Opening loss allowance as at 1 July 2021	1,190
Net additional provision for ECL's taken to the P&L	578
Loss allowance as at 30 June 2022	**1,768**
Transfer to other receivables/trade receivables	(1,530)
Loss allowance as at 30 June 2023	**238**

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	
	2023 $'000	2022 $'000
Contract assets[1]		
Work in progress	1,089	669
	1,089	**669**

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.

Movement of contract assets during the period

	Consolidated	
	2023 $'000	2022 $'000
As at 1 July	669	620
Additions	1,967	1,730
Cash received	(1,547)	(1,681)
As at 30 June	**1,089**	**669**

Contract liabilities consist of the following:

	Consolidated	
	2023 $'000	2022 $'000
Deferred revenue	25,440	23,409
Contract liabilities - current	**25,440**	**23,409**
Deferred revenue	9,698	8,072
Contract liabilities - non-current	**9,698**	**8,072**

Movement of contract liabilities during the period

	Consolidated	
	2023 $'000	2022 $'000
Balance as at 1 July	23,409	23,748
Add: customer payments received	60,734	56,609
Less: revenue released to P&L	(58,963)	(57,390)
Reclassification from non-current liabilities	260	442
Contract liabilities (current)	**25,440**	**23,409**
Balance as at 1 July	8,072	8,551
Reclassification to current liabilities	(260)	(442)
Net customer payments received	1,886	(37)
Contract liabilities (non-current)	**9,698**	**8,072**

12. Property, Plant and Equipment

	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Gross carrying amount			
At 1 July 2022	4,427	27,103	31,530
Assets acquired in the business acquisition	-	8	8
Additions	2	3,893	3,895
Disposals	(19)	(10)	(29)
Closing Value at 30 June 2023	**4,410**	**30,994**	**35,404**
Depreciation and impairment			
At 1 July 2022	(3,430)	(12,430)	(15,860)
Depreciation	(434)	(3,970)	(4,404)
Impairment (refer note 14)	-	(5,344)	(5,344)
Disposals	-	9	9
Closing value at 30 June 2023	**(3,864)**	**(21,735)**	**(25,599)**
Carrying Amount 30 June 2023	**546**	**9,259**	**9,805**
Gross carrying amount			
At 1 July 2021	4,432	21,861	26,293
Additions	-	5,969	5,969
Disposals	(5)	(727)	(732)
Closing Value at 30 June 2022	**4,427**	**27,103**	**31,530**
Depreciation and impairment			
Balance at 1 July 2021	(1,943)	(8,477)	(10,420)
Depreciation	(1,487)	(3,989)	(5,476)
Disposals	-	36	36
Closing value at 30 June 2022	**(3,430)**	**(12,430)**	**(15,860)**
Carrying Amount 30 June 2022	**997**	**14,673**	**15,670**

13. Leases

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

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

	2023 $'000	2022 $'000
Depreciation expense of right-of-use assets	3,879	4,722
Interest expense on lease liabilities	1,166	1,166
Rent expense - short-term leases	(167)	28

Right-of-use asset

	Right-of-use assets		
	Building $'000	IT equipment $'000	Total $'000
As at 1 July 2022	14,626	551	15,177
Additions during the year	2,277	-	2,277
Disposals during the year	(89)	-	(89)
Depreciation expense	(3,751)	(129)	(3,880)
Impairment (refer note 14)	(3,109)	-	(3,109)
As at 30 June 2023	**9,954**	**422**	**10,376**

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

The impairment charge against Lease Right-of-use assets has arisen due to the allocation of an impairment charge against other assets of the Cash Generating Unit (CGU) pro-rata based on the carrying amount of assets of the CGU. Refer to note 14 for further details.

Notes to the Financial Statements

Lease receivables

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

	2023 $'000	2022 $'000
Opening balance	-	2,993
Assets acquired in the business acquisition	-	-
Additions	-	-
Disposals[1]	-	(1,127)
Interest income	-	94
Receipts from lessees	-	(1,960)
Closing balance	**-**	**-**

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

Lease liabilities

	Consolidated	
	2023 $'000	2022 $'000
Current		
Obligations under property leases	3,903	3,319
Obligations under equipment leases	34	137
	3,937	**3,456**
Non-current		
Obligations under property leases	13,191	14,713
Obligations under equipment leases	38	71
	13,229	**14,784**

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

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

Right-on-use asset	No of right-on-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with variable payments linked to an index	No of leases with termination options
Data centres and related facilities	5	1-7 years	4 years	4	4	0
Office premises	8	1-4 years	2 years	6	6	0
IT Equipment	2	2 years	2 years	0	0	0

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2023 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 2023							
Lease payments	4,989	4,825	4,058	3,375	1,438	1,305	19,990
Finance charges	(1,037)	(756)	(491)	(286)	(133)	(122)	(2,825)
Net present values	**3,952**	**4,069**	**3,567**	**3,089**	**1,305**	**1,183**	**17,165**
30 June 2022							
Lease payments	4,554	4,500	4,124	3,288	3,364	1,909	21,739
Finance charges	(1,098)	(866)	(630)	(412)	(257)	(236)	(3,499)
Net present values	**3,456**	**3,634**	**3,494**	**2,876**	**3,107**	**1,673**	**18,240**

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	
	2023 $'000	2022 $'000
Short-term leases	167	28
Total	**167**	**28**

