

Webcentral Market Update and Q3 Results

ASX Announcement, 3 May 2022



Highlights

- YTD EBITDA \$11.1m March 2022 (unaudited), \$4m for Q3 FY22 and \$1.5m March monthly exit run rate¹
- FY22 EBITDA Guidance range confirmed \$17m to \$18.5m¹
- FY22 Revenue Guidance range expected to be between \$98m and \$102m
- \$1.2m net exiting operating cashflow for the month of March
- Successful .au launch in March 2022 with more than 18,000 new registrations to date
- Unmarketable parcel shares purchased by the company reducing share capital by 1.4%, total shareholder numbers reduced by one third
- Board to review capital management policy and potential strategies including a share buy back and ongoing dividend policy
- Review of Cirrus Investment (CNW) due to lack of engagement and continued poor performance

1. EBITDA before acquisition and share option costs

Financial and operating performance update

Webcentral recorded EBITDA of \$11.1 million for the year-to-date 31 March 2022 (before acquisition and share option costs) and the Q3 FY22 monthly exit run rate EBITDA was \$1.5 million.

The continued EBITDA growth is a result of the implementation of ongoing growth initiatives including .au domains, cloud hosting, data centre and wholesale sales, improved customer retention and cost saving initiatives.

Webcentral also recorded operating cash flow of \$1.2 million for March 2022 with improved operating cashflows expected from the exit of property leases in Q4 FY22 and ongoing growth.

Several growth initiatives will be launched in Q4 FY22 including:

- CloudPort which provides a universal access method for the Company's next-generation ethernet and transit services connecting Data Centres across Australia;
- Dark Fibre products connecting over 50 Data Centres and 1500 buildings across Australia;
- New email and webhosting products; and
- Webcentral NBN product offerings.

Revenue is continuing to be impacted by ongoing equipment supply chain issues.

Webcentral confirms FY22 EBITDA guidance range of \$17M to \$18.5M (before acquisition and share option costs) and FY22 Revenue guidance range of \$98m to \$102M.

Launch of .au domain

Webcentral has sold more than 18,000 new .au domain registrations since the launch of .au on 24 March 2022, a strong start to the launch of the new .au domain.

Webcentral and Melbourne IT manage over 410,000 domain registrations (.com.au or .net.au) that are eligible to secure the new .au domain, the shorter and more Australian domain prefix.

Unmarketable Parcels Share Sale Facility

The Unmarketable Parcels Share Sale Facility (**UMP Facility**) ended on Friday, 29 April 2022 with 4.7 million shares held by 5,152 shareholders not retained by those shareholders, representing 1.4% of Webcentral shares on issue and approximately one third of shareholders by number.

These shares will be bought back by Webcentral for total consideration of approximately \$1.2 million, to be funded from existing cash reserves.

Shareholders will receive their consideration in late May 2022.

Capital management policy

The Webcentral Board is reviewing the Company's capital management policy, capital position and structure and is considering a range of potential capital management strategies including the Company's dividend policy and a share buyback facility.

The Board expects the Company to resume regular dividends to shareholders from free cash flows following the successful turnaround of Webcentral and completion of the merger with 5G Networks and improved operating cashflow generation.

The Company expects to be in a position to declare a dividend in respect of the financial year ending 30 June 2022 and further announcements will be made at the time of release of the Company's FY22 Annual Report in August 2022.

The Board is also considering a share buyback facility and will make further announcements in due course.

Investment in Cirrus Networks

The Board will undertake a review of Webcentral's 18.5% investment in Cirrus Networks Holdings Limited given the lack of engagement by the CNW Board with Webcentral and the ongoing poor performance of CNW.

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About Webcentral

Webcentral is an Australian owned digital services company who empower more than 330,000 customers to grow and thrive in the online world. Our portfolio of digital services is extensive, with market leading offers across domain management, website development and hosting, office and productivity applications and online marketing.

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

Our customer focussed heritage has been built on expertise, innovation and personalised service; critical attributes delivered through our culture and embraced by our people. This is demonstrated through more than 25 years of online industry leadership across Australia's digital foundation brands such as Melbourne IT, Netregistry and WME.

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