

13 November 2020

WEBCENTRAL GROUP LIMITED (ASX: WCG)

TAKEOVER UPDATE AND CAPITAL RAISING

The directors of Webcentral Group Limited (**Webcentral** or the **Company**) are pleased to advise the following developments regarding a capital raising and the off market takeover offer by 5G Networks Limited (**5GN**), and Board and management changes.

Capital Raising

To address the short term need for additional capital, the Webcentral directors are pleased to announce that the Company has received commitments for an equity subscription package of approximately \$5.6m before expenses comprising:

- Approximately \$3.1m (before costs) by way of a placement to institutional and sophisticated investors at an issue price of \$0.17 per share (**Placement**) with commitments received post trading halt on the afternoon of Thursday 12 November 2020; and
- A further \$2.5m by way of the issue of shares at an issue price of \$0.17 to entities associated with Mr Joe Demase and Mr Joe Gangi, both of whom are directors of the Company. This component of the funding package is conditional on shareholder approval because the ASX Listing Rules require shareholder approval of an issue of securities to directors and their associates.

As shareholders are aware, the Company has been operating for some time under constrained financial circumstances and bank supervision which limited its ability to carry on business in the ordinary course and take advantage of any opportunities presented to it. On 26 October 2020, as foreshadowed in its Bidder's Statement dated 18 September 2020, 5GN loaned the requisite funds to the Company to enable it to repay the bank debt in full.

Despite having repaid its bank debt, the Company urgently requires additional capital to fund its normal ongoing operations and to pursue its organic growth strategy and any potential acquisition opportunities.

The capital raise shows strong support for new direction of the Company. The funds will be used to strengthen operating cashflow and allow flexibility moving forward.

An extraordinary general meeting will be held at 11.00 am on Friday 18 December 2020 to seek approval for the issue of shares to entities associated with Mr Demase and Mr Gangi. A Notice of Meeting with further details of the proposed issue will be despatched to shareholders (and announced on ASX) shortly.

P: 02 9215 6300
Level 23, 680 George St,
Sydney NSW 2000

P: 02 9215 6300
Level 9, 505 Little Collins St,
Melbourne VIC 3000

P: 02 9215 6300
Level 3, 192 Ann
Street
Brisbane QLD 4000

The issue price of \$0.17 per share is at a discount to intra-day trading on Thursday 12 November 2020 (closing on that day at \$0.21) but at a premium to the 1 month volume average weighted price (VWAP) of Webcentral shares of \$0.165. The Placement has been managed by Cornwalls Capital Pty Ltd for a fee of 5% of the funds raised.

Takeover Update

The 5GN takeover offer closed at 7.00 pm on Tuesday 10 November 2020. The Company expects that 5GN will hold approximately 57% of Webcentral's shares on issue when all acceptances are finalised and processed. In the next few days, the Company will provide an update on final acceptances together with distribution and top 20 shareholder schedules as required by the ASX Listing Rules.

The 5GN takeover offer is currently subject to proceedings before the Takeovers Panel brought by Keybridge Capital Pty Ltd (ASX:KBC), a company associated with Mr Nicholas Bolton. Keybridge is a substantial shareholder in the Company. The Company is not able to comment in detail on these proceedings at this juncture. Shareholders will be updated about these proceedings when Webcentral is able to do so.

Board and management changes

The Board of directors of Webcentral now comprises Joe Demase, Joe Gangi and Natalie Mactier. Mr Gangi has been appointed as Non-Executive Chairman. Mr Demase has been appointed as Managing Director. Mr Demase will not be paid a salary for his services, but will be entitled to exercise performance rights if Webcentral achieves certain financial hurdles. Details of the performance rights entitlements are set out in the Notice of Meeting that will be despatched to shareholders shortly. Glen Dymond has been appointed Chief Financial Officer and Michael Wilton General Counsel. Mr Dymond and Mr Wilton have been appointed joint Company Secretaries.

Former Chairman Mr Andrew Reitzer and non-executive director Karl Siegling resigned on Tuesday evening (10 November 2020), immediately after the close of the 5GN takeover offer. The current Board has thanked them for their service, particularly during recent difficult times. Through their stewardship, together with former director Mr Andrew Macpherson, they oversaw the divestment of two significant Webcentral businesses, the acquisition of control by an Australian owned industry bidder in 5GN, the repayment through 5GN of the debt of approximately \$47.7m owed by the Company to its banks, ANZ and NAB, and the restoration of the Webcentral Group to a more secure financial footing.

Webcentral business and operations

The directors are very pleased with Webcentral's recent progress:

- Webcentral staff have responded favourably to 5GN acquiring control and providing stability, guidance and direction. 5GN has installed a new dynamic leadership team headed by Mr Joe Demase as new Managing Director. The leadership team are cognisant of the predicament staff had been in for some time, particularly with funding constraints.

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The team is mindful of the impact of change on Webcentral staff, but at the same time offer a focus on operational effectiveness and simplicity around decision making.

- The funding provided by the equity subscription package now made available will result in the Company being in a more secure financial position.

5GN has long considered the Webcentral Group a valuable enterprise in need of funding and direction. Its intentions were first made public in its capital raising announcement on 4 September 2020 where it flagged a proposal to acquire Webcentral and to refinance Webcentral's outstanding debt. With the assistance of the investors in its September 2020 capital raising, 5GN has now, in just over 2 months, delivered on that proposal for the benefit of 5GN shareholders and Webcentral shareholders, whether they have elected to become 5GN shareholders or to remain as Webcentral shareholders.

Webcentral Managing Director Joe Demase said:

'We are excited with what we have seen so far, staff are enthusiastic about the new direction and have welcomed our executive team. This is a great business with significant benefits for both Webcentral and 5GN, offering complementary services in different business segments. There is lots of work to do and we are getting on with it'.

The Company will over the next few days provide shareholders with further information on development, including acceptances under the 5GN takeover offer, the short term fund raising, and the deliberations of the Takeovers Panel.

ENDS.

The release of this announcement to the ASX was authorised by the Webcentral Board of Directors.

About Webcentral Group Ltd

Webcentral Group Ltd is Australia's largest full-service digital services partner for small and medium businesses - fuelling the growth of local businesses from inception to acceleration.

Since its founding in 1996, Webcentral Group Ltd (previously Melbourne IT Group and Arq Group) has helped fuel the digital success of more than one million Australian small to medium businesses. With roots in domain name and hosting, Webcentral Group Ltd are the small and medium business digital growth solution experts helping businesses get online, improve their online performance, and protect their online presence.

Webcentral Group Ltd consists of the brands Netregistry, WME, Melbourne IT, and Domainz. The Webcentral Group Ltd Enterprise division was divested March 2020.

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