14. Goodwill

The following table shows the movements in goodwill:

	Consolidated	
	2023 $'000	2022 $'000
Gross carrying amount		
Balance at beginning of period	61,706	61,706
Acquired through business combination (refer note 20)	5,547	-
Balance at end of the period	**67,253**	**61,706**
Accumulated impairment		
Balance at beginning of period	(11,494)	-
Impairment loss recognised	(5,479)	(11,494)
Balance at end of the period	**(16,973)**	**(11,494)**
Carrying amount at end of the period	**50,280**	**50,212**

Impairment Disclosures and Testing of Goodwill
Goodwill is allocated to the Group's cash generating units (CGU), which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated	
	2023 $'000	2022 $'000
Data Centres, Networks and Cloud	-	5,479
Managed Services	5,536	5,536
Webcentral	44,744	39,197
Goodwill allocation at 30 June	**50,280**	**50,212**

The recoverable amount of the CGU is determined based on value-in-use calculations. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows.

A value in use model was developed to provide a forecast of free cash flows for the five financial years ending on 30 June 2028 and a terminal value, based on a one-year budget approved by the Board followed by an extrapolation of expected cash flows for the units' remaining useful lives using growth rates of 2.5% per annum for year 2 onward being the long-term target CPI rate. The present value of the expected cash flows of each CGU is determined by applying a suitable discount rate.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset-specific risk factors.

CGU	Discount Rate
Data Centres, Networks and Cloud	10.5%
Managed Services	13.1%
Webcentral	11.5%

Impairment Charge for Goodwill
An impairment charge of $14.08 million was recorded for the Data centres, network and cloud segment based on impairment testing indicating that the carrying value exceeded the recoverable amount of the CGU as at 30 June 2022. The underlying reasons for the impairment charge were the reduction in revenue in FY23 compared to the prior year due to the cessation of legacy customer contracts, the conversion of higher value data centre contracts into lower value cloud services contracts, and forecast revenue growth not achieved in FY23.

The impairment is allocated first to reduce the carrying amount of goodwill to the CGU and to other assets of the CGU pro rata on the basis of the carrying amount of assets in the CGU.

There has been no other individual assets available to reduce to below its fair value.

Item / $000	CGU1
Goodwill	5,479
Lease right of use asset:	
Various	3,109
Fixed assets	5,344
Oher intangibles:	
Customer contract	44
Brand name	101
Total	**14,077**

No impairment charge was recorded for the Managed Services and Webcentral segments as their respective recoverable amounts exceeds their carrying values by $8.0 million and $92.6 million respectively.

Sensitivity analysis undertaken on the key impairment model assumptions indicates that in order for the recoverable amounts to be equal to their carrying values for the Managed Services and Webcentral segments, the discount rate would need to increase to 21% and 19% respectively and the revenue growth rate would need to decrease to 2.6% and 1.1% respectively. Management are not aware of any events that are expected to have an adverse effect on revenue growth.

15. Other intangible assets

The following table shows the movements in other intangible assets:

	Customer contract $'000	Brand name $'000	Capitalised software $'000	Marketing Related Intangibles $'000	Total $'000
Gross carrying amount					
At 1 July 2022	18,932	4,017	4,856	180	27,985
Additions	1,554	-	806	51	2,411
Disposals	-	-	(230)	-	(230)
Closing Value at 30 June 2023	**20,486**	**4,017**	**5,432**	**231**	**30,166**
Amortisation and impairment					
At 1 July 2022	(3,295)	(1,380)	(1,214)	(37)	(5,926)
Amortisation	(1,918)	(620)	(490)	-	(3,028)
Impairment loss recognised (refer note 14)	(101)	(44)	-	-	(145)
Closing value at 30 June 2023	**(5,314)**	**(2,044)**	**(1,704)**	**(37)**	**(9,099)**
Carrying Amount at 30 June 2023	**15,172**	**1,973**	**3,728**	**194**	**21,067**
Gross carrying amount					
At 1 July 2021	18,932	4,017	3,775	-	26,724
Additions	-	-	1,081	180	1,261
Disposals	-	-	-	-	-
Closing Value at 30 June 2022	**18,932**	**4,017**	**4,856**	**180**	**27,985**
Amortisation and impairment					
Balance at 1 July 2021	(1,377)	(577)	(542)	-	(2,496)
Amortisation	(1,918)	(803)	(672)	(37)	(3,430)
Impairment loss recognised	-	-	-	-	-
Closing value at 30 June 2022	**(3,295)**	**(1,380)**	**(1,214)**	**(37)**	**(5,926)**
Carrying Amount at 30 June 2022	**15,637**	**2,637**	**3,642**	**143**	**22,059**

(a) Marketing-related intangibles

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

(b) Brand Name and Customer Contracts

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

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

(c) Capitalised software

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

Included in capitalised software is $2.59m of capitalised labour and other directly attributable costs. The capitalised labour in progress which has not started amortisation relates to product and service customer platform enhancements. The remaining balance of capitalised software relates to internal developed software platforms eligible to begin amortisation during the year.

16. Other assets

Other assets consist of the following:

	Consolidated	
	2023 $'000	2022 $'000
Other prepayments	3,057	2,878
Inventory	201	200
Bond payments	123	74
Other	617	257
Other assets - current	**3,998**	**3,409**
Other prepayments	36	835
Other assets - non-current	**36**	**835**

17. Trade and other payables

	Consolidated	
	2023 $'000	2022 $'000
Trade creditors	11,737	11,917
Accrued liabilities	1,442	888
Deposits received in advance	289	231
Other creditors	1,198	1,857
Total trade and other payables	**14,666**	**14,893**

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	
	2023 $'000	2022 $'000
GST and PAYG due to ATO	3,904	2,804
Payroll tax provision	111	186
Other	108	-
Other liabilities - current	**4,123**	**2,990**

19. Employee Benefits Provisions

	Consolidated	
	2023 $'000	2022 $'000
Current		
Annual leave	1,796	2,007
Long service leave	935	934
Wages payable	13	61
Superannuation payable	682	738
Accrued bonuses and sales commission	110	167
Employee benefits provisions - current	**3,536**	**3,907**
Non-current		
Long service leave	487	451
Employee benefits provisions - non-current	**487**	**451**

Notes to the Financial Statements

20. Business Acquisitions

New Domain Services

On 7 December 2022, the Company completed the acquisition of New Domain Services, a premium domain email and webhosting services business with 25,000 customers with normalised revenue of $2 million and normalised EBITDA of $1.2 million. The Company acquired all of the shares in Bachco Pty Ltd and Terrific.com.au Pty Ltd.

The acquisition was funded from existing cash reserves and from the Group's acquisition debt facility with CBA.

The acquisition price was $5 million with $3.5 million paid in cash at Completion and deferred payments of $1.5 million payable within 12 months of Completion. A deferred payment of $0.5 million was paid on 14 July 2023.

An earn-out may be payable in respect of revenue growth for the six-months ended 30 June 2023 and for the financial year ending 30 June 2024.

The purpose of the acquisition is to drive revenue growth in corporate domains services. New Domain Services has been integrated with the Group's Melbourne IT business and New Domain vendor Jonathan Horne has been appointed as Chief Executive Officer of the combined business. It is expected that the acquisition will also benefit the broader Webcentral business as customer services changes, process improvements and product innovation are rolled out to Webcentral's business.

The goodwill value of $5.55 million identified in relation to the acquisition is provisional as the Company continues to obtain information in relation to the acquisition and determine the fair value of assets and liabilities.

The acquisition of New Domain Services has been assessed under the requirements of AASB 3: *Business Combinations* and has been assessed to meet the requirements of a business combination.

Details of the net assets acquired and goodwill are as follows:

Fair value of consideration transferred	Note	$000
Amount settled in cash		3,500
Deferred payments		1,500
Contingent consideration		203
Total consideration		**5,203**
Recognised amounts of identifiable net assets		
Other assets		32
Total current assets		**32**
Prepayment of domain name registrations		88
Property, plant and equipment		8
Deferred tax asset		619
Intangible assets	a	1,554
Total non-current assets		**2,269**
Contract liabilities – current		(1,201)
Trade and other payables		(57)
Deferred tax liability		(466)
Employee benefits		(76)
Provisions		(70)
Total current liabilities		**(1,870)**
Contract liabilities – non-current		(775)
Total non-current liabilities		**(775)**
Identifiable net assets		(344)
Goodwill on acquisition		**5,547**
Consideration transferred settled in cash		3,500
Net cash outflow on acquisition		**3,500**
Acquisition costs charged to expenses		20

a. Identifiable intangible asset – customer contracts
An intangible asset has been recognised in relation to the customer relationships held by New Domain Services at the time it was acquired by the Company. The asset has been valued under the Multi-Period Excess Earnings Method (MPEEM) whereby an estimate of future cash flows has been discounted to present-value. The key assumptions used in the valuation are the forecast revenue growth of 2.5% p.a., observed customer churn of 20% p.a. and weighted average cost of capital of 10-11%.

Acquisition-related costs of $20,000 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 two potential earn-out amounts payable in cash if the combined Melbourne IT and New Domain Services businesses achieve revenue growth targets for the six-month period ending 30 June 2023 and for the financial year ending 30 June 2024. The contingent consideration amount has not been adjusted to present value amount as the adjustment would be immaterial.

The goodwill that arose on the combination can be attributed to the revenue synergies and growth in the corporate domains services business expected to be derived from the combination and the value of the workforce of New Domain Services which cannot be recognised as an intangible asset. Goodwill has been allocated to the cash-generating unit of Webcentral as at 30 June 2023. 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 2023, New Domain Services contributed $0.9 million revenue and $0.5 million profit to the Group's EBITDA. If the business was acquired at the beginning of the financial year, New Domain Services would have contributed $1.54 million revenue and $0.86 million profit to the Group's EBITDA.

21. Issued Capital

During the period, 1,000,000 ordinary shares were issued to the vendors of the ColoAu business to satisfy the earn-out payable in respect of the ColoAu acquisition in July 2020, 346,611 ordinary shares were issued pursuant to the Dividend Reinvestment Plan and 2,088,646 ordinary shares were issued under the Employee Share Plan. During the year, 5,401,820 ordinary shares were cancelled pursuant to an on-market buy-back.

	Consolidated	
	2023 $'000	2022 $'000
Issued and paid-up capital		
Ordinary shares each fully paid	200,521	201,301

Movements in ordinary shares on issue

	30 June 2023		30 June 2022	
	Number of shares	$'000	Number of shares	$'000
Beginning of the financial period	**331,092,792**	**201,301**	**114,261,123**	**80,061**
- Issue of shares to vendor	1,000,000	137	-	-
- Issues of shares under Dividend Reinvestment Plan	346,611	52	-	-
- Acquisition of subsidiaries through internal reorganisation	-	-	212,902,341	121,144
- Cancellation of shares through share buyback	(5,401,820)	(955)	-	-
- Shares issued following exercise of options	-	-	125,000	25
- Share issued as consideration for services	-	-	200,000	90
- Shares issued following exercise of performance rights	-	-	5,000,000	1,000
- Cancellation of shares – unmarketable parcel facility	-	-	(4,278,509)	(1,005)
- Transaction costs for share issue	-	(14)	-	(14)
Shares issued and fully paid	**327,037,583**	**200,521**	**328,209,955**	**201,301**
- Issue of shares to employees under Employee Share Plan	2,088,646	-	882,837	-
- Issue of shares under ESOP	-	-	2,000,000	-
End of the financial period	**329,126,229**	**200,521**	**331,092,792**	**201,301**

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 31 March 2023, 2,088,646 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 6,100,000 options to key management personnel under the Executive and Director Share Option Plan and the Executive Equity Plan as a means of rewarding and incentivising key employees.

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

There were 20,000,000 performance rights and 26,995,000 unlisted options on issue at the end of the year.

Treasury Shares

The loans granted under Executive and Director Share Plan (Note 23) are limited in recourse over the shares issued on exercise of the options, and the Company placed a holding lock over these shares to secure repayment. These shares were treated as treasury shares. No treasury shares were issued during the year (2022: 2,000,000).

Movements in treasury shares:

	30 June 2023		30 June 2022	
	Number of shares	$'000	Number of shares	$'000
Beginning of the financial period	**2,000,000**	**-**	**-**	**-**
- Acquisition of subsidiaries through internal reorganisation	-	-	69,524,461	(11,196)
- Cancellation of treasury shares held by 5G Networks Limited	-	-	(69,524,461)	11,196
- Issue of shares under ESOP	-	-	2,000,000	-
End of the financial period	**2,000,000**	**-**	**2,000,000**	**-**

22. Reserves

	Consolidated	
	2023 $'000	2022 $'000
Share-based payments reserve	13,017	11,471
Other reserve	5,450	4,436
Foreign currency reserve	288	236
Reorganisation reserve	(150,804)	(150,804)
Total	**(132,049)**	**(134,661)**

Share-based payment reserve	2023 $'000	2022 $'000
Balance at the beginning of the period	11,471	6,649
Arising on share-based payments	1,546	4,822
Balance at the end of the year	**13,017**	**11,471**

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

Other reserves	2023 $'000	2022 $'000
Balance at the beginning of the period	4,436	5,379
Change in fair value of equity instruments	1,014	(943)
Balance at the end of the year	**5,450**	**4,436**

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

Foreign currency reserve	2023 $'000	2022 $'000
Balance at the beginning of the period	236	272
Currency translation differences	52	(36)
Balance at the end of the year	**288**	**236**

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

Reorganisation reserve	2023 $'000	2022 $'000
Balance at the beginning of the period	(150,804)	-
Acquisition of subsidiaries	-	(132,340)
Elimination of Non-Controlling Interest	-	(29,536)
Reclassification of shares still held by 5GN in WCG	-	11,196
Share issue costs	-	(124)
Balance at the end of the year	**(150,804)**	**(150,804)**

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

23. Share-based Payments – Performance Rights and Options

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

The Webcentral Executive and Director Share Option Plan (ESOP) was adopted in December 2020 for directors and executives of the Group. The Webcentral Executive Equity Plan (EEP) was adopted in April 2022 for executives and senior leaders of the Group.

The key criteria for options issued under the ESOP and EEP during the year are the completion of tenure periods between one and three years and the achievement of individual KPIs.

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

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

There were 35,110,000 rights and options held as at 1 July 2022 in relation to the ESOP and EEP.

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

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

	2023 Number	2022 Number
Outstanding at the beginning of the year	35,110,000	13,400,000
Granted during the year[1]	10,660,000	29,610,000
Vested and exercised during the year	-	(7,000,000)
Lapsed during the year	-	-
Forfeited during the year[2]	(1,700,000)	(900,000)
Outstanding at year end	**44,070,000**	**35,110,000**

1. During the year, 6,650,000 Options were issued under the ESOP and 4,010,000 Options were issued under the EEP.
2. During the year, 600,000 Options were forfeited under the ESOP and 1,100,000 were forfeited under the EEP.

(c) Rights and options vested during the reporting period

During the year, no Performance Rights were vested (2022: 10,000,000) and 350,000 Options were vested (2022: 2,000,000).

(d) Rights and options forfeited during the reporting period

During the year, 600,000 Options were forfeited by employees (2022: 900,000) with a weighted average exercise price of zero (2022: nil) under the ESOP and 1,100,000 Options were forfeited by employees (2022: nil) with a weighted average exercise price of zero (2022: nil) under the EEP.

Notes to the Financial Statements

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

The following table summarises information about Performance Rights and Options held by Directors and employees as at 30 June 2023. 5,000,000 Performance Rights and 350,000 Options are exercisable at 30 June 2023 (2022: 5,000,000 Rights):

Issue Date and Type	Number	Grant date	Vesting date	Expiry date	Weighted average exercise price	Weighted average remaining contractual life
2020 Performance Rights - Director	5,000,000	18/12/2020	22/09/2021	18/12/2025	$0.20	2.47
2021 Performance Rights - Director	15,000,000	22/12/2021	N/A	21/12/2026	$0.45	3.48
2021 Options - Director	4,500,000	22/12/2021	22/12/2023	21/12/2026	$0.45	3.36
2021 Options - Executive (1)	250,000	01/02/2021	01/02/2023	01/02/2026	$0.485	2.59
2021 Options - Executive (2)	100,000	29/03/2021	29/03/2023	29/03/2026	$0.485	2.75
2021 Options – Executive (3)	4,500,000	15/07/2021	15/07/2023	15/07/2026	$0.45	3.04
2022 Options – Executive (1)	260,000	13/04/2022	N/A	13/04/2025	$0.26	1.79
2022 Options – Executive (2)	4,100,000	02/06/2022	02/06/2024	02/06/2027	$0.25	3.92
2022 Options – Executive (3)	2,600,000	1/09/2022	1/09/2024	1/09/2027	$0.20	4.17
2022 Options – Executive (4)	260,000	3/10/2022	N/A	3/10/2025	$0.20	2.26
2022 Options – Executive (5)	2,000,000	14/12/2022	14/12/2023	14/12/2027	$0.17	4.46
2022 Options – Executive (6)	2,000,000	14/12/2022	14/12/2024	14/12/2027	$0.17	4.46
2022 Options – Executive (7)	250,000	14/12/2022	14/12/2024	14/12/2025	$0.17	2.46
2023 Options – Executive (1)	3,250,000	29/06/2023	29/06/2025	29/06/2028	$0.11	5.00
	44,070,000				**$0.26**	**3.56**

(f) Pricing model: LTI grants

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

	Share price	Dividend yield	Expected volatility	Risk-free interest rate	Fair value per option
2020 Rights	$0.415	0.0%	73.4%	0.38%	$0.3031
2021 Rights	$0.465	0.0%	45.0%	1.27%	$0.192
2021 Options	$0.465	0.0%	45.0%	1.27%	$0.3031
2021 Options (1)	$0.44	0.0%	73.4%	0.42%	$0.16
2021 Options (2)	$0.53	0.0%	73.4%	0.68%	$0.23
2021 Options (3)	$0.475	0.0%	73.4%	0.69%	$0.205
2022 Options (1)	$0.275	0.0%	73.4%	2.74%	$0.20
2022 Options (2)	$0.225	0.0%	73.4%	3.28%	$0.09
2022 Options (3)	$0.175	2.9%	96.1%	3.50%	$0.08
2022 Options (4)	$0.145	3.6%	94.6%	3.70%	$0.06
2022 Options (5)	$0.16	3.1%	93.3%	3.06%	$0.07
2022 Options (6)	$0.16	3.1%	93.3%	3.06%	$0.08
2022 Options (7)	$0.16	3.1%	93.3%	3.06%	$0.07
2023 Options (1)	$0.13	3.8%	92.8%	3.93%	$0.06
2023 Options (2)	$0.13	3.8%	92.8%	3.93%	$0.05

The expected volatility was determined using the group's average five-year share price. The risk-free rate is derived from the yield on Australian Government Bonds of an appropriate term. The weighted average fair value of the performance rights and options granted during the year was $0.15 (2022: $0.42).

The total consolidated share-based payment expense for the year was $1.55 million (2022: $8.83 million).

24. Dividends

During the year a dividend of $0.005 (half a cent) per ordinary share was paid in respect of the year ended 30 June 2022 (2022: nil).

The Directors have not recommended the payment of a final dividend in respect of the financial year ended 30 June 2023.

25. Parent Information

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

The parent entity for the group is Webcentral Limited and following information is the financial position for Webcentral Limited.

Parent Entity Statement of Financial Position

As at 30 June 2023

	2023 $'000	2022 $'000
Current assets	72,415	73,273
Non-current assets	17,219	16,063
Total assets	89,634	89,336
Current liabilities	82,502	71,479
Non-current liabilities	6,382	4,823
Total liabilities	88,884	76,302
Net Assets	**750**	**13,034**
Contributed equity	218,859	219,646
Share-based payments reserve	5,830	4,285
Reorganisation reserve	(104,762)	(104,762)
Foreign currency reserve	53	200
Profit reserve	(1,941)	(1,479)
Retained earnings	(117,289)	(104,856)
Total Equity	**750**	**13,034**
Loss of the parent entity	(11,746)	(14,160)
Total comprehensive loss of the parent entity	(10,680)	(15,139)

Guarantees

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

Contingent Liabilities

The parent entity did not have any contingent liabilities as at 30 June 2023 (30 June 2022: Nil).

26. Controlled entities

Investments in controlled entities are initially recognised at cost, being the fair value of the consideration given. Following initial recognition, investments are measured at cost less any accumulated impairment losses.

The consolidated financial statements include the financial statements of Webcentral Limited and the subsidiaries in the following table:

Name	Country of Incorporation	Equity Holding at 30 June 2023	Equity Holding at 30 June 2022
5G Networks Pty Ltd	Australia	100%	100%
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%	100%
Web Marketing Experts Pty Ltd	Australia	100%	100%
Nothing But Web Pty Ltd	Australia	100%	100%
Domainz Limited	New Zealand	100%	100%
Uber Global Pty Ltd	Australia	100%	100%
Names By Request Pty Ltd	Australia	100%	100%
Uber Business Pty Ltd	Australia	100%	100%
Netregistry Group Pty Ltd	Australia	100%	100%
Netregistry Pty Ltd	Australia	100%	100%
Netregistry Wholesale Pty Ltd	Australia	100%	100%
Netregistry Services Pty Ltd	Australia	100%	100%
Netregistry Operations Pty Ltd	Australia	100%	100%
Netregistry Domains Pty Ltd	Australia	100%	100%
Webcentral Services Pty Ltd	Australia	100%	100%
ACN 132 400 787 Pty Ltd	Australia	100%	100%
Planetdomain Pty Ltd	Australia	100%	100%
ACN 063 963 039 Pty Ltd	Australia	100%	100%
ACN 139 714 686 Pty Ltd	Australia	100%	100%
Bachco Pty Ltd	Australia	100%	N/A
Terrific.com.au Pty Ltd	Australia	100%	N/A

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

27. Financial Risk Management

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

Financial Risk Management Objectives

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

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

The Group does not have any derivative instruments at 30 June 2023 or 30 June 2022.

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

	Amortised cost	FVTPL	FVOCI	Total
	$'000	$'000	$'000	$'000
30 JUNE 2023				
Cash and cash equivalents	4,498	-	-	4,498
Trade and other receivables	4,664	-	-	4,664
Unsecured loans	-	424	-	424
Other investments	-	-	725	725
Total financial assets	**9,162**	**424**	**725**	**10,311**
30 JUNE 2023				
Non-current borrowings	-	-	-	-
Non-current lease liabilities	13,229	-	-	13,229
Current borrowings	29,158	-	-	29,158
Trade and other payables	14,666	-	-	14,666
Lease liabilities	3,937	-	-	3,937
Other financial liabilities	-	2,182	-	2,182
Total financial liabilities	**60,990**	**2,182**	**-**	**63,172**
30 JUNE 2022				
Cash and cash equivalents	5,367	-		5,367
Trade and other receivables	3,625	-		3,625
Unsecured loans	-	424		424
Other investment	-	-	5,198	5,198
Total financial assets	**8,992**	**424**	**5,198**	**14,614**
30 JUNE 2022				
Non-current borrowings	25,359	-	-	25,359
Non-current lease liabilities	14,784	-	-	14,784
Current borrowings	571	-	-	571
Trade and other payables	14,893	-	-	14,893
Lease liabilities	3,456	-	-	3,456
Other financial liabilities	-	1,250	-	1,250
Total financial liabilities	**59,063**	**1,250**	**-**	**60,313**

Borrowings include the following financial liabilities:

	Consolidated	
	2023 $'000	2022 $'000
CURRENT		
At amortised cost:		
Obligations under bank loan[1]	29,158	571
	29,158	**571**
NON-CURRENT		
At amortised cost:		
Obligations under bank loan[1]	-	25,359
	-	**25,359**

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.

On 23 August 2023, CBA approved an amendment to the Net Leverage Ratio covenant in relation to the period ended 30 June 2023 to increase it to 3.50 times. There was no financial impact to the Group and all other financial covenants and undertakings under the Debt Facility Agreement were met in relation to the period ended 30 June 2023. The Group expects to comply with all financial covenants for FY24. As the amendment was received after reporting date, the Group is required to classify an amount of $25.1 million as a current liability in the Statement of Financial Position even though these amounts are not repayable within 12 months of reporting date.

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 2023:

				Fair value measurement using		
	Note	Date of valuation	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			$'000	$'000	$'000	$'000
ASSETS / (LIABILITIES) MEASURED AT FAIR VALUE:						
Financial assets						
Investment in The Pistol shares		30-Jun-23	725	-	-	725
Unsecured loans		30-Jun-23	424	-	-	424
Financial liabilities						
Contingent consideration		30-Jun-23	2,182	-	-	2,182

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

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

Liquidity Risk

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

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

The table below sets out the available financing facilities as at 30 June 2023:

	Total facility amount	Amount drawn	Unused financing facilities
	$'000	$'000	$'000
CBA loan facilities	34,600	30,067	4,533
Total	**34,600**	**30,067**	**4,533**

The table below sets out the maturity periods of the financial liabilities of the consolidated Group as at 30 June 2023 and 30 June 2022. All carrying amounts of IT equipment finance are undiscounted contractual cash flows.

Contracted maturities at 30 June 2023	< 6 Months	6-12 Months	1-2 Years	2-5 Years	>5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade & Other Payables	14,666	-	-	-	-	14,666
Borrowings	281	289	566	28,022	-	29,158
Interest on Borrowings	37	29	37	18	-	121
Other Financial Liabilities	-	2,182	-	-	-	2,182

Contracted maturities at 30 June 2022	< 6 Months	6-12 Months	1-2 Years	2-5 Years	>5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade & Other Payables	14,893	-	-	-	-	14,893
Borrowings	315	256	497	24,862	-	25,930
Interest on Borrowings	37	30	43	12	-	122
Other Financial Liabilities	-	1,250	-	-	-	1,250

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 2023 or 30 June 2022.

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	
	2023	2022
	$'000	$'000
Aa3 rated cash & cash equivalents	4,498	5,367
Total	**4,498**	**5,367**

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 nil (2022: Loss of $578,000) in profit and loss in respect of impairment provision for receivables for the year ended 30 June 2023. The movements in the provision for impairment of receivables were outlined in Note 10.

Interest Rate and Market Risk

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

At 30 June 2023, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. All of the Group's equipment loans and leases are at a fixed interest rate.

The Group's long-term borrowings, totalling $24,150,000 are interest only payment loans. Monthly cash outlays of approximately $115,000 per month are required to service the interest payments. An official increase /decrease in interest rate of 150 basis points would have an adverse/ favourable effect before tax of $369,000 per annum.
The percentage change is based on the expected volatility of interest rates using market data and analysis forecasts. No principal repayments are required until March 2024 in respect of the acquisition facility and July 2025 in respect of the Term Facility.

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 2023, 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-23	30-Jun-22
	$'000	$'000
Financial assets		
Cash and cash equivalents	235	344
Trade and other receivables	200	234
	435	**578**
Financial liabilities		
Trade and other payables	(2,381)	(2,534)
Net exposure	**(1,946)**	**(1,956)**

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

At 30 June 2023, 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)	
	2023 $000	2022 $000	2023 $000	2022 $000
Consolidated				
- AUD/USD +10%	175	173	175	173
- AUD/USD -10%	(214)	(211)	(214)	(211)

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 0.636 to 0.778 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. The Group is not expected to have a material exposure to this risk in respect of the Group's debt facilities with CBA as it is forecast to comply with all financial covenants and other obligations under these facilities and it has a strong relationship with CBA.

28. Related party disclosures

Subsidiaries

Details relating to subsidiaries are included in Note 26.

Ultimate and direct parent

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

Key Management Personnel (KMP) Compensation

	Consolidated	
	2023 $'000	2022 $'000
Short-Term Employee Benefits	1,693	1,330
Post-Employment Benefits	125	92
Termination Payments	-	-
Share based Payments	1,132	2,606
Total	**2,950**	**4,028**

Detailed remuneration disclosures are provided in the remuneration report on pages 27 to 33.

Transactions with related parties

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

- A total of $213,191 (2022: $154,294) 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 $18,315 were paid to Mr Hunter Demase for sales consulting services (2022: nil). All transactions are carried at commercial third-party rates.

Terms and conditions of related party trading transactions

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

Transactions with key management personnel

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

	2023 $'000
Balance at the start of the year	**128**
Repayment from KMP	-
Balance at the end of the year	**128**

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

29. Auditors' remuneration

	2023 $'000	2022 $'000
During the year ended 30 June 2023, the following fees were paid or payable for services provided by Grant Thornton:		
Audit and review	443,481	427,535
Taxation compliance services	114,111	203,155
Due diligence services	-	75,000
	557,592	**705,690**

30. Events subsequent to reporting date

On 23 August 2023, CBA approved an amendment to the Net Leverage Covenant in relation to the period ended 30 June 2023 to increase it to 3.50 times.

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

Directors' Declaration

1. In the Directors' opinion:

   (a) The financial statements and notes of Webcentral Limited for the year ended 30 June 2023 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 2023 and of its performance for the financial year ended on that date; and

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

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

2. The Directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2023.

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

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

On behalf of the Board of Directors

Joe Demase

Managing Director

Melbourne, 22 September 2023

Independent Auditors' Report

GrantThornton

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Independent Auditor's Report

To the Members of Webcentral Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Webcentral Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition – Note 5	
In the financial year ended 30 June 2023, the Group recorded revenue of $96,138,000. There is a risk of potential overstatement of revenue given there is pressure placed on the performance of the Group against market expectations. The Group offers diverse and services to its customers that require different patterns of revenue recognition due to varying contractual terms, which require the identification of performance obligations and the determination of how the Group satisfies those obligations. This area is a key audit matter because of 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 Contracts with Customers*; • Reviewing revenue recognition policies of individual customer agreements and contractual arrangements to ensure compliance with AASB 15; • Selecting a sample of revenue transactions to verify that revenue was being recognised in accordance with revenue recognition policies; • Analytically reviewing revenue streams against forecasts and prior corresponding period to identify and assess potential anomalies; • Testing the accuracy of deferred revenue recorded by the Group during the period; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.
Goodwill and Other Long-Lived Assets Impairment Assessment – Note 14 and Note 15	
As disclosed in Note 14 and Note 15 of the financial report, goodwill amounted to $50,280,000 following the acquisition of New Domains and the impairment loss recognised during the period. At 30 June 2023, Webcentral Limited also has other intangibles of $21,067,000 consisting of customer contracts, brand names, capitalised software and marketing related intangibles. 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. The goodwill and other long-lived assets impairment assessment has been assessed as a key audit matter due to the judgement required by management in preparing a value in use model to satisfy the impairment test as prescribed in AASB 136, including the significant estimation involved in forecasting of future cash flows and applying an appropriate discount rate which inherently involves a high degree of estimation and judgement by management.	Our procedures included, amongst others: • Assessing management's determination of the Group having three CGUs based on the nature of the business and the economic environment in which they operate; • Reviewing the impairment model for compliance with AASB 136 Impairment of Assets; • 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 year forecasts and current year actuals; – Performing sensitivity analysis of the key assumptions; – 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.

Going Concern – Note 2	
For the year ended 30 June 2023, the Group recorded a loss after tax of $19,019,000, operating cash inflows of $8,021,000, financing cash outflows of $4,865,000 and a deficit of current assets to current liabilities of $62,214,000. At the year end, the Group had cash on hand of $4,498,000, and available debt facilities of $4.5 million, of which $1.5 million is for the purpose of business acquisitions. Accordingly, testing the availability of sufficient funding for the Group to meet its key obligations is considered to be a key part of our going concern assessment. This has been assessed as a key audit matter due to the judgement required by management in preparing their forecasts, preparing their solvency assessment and evaluating their ability to continue as a going concern.	Our procedures included, amongst others: • Assessing the cash flow forecast prepared by management for at least 12 months from the anticipated date of signing the financial statements and evaluating the reasonableness of inputs and assumptions used in the forecast; • Analysing and challenging key assumptions in Webcentral Limited's budget for the twelve-month period from the expected date of signing; • Discussing with management their future plans for the Group; • Reviewing ASX announcements to gather an understanding of the strategy of the business; • Inquiring of management as to whether they are aware of any events or conditions beyond the period of management's assessment that may cast significant doubt on Webcentral Limited's ability to continue as a going concern; • Reviewing the solvency position of the Group and assessing the solvency position paper prepared by management; • Substantively testing the balances included in the solvency workings prepared by management and evaluating any items which have been excluded/included from this assessment; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with accounting standards.
Acquisition of New Domains – Note 20	
On 7 December 2022, the Group acquired New Domain Services, a premium domain reseller and hosting provider. The acquisition price was $5,000,000 and goodwill recognised in respect of the acquisition was $5,547,000. The transaction requires management to consider if the purchase consideration constitutes an acquisition of a business combination under AASB 3 *Business Combinations*. Accounting for these transactions is a complex and judgmental 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 determining if the transaction meets the business combination requirement in line with the Australian Accounting Standards (AASBs); • Testing the accuracy of the purchase consideration against the executed acquisition agreements; • Assessing the fair values of the acquired assets and liabilities recognised, including: – Assessing the valuation of identified intangible assets recognised as part of the purchase price allocation calculations; and – Assessing the mathematical accuracy of any identified intangibles calculations; • Assessing the appropriateness of accounting policies, including compliance with the AASBs; and • Evaluating the disclosures in the financial statements for appropriateness and consistency with the 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 2023, 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 27 to 33 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Webcentral Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 22 September 2023

The shareholder information set out below was applicable as at 15 September 2023.

Webcentral Limited

Issued capital ordinary shares: 329,126,229 as at 15 September 2023.

Substantial Shareholders

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

Holder	Shares	%
J D Management Pty Ltd, JMD Superannuation Fund, Studio Incorporate Pty Ltd and Joseph Demase	56,515,128	17.27%
Boutique Capital Pty Ltd ATF Tectonic Opportunities Fund	24,320,007	6.05%
Total	**80,835,135**	**23.32%**

Distribution of Equity Shares

	Ordinary Shares	
Range	**Number Held**	**Number of Holders**
1 – 1,000	228,065	394
1,001 – 5,000	11,530,718	3,992
5,001 – 10,000	13,227,013	1,773
10,001 – 100,000	66,026,225	2,303
100,001 and over	238,114,208	308
Total	**329,126,229**	**8,770**

There were 4,554 unmarketable parcels as at 15 September 2023.

Voting Rights

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

Ordinary Shares

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

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

Voluntary Escrow

There are no securities subject to Voluntary Escrow.

The 20 Largest Holders of Each Class of Quoted Equity Securities

Holder	Number	%
J D MANAGEMENT GROUP PTY LTD	57,628,060	17.5%
BNP PARIBAS NOMINEES PTY LTD	27,715,876	8.4%
PACIFIC CUSTODIANS PTY LIMITED	20,330,076	6.2%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,503,131	2.0%
CITICORP NOMINEES PTY LIMITED	6,479,979	2.0%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,341,709	1.9%
MR ALBERT SAYCHUAN CHEOK & MR ERIC VICTOR CHEOK	3,714,018	1.1%
ECKERT INVESTMENTS PTY LTD	2,526,666	0.8%
ARKTREE NOMINEES PTY LTD	2,512,438	0.8%
MOLINI INVESTMENTS PTY LTD	2,500,001	0.8%
MR GARRY EDWIN WHITE	2,000,000	0.6%
HL GANGI PTY LTD	3,356,064	1.0%
NZAU INVESTMENTS PTY LTD	1,833,334	0.6%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,788,323	0.5%
MR GIANNI ANDREA VERROCCHI & MRS DEANNE JOSELYN VERROCCHI	1,773,312	0.5%
ALBERT CHEOK	1,504,284	0.5%
MR GIUSEPPE ANTHONY MAZZACCA	1,474,333	0.4%
GANGI SERVICES PTY LTD	1,470,588	0.4%
PAC EQUITIES PTY LTD	1,470,588	0.4%
MR SAMUEL SCOTT NUNAN	1,460,204	0.4%
Total	**154,382,984**	**46.9%**

Unissued equity securities

Number of options issued: 46,995,000

Securities exchange

The Company is listed on the Australian Securities Exchange.

Webcentral

Webcentral Head Office

Level 7, 505 Little Collins Street, Melbourne 3